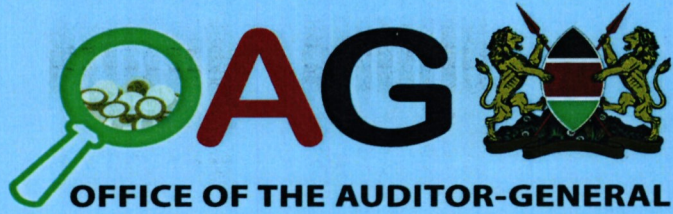


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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28 NOV 2022

DAY:

TUESDAY

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OF KENYA
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THE AUDITOR-GENERAL

ON

NATIONAL IRRIGATION AUTHORITY

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



OFFICE OF THE AUDITOR GENERAL
P. O. Box 30034 - 00100, NAIROBI
REGISTRY
30 MAY 2022
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NATIONAL IRRIGATION AUTHORITY

ANNUAL REPORT

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	DATE: 28 NOV 2022
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THE NATIONAL ASSEMBLY AND	

FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING 30TH JUNE 2021

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

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Irrigation Act No. 14 of 2019 established the National Irrigation Authority (NIA), a successor institution of the National Irrigation Board, on August 16, 2019. This was after His Excellency the President assented to the Irrigation Bill of 2019 on July 29, 2019 paving way for its gazettment via Kenya Gazette Supplement No. 136 (Acts No. 14) of August 2, 2019. The object of the Act is “to provide for the development, management and regulation of Irrigation, to support sustainable food security and socioeconomic development in Kenya, and for connected purposes”.

The Authority is currently managing seven (7) public Irrigation Schemes namely, Mwea, Perkerra, Hola, Ahero, West Kano, Bunyala and Bura. In these Schemes, the Authority undertakes the development, operation and maintenance of Irrigation infrastructure through which it conveys Irrigation water to the cropland. The Authority conducts operational research and has demonstration farms in its Research Stations including Mwea Irrigation Agricultural Development Centre (MIAD), Ahero Irrigation Research Station (AIRS), Hola Irrigation Research Station (HIRS) and Bura Irrigation Research Station (BIRS). The Authority runs two (2) subsidiary companies namely Mwea Rice Mills Ltd (MRM) and Western Kenya Rice Mills (WCRM) that serve as processing plants for milling and packaging rice bought from farmers in the respective schemes.

In line with the Constitution of Kenya 2010 (CoK2010) and Irrigation Act 2019, the Authority is obligated not only to be responsible for undertaking Irrigation development but to also widen the delivery of its services all over the Republic of Kenya. In pursuit of delivering its statutory and constitutional mandates, the Authority is therefore implementing numerous development projects across the Country under the various initiatives. During 2020-21 FY, the Authority implemented projects under the following programmes and post-covid intervention;

- i. Bura Irrigation Rehabilitation Project
- ii. Galana Kulalu Irrigation project
- iii. National Expanded Irrigation Programmes
- iv. Mwea Irrigation Development Project
- v. Rwabura Irrigation Development Project
- vi. Turkana Irrigation Development Project
- vii. Lower Kuja Irrigation Scheme
- viii. Lower Sabor Irrigation Project
- ix. Household Irrigation Water Harvesting Project
- x. Spate Irrigation for Climate Resilience Project
- xi. Water Security and Climate Adaptation Project
- xii. Post-Covid 19 ESP for Strategic Water Facilities

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(b) Principal Activities

The principal activity of the National Irrigation Authority is to provide water for sustainable farming through development, rehabilitation, modernization and promotion of Irrigation and drainage for improved livelihoods, food security and economic growth in Kenya. This is achieved through the Authority's vision of Water to every Irrigable Acre.

(c) Key Management

The National Irrigation Authority's day-to-day management is under the following key organs:

- i. Board of Directors
- ii. Chief Executive Officer/ General Manager
- iii. Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th JUNE 2021 and who had direct fiduciary responsibility were:

- | | | |
|-----|------------------------|--|
| 1. | Mr. Gitonga Mugambi | Chief Executive Officer |
| 2. | Mr. Daniel M. Atula | Deputy General Manager – (Operations) and Ag. DGM Corporate Services |
| 3. | Eng. Vincent N. Kabuti | Deputy General Manager – (Research, Planning & Strategy) |
| 4. | Eng. Charles Muasya | Ag. Deputy General Manager – (Engineering Services) |
| 6. | Ms. Jedidah N. Oduori | Head of Finance |
| 7. | Ms. Victoria A. Aloo | Head of Human Resource and Administration |
| 8. | Ms Evaline Akoth | Head of Procurement |
| 9. | Mr. Kisaka Sakari | Head of Internal Audit |
| 10. | Ms Nancy Wambugu | Head of ICT /Ag. Company Secretary |
| 11. | Mr. Daniel M. Nzonzo | Head of Corporate Communications |

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

(e) Fiduciary Oversight Arrangements

The Board of Directors exercise the oversight role on the Authority. The Board of Directors who held office during the financial year ended 30th June 2021 were:

No.	Name	Board Position
1.	Hon. Eng. Joshua N. Toro	Chairman
2.	Mr. Mauricius Mutugi	Representative of the irrigation farmers Associations
3.	Ms. Fatma A. El-maawy	Representative of a Registered Association
4.	Aboud Moeva	Alternate, Principal Secretary State Department of Irrigation
5.	Eng. Laban Kiplagat	Alternate, Principal Secretary State Department of Crop Development
6.	Charles Kairu	Representative of The National Treasury
7.	Eng. Samuel O. Alima	Alternate, Principal Secretary State Department of Water and Sanitation
8.	Peter Waweru	Inspectorate of State Corporations
9.	Gitonga Mugambi	Chief Executive Officer

Board of Directors

The following committees of the Board and Parliament provide fiduciary oversight to National Irrigation Authority.

1. Development and General Purpose Committee

This is a committee of the Board whose key responsibilities are to:

- i) Review, approve and/or recommend for Board's approval:
 - a) Financial policies and procedures.
 - b) Estimates of Receipts and expenditures including their revisions,
 - c) Re-allocation of Funds between budget heads,
 - d) Special funding proposals including borrowings and grants,

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

- e) Proposals for opening bank accounts, and change of bank account signatories,
- f) Proposals for investments and their returns,
- g) Annual Corporate Social Responsibility activities.

ii) The Committee also ensures that:

- a) Proper books accounts and records are maintained for Authority's transactions,
- b) All expenditures are within the approved budget,
- c) Proper records are maintained on property and material liabilities.

2. Audit and Risk Committee

This is a committee of the Board whose key responsibilities are to;

i) Review, approve and/or recommend for Board's approval:

- a) The external auditor's management letter and management's response to the external auditor's findings and recommendations
- b) The Board's procedures for detecting fraud and to review the investigations and remediation of an of any alleged or suspected fraud,
- c) At least annually, review the status of the enterprise risk management program
- d) The annual internal audit work plan.

ii) Ensure that:

- a) Unsettled and unimplemented Public Investment Committee's (PIC) issues are resolved,
- b) Clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position.
- c) Recommendations of the Auditor General are implemented.
- d) Integrity of financial statements of the Board is maintained.
- e) Disagreements between management and any auditor regarding Authority's financial reporting are resolved.
- f) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted.

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

3. Public Investments Committee

The Public Investments Committee (PIC) is a parliamentary select committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority.

Its key responsibilities as appertains to tile Authority are to:

- i) Examine the reports of the Auditor General on the financial statements of the Authority,
- ii) Examine in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.
- iii) Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

(f) National Irrigation Authority Headquarters

National Irrigation Authority
Unyunyizi House
Lenana Road

(g) National Irrigation Authority Contacts

P.O Box 30372, 00100
NAIROBI, KENYA
Tel. No.; +254 722321653, +254 0202711380, 2711468,
Fax; +254 020 2722821, 2711347
Website: www.Irrigation.go.ke
Email: ceo@Irrigation.go.ke, communication@Irrigation.go.ke

(h) National Irrigation Authority Bankers

Co-operative Bank of Kenya Ltd
Nairobi Business Centre Branch.

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

P.O. Box 19555-00202
Nairobi, Kenya

Equity Bank Kenya Limited
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104-00200
Nairobi, Kenya

Kenya Commercial Bank Group Limited
Kencom House 6th Floor Moi Avenue
P.O. Box 48400-00100
Nairobi, Kenya

NIC Bank
ICEA Lion Centre
P.O. Box 45599-00100
Nairobi, Kenya

Absa Bank Kenya PLC
Absa HQS Level 4 Waiyaki Way
P. O Box 30120-00100
Nairobi Kenya

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

(j) Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS



Hon. Eng Joshua Toro

HON. ENG. JOSHUA TORO- CHAIRMAN

Hon. Eng. Joshua Ngugi Toro was appointed as the Chairman of NIA Board of Directors on May 3, 2019 via the Kenya Gazette special issue Vol. CXXI.56. He holds Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi. He is a registered Engineer by Engineers Registration Board and a member of the Institution of Engineers of Kenya.

His Engineering career started immediately after graduating in 1977 at Kenya Railways Corporation (KRC). While at KRC, he was seconded to the Union of African Railways Headquarters in Kinshasa, Democratic Republic of Congo as Head of Engineering between 1989 and 1992. The Union is a specialized agency of the African Union (AU) responsible for the promotion of railway network interconnection and transportation of goods and passengers within African Countries. As Head of Engineering he was responsible for research and feasibility studies, policy development for acquisition, design, renewal and standardization of rolling stock and equipment and evolution of maintenance standards for the members' railways. He was accorded Diplomatic status by the Government of Kenya during this period (1989 to 1992).

Hon. Eng. Toro served as a Member of Parliament for Kandara Constituency for ten (10) years from 1997 to 2007. H.E Mwai Kibaki, who was the Official Leader of Opposition then, appointed him shadow Minister for Roads, Public Works and Housing in parliament for five (5) years between 1997 and 2002. He also served as the vice chairman of the Parliamentary Committee for Labour, Health, Housing and Social Welfare between 1997 and 2002.

He was appointed by the then President H.E Mwai Kibaki as an Assistant Minister for Roads, Public Works and Housing for five (5) years between 2003 and 2007. While in Parliament, he served as Member of African Parliamentarians Network Against Corruption (APNAC) which is affiliated to the Global Organization of Parliamentarians Against Corruption between 1997 and 2009.

Hon. Eng. Toro was one of the pioneer members of the Board of Directors of Kenya National Highways Authority (KeNHA) that established it from scratch to the current formidable organization it is today. He was a Board member at KeNHA for five (5) years between 2008 and 2012 where he also served as the chairman of the Board's Technical committee alongside being a member of the Audit and the Procurement Oversight Committees.

His background in Engineering and experience in the various leadership roles will help him lead NIB in implementing its mandate

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

	<p>so as to effect and promote the Government’s Big4 Agenda on Food Security and Nutrition</p>
 <p>Mr. Gitonga Mugambi</p>	<p>MR.GITONGA MUGAMBI - CHIEF EXECUTIVE OFFICER</p> <p>Mr. Gitonga Mugambi was appointed the General Manager of National Irrigation Authority on 1st August 2017. He holds Bachelor of Science degree in Agriculture from University of Nairobi and MBA in Strategic Management from Kenya Methodist University. Mr Gitonga Mugambi is a well accomplished agriculturist with experience of over 25 years in Planning and Strategy, Resource Mobilization, Formulation of Irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of National Irrigation Authority.</p>
 <p>Ms. Fatma A. El-Maawy</p>	<p>MS. FATMA A. EL-MAAWY</p> <p>Ms. Fatma A. El-Maawy was appointed to the Board on August 28, 2020 as a representative of a registered association representing the largest number of entities in the private sector in Kenya . She holds a Master of Business Administration in Strategic Management (Minor in Entrepreneurship) and a Bachelor of Arts degrees from the University of Nairobi. She is a versatile management professional with extensive diverse experience.</p> <p>Ms Fatma is currently the Managing Partner, Milestones Resource Solutions and has previously worked a Business Consultant & Managing Partner, Auto Village; Country Manager, Qatar Airways, Sales Manager – Indian Ocean, West and Central Africa, Emirates Nairobi among others.</p> <p>She is the 2nd Vice President, Kenya National Chamber of Commerce & Industry (focuses on SME Growth); Member, Professional Trainers Association of Kenya; Advisory board member, World Youth Parliament – Kenya Chapter and a Member of the Gulf Banks’ panel of experts for women entrepreneurs among others.</p>

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**



Mr. Mauricious Mutugi Maingi

MR. MAURICIOUS MUTUGI MAINGI

Mr. Mauricious Mutugi Maingi was appointed to the Board on August 28, 2020 as a representative of the irrigation farmers associations. He graduated in 1969 with a certificate in Typing and Book Keeping from Thika Rebel College. He is a rice farmer with a wide knowledge in participatory irrigation management transfer and has acquired leadership skills through his potencies.

He has represented farmers as an advisor assisting the Scheme Manager in solving land disputes, plot allocation, solving conflicts among the farmers, and dissemination of information to the farmers from Scheme Manager and vice versa among others. Mr. Mutugi has also worked as the treasurer and subsequently Chairman of the Irrigation Water Users Association (IWUA) in Mwea Irrigation Scheme (Largest irrigation scheme in Kenya).



Mr. Charles Kairu

MR. CHARLES KAIRU – ALTERNATE TO CABINET SECRETARY, NATIONAL TREASURY

Mr. Charles Kairu was appointed to the Board on 20th May 2020 as alternate Director to the Cabinet Secretary, National Treasury. He is holder of a Master Degree in Development Economics from Williams College, USA and a Bachelor’s Degree in Economics from the University of Nairobi. He has over 30 years’ experience in the Public Service and is currently serving as Deputy Director in the Public Debt Management Office at the National Treasury.




Eng. Laban Kiplagat

ENG. LABAN KIPLAGAT, ALTERNATE REPRESENTATIVE OF THE PRINCIPAL SECRETARY, STATE DEPARTMENT OF CROP DEVELOPMENT, MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND IRRIGATION.

Eng. Kiplagat was appointed to the Board on 10th February 2020 as an alternate to the Principal Secretary State Department for Crop Development. He is currently the Director/ Chief Engineer, Agricultural Land and Environment Management. Eng. Kiplagat has a Bachelor’s Degree in Agricultural Engineering from Egerton University and a Master’s Degree in Project Planning and Management from the University of Nairobi and is currently pursuing a PhD in Project Management at Jomo Kenyatta University of Agriculture and Technology.

Eng. Kiplagat has attended several seminars and workshops both locally and internationally on Irrigation management and is a member

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

	<p>of the Engineer’s Board and Institution of Engineers of Kenya, Kenya Institute of Management as well as certified Monitoring and evaluation professional from the Kenya Institute of Management, Kenya. He has been in the Civil Service for over 29 years working in different stations and institution including NIB.</p>
 <p>Mr Aboud Moeva</p>	<p>MR. ABOUD MOEVA, ALTERNATE REPRESENTATIVE OF THE PRINCIPAL SECRETARY, DIRECTORATE OF IRRIGATION, MINISTRY OF WATER, SANITATION AND IRRIGATION</p> <p>Mr. Moeva was appointed to the Board on 22nd April 2020. He is a holder of a Master in Business Administration (MBA) Degree in Strategic Management and a Bachelor’s Degree in General Agriculture both from the University of Nairobi.</p> <p>He possesses vast expertise in Agriculture and is an Agriculturalist/Community mobilizer as well as acquiring an extensive professional profile of 21 years’ experience in management of Irrigation development. He has done several professional courses such as Irrigation Project Preparation Course, Ministry of Agriculture (1989), Farmers Organization and Development, Ministry of Agriculture (1989) and Smallholder Irrigation Promotion Course, Tsukuba International Centre-Japan (1999) among others.</p> <p>He currently holds office as the Director of Irrigation Water Management and has previously held several responsibilities including: Head of Planning, Monitoring and Information Management-Ministry of Water and Irrigation, Head of Budget and Project Coordination Branch- Ministry of Agriculture, District Agricultural Officer-Lamu district among others.</p>

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**



Eng. Samuel O. Alima

**ENG. SAMUEL O. ALIMA-ALTERNATE REPRESENTATIVE
OF WATER ,SANITATION AND IRRIGATION.**

Eng. Samuel O. Alima was appointed to the Board on 22nd April 2020

He is a Civil Engineer by profession and holds Masters Degree in Civil Engineering, Masters Degree in Business Administration (MBA), Operations Management and Bachelor's Degree in Civil Engineering, all from University of Nairobi. He is currently undertaking a PHD in Project Planning and Management.

He currently holds the office as the Water Secretary and has previously worked as a Director of Water, Sewerage and Sanitation, Deputy Director Operations and Maintenance, Deputy Director Construction, Technical Manager, Water sector Trust Fund, Provincial Development Engineer, Central Province, Provincial Water Officer, Nyanza Province, Provincial Water Officer Rift Valley Province, District Water Officer, Koibatek and District Water Officer Taita/Taveta.

He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya,

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

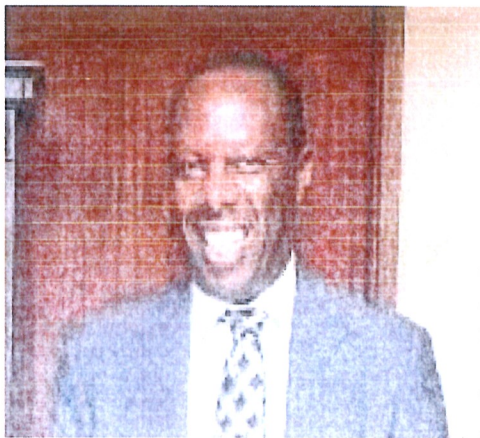


Nancy M. Wambugu

NANCY M. WAMBUGU, HEAD OF ICT AND CORPORATION SECRETARY

Nancy is currently the Head of ICT Services and Acting Corporation Secretary at National Irrigation Authority. She has over 13 years of experience in ICT Infrastructure operations, Information Security and Innovations both in private and public sectors. She is a holder of MSC Information Security from Strathmore University and BSC, in Computer Studies. She also holds a Diploma in Computer Studies, CCNP, A+ and N+ Certifications. Her immersive contribution in ICT Service delivery in the Public Service has seen her awarded a Certificate of Excellence in Public Sector Innovation, 2011 Edition, by the Head of Public Sector in Kenya. She has greatly contributed to the transformation of National Irrigation Authority in digitization and automation processes.

3. MANAGEMENT TEAM



Mr. Gitonga Mugambi

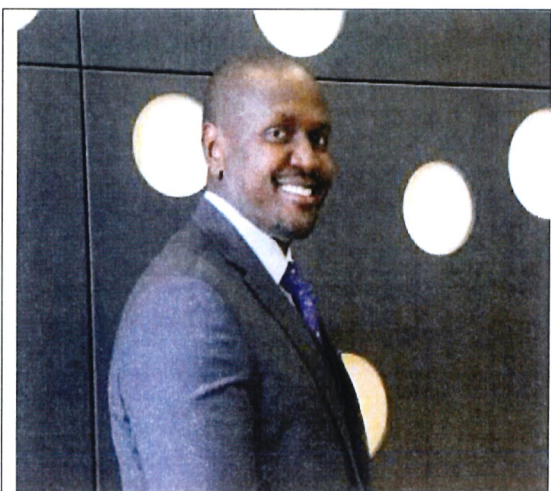
**MR. GITONGA MUGAMBI GENERAL
MANAGER / CEO**

Mr. Gitonga Mugambi was appointed the General Manager of National Irrigation Authority on 1st August 2017. He holds Bachelor of Science degree in Agriculture from University of Nairobi and holds an MBA in Strategic Management from Kenya Methodist University. Mr Gitonga Mugambi is a well accomplished agriculturist with experience of over 25 years in Planning and Strategy, Resource Mobilization, Formulation of Irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of National Irrigation Authority.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

 <p>Mr. Daniel Atula Masatia</p>	<p>MR. DANIEL ATULA MASATIA - DEPUTY GENERAL MANAGER - OPERATION AND IRRIGATION MANAGEMENT SERVICES.</p> <p>Mr. Daniel Atula Masatia was appointed to the post of Deputy General Manager Operations of National Irrigation Authority on 1st February, 2018. He holds Bachelor of Science degree in Agriculture from University of Nairobi and is currently pursuing his MBA in Strategic Management. Mr Daniel Masatia is a well accomplished agriculturalist and manager with experience of over 25 years in scheme, projects and research operations, planning and Strategy formulation and implementation, Resource Mobilization, Formulation and execution of Irrigation programmes ranging from development to operations. His experience and expertise is valuable in policy formulation and in the provision of Irrigation services..</p>
 <p>Eng. Charles Muasya</p>	<p>ENG. CHARLES MUASYA - DEPUTY GENERAL MANAGER (ENGINEERING SERVICES)</p> <p>Eng. Charles Muasya was appointed the Ag. Deputy General Manager (Engineering Services) on November 1, 2020. He has a Masters in Civil Engineering from University of South Australia and B.Sc. Agricultural Engineering from Egerton University. He is a proficient Engineer with 19 years of experience in the Engineering field. Preceding his appointment as Ag. Deputy General Manager, Irrigation and Infrastructure Development Services, he was the Chief Engineer for Planning and Design at the Authority. He is registered with Engineer's Registration Board and is a Corporate Member of the Institute of Engineers of Kenya, JICA Ex-Participants.</p>

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**



Eng. Vincent Kabuti

ENG. VINCENT KABUTI - DEPUTY GENERAL MANAGER RESEARCH, PLANNING AND STRATEGY

Eng. Kabuti was appointed the Deputy General Manager (Research, Planning and Strategy) on 1st February 2018, He holds a MSc. Water Science and Engineering, Hydraulic Engineering, Land and Water Development with distinction from UNESCO-IHE, Delft, Netherlands and BSc Civil Engineering, Jomo Kenyatta University of Agriculture and Technology, Kenya.

He has 12 years' experience in strategy formulation, strategic planning and budgeting. He also has experience in performance contracting and monitoring and evaluation of Irrigation schemes performance and implementing of QMS system in ISO environment Irrigation projects identification, scoping, evaluation, Irrigation planning and design, project management and construction supervision, implementing participatory Irrigation management, operation and maintenance scheduling and implementation, farmers training and community mobilization



Nancy M. Wambugu

NANCY M. WAMBUGU, HEAD OF ICT AND AG, CORPORATION SECRETARY

Nancy is currently the Head of ICT Services and Acting Corporation Secretary at National Irrigation Authority. She has over 13 years of experience in ICT Infrastructure operations, Information Security and Innovations both in private and public sectors. She is a holder of MSC Information Security from Strathmore University and BSC, in Computer Studies. She also holds a Diploma in Computer Studies, CCNP, A+ and N+ Certifications. Her immersive contribution in ICT Service delivery in the Public Service has seen her awarded a Certificate of Excellence in Public Sector Innovation, 2011 Edition, by the Head of Public Sector in Kenya. She has greatly contributed to the transformation of National Irrigation Authority in digitization and automation processes.

 <p>Jedidah N. Oduori</p>	<p>JEDIDAH N. ODUORI, HEAD OF FINANCE</p> <p>Jedidah was appointed acting Head of Finance on June 6, 2018. Prior to this appointment, she had served in various capacities within the Finance and Audit departments of the Authority both at the Head Office and in the Western Kenya Schemes. She has a Master in Business Administration and Strategic Management degree from Daystar University, A Bachelor of Commerce (Accounting option) degree from Punjab University, India, CPA II and currently pursuing CPA III. She has over 21 years of experience in audit and finance. Having diverse experience in the finance and audit sections, she brings in a lot of expertise to the Authority.</p>
 <p>Victoria Aloo</p>	<p>VICTORIA ALOO, HEAD OF HUMAN RESOURCE AND ADMINISTRATION</p> <p>Victoria is the Ag. Chief Officer- HR & Administration. She joined the Authority in January 2009. Prior to joining the Authority, she worked in the private sector both in Manufacturing and Hospitality industries as a Human Resources practitioner before joining the Public sector. She is a holder of Bachelor of Arts in Social Development from Agra University – India and a Master of Science in HR Management from Jomo Kenyatta University of Agriculture and Technology. She has over 18 years’ wealth of experience in Human capital management, performance management, reward management and Employee relations. She is a Full member of the Institute of Human Resource Management (IHRM).</p>



Kisaka W. Sakari

**KISAKA W. SAKARI, HEAD OF INTERNAL
AUDIT**

Mr. Kisaka was appointed as the Head of Internal Audit on December 19, 2018. Before his appointment he was serving as the Head of Finance. He is a holder of Master of Business Administration (MBA) as well as Bachelor of Commerce (Accounting Option) degrees.

He has over 25 years' experience in Finance, Audit and Project Management. Prior to joining National Irrigation Authority, he served in the Civil Service as an Auditor. He has held various positions in both Audit & Finance Departments of the Authority. More so, he has attended numerous management seminars, workshops, conferences and trainings both locally and internationally. Owing to his wide experience in the field of Finance, Audit and Project Management, he brings in a wealth of expertise to the Authority.



Daniel M. Nzongo

**DANIEL M. NZONGO, HEAD OF CORPORATE
COMMUNICATION**

Mr. Nzongo re-joined the Authority as the Head of Corporate Communication on March 19, 2018. He was previously the Public Relations and Communication Officer at Brand Kenya Board and Communication Officer at the National Irrigation Authority. He is a Communication and Public Relations expert with more than six (6) years' experience in public service corporate communication. He has been involved in development and execution of Public Relations and Communication strategies, Campaigns, Media Management and monitoring, Events planning and execution among others.

Mr. Nzongo holds a Master of Arts degree in Communication specializing in Public Relations and a Bachelor of Arts degree with a double major in Communication, Political science and Public Administration both from the University of Nairobi. He is a full member of the Public Relations Society of Kenya.



Evaline Akoth

EVALINE AKOTH, HEAD OF PROCUREMENT

Ms. Evaline Akoth was appointed the Ag. Head of Procurement on June 2018. She holds a Bachelor of Commerce (Purchasing and Supplies option) from University of Nairobi, Kenya, Diploma in purchasing and supplies from Kenya institute of management, and a member of KISM.

She has 7 years' experience in management of public procurement and asset disposal for the purpose of ensuring compliance with obligations such as timely delivery, quality and quantity inspection, acceptance, negotiation among others. Prior to her appointment she had been working as a Procurement Officer.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

4. CHAIRMAN'S STATEMENT

The Government's Big Four Agenda on "Enhancing Food and Nutrition Security to all Kenyans by 2022", focusses on three broad areas namely: boosting smallholder productivity; enhancing large-scale production; and reducing the cost of food. Irrigation has been identified as a key driver to realise food security and the Authority has laid emphasis on executing projects that aim at achieving the government priorities. National Irrigation Authority is expected to play a leading role in development of 1 million acres under Irrigation as espoused in the Kenya Vision 2030.

With a vision of providing water to every irrigable acre and a mission to provide and coordinate Sustainable Development and Management of Irrigation services in Kenya, the Authority continued with the implementation of the NIA Strategic Plan 2019-2023 with the following strategic objectives:

- i. Increase area under Irrigation by 518,000 acres in the plan period
- ii. Increase Irrigation water storage capacity by 400MCM
- iii. Achieve at least 200% utilization in each Irrigation scheme.
- iv. Form and strengthen at least one farmer organization in every NIA developed scheme to enter into agreements.
- v. Identify and implement Irrigation development advancement technologies
- vi. Develop and adopt sustainable Irrigation management frameworks
- vii. Develop and implement a transition plan to the Irrigation act.
- viii. Develop and implement management systems to improve efficiency.

Towards this end, to build on achievements realised to date, the Authority continued implementing the programmes in the FY2020/2021 programme based budget as approved during the MTEF process and published in the Budget Policy Statement. In the revised supplementary 2 budget estimates, the Authority was allocated a recurrent budget of Kshs.558 million (AIA Kshs. 308 million) and development budget of Kshs. 7.26 billion GoK funding for implementation of irrigation programmes.

In efforts geared towards operationalization of the Irrigation Act, through the Ministry, the Authority significantly contributed to the finalization of the Irrigation Regulations, Irrigation Guidelines and the National Irrigation Services Strategy. This is anchored under the policy direction for Kenya's irrigation development as presented to the Cabinet in the Irrigation White Paper.

During the year under review, the Performance Contract results from the previous (FY2019-2020) were released and the Authority scored excellent performance as captured in the Public Service Performance Management and Monitoring Unit evaluation. NIA was the overall fifth best among the more than 200 State corporations, scoring 2.3539. The Authority was further ranked eighth best in the core-mandate category. Under the Ministry of Water, Sanitation and Irrigation, the NIA was position one.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Indeed, during the year, the Authority achieved another milestone after reviving cotton farming at the Tana Irrigation Scheme and introduced a pest resistant BT Cotton variety. This revival is anchored in the Manufacturing pillar of the Big 4 Agenda of the government as the Authority seeks to provide raw materials for the textile industries in Kenya. This will lead to resumption of operations of the ginneries in Tana River as well as other parts of the country that collapsed due to inadequate cotton. The steady supply of cotton to the ginneries and their continued operation will not only offer our farmers a ready market for their yields but also create jobs for our youth as well as all value chain players in the textile industry.

Implementation of development projects, Irrigation activities and schemes operations progressed well amid significant interruptions during the year as a result of the corona virus pandemic. It is commendable that a majority of the Authority's staff have voluntarily received the Covid-19 vaccine as a measure of protecting self and others from the virus. The Authority will continue observing Covid-19 pandemic protocols of the Ministry of Health and World Health Organisation to keep safe in farming activities.

The Authority continued implementing the presidential directive on achieving 10% forest cover by 2022, through grafting of 358,150 fruit tree seedlings produced at Mwea research, Perkerra, Ahero and Bura ready for distribution during the rainy season.



PP

.....
HON. ENG JOSHUA TORO
CHAIRMAN

Date... 16/05/2022

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The National Irrigation Authority (NIA) was established on August 16, 2019 by the Irrigation Act No. 14 of 2019 as a successor institution of the National Irrigation Board. This was after His Excellency the President assented to the Irrigation Bill of 2019 on July 29, 2019 paving way for its gazettment via Kenya Gazette Supplement No. 136 (Acts No. 14) of August 2, 2019.

The Authority plays a leading role in development of Irrigation across the country as espoused in the Big Four Agenda in the framework of Kenya Vision 2030. This is further expressed through its vision of providing **“Water to every irrigable acre”**. The overall goal of the National Irrigation Authority is best captured by the mission; **“Provide and coordinate Sustainable Development and Management of irrigation services in Kenya”** thus bestowing the responsibility of the lead role in Irrigation development and management in Kenya.

To deliver this, the Authority is implementing the following Irrigation development programmes and initiatives: -

- 1) Mwea Irrigation Development Project
- 2) Bura Irrigation Rehabilitation Project
- 3) National Expanded Irrigation Programmes
- 4) Rwabura Irrigation Development Project
- 5) Turkana Irrigation Development Project
- 6) Lower Kuja Irrigation Scheme
- 7) Lower Sabor Irrigation Project
- 8) Household Irrigation Water Harvesting Project
- 9) Galana Kulalu Irrigation project
- 10) Implementation of Water Storage pans and dams for Irrigation
- 11) Operation and maintenance for public Irrigation schemes and provision of Irrigation management services in other schemes.

i. Mwea Irrigation Development Project (Thiba Dam and Irrigation Area)

The objective of the project is to improve the reliability of Irrigation water and increase area under Irrigation and Irrigation intensity for Mwea Irrigation scheme. The project is financed by JICA and Government of Kenya. The component of the project include construction of the 11 Million cubic meters (MCM) Thiba dam, construction of Irrigation and drainage facilities in the expansion area (Mutithi section) covering 10,000 acres, procurement works of O&M equipment and resettlement of Project affected Persons (PAP) from the Dam area through community site development. Resettlement and land compensation has been concluded in the dam site. The overall progress of the project works for both the ICB Package I and ICB Package II was approximately 60.18% respectively as at 30th June 2021.

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ii. Bura Irrigation Settlement Scheme

The objective of the project is to change the water abstraction technology from diesel driven pumps to gravity intake as well as increase the area under Irrigation to 25,000 acres. The project components include construction of diversion facilities at Korakora site, river bank protection works and silting basin; construction and lining of 26 Km connecting canal with a discharge capacity of 11m³/sec; rehabilitation and lining of 64 Km existing main canal, secondary Irrigation canals and drainage infrastructure and rehabilitation of buildings, domestic water supply and electricity supply.

Construction works for Bura Irrigation and Settlement Scheme Rehabilitation Project was contracted to IVRCL Company at a sum of Kes. 7,355,829,104. The Government of Kenya (GoK) is financing 70% (Kes 5,149,080,372.80) of the project cost while 30% (Kes 2,206,748,731.20) is financed by Arab partners comprising of Kuwait Fund for International Development, Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID).

The project construction commenced on 27th May, 2013 and was due for practical completion on 26th November, 2015. The request by the contractor for extension of time was granted with concurrence of the financiers to 27th March, 2018. The contractor did not complete the works by the time but had submitted a request for extension however, this was not considered because there was new development in which the contractor was declared bankrupt and the Authority terminated the contract and called on the performance bond.

Consequently, the Authority has planned to complete the pending works. As agreed with the project financiers, this is being executed in three lots Lot 1: covering the intake and sheet-piling works; Lot 2: covering the balance of the new gravity canal works; and Lot 3: covering the rehabilitation of existing infrastructure. Procurement process for Lot 1 commenced in earnest with the guidance of PPRA where a contractor namely Afrikon Limited was identified with the concurrence of the financiers to carry out sheet piling works at the intakes at a cost of Kes 1.7 billion. The Contractor has commenced construction works for the intake and sedimentation basin at 22% overall completion. On Lot 2, the Authority procured a contractor; Tunasco Insaat Anonim Sirketi in Joint Venture with Marsh Construction Co. at a contract sum of Kshs 1,764,278,550.10 exclusive of taxes. The commencement date was March 2021 and to date the contractor has achieved 5 % which is expected to improve after acquisitions of tax exemptions to allow the contractor bring in more equipment.

iii. National Expanded Irrigation Programme

The Authority has made huge strides in Irrigation development in Kenya through this programme. It is entirely financed by GoK development funds and comprises of large scale and smallholder Irrigation projects some are under construction while others are under detailed investigations and designs. NIA has provided Irrigation infrastructure for all the regions in the country particularly the arid areas through the NEIP. Through these interventions, communities that have benefited have been shielded from the devastating effects of the current drought.

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To date since the start of the programme in 2011, over 120,000 acres have been put under Irrigation benefitting over 400,000 farmers countrywide and generating an estimated annual revenue of Kes 5 billion. The Authority targets to roll out more projects under this programme to lessen the food security burden to many in the country. The acreage under Irrigation planned and achieved in 2020/2021 financial year from 15 projects under the National Expanded Irrigation Program was 11,767.5 acres. Some projects are not yet completed but the target area will be realized fully when construction of such projects will be accomplished.

iv. Rwabura Irrigation Development Project

Rwabura Irrigation development project is located in Gatundu South Constituency in Kiambu County, sourcing water from Rivers Rwabura and Thiririka. The Spanish government expressed interest in financing the implementation of the phase 1 of the project and consequently provided KES 750,831,193.2 towards the construction works covering 1500 acres.

The National Treasury has concluded the financing agreement and has received the legal opinion from the AG. Subsequently the legal opinion was forwarded to Spain to issue a notice on effectiveness of the financing agreement which has already been done. During the FY2020/21, the Contractor commenced works by constructing the site camp and two gravity intake works on Thiririka and Rwabura Rivers. The Contractor faced challenges in obtaining Non-resident KRA PIN leading to delays in processing of tax exemption. The progress of works is currently at 12% completion.

v. Turkana Irrigation Development Project

The project aims at harnessing surface water that has the potential of irrigating up to 33,000 acres using both perennial rivers (R. Turkwel and R. Kerio) and extensive water harvesting for micro-Irrigation and also undertake the rehabilitation of existing Irrigation schemes to realise their full potentials notably Katilu scheme, Elelea, Morulem, Turkwel and others. The project also aims at utilizing the ground water in the discovered aquifers in the region through sinking of boreholes to be used for Irrigation development using water efficient Irrigation technologies of center pivots and drip to enhance food production. The Lotikipi aquifer alone has renewable water (slightly saline) amounting to 3.224BCM/year and can irrigate approximately 425,000 acres.

During the 2020/21 FY, the Authority managed to rehabilitate and expand Katilu Clusters to bring an additional 1,860 acres under Irrigation in Turkana. Moving forward, the Authority will develop groundwater Irrigation using the numerous aquifers in Turkana region. Development of community Irrigation scheme namely Naipa with a potential 1200 ha to be implemented in phases. The first phase is to put 400 ha under Irrigation to benefit 1736 beneficiaries. The overall works stand at 30% complete.

vi. Lower Kuja Irrigation Scheme

Lower Kuja is located in Nyatike sub county, Migori County close to the shores of Lake Victoria within the River Kuja Basin. The project aims to bring 19,292.5 acres to Irrigation on full development which

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was to be executed in 5 lots. A phased implementation plan was proposed due to its size and cost of construction.

The implementation of Lot 1, covering, the primary infrastructure (intake, conveyance and main canals, cross regulators) and secondary canals commenced in earnest. With the installation of this infrastructure, 3000 acres in Ageng'a and Sagama (block 3) areas have been put under rice production. Additionally, Okenge (block M) spanning 200 acres is also under production. During the 2020/21 FY, the Authority managed to achieve additional 940 acres installed with infrastructure.

vii. Lower Sabor Irrigation Development Project

Lower Sabor Irrigation Development project is located in Tembelion Location Moiben sub- county, Eldoret East Sub- County in Uasin Gishu County in the Arid- Semi Arid zones of Soy. The project is targeting to develop Irrigation infrastructure on 500 acres under gravity-fed sprinkler Irrigation system. The project when completed is expected to impact on food security for the 458 beneficiaries directly through creation of employment and value chain enhancement. The outcome of these benefits will be improved income levels, agricultural productivity and achievement of vision 2030.

The Construction works contract for Lower Sabor Irrigation Development project was awarded to Riang International Group Ltd. The contract was signed on 6th November 2017. The Contractor was issued with commencement order on the 15th February 2018. The overall works achievement is about 99%. Moving forward, capacity building and installation of infield systems will enable farmers to commence production activities.

viii. Household Irrigation Water Harvesting Project.

During 2020/21FY, the Authority continued with implementation of the water for household project in 32 counties. These program targets harvesting and storage of surface runoff at household level for supplementary Irrigation.

The capacities of the targeted water pans range between 1000 to 3000 m³ which can irrigate at least 1 acre each. The proposed crops to be grown using the installed system include maize (green maize), tomatoes, onions, capsicums, bananas and watermelons. It is projected that productivity for all the other proposed crops will increase by more than 100%; with tomatoes being the highest at 240%. This has enabled the project to increase food security and access to water for the benefiting households, thus contributing to the "BIG FOUR" agenda of the government. To date 25,091 household water pans have been constructed across 32 counties harnessing a storage of 20,410,00m³ and putting 20,410 acres under Irrigation.

ix. Community Water Harvesting and Storage

Water harvesting is also being undertaken by the Authority by construction of water storage pans with capacity ranging between 80,000-100,000 cubic meters. Such storage pans are used for Irrigation as

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well as watering animals. These pans are popular with the arid and semi-arid areas with scarce and unreliable rainfall. During the year ending 2020/21, a total of **8,930,000** cubic meters were completed.

x. Galana Kalalu Food Security Irrigation Development Project

The Government initiated the implementation of the project to enhance food security in the country. The phased implementation of the project comprises of 10,000-acre model farm as phase 1, followed by 400,000-acre pilot farm for phase II. Phase I is under implementation and entailed construction of Irrigation infrastructure for 10,000 acres. The components include construction of 2 No. intakes, installation of pipelines, installation of 24 No. centre pivot Irrigation systems covering 4,735 acres, installation of drip Irrigation systems covering 5,265 acres and production of maize for two seasons.

The implementation of the project is estimated at 85% with Irrigation infrastructure for 5,100 acres. After extension of the contract, the contractor was expected to complete all the pending activities by January 2018 but the contractor was failed to complete. National Irrigation Authority resolved to disengage from the contractor, call on the performance bond and identify other contractors to complete the pending works. During the 2020/21 FY, the Authority sustained cropping of maize and other crops on 2,410 for season 1 and 2,500 acres for season 2 acres at Galana Kulalu.

Further, NIA procured a contractor to complete the 15% of the works which remained when the contract was terminated. The remaining works is to put additional 5,000 acres under irrigation have been divided in two lots as summarized below;

1. LOT 1: Electro- Mechanical works involving modification of the intake works, installation of 6 No. of pumps and supply of Generator
2. LOT 2: Installation of 36 km pipeline of varying sizes (710 mm to 225 mm), 25 No. of centre Pivots each covering 200 acres and supply of 15 NO. (15 KVA Gensets) and 3 No. (1MVA)

xi. Implementation of Water Storage dams for Irrigation

To increase reliability of Irrigation water, the Authority targeted to develop various dams across the country and thus carried out feasibility study and detailed designs. Subsequently, by taking a Design, Finance and Build model, the Authority has initiated mobilizing for funds for 7 projects namely Radaat Dam in Baringo County, Thuchi Dam in Embu County, Lowaat dam in Turkana County, Gogo Dam in Migori, High grandfall dam in Tharaka Nithi county, Kaiti dams in Makueni, Thiririka and Rwabura dam in Kiambu.

xii. Operation and maintenance for public Irrigation schemes and provision of Irrigation management services in other schemes developed by NIA on request by farmers.

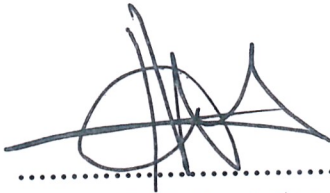
This involves operation and maintenance of the primary Irrigation and drainage infrastructure for the 7 public Irrigation schemes to ensure that the production is sustained. It entails, maintenance of canals,

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drains, water control structures and intakes (gravity or pump stations), cropping programme development and implementation, capacity building of farmers, extension services on irrigated agriculture and linkages for access to credit and market for products.

This is done through the Participatory Irrigation Management (PIM) and Irrigation Management Transfer (IMT) model. The services are also extended to other smallholder Irrigation schemes developed by the Authority and managed/owned by farmers on request by farmers.

In conclusion, investment in Irrigation remains vital in Kenya since it would increase the area under Irrigation and sustain the country's food production which is a guaranteed means of creating employment, improving the trade balance, spur growth of agro-industries and service sector, enhance internal security by minimizing conflicts between communities and minimizing radicalization. These are truly the key pillars of the Government under the Big 4 Agenda.



.....
MR. GITONGA MUGAMBI

CHIEF EXECUTIVE OFFICER

Date...16/05/2022.....

NATIONAL IRRIGATION AUTHORITY
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**6. STATEMENT OF NATIONAL IRRIGATION AUTHORITY'S
PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY
2020/2021**

The National Irrigation Authority has five strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- Pillar 1: Sustainable Irrigation Development
- Pillar 2: Sustainable Irrigation Water Harvesting and Storage
- Pillar 3: Sustainable Irrigation Management
- Pillar 4: Irrigation Oriented Research
- Pillar 5: Governance and Institutional Capacity Development

The Authority develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2020/2021 period for its five strategic pillars, as indicated in the table below:

	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
1.	Sustainable Irrigation Development	Increase area under irrigation by 518,000 acres by 2023	No. of acres developed	Develop large scale irrigation projects	Ongoing. Implemented three large scale irrigation projects and expansion works in public schemes to completion progress of: 1.Mwea Thiba Dam- 60% progress dam construction and 34% progress irrigation are development. To command additional 10,000 acres once complete; 2.Bura Irrigation development project- 42% progress for phase 1 gravity canal. Project to increase area under irrigation to 15,000acres 3. Developed additional 940 acres in Lower Kuja to achieve 3,000 acres under production

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
					out of the targeted 19,000 acres 4. Expanded additional 7,866 acres in the public schemes (Mwea, Ahero and Bunyala) across the country
			No. of acres developed	Construction of new small scale irrigation projects	1.Implemented 15 projects under the National Expanded Irrigation programme targeting additional 11,767.5 acres; 2.Rehabilitated and expanded projects in Turkana increasing area under irrigation by 1,860 acres;
			Acres under irrigation	Construction of household irrigation water pans	Household water pans with a cumulative volume of 20.4 million cubic metres were constructed, commanding irrigation in 20,410 acres
2.	Sustainable Irrigation Water Harvesting and Storage	Increase irrigation water storage holding capacity to 400million m3 by 2023	Volume of water potential to be harvested for irrigation	Carry out feasibility studies, detailed designs for household irrigation water pans	Feasibility studies, detailed designs were done prior to construction of all the household irrigation water pans constructed within the period.
			Volume of water harvested for irrigation; Acres under irrigation	Construction of household irrigation water pans	Additional household water pans with 9.8 million M ³ water storage capacity constructed creating a total storage of 20.4 million M ³
			Volume of water stored	Rehabilitation and expansion of existing	Rehabilitated and expanded 334 water

NATIONAL IRRIGATION AUTHORITY
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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
				community water pans and small dams	pans with a capacity c 9.8 million M ³
			Volume of water harvested for irrigation; Acres under irrigation	Construction of new community water pans/small dams	Constructed new water pans with a cumulative volume of 20.4 million M ³
3.	Sustainable Irrigation Management	Achieve at least 200% utilization in each of the irrigation schemes by 2023	No. of plans	Develop and implement scheme sustainability plans for public schemes including other schemes with NIA Offices	Sustainability plans to be developed in subsequent years; (7 No.) FY2020/21 crop intensification and annual work plans developed and implemented for 200% utilization of irrigation infrastructure in all schemes.
No. of Manuals			Formulate water allocation and management plan within the schemes	Manuals to be developed in subsequent years; Monthly schemes water allocation programme maintained.	
		Improve operation and maintenance service in irrigation schemes	% O&M Fees collected per Scheme	Collect 100% O&M fees for schemes under NIA Management	100% O&M fees for public schemes under NIA management were collected
			No. of O&M Manuals	Operate and maintain primary irrigation infrastructure including the main water storage facilities	Operation of the primary infrastructure within the schemes were done albeit twice due to the heavy rains experienced in quarter three and part of quarter four of the FY in most parts of the country which destroyed roads, filled canals and drains

NATIONAL IRRIGATION AUTHORITY
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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
			No. of Interventions	Mitigate against environmental degradation out of operation of irrigation schemes	Fruit tree seedlings were established in various schemes from which the Authority grafted 358,150 fruit tree of Hass avocado, coconut, cashew nuts and mangoes seedlings ready for transplanting as part of realizing 10% forest cover through tree planting.
			No. of cropping programs	Develop typical cropping programmes for identified value chain	Seven (7) cropping programmes developed and implemented in all schemes
4.	Irrigation Oriented Research	Domesticate guidelines on climate smart irrigation	Climate change Adaptation and Mitigation Mainstreaming Strategy Report	Develop Strategy for mainstreaming climate change adaptation and mitigation	Under development. Consultation meetings have been scheduled.
5.	Governance and Institutional Capacity Development	Operationalize Irrigation Act	Irrigation Act Audit report	Audit the Irrigation Act to ensure that there are no gaps	Irrigation Act audited and addendum submitted to the AG 's office
			Transition plan	Develop and implement a transition plan to the Irrigation Act	Roadmap for transition from NIB to NIA developed, approved and implementation ongoing.
			Revised functions in the organization structure	Review NIA organization structure and functions	NIA organization structure reviewed and approved by SCAC
				Review Institutional Policies	Presented to Full Board awaiting approval
				Review and implement Board Charter	Ongoing

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
		Enhance institutional capacity to improve efficiency	No of departmental/ business plans	Cascade and implement the strategic plan	Ongoing. Departmental plans at Performance contract aligned to the Authority's Strategic Plan
			Integrated Project Management guidelines developed	Develop and implement an integrated Project Management guidelines throughout the project lifecycle	Draft guidelines developed; Project management information system developed, testing and implementation ongoing
			Monitoring, evaluation and learning plan/ strategy/framework developed	Develop and implement a comprehensive monitoring, evaluation and learning plan/strategy/framework for the institution	Draft monitoring, evaluation and learning plan developed
			M&E Unit established	Establish M&E Unit	M&E Unit established and officers posted.
			Human Resource strategy developed	Develop and implement Human Resource strategy	Ongoing
			Liaison and Resource Mobilization Unit established	Establish a Liaison and Resource Mobilization Unit	Resource Mobilization Unit established and officer posted.
			Resource mobilization strategy developed	Develop and implement resource mobilization strategy	Development completed. Implementation to Commence in FY 2021-22
			No. of financial reports	Streamline financial management processes and controls	Quarterly and annual reports submitted; Review of financial system budget module Completed.

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2020/2021	Achievements FY2020/2021
					Implementation to commence in FY 2021-2022
			Communication Strategy developed	Develop and implement comprehensive communication Strategy	Review of the 2021-2025 Draft strategy ongoing
			All aspect of NIA rebranded	Rebranding of NIB to NIA	Ongoing
		Mainstreaming ICT in NIA processes	No. of automated systems	Develop Automated Budget, procurement plan and document management systems	Development of Automated budget module completed, to go live in FY2021-2022. Procurement processes integrated in ERP system.

7. CORPORATE GOVERNANCE STATEMENT

The National Irrigation Authority was established on August 16, 2019 by the Irrigation Act No. 14 of 2019 as a successor institution of the National Irrigation Board. This was after His Excellency the President assented to the Irrigation Bill of 2019 on July 29, 2019 paving way for its gazettment via Kenya Gazette Supplement No. 136 (Acts No. 14) of August 2, 2019.

The predecessor Institution, National Irrigation Board had a board Membership of 15 but their term automatically expired on 16th August 2019 under the repealed Irrigation Act Cap 347.

National Irrigation Authority has a membership of nine (9) members, comprising of five (5) directors representing the Government of Kenya and three (3) Independent Directors. During the year, appointment of the Independent Directors and two Directors representing the government of Kenya had not been finalized.

In order to effectively undertake their duties, the directors have formed two (2) Committees namely;

- (i) Development and General Purpose Committee
- (ii) Audit and Risk Committee

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During the year, the Board transacted its business by holding Four committee meetings and Four full board Meeting using a Virtual Platforms

8. MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenues

(i) Grants

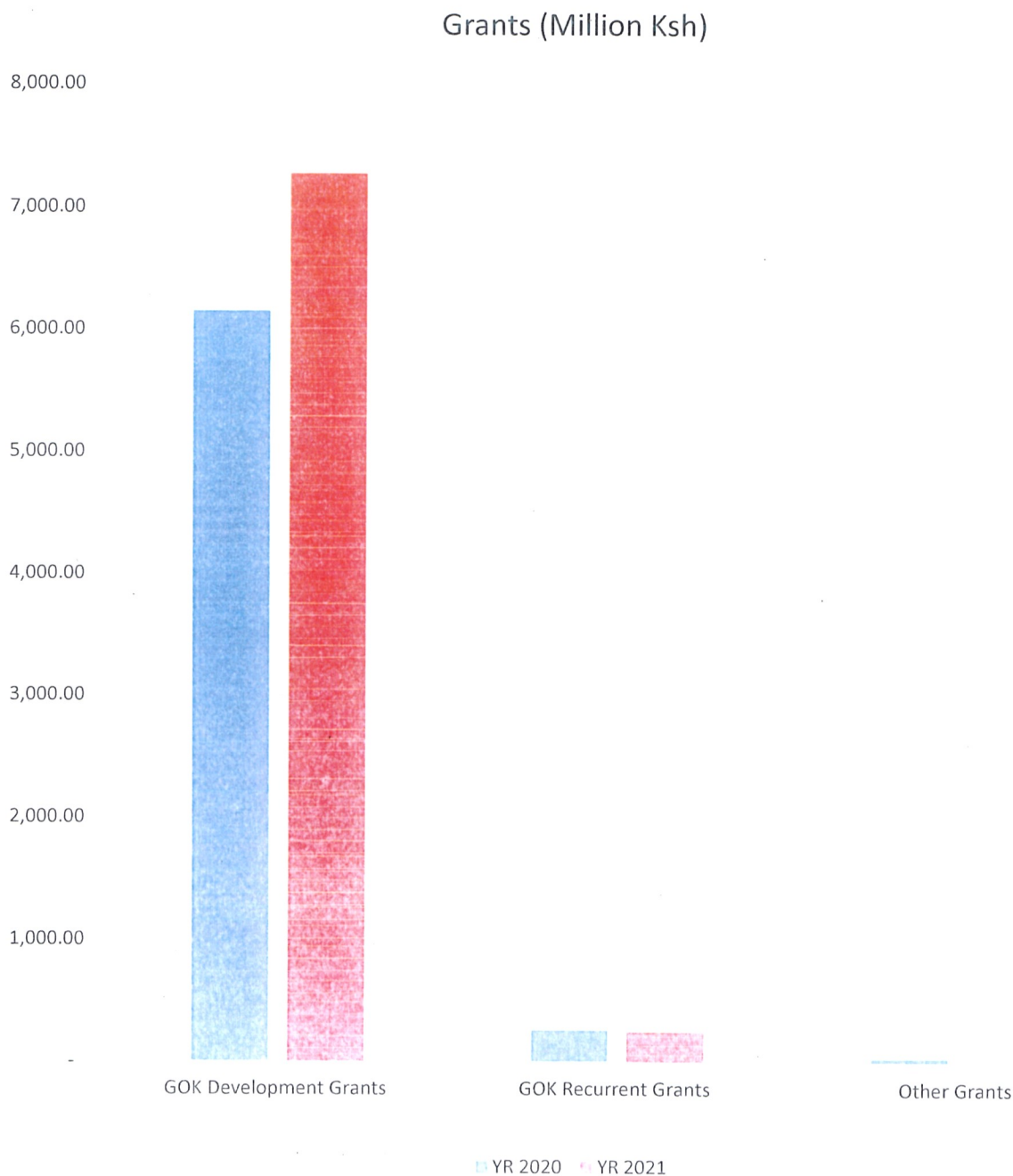
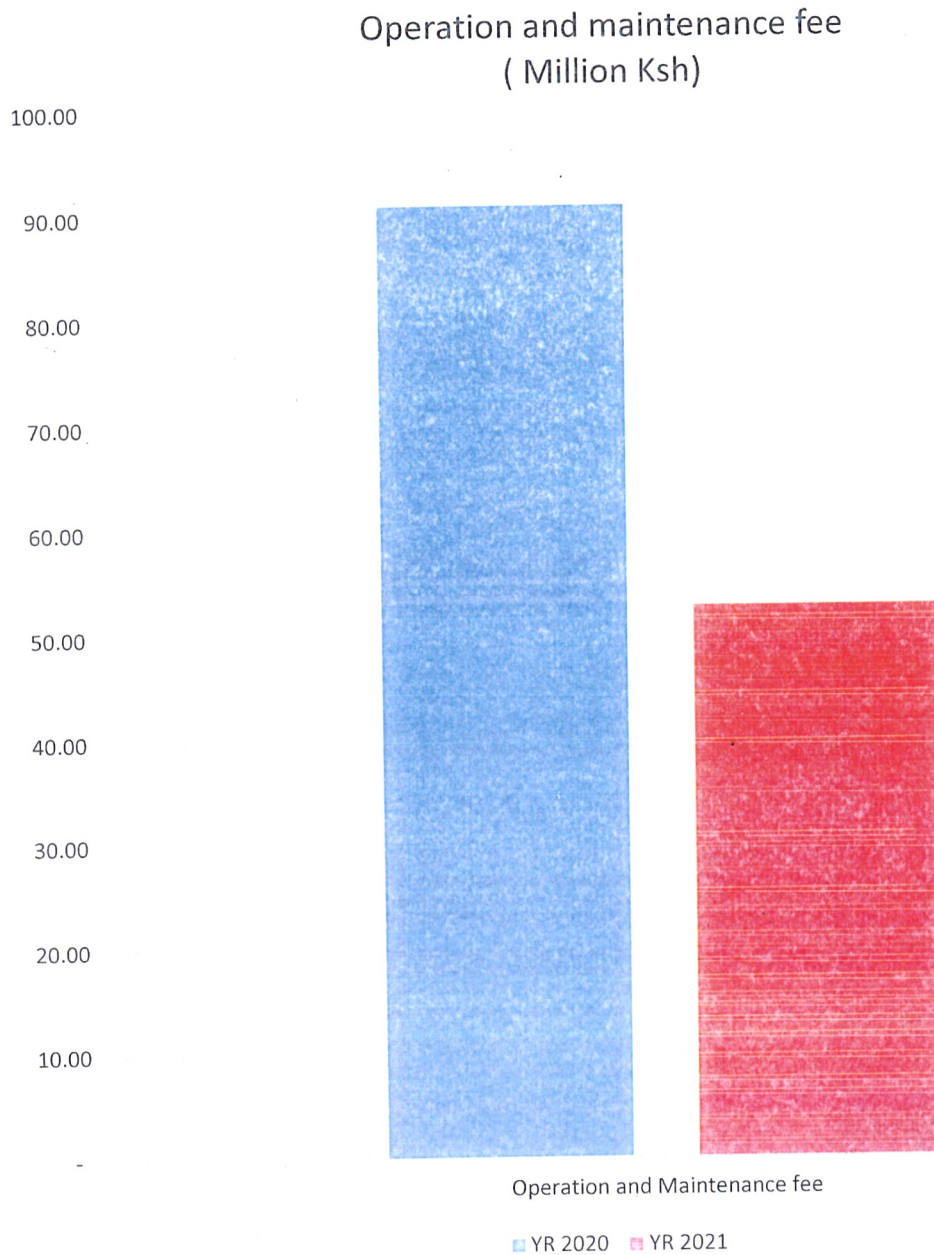


Chart 1: Revenue from Non-Exchange Transactions

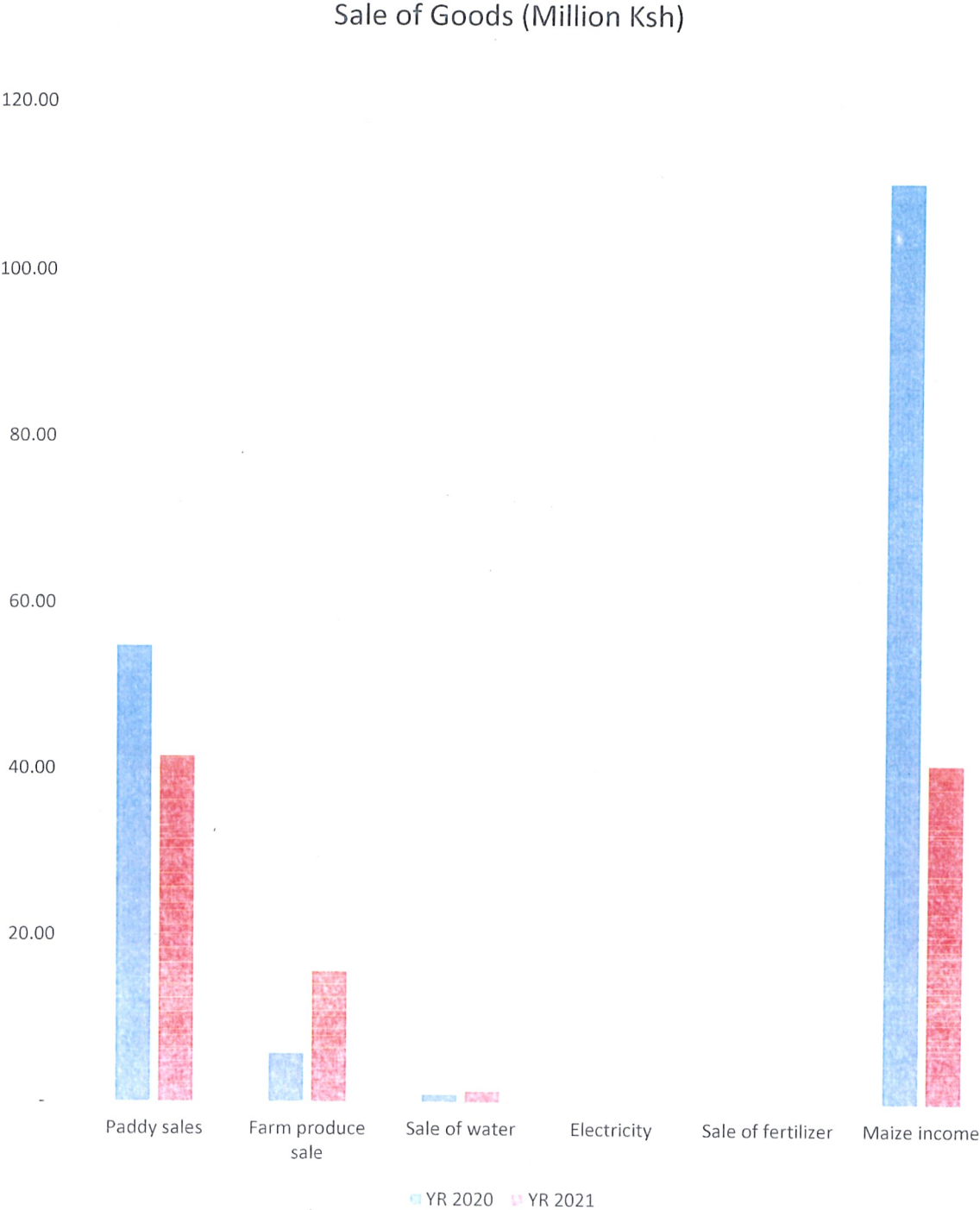
Rendering of Services

(ii) Operation and Maintenance fee

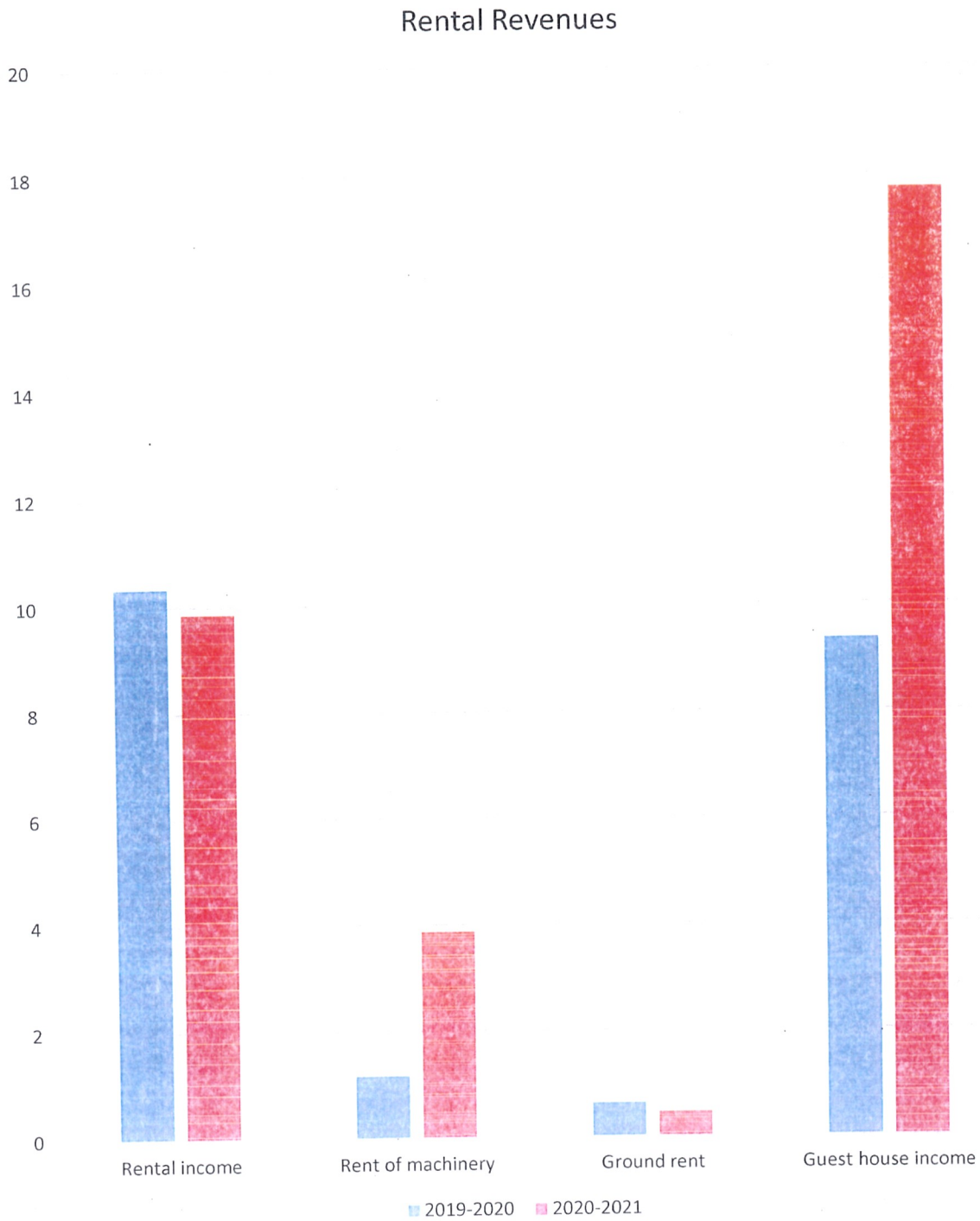


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(iii) Sale of goods

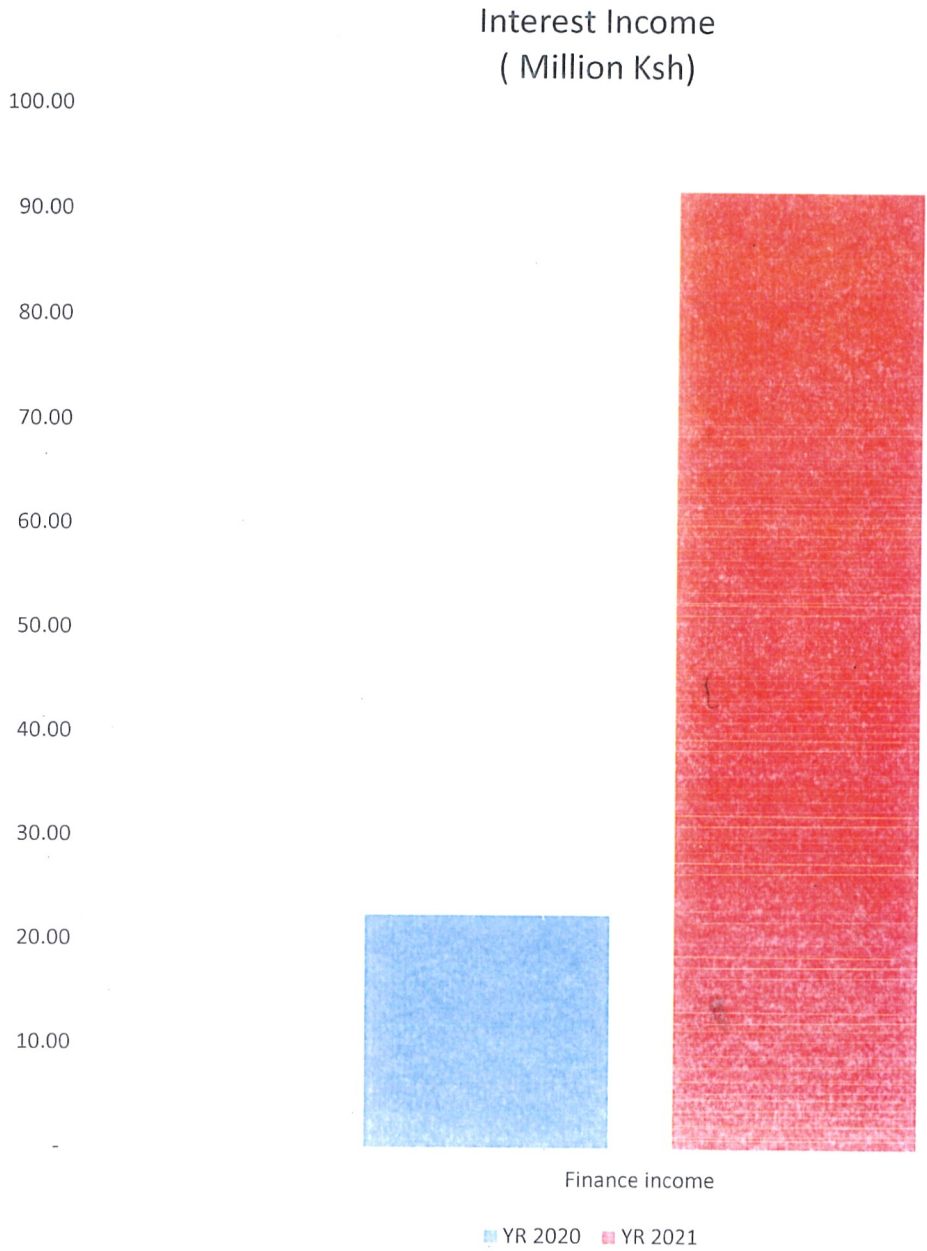


(iv) Rental Revenues



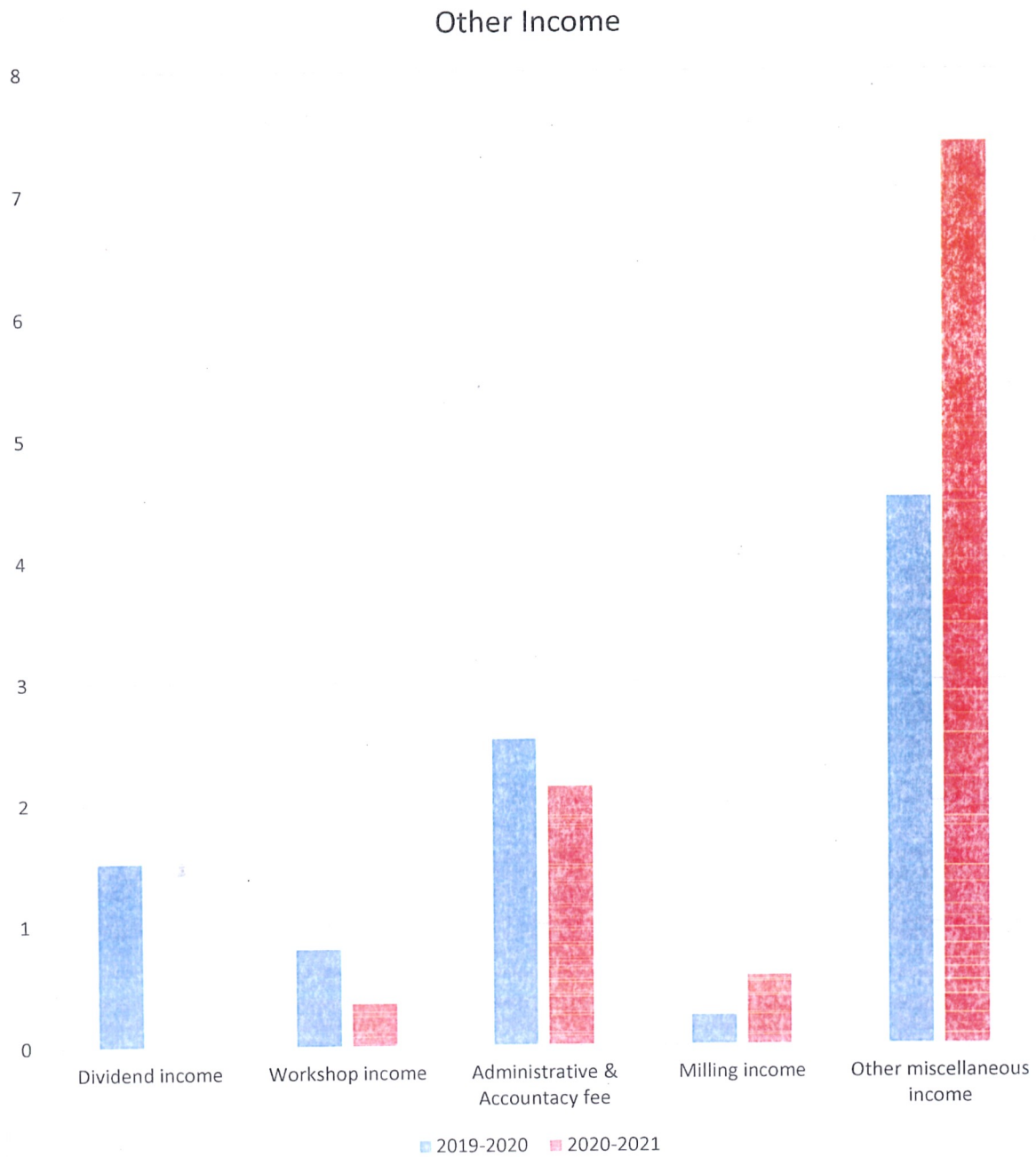
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(v) Finance Income



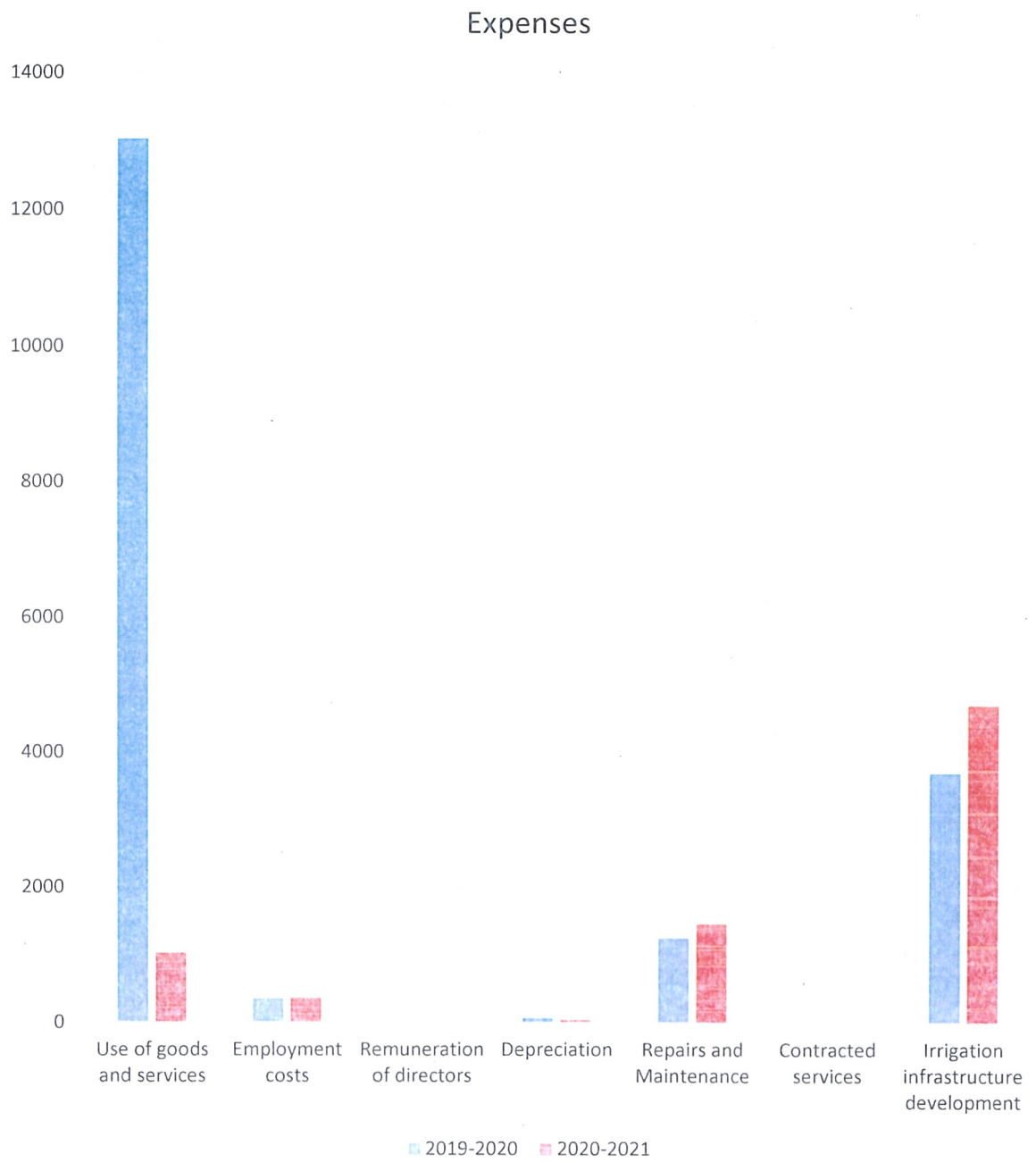
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(vi) Other Income



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(vii) Expenses



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Grants:

Chart i above indicates grants received by the institution both from the government and other development partners. Grants from GOK to the institution increased from Ksh. 6,442,238,253 in the financial year 2020-2021 to Ksh. 7,522,999,996.00. This represents 16.78% increase when compared with the previous year. The increase was in development grants. Development grants grew by 18.33 % while recurrent grants decreased by 4 %.

Rendering of services:

Chart ii shows changes in operational income. The revenue in this category decreased from Ksh 90.98 million in the year 2020-2021 as compared to 2019-2020. This translates to 41.97% decrease. The decrease is attributed to difficult economic period of COVID-19, which led to low collections of O&M fees. This was also attributed by the fact that Bunyala, Perkerra and West Kano Irrigation Schemes were unable to operate to full capacity due to floods that were experienced in the financial year under review.

Sale of goods:

Chart iii shows the revenues collected from sale of goods and services. The main items of revenue in this category is paddy sales and sale of maize grown in Galana Kulalu food security project. National Irrigation Authority took over the production of maize in the project, which brought in income of Ksh 110.6 million in the previous year while this year a decrease to Ksh.40.8 million. The sale of paddy also decreased to Ksh 41.546 million as compared to Ksh 54.859 the previous year. The overall decrease in this category of income is 42.31%. The decrease is attributed to difficult economic period of COVID-19, which led to low collections.

Rental Revenues:

Chart iv shows the revenues collected from Rent of facilities and machinery and equipment. National irrigation Authority operates a guest house at Mwea Irrigation Scheme. It is one of the key sources of revenue in this category. Revenue from the guest house grew by Ksh 8.41 million from Ksh 9.3 million in 2019 to Ksh 17.75 million in 2021. This represented a 90% growth. The other major source of revenue in this category is house rent. The Authority has houses occupied by staff in all the major traditional Irrigation Schemes. Staff occupying these houses pay monthly rent. The decrease from this source of revenue is Ksh. 479,584 representing 4.64 % decrease. Overall revenue from this category of income increased by 48.70%.

Finance Income:

Chart v shows revenue from call deposit account. This is money held in the bank account to clear contactors retention money after the end of the defect liability period. This money has to be readily available and hence can only be put in such an arrangement otherwise if invested in treasury bills retiring the same might prove challenging since it may not coincide with the defect liability expiry period. The revenue in this category increased from Ksh 22.38 million to Ksh 91.77 million in 2021.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Other Income:

Chart vi shows revenue from other miscellaneous sources of income. The overall revenue in this category increased by 18.14 % in the year 2021 as compared to 2020. The sources of this revenue do not form part of the key revenue sources and therefore can be erratic in nature.

Expenses

Chart vii shows the various categories of expenses. The overall expenses for the Authority increased from Ksh 6.69 billion in 2020 to Ksh 7.52 billion in 2021. This represents a 12.36% increase. The main items of expenditures that registered huge increase were irrigation infrastructure development these are projects undertaken by the National Irrigation Authority in line with its core mandate of providing and coordinating sustainable development and management of irrigation services in Kenya. These expenses are for water pans, Dams, and green houses for the communities.

The expenditure for employee cost increased by a mere 3.10 percent. This is mostly occasioned by staff salary increase.

The remuneration of directors dropped by 33.83%. This is due to the fact that for the better part of 2020 National Irrigation Authority didn't have a full Board after expiry of the terms of the previous board in August 2019.

Repairs and maintenance increased by 10.98% in 2021 as compared to 2020. When major repairs and maintenance are done to facilities and equipment in one year occasioning an increase in expenditure the expenses in the following year tend to decrease and the pattern continues.

The contracted services increased by 11.47 % in 2021 as compared to 2020. This expenditure is for security services for equipment including machinery working in the field. When the equipment's are working near the main offices they are taken to the station where they don't require additional staff hence saving on security hire.

The other major component in the expenses for the institution is the irrigation infrastructure development. These are projects undertaken by the National Irrigation Authority in line with its core mandate of providing and coordinating sustainable development and management of irrigation services in Kenya. These expenses are for water pans, Dams, and green houses for the communities.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

National Irrigation Authority (NIA) exists to transform lives. This is our purpose; the driving force behind everything we do by putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

1. Sustainability strategy and profile

National Irrigation Authority (NIA) has invested in strategic re-orientation towards climate-related risk management and adaptation by developing environmentally sustainable irrigated agricultural systems, services and modernizing management systems. The institution appreciate sustainable agriculture is fundamental to our shared future and is imperative to fulfilling our purpose. Together, the team leverage on our diversity and promote inclusion creating an environment that unlocks innovation and employee creativity to prioritize on agriculture solutions that help farmers produce more while conserving natural resources with less environmental impact.

2. Environmental performance

Climate change is expected to continue having a significant impact on agriculture because of severe weather events that have result to increasing competition for water and land. Therefore the institution continue to improve on environmental performance with the guide of environment policy and look at how water resources and irrigation can be optimized to meet the requirements of coming generations. Some of the key successes include irrigation expansion, improved efficiency in operational processes and increased irrigation water storage capacity that has resulted increasing productivity of agricultural production and development of innovative solutions to positioning our farmers as part of the solution to climate adaptation.

3. Employee welfare

The Authority is an ‘equal opportunity employer’ and thus committed to fair recruitment and selection practices underpinned by principles of merit, equity and its core values. It is therefore the policy of NIA to attract, retain and develop staff of the highest quality consistent with diversity principles in terms of gender, age, and national character; ensure fair and equitable treatment to its staff; and provide opportunities for professional growth and development.

The Authority is committed to continuous development and professional growth of its staff through a systematic and structured approach to training in order to attract and retain highly

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

knowledgeable, skilled and competent employees who are productive, efficient and effective in service delivery. The Authority ensures that its employees build the requisite professional competence through a systematic process of continued learning and that they are fairly treated and appropriately rewarded within the constraints of its budgetary allocation.

The Authority has in place a Performance Management System in order to promote productivity and motivate employees for performance. The PMS contains strategies for setting performance targets, monitoring and evaluating achievements, identifying and solving performance gaps including requisite programs to support those with performance challenges.

The Authority has established a Performance Specific Rewards and Sanctions Framework, which establishes a basis for rewarding exemplary performance and administering sanctions for under-performance whilst motivating employees to have positive attitude towards work and for enhancing productivity in the Authority.

The Authority considers Health and Safety to be an integral part of responsible management. Therefore, the Authority is committed to the provision of a safe and healthy work place for all employees and stakeholders. The Authority has undertaken to inculcate a safety and health-oriented culture, which emphasizes attitude change and employee participation in establishing and observing safe working practices.

The primary objectives of the Authority's safety policy are:

- (i) Ensure compliance with all legal and statutory obligations
- (ii) Ensure quality employee health and safety at work
- (iii) Educate employees on their roles and responsibilities and equip them with adequate knowledge and resources to carry out their duties
- (iv) Implement and continuously improve Health and Safety performance in the Authority in accordance with appropriate health and safety standards.
- (v) Involve all the employees, customers, contractors, suppliers and other strategic partners in improving Health and Safety standards at the work place.
- (vi) Ensure periodic audit in achieving Health and Safety objectives

4. Market place practices

a) Responsible competition practice.

NIA Interactions with Suppliers and relationships with subcontractors, vendors and suppliers are vital to our operations. Our dealings are be fair, reasonable and consistent

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

with all applicable laws and regulations as well as good business practices. NIA promotes competitive procurement to the maximum extent practicable. Selection of subcontractors, vendors and suppliers is done on the basis of objective criteria such as quality, technical excellence, cost/price, schedule/delivery, services and maintenance of adequate sources of supply. We always employ the highest ethical business practices in source selection, negotiation, determination of awards and the administration of all purchasing activities

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors.

b) Responsible Supply chain and supplier relations

The Authority conducts sensitization on government procurement opportunities in all schemes/stations to ensure that the public is aware of the available opportunities and is able to participate. The Procuring Entity tenders are uploaded in our website and Public procurement information portal to allow the suppliers/customers to easily get information, demand data, and the visibility of status of the procurements being undertaken in the institution. The email addresses for both the CEOs and procurement officers are available in all our tender documents to allow anyone with clarification or enquiries reach the institution. The service providers are paid on successful completion/delivery of the contracted works.

c) Responsible marketing and advertisement

The Authority advertises its tenders in My GOV, publication of Government Advertising Agency (GAA) that is distributed by the local newspapers and has nationwide circulation. The authority also uploads its tenders in our website and where interested tenderers can easily access the information.

d) Product stewardship

In order to minimize the products environmental and social impact throughout all stages of the products lifecycle, including end of life management, the authority has formed a disposal committee for the purpose of disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment or assets. The disposal committee are responsible for

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

verification and processing of all items to be disposed of and recommendation of the best method of disposal to ensure that those that are hazardous to the environments are disposed of the right way thereby minimizing environmental pollution.

5. Corporate Social Responsibility/ Community Engagements

During the Financial Year 2020-2021, the National Irrigation Authority distributed 90,750 fruit seedlings to the following locations as part of Corporate Social Responsibility geared towards environmental sustainability.

- i. Tana River County (4,750 cashew nuts, 9,000 coconut seedlings)
- ii. Usueni Irrigation Project (1,000 mango seedlings)
- iii. Galana Kulalu Food Security Project(1,000 coconut seedlings)
- iv. Muranga County (5,000 hass avocado seedlings)
- v. Vihiga County (5,000 hass avocado seedlings)
- vi. Nyandarua County (5,000 hass avocado seedlings)
- vii. Laikipia County (10,000 avocado seedlings)
- viii. Chepalungu Constituency (5,000 avocado seedlings)
- ix. Lungalunga Constituency (5,000 coconut seedlings)
- x. Lamu County (4,000 coconut and 2,000 cashew nut seedlings)
- xi. Kisii County (4,000 avocado seedlings)
- xii. Isiolo County (10,000 avocado seedlings)
- xiii. Kajiado County 10, 000 avocado seedlings)
- xiv. Kisumu County 10, 000 avocado seedlings).

Additionally, 358,150 fruit trees seedlings whose breakdown is listed below were grafted in readiness for distribution during the October rains:

- i. Avocado - 230,000
- ii. Mango - 88,150
- iii. Cashew nut - 40,000

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**



ENVIRONMENTAL POLICY

Protecting our shared environment is of fundamental importance to the National Irrigation Authority as it is to our employees, customers and other stakeholders. To support this common goal, the Top Management is committed to:

- Comply with all relevant environmental legislation and regulations requirements
- Reduce our use of natural resources such as water as efficiently as possible.
- Re-use resources whenever possible rather than dispose of them.

We will work to achieve the commitments by:

- Provide appropriate environmental awareness training to staff and stakeholders
- Work collaboratively with our customers, suppliers, and the surrounding community on environmental issues
- Ensure that all our people, our customers and the general public can access our policy

National Irrigation Authority will make every effort to ensure continual improvement in environmental performance.

SIGNED.....

DATE:16/05/2022.....

MR. GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**



WASTE MANAGEMENT POLICY

National Irrigation Authority is committed minimize waste generation and promote re-use, recovery and recycling of waste to protect human health and the environment. To support this common goal, the Authority will:

- Contributing to sustainable use of natural resources, e.g. avoiding & reducing waste wherever possible
- Promotes adoption of best waste management practice that protect the environment and community
- Deploying technologies appropriate to prevailing conditions

We will work to achieve the commitments by:

- Implementation of Application of Service Delivery Innovations
- Awareness creation on behavior change on waste
- Participating in supporting any untapped opportunities on waste recycling initiatives
- Minimize the generation of waste, associated with our office-based activities.

We will make every effort to ensure that waste management policy is an integral part of National Irrigation Authority's performance

SIGNED.....

DATE:16/05/2022.....

MR. GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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 the National Irrigation Authority's affairs.

Principal activities

The principal activity of the National Irrigation Authority is to provide water for sustainable farming through development, rehabilitation, modernization and promotion of Irrigation and drainage for improved livelihoods, food security and economic growth in Kenya. This is achieved through the Authority's vision of Water to every Irrigable Acre

Results

The results of the National Irrigation Authority for the year ended June 30, 2021 are set out on pages 1 to 67.

Directors

The members of the Board of Directors who served during the year are shown on page viii-xiv in accordance with Irrigation Act 2019 of the Laws of Kenya.

Auditors

1. The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 and no Certified Public Accountants were nominated by the Auditor General to carry out the audit of the entity for the year/period ended June 30, 2021 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf..

By Order of the Board



Nancy Wambugu
Board Secretary
Nairobi

Date: ...16/05/2022..

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Irrigation Act 2019 require the Directors to prepare financial statements in respect of National Irrigation Authority, which give a true and fair view of the state of affairs of the National Irrigation Authority at the end of the financial year ended 30th June, 2021 and the operating results of National Irrigation Authority for the year ended 30th June, 2021. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of National Irrigation Authority. The Directors are also responsible for safeguarding the assets of the Authority

The Directors are responsible for the preparation and presentation of National Irrigation Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended 30th June, 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 National Irrigation Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of National Irrigation Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for National Irrigation Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Irrigation Act Cap.347. The Directors are of the opinion that National Irrigation Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2021, and of National Irrigation Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for National Irrigation Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that National Irrigation 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

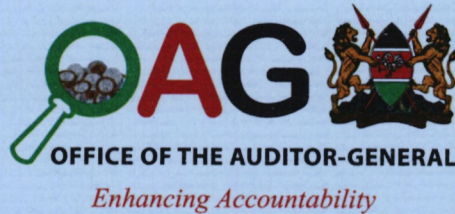
The entity's financial statements were approved by the Board on ... 16/05/2022 and signed on its behalf by:


.....
CHAIRMAN OF THE BOARD


.....
CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON NATIONAL IRRIGATION AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal 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 National Irrigation Authority set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all

Report of the Auditor-General on National Irrigation Authority for the year ended 30 June, 2021

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 National Irrigation Authority 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 Public Finance Management Act, 2012 and the Irrigation Act, 2019.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2021 reflects receivables from exchange transactions totalling Kshs.246,388,170 as disclosed in Note 20 to the financial statements. This balance is net of Kshs.458,232,831 specific provision for bad debts for the year under review. A review of the debtors' ledger reflects debts that have been outstanding for over five (5) years. However, no recoveries were made in the year under review casting doubt on their recoverability. There was no evidence of any measures taken by Management to recover these long outstanding debts. Further, no provision for bad and doubtful has been made to the other debtors totalling Kshs.246,388,170.

In the circumstances, the accuracy and full recoverability of the receivables balance of Kshs.246,388,170 as at 30 June, 2021 could not be confirmed.

2. Payables from Exchange Transactions

2.1 Long Outstanding Payables from Exchange Transactions

The statement of financial position reflects payables from exchange transactions totalling Kshs.1,374,967,281 as disclosed in Note 27 to the financial statements. Included in this balance are payables totalling Kshs.176,771,307 that have been outstanding for a period exceeding 360 days. It is not clear, and Management has not indicated, how they intend to settle these long outstanding payables. Failure to pay long outstanding payables to creditors may have affected the liquidity of these creditors and ability to sustain their businesses. This may have contributed to the overall slowing down of the economic growth of the wider national economy.

In the circumstances, settlement, and validity of the payables balance of Kshs.176,771,307 as at 30 June, 2021 could not be confirmed.

2.2 Unreconciled Retention Funds

The statement of financial position reflects payables from exchange transactions totalling Kshs.1,374,967,281 which includes contractors' retention money amounting to Kshs.930,740,029. However, the balance of the retention money held in the bank as at 30 June, 2021 was Kshs.326,309,527, resulting to an unreconciled variance of Kshs.604,430,502. Further, retention amount was included in the total payables instead of being disclosed separately.

In the circumstances, the accuracy and completeness of retention funds of Kshs.930,740,029 could not be confirmed.

3. Property, Plant and Equipment

3.1. Land without Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.6,106,405,109 and as disclosed in Note 22 to the financial statements. Included in this balance is freehold land with a book value of Kshs.1,189,586,063, However, this balance excludes seven (7) parcels of trust land for various schemes totalling 75,509 acres, as detailed below.

	Scheme	County	Size (Acres)
1	Mwea	Kirinyaga	30,350
2	Bura	Tana River	16,750
3	Tana	Tana River	12,000
4	Perkerra	Baringo	5,875
5	Ahero	Kisumu	4,350
6	West Kano	Kisumu	4,450
7	Bunyala	Busia / Siaya	1,734
	Total		75,509

The National Land Commission requested the Authority on 24 January, 2018 to provide the Commission with an approved survey plan for the schemes to enable processing of ownership documents. However, Management was yet to provide the Commission with the approved survey plan for the Schemes.

In the circumstances, the completeness, accuracy and ownership of the free hold land valued at Kshs.1,189,586,063 could not be confirmed.

3.2 Understated Freehold Land

The statement of financial position reflect property, plant and equipment balance of Kshs.6,106,405,109 and as disclosed in Note 22 to the financial statements. Included in this balance is freehold land with a book value of Kshs.1,189,586,063. However, this balance excludes unknown value of land where Unyunyuzi house (Head Office) is situated. In addition, this parcel of land was excluded from the fixed asset register. Further, the balance of freehold land of Kshs.1,189,586,063 includes an amount of Kshs.27,410,294 in respect to renovation materials for head office main block.

Consequently, the accuracy and completeness of freehold land of Kshs.1,189,586,063 as at 30 June, 2021 could not be confirmed.

3.3 Tractor without Ownership Documents

The statement of financial position reflects property, plant and equipment netbook value of Kshs.6,106,405,109 and as disclosed in Note 22 to the financial statements which includes additions to assets of Kshs.38,003,002. Included in this balance is Kshs.7,405,200 in respect to acquisition of two (2) New Holland farm tractors from CMC

Motors group Ltd for lower Kuja irrigation scheme. Management indicated that one tractor is registered as KCT 691Y. However, the logbook for this tractor was not presented for audit review.

In the circumstances, the completeness and ownership of the tractor included in the additions of assets could not be confirmed.

4. Undisclosed Liability on Leased Land for Galana Kulalu

The statement of financial position reflects payables from exchange transaction of Kshs.1,374,967,281 as disclosed in Note 27 to the financial statements. The Authority entered into a land Lease Agreement with Agricultural Development Corporation (ADC) on 7 April, 2014. According to the Agreement, the Authority was to lease 20,000 acres of land under the Galana Kulalu Irrigation Project, at a total cost of Kshs.480,000,000. Review of records provided for audit revealed that, the Authority made an initial payment of Kshs.150,000,000 to the Corporation. However, the unpaid rent totalling Kshs.330,000,000 was not recognized as a liability in the financial statements.

Further, as disclosed in Note 39 to the financial statements, the Authority did not recognize the liability but contested the terms of the Lease Agreement as unfavorable and wrote to the parent Ministry requesting for reconsideration of the terms of the Lease Agreement. The Authority argued that the project entailed development of irrigation infrastructure and thereafter handing it over to the Corporation. Management however, indicated that, since the land belongs to the Agricultural Development Corporation and the Authority was only developing infrastructure to hand them over to the Corporation for production, the Authority was not justified to pay for the lease.

In addition, the Agricultural Development Corporation disclosed an un-accrued debtor of Kshs.273.6 million under Note 34 to its financial statements. The amount relates to the stopped leases executed for Galana Kulalu Food Project since some of the lessees went to court to protest the leases. The ADC Management considered it not prudent to continue accruing revenue from these leases until the uncertainties were resolved. However, the amount disclosed by ADC of Kshs.273.6 million varies with the amount recognized by the Authority of Kshs.330 million by an unexplained difference of Kshs.56,400,000.

In the circumstances, the accuracy and completeness of payables from exchange transactions could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.7,818,500,000 and Kshs.7,809,263,241 respectively resulting to an under-funding of Kshs.9,017,560. Similarly, the Authority spent Kshs.7,517,585,563 against an approved budget of Kshs.7,818,500,000 resulting to an under-expenditure of Kshs.300,914,437 or 4% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under 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. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board reporting templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Galana Kulalu Food Security Project– Kilifi / Tana River Counties

1.1 Delay in Completion of Galana Kulalu (Lot 1) Project

The Authority awarded a contract for construction works of Galana Model Farm Lot 1: Electro Mechanical Works in Tana River County to an International firm at a contact sum of Kshs.131,221,044. The contract agreement was signed on 26 January, 2021 and the works commenced on 28 February, 2021 for a period of 12 months up to

28 February, 2022. Later, the contractor was granted an extension period of 3 months up to 28 May, 2022.

However, a report by an inspection Committee that visited the project on 15 March, 2022, indicated that, the project works were still ongoing, with the overall project progress being at only twenty-five per cent (25%). Audit verification on the project conducted on 11 May, 2022 indicated that the works were still ongoing.

In the circumstances, it was not possible to confirm that the project will be completed within schedule and realize its objectives without cost overruns.

1.2 Delay in Completion of Galana Kulalu (Lot 2) Project

The Authority awarded Lot 2 contract for civil works at a contract price of Kshs.665,702,574. The contract was signed on 27 January, 2021 and the project works commenced on 28 February, 2021. The contract was expected to be completed in 12 months with an expected end date of 28 February, 2022.

However, a report by an inspection Committee that visited the project on 16 March, 2022, indicated that, the project works were still ongoing with the overall project progress at only sixty-five per cent (65%) yet the time for the contract had already lapsed. Audit verification of the project conducted on 11 May, 2022 indicated that the works were still ongoing.

It is not clear why the Management awarded the two different contracts to one firm instead of different firms to avoid delayed completion that may be due to the firm's capacity constraints to handle the two major projects simultaneously.

In the circumstances, it was not possible to confirm that the project will be completed within schedule, and realize its objectives without cost overruns.

1.2 Under-Utilization of 20,000 Acres Leased Land

The Lease Agreement between Agriculture Development Corporation and National Irrigation Authority dated 7 April, 2014, in relation to the Galana Kulalu Food Security Project, indicates that, the latter was to lease from the former, 20,000 acres of land. However, the Contract Agreement between the contractor and the Authority reflects that only 10,000 acres of land was to be utilized. The remaining 10,000 acres are idle and will remain idle since they were not included in the model farm programme. However, Management has indicated that the land is to be used to put up contractor's camp site, employers' facilities and camp, the logistic centre and machinery.

In the circumstances, the Authority may not have received value for money from the leased land.

2. Sustainability of Community Irrigation Development Projects

The statement of financial performance reflects Irrigation Infrastructure Development expenses of Kshs.4,697,999,965 and as disclosed in Note 17 to the financial statements. This expenditure relates to irrigation development for various programmes, which include; household irrigation water harvesting projects, water storage pans and dams, and other

irrigation projects. Verification of completed and handed over projects revealed the following:

- i. Some of the projects although complete, have not been put into use and the projects piping had been vandalized and stolen.
- ii. There was no maintenance of the handed over projects and some pans and dams were filled with silt.
- iii. Some project fences and gates were damaged and had not been repaired. The excavated soil had filled back into the pans and dams due to soil erosion.
- iv. Some water pans were not put into beneficial agricultural use by farmers because of lack of funds to buy water pumps and seedlings.

Although the Authority had incurred huge amounts of funds in the development of the irrigation infrastructure, value for money derived from completed projects by the community may not be commensurate with the funds invested.

In the circumstances, the sustainability in the long run of the irrigation development projects could not be confirmed.

3. Anomalies in Household Irrigation Water Storage Projects

The statement of financial performance reflects Irrigation Infrastructure development projects of Kshs.4,697,999,965 and as disclosed in Note 17 to the financial statements. Included in this expenditure is Kshs.376,480,683 for household irrigation water storage projects. However, audit inspections on sampled household irrigation projects conducted in March, 2022, revealed the following:

- i. The household water pans were not fenced as required by the water pan construction agreement.
- ii. The household water pans in Mwea Ward on Embu County and Mutonguni and Kivou in Kitui County needed dam lining material due to the poor water retention by the soil as evidenced by the dry water pans.
- iii. Most of the farmers did not have water pumps therefore, they could not pump water to the entire farm to achieve the maximum irrigation potential.
- iv. There were no trees planted around the household water pans to hold the soils as was required by the water pan construction agreement.
- v. Five of the household water pan projects constructed in Maragua (Murang'a County) were constructed in an open field where there was no household nearby and evidence of any agricultural activity, hence the water pans were misplaced.

In the circumstances, no value for money may have been achieved by the communities for the water projects.

4. Non-Adherence to a Third Rule on Salary Deductions

Review of the Authority's payroll for the year ended 30 June, 2021 revealed that net pay for seventy-nine (79) employees totalling to Kshs.964,965 was less than a third of their corresponding basic pay of Kshs.1,653,121. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that, 'without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection one, may be made by an employer from the wages of his employee at any one time, shall not exceed two-thirds of such wages.

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

Basis for Conclusion

1. Understaffing

Review of the Authority's staff establishment revealed that, the Authority has an approved staff establishment of 578 staff members. However, the Authority had only 270 staff members during the year, resulting to a shortage of 308 staff members. The understaffing was prominent in most of the Authority's Schemes. In addition to the shortfall in numbers, the Schemes did not have qualified procurement officers, yet major procurement processes were carried out at the Scheme level. As a result, there was no rotation of the members of the Tender Evaluation Committee, contrary to the provisions of Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an evaluation committee established under subsection (1), shall—b) consist of between three and five members appointed on a rotational basis comprising heads of user department and two other departments or their representatives and where necessary, procured consultants or professionals, who shall advise on the evaluation of the tender documents and give a recommendation on the same to the committee within a reasonable time.

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

2. Prolonged Acting Capacity Positions

During the year under review, the Authority had 19 staff members who were on acting positions in different levels in the organization for more than six months. This is contrary to the Public Service Commission Act, 2017 Section (34) (3) which states that an officer may be appointed in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

3. Prolonged Secondment of Other Public Officers to the Authority

On 1 December, 2014 the Ministry of Agriculture, Livestock and Fisheries State Department of Agriculture, deployed 29 technical staff to the National Irrigation Authority to enable the Authority have the capacity to carry out its mandate. The deployment was with the understanding that arrangements will be made that these officers be absorbed by the Authority.

However, at the time of audit in March, 2022, seventeen (17) technical officers were still on secondment for a period exceeding six (6) years without renewal or absorption to the Authority. This is contrary to Section B.33 (1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which states that, secondment of officers from the Public Service to other organizations is applicable to pensionable officers, for a period not exceeding three (3) years and may be renewable once.

The officers although on secondment were not being paid top up allowance to bridge the gap between the salaries paid by their parent ministry and what they would have been paid by the Authority.

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

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 overall 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 sustainability of services and using the applicable 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 the 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures, as I consider necessary in the circumstances.

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi


24 August, 2022


NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	NOTE	2020-2021	2019-2020
REVENUE FROM NON EXCHANGE TRANSACTIONS		KSH	KSH
Government Grants	5	7,522,999,996	6,442,238,253
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services (O & M)	6	52,796,184	90,977,499
Sale of Goods	7	99,401,265	172,289,250
Rental revenues from facilities and Equipment	8	31,932,556	21,473,829
Finance Income	9	91,767,793	22,384,561
Other Income	10	9,434,587	8,860,410
TOTAL REVENUE		7,808,332,381	6,758,223,802
EXPENSES			
Use of Goods and Services	11	1,027,475,011	1,330,166,481
Employee Costs	12	359,589,522	348,768,746
Remuneration of Directors	13	6,311,629	9,538,538
Depreciation and Amortization	14	37,917,596	61,534,902
Repairs and Maintenance	15	1,384,516,071	1,247,574,877
Contracted Services	16	3,775,769	3,387,102
Irrigation Infrastructure Development	17	4,697,999,965	3,689,893,028
TOTAL EXPENSES		7,517,585,563	6,690,863,673
OTHER GAINS/(LOSS)			
Gain on disposal of assets	18	1,150,060	-
Surplus for the year		291,896,878	67,360,129

SIGN.....
GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER
 DATE.....16/05/2022

SIGN.....
CPA. TIRUS N. KABUTHIA
NO.15039
 DATE.....16/05/2022

SIGN.....
Hon. Eng. JOSHUA TORO
BOARD CHAIRMAN
 DATE.....16/05/2022

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTE	2020-2021	2019-2020
		KSH	KSH
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalent	19	2,683,569,858	2,040,311,610
Receivables from Exchange Transactions	20	246,388,170	222,681,533
Inventories	21	134,893,532	118,168,995
Total current assets		3,064,851,560	2,381,162,138
NON CURRENT ASSETS			
Property Plant and Equipment	22	6,106,405,109	5,109,012,477
Intangible Assets ICT	23	29,802,385	11,339,412
Work in Progress	24	23,156,618,537	22,454,890,691
Investment Mortgage	25	201,811,286	200,590,788
Long-term Investments	26	27,950,000	27,950,000
Total non- current Assets		29,522,587,317	27,803,783,368
TOTAL ASSETS		32,587,438,877	30,184,945,507
EQUITY AND LIABILITIES			
CURRENT LIABILITIES			
Payables From Exchange Transactions	27	1,374,967,281	1,174,174,979
TOTAL CURRENT LIABILITIES		1,374,967,281	1,174,174,979
NON CURRENT LIABILITIES			
TOTAL NON CURRENT LIABILITIES			
EQUITY			
Retained Earnings	28	18,362,212,922	17,778,943,624
Revaluation Reserve	29	257,204,201	
Capital Fund	30	734,695,649	694,921,649
JICA Fund	31	6,939,603,082	5,715,751,553
BADEA Grant	32	682,309,701	644,107,484
KUWAIT Fund	33	584,262,368	555,432,145
OFID Fund	34	181,342,912	150,773,312
Double Crop Grant	35	27,707,439	27,707,439
Bank of Leumi Israel	36	3,443,133,322	3,443,133,322
TOTAL EQUITY		31,212,471,596	29,010,770,528
TOTAL EQUITY & LIABILITIES		32,587,438,877	30,184,945,507

SIGN.....

GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER

DATE.....16/05/2022

SIGN.....

CPA. TIRUS N. KABUTHIA
NO.15039

DATE.....16/05/2022

SIGN.....

Hon. Eng. JOSHUA TORO
BOARD CHAIRMAN

DATE.....16/05/2022

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

DESCRIPTION	RETAINED EARNINGS	REVALUATION RESERVE	CAPITAL FUND	JICA GRANT	BADEA GRANT	KUWAIT GRANT	OFID GRANT	LOAN CAPITAL	BANK OF LJUMI ISRAEL	TOTAL
As At 1st July 2019	17,487,862,067	-	694,921,649	4,054,969,630	644,107,484	555,432,145	150,773,312	27,707,439	3,443,133,322	27,058,907,049
Additions During the Year	67,360,129	-	-	1,660,781,923	-	-	-	-	-	1,728,142,052
Adjustments	223,721,427	-	-	-	-	-	-	-	-	223,721,427
As At 30th June 2020	-	-	694,921,649	5,715,751,553	644,107,484	555,432,145	150,773,312	27,707,439	3,443,133,322	29,010,770,528
As At 1st July 2020	17,778,943,624	-	694,921,649	5,715,751,553	644,107,484	555,432,145	150,773,312	27,707,439	3,443,133,322	29,010,770,528
Additions During the Year	291,896,878	-	39,774,000	1,223,851,530	38,202,217	28,830,223	30,569,600	-	-	1,653,124,448
Revaluation gain	-	257,204,201	-	-	-	-	-	-	-	257,204,201
Adjustments	291,372,420	-	-	-	-	-	-	-	-	291,372,420
As At 30th June 2021	18,362,212,922	257,204,201	734,695,649	6,939,603,082	682,309,701	584,262,368	181,342,912	27,707,439	3,443,133,322	31,212,471,596

Note:

- i) The Reserves are the cumulative surpluses of income over expenditure over time.
- ii) Work in progress write off represents completed projects which have been handed over to the beneficiary communities.
- iii) Development fund was established for future expansion of Irrigation infrastructure.
- iv) Capital fund represent initial capital provided by the Government to establish National Irrigation Board, it is represented by land and buildings in the statement of financial position. The addition during the year represents donations of fertilizer by Yara East Africa Ltd to Bura Irrigation Scheme.
- v) JICA grants represent donor Funding for Mvea Irrigation Development project
- vi) Badea, Kuwait and Ofid represent donor funding for development of Bura Gravity Irrigation Project 8.43%, 14.63% and 6.32% respectively. GOK carries the balance of 70.62%
- vii) Bank Of Liumi Israel represent donor Funding by Israel Government for development of Galana Kulalu Food Security Project

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

		2020-2021	2019-2020
	NOTES	KSH	KSH
Surplus for the year		291,896,878	67,360,129
Adjustments of items not involving movement of Funds			
Depreciation	14	37,917,596	61,534,905
Decrease in provision for bad & doubtful debts	20		41,441,873
Work in progress write off	24	1,289,626,914	445,086,689
Retained Earnings Adjustments	28	(2,638,954)	89,213,961
Loss/Gain on disposal of fixed assets	18	(1,150,060)	60,308,944
Operating Profit before working capital changes		1,615,652,374	764,946,501
Working Capital Changes			
Increase/Decrease in Inventories	21	(16,724,537)	10,838,698
Increase/(Decrease) in Receivables from exchange transactions	20	(23,706,637)	(13,215,955)
Increase/Decrease in Payables from exchange transactions	27	200,792,303	(819,723,267)
Net Cash flows from operating Activities		1,776,013,503	(57,154,023)
Investing Activities			
Net change on Fixed Assets Total			
Purchase of Fixed Assets	22	(58,917,567)	(20,939,452)
Proceeds from disposal		1,175,000	
Work In Progress additions	24	(2,435,019,760)	(2,335,465,361)
Mortgage	25	(1,220,498)	(2,080,096)
Net cash used in investing activities		(2,493,982,825)	(2,358,484,909)
Financing Activities			
Capital Fund	30	39,774,000	
JICA Grants	31	1,223,851,530	1,660,781,923
BADEA Grant	32	38,202,217	
KUWAIT Fund	33	28,830,223	
OFID Fund	34	30,569,600	
Net cash flows from financing activities		1,361,227,570	1,660,781,923
Net Increase/(Decrease) in Cash		643,258,248	(754,857,009)
Cash & Cash Equivalent at the beginning of the Year	19	2,040,311,610	2,795,168,619
Cash & Cash Equivalent at the end of the year	19	2,683,569,858	2,040,311,610

SIGN.....

**GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER**

DATE.....16/05/2022

SIGN.....

**CPA. TIRUS N. KABUTHIA
NO.15039**

DATE.....16/05/2022

SIGN.....

**Hon. Eng. JOSHUA TORO
BOARD CHAIRMAN**

DATE.....16/05/2022

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% Variance
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	
REVENUE						
Government grants and subsidies	7,530,500,000		7,530,500,000	7,522,999,996	7,500,004	0.10
Rending of services	53,050,000		53,050,000	52,796,184	253,816	0.48
Sale of goods	99,436,960		99,436,960	99,401,264	35,696	0.04
Rental revenues from facilities and Equipment	32,000,000		32,000,000	31,932,556	67,444	0.21
Finance income	92,500,000		92,500,000	91,767,793	732,207	0.79
Other Income	11,013,040		11,013,040	10,584,647	428,393	3.89
Total Income	7,818,500,000		7,818,500,000	7,809,482,440	9,017,560	0.12
EXPENSES						
Employee Costs	362,000,000		362,000,000	359,589,522	2,410,478	0.67
Use of Goods and Services	1,034,155,189		1,034,155,189	1,027,475,011	6,680,178	0.65
Remuneration of Directors	6,500,000		6,500,000	6,311,629	188,371	2.90
Depreciation and Amortization				37,917,596		
Repairs and Maintenance	1,462,000,000		1,462,000,000	1,384,516,071	77,483,929	5.30
Contracted Services	3,800,000		3,800,000	3,775,769	24,231	0.64
Irrigation Infrastructure Development	4,950,044,811		4,950,044,811	4,697,999,965	252,044,846	5.09
TOTAL EXPENDITURE	7,818,500,000		7,818,500,000	7,517,585,563	300,914,437	3.85
SURPLUS FOR THE PERIOD	-			291,896,878		

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

18. NOTES TO THE FINANCIAL STATEMENTS 2020-2021

1. GENERAL INFORMATION IPSAS 3

National Irrigation Authority is established and derives its authority and accountability from the irrigation Act cap 347.

National Irrigation Authority is wholly owned by the Government of Kenya and is domicile in Kenya. The principal activities is to promote, develop and improve irrigated agriculture to ensure food security in the country.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

National Irrigation Authority adopted IPSAS in the year 2013-2014 following the gazzement of Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which National Irrigation Authority complies with. The Financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS)

3. ADOPTION OF NEW AND REVISED STANDARDS

IPSAS 39. The objective to issue IPSAS 39 was to relate convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The standard does not have any impact on the entity.

Standard	Impact
IPSAS 40:	Applicable: 1st January 2019
Public Sector Combinations	The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. The standard does not have any impact on the entity.</p>

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

- a) **Property Plant and Equipment** **IPSAS 17**

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

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

The depreciation rates are as tabulated below	
Buildings	2%
Computers	33.33%
Furniture & Equipment	10 %
Irrigation works and sewerage system	None
Land	None
Motor vehicles ,Tractors & Heavy Equipment	20 %
Plant & Machinery	10 %
Intangible assets	10%
Depreciation is on straight line basis.	

b) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets for National Irrigation Authority are basically softwares and the ERP system. These have a finite useful life which is ten years with regular upgrades by Microsoft to new versions.

c) Inventories IPSAS12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

e) Government grants

National Irrigation Authority being wholly owned by the Government of Kenya receives funding for both development grants and recurrent grants each year. The grants are recognized in the books when received. Development grants are utilized in capital projects and recurrent grants for staff costs and other recurrent expenditures.

f) Interest on loans

Interest on loans to the Authority is included as an expense as it accrues and is calculated on the principal amount of the loan outstanding. Currently National Irrigation Authority is not servicing any loan hence no interest on loans in the books of account.

g) Taxation

The National Irrigation Authority is exempted from Kenya Income Tax.

h) Investments

Long term investments are valued at cost. These are investment in shares held at Mwea Rice Mills Ltd and Western Kenya Rice Mills Ltd.

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

i) Receivables

Trade and other receivables are recognized at fair value less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Full provision for bad and doubtful debts is done for all debts that are over five years as we wait for approval for write off by The National Treasury.

j) Payables

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to National Irrigation Authority or not, less any payments made to the supplier. The Authority writes back all credit balances which have been outstanding for over seven years without demand notices from creditors/(suppliers).

k) Donor Funding

National Irrigation Authority receives grants in form of donor funds from bilateral and multilateral donors. The donor funds are either in form of donor revenue or donor A-in-A. Both donor revenue and donor A-in-A funds are recognized when received or settled respectively.

Donor Revenue

These are donor funds which are factored in the National budget and which the donor pays to the consolidated fund of the GOK and later the funds are transferred to the National Irrigation Authority to settlement various obligations as stipulated in the funding agreement.

Donor A-in-A

These are donor funds which are factored in the National budget and which the donor pays directly to the supplier of goods or services offered to National Irrigation Authority to as stipulated in the funding agreement.

l) Revenue recognition IPSAS 9

i. Revenue from non-exchange transactions

Transfers from the Government

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

The revenues are in form of development and recurrent grants respectively.

ii. Revenue from exchange transactions

Rendering of services

National Irrigation Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

m) Investment mortgage

The Board has an investment mortgage with Development bank of Kenya Ltd, whose aim is to assist staff access loans for assets acquisition at affordable rates.

n) Investment in Fixed Deposit

This relate to amounts invested in banks as short term deposits so as to earn interest within the year

The balances in the fixed deposit account is part of the bank balances reported in the financial statements under bank balances.

o) Contingent Liabilities

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

p) Subsequent Events

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

q) Significant judgements and sources of estimation certainty

The preparation of the entities financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. There were no significant judgements or assumptions that affected the entity.

r) Budget Information **IPSAS 24**

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations in June 2021 on the 2020-2021 budget following the governing body's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

s) Operating Risk

National Irrigation Authority did not have any operating lease obligation during the year under review.

t) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers. Except as disclosed in financial statements, no transactions involving management and others requiring disclosure in the financial statements have been entered into. The identity of and balances and transactions with related parties have been properly recorded and when appropriate, adequately disclosed in the financial statements.

u) Work in Progress and Retained earnings adjustments

National Irrigation Authority undertakes construction of irrigation infrastructure as one of its core activities. During the construction period all expenses related to the construction works are accumulated under work in progress. After completion the projects are handed over to the beneficiary community. The total cost of construction and related expenses are then adjusted against retained earnings to write them off from the books. This is due to the fact that they are not part of Authority's assets.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

5. GOVERNMENT GRANTS

			IPSAS 1
	2020-2021	2019-2020	
	KSH	KSH	
Development	7,273,000,000	6,146,180,663	
Recurrent	249,999,996	260,300,000	
Other grants		35,757,590	
Total	7,522,999,996	6,442,238,253	

These are GOK grants for Development and recurrent expenditures received within the year under review

6. RENDERING OF SERVICES

			IPSAS 9
	2020-2021	2019-2020	
	KSH	KSH	
Operation and Maintenance Fee	52,796,184	90,977,499	
Total	52,796,184	90,977,499	

This refers to operation and maintenance fees charged to farmers for irrigation infrastructure maintenance.

7. SALE OF GOODS

			IPSAS 9
	2020-2021	2019-2020	
	KSH	KSH	
Paddy sales	41,545,850	54,859,708	
Farm Produce sales	15,729,186	5,845,273	
Sale of Water	1,315,846	896,550	
Electricity	6,600	24,650	
Sale of Fertilizer		27,000	
Maize Income	40,803,783	110,636,069	
Total	99,401,265	172,289,250	

These are revenues generated from various non-core activities as shown above

8. RENTAL REVENUES FROM FACILITIES & EQUIPMENT

	2020-2021	2019-2020	
	KSH	KSH	
Rental Income	9,864,950	10,344,534	
Rent of Machinery	3,867,211	1,169,924	
Ground Rent	454,995	624,571	
Guest house Income	17,745,400	9,334,801	
Total	31,932,556	21,473,829	

These are revenues generated from hiring out of machinery and facilities like the guest house in Mwea Scheme and MIAD Centre.

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

9. FINANCE INCOME

	2020-2021	2019-2020	
	KSH	KSH	
Interest Income	91,767,793	22,384,561	

This is income generated from call deposit account and treasury bills.

10. OTHER INCOME

	2020-2021	2019-2020	IPSAS 9
	KSH	KSH	
Dividend Income		1,512,649	
Workshop Income	350,040	80,110	
Administration & Accountancy Fee	2,260,255	2,527,850	
Milling Income	568,604	234,713	
Other miscellaneous income	6,255,688	4,505,089	
Total	9,434,587	8,860,410	

These are revenues from miscellaneous sources, which are in most cases a one off revenue

11. USE OF GOODS AND SERVICES

	2020-2021	2019-2020	IPSAS
	KSH	KSH	
Casual Wages	135,432,735	138,599,182	
Staff Training	5,062,628	8,032,304	
Staff Uniforms	1,496,814	522,475	
Printing and Stationery	12,977,092	11,963,485	
Bank Charges	1,836,195	1,840,436	
Rents & Rates	650,869	517,760	
Subscriptions and Periodicals	1,468,480	1,494,799	
Advertising	7,741,427	17,440,145	
Telephone and Postages	12,393,956	10,426,787	
Internet charges	6,887,552	17,514,208	
Electricity Charges	34,175,314	19,466,735	
Water Charges	422,213	534,472	
Audit Fee	2,320,000	2,320,000	
Consultancies	74,427,442	122,330,088	
Travelling ,Meals & Accommodation	151,383,819	147,993,891	
Legal Fees	35,338,778	24,983,038	
Licenses	1,964,722	2,753,361	
Office Tea & Beverages	5,336,418	4,558,497	
Consumables	7,743,274	10,073,973	
Fuel, oils & Greases	134,806,470	162,076,715	
Agricultural expenses	65,718,318	167,962,043	
Hire of Equipment & Facilities	274,213,587	412,541,696	
Insurance	38,707,220	31,968,350	
Other expenses	14,969,688	12,252,041	
Total	1,027,475,011	1,330,166,481	

These are expenses incurred in the normal cause of business as outlined in the expenditure description

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

12. EMPLOYEE COST

	2020-2021	2019-2020	IPSAS 1
	KSH	KSH	
Salaries & Wages Basic	216,038,211	205,089,452	
Commuter Allowance	13,598,320	13,141,436	
Overtime Pay	6,842,490	5,896,706	
Leave Allowance	4,327,481	5,428,409	
Transfer Allowance		24,000	
N.S.S.F	2,324,200	1,362,200	
Medical Expenses	15,896,203	15,428,350	
Pension Employer	26,482,415	27,607,164	
House Allowance	52,313,389	49,669,992	
Gratuity	7,716,201	8,395,371	
Other Allowances	14,050,612	16,725,665	
Total	359,589,522	348,768,746	

These are costs related to employees in terms of salaries and allowances paid as part of the salary.

13. REMUNERATION OF DIRECTORS

	2020-2021	2019-2020	IPSAS 1
	KSH	KSH	
Directors Sitting Allowance	3,460,000	3,920,000	
Directors Mileage Allowance	126,029	630,938	
Directors Accommodation Allowance	1,237,600	3,785,600	
Directors Lunch Allowance	370,000	242,000	
Directors Training		-	
Airtime Allowance	158,000	-	
Chairman's Honoraria	960,000	960,000	
Total	6,311,629	9,538,538	

These are payments relating to directors as they carry out official assignments

14. DEPRECIATION

	2020-2021	2019-2020	IPSAS 1
	KSH	KSH	
Buildings depreciation	2,734,566	2,748,433	
Plant & Machinery depreciation	24,624,390	36,863,865	
Tractors & Vehicles depreciation	1,884,495	13,025,331	
Furniture & Fittings depreciation	3,729,590	3,763,599	
Computers & Accessories	2,492,964	2,960,164	
Amortization	2,451,591	2,173,510	
Total	37,917,596	61,534,902	

NATIONAL IRRIGATION AUTHORITY
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These are depreciation expenses for each category of assets

15. REPAIRS AND MAINTENANCE

	2020-2021	2019-2020	
	KSH	KSH	
Irrigation Works -Canals & Roads Maintenance	1,189,640,477	1,076,415,417	
Motor Vehicles Maintenance	47,830,207	51,815,069	
Plant , Equipment & Machinery Maintenance	48,409,125	46,879,380	
Buildings Maintenance	87,253,303	63,392,519	
Computers & Accessories Maintenance	11,382,959	9,072,492	
Total	1,384,516,071	1,247,574,877	

16. CONTRACTED SERVICE

	2020-2021	2019-2020	
	KSH	KSH	
Hire of Security Guards	457,427	394,902	
Security Services	3,318,342	2,992,200	
TOTAL	3,775,769	3,387,102	

These expenses relate to outsourced security services from security firms.

17. IRRIGATION INFRASTRUCTURE DEVELOPMENT

	2020-2021	2019-2020	
	KSH	KSH	
Community Project expenses	4,697,999,965	3,689,893,028	

These are expenses incurred by the Authority in discharging its core activities of ensuring water is available to every irrigable acre.

18. GAIN ON DISPOSAL OF ASSETS

	2020-2021	2019-2020	
	KSH	KSH	
Property, plant and equipment	1,150,060	-	

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

19. CASH AND CASH EQUIVALENTS

	2020-2021	2019-2020	
	KSH	KSH	
Cash Balances	2,772,398	1,303,405	
Bank Balances	2,680,797,460	2,039,008,205	
Total	2,683,569,858	2,040,311,610	

19. (a) Detailed Analysis of the Cash and Cash Equivalents

		2020-2021	2019-2020
FINANCIAL INSTITUTION	Account Number		
a) Current Account			
COOPERATIVE BANK			
COOPERATIVE BANK- NAIROBI BUSINESS CENTRE BRANCH			
Co-op Bank 217 Head Office	01136128012900	2,611,707	65,660,064
Co-op Bank Retention A/C Head Office	01136128012902	395,004,117	1,034,733,874
Cooperative Bank Recurrent A/C Head Office	01136128012901	3,056,731	2,667,370
COOPERATIVE BANK- SIAYA BRANCH			
Co-op Bank NIB-Bunyala Irrigation Scheme	01141237592000	20,856,740	3,443,004
EQUITY BANK			
Equity bank Head Office	1290297813162	252,522,583	82,911,173
EQUITY BANK			
Equity Bank Tana	0580295576683	314,724	17,925,343
Equity Bank Bura	0580293746943	699,933	5,276

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FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Equity Bank Eastern Regional Office	1600270952006	7,788,835	6,629,433
Equity Bank Galana Kulalu Food Sec Project-Malindi	1600280082747	2,569,859	
Equity Bank Galana Kulalu Food Sec. Project- H/O	1600280082813	4,252,674	
Equity Bank-Lower Kuja Irrigation Dev. Project	1600280082704	1,644,412	
BARCLAYS KENYA			
Barclays Bank Head Office Queensway House Branch	0945036826	145,094,732	185,595,551
Barclays Bank Ahero Reg	0091010127	332,650	605,876
Barclays Bank Mwea	0041196262	600	600
KENYA COMMERCIAL BANK			
KENYA COMMERCIAL BANK -HOLA BRANCH			
Kenya Commercial Bank Tana	1104605481	1,768,425	2,275,806
Kenya Commercial Bank Bura	1108161944	122,270	491,064
Kenya Commercial Bank BCF	1115111027	392	392
KENYA COMMERCIAL BANK-KISUMU BRANCH			
Kenya Commercial Bank Recurrent Ahero	110828799	118,282	86,868
Kenya Commercial Bank Development Ahero	1125402237	1,539,581	2,487,288
Kenya Commercial Bank Bunyala	1125401931	231,899	278,228
KENYA COMMERCIAL BANK-MWEA BRANCH			
Kenya Commercial Bank Recurrent Miad	1103977776	4,428,195	961,791
Kenya Commercial Bank Development Miad	1125550813	1,031,598	1,448,144
Kenya Commercial Bank Recurrent Mwea	1103977458	16,348,262	13,187,923

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Kenya Commercial Bank Development Mwea	1125550775	3,046,822	18,901,914
Kenya Commercial Bank Miad Seed	1117094669	5,666,898	8,765,897
KENYA COMMERCIAL BANK-MARIGAT BRANCH			
Kenya Commercial Bank Recurrent Perkerra	1103663917	355,060	412,592
Kenya Commercial Bank Development Perkerra	1124921761	905,868	608,638
Kenya Commercial Bank ESP Perkerra	1124922237	93,915	923,013
KENYA COMMERCIAL BANK-LODWAR BRANCH			
Kenya Commercial Bank Katilu	1130948382	1,082,770	1,291,081
NCBA BANK			
NCBA HOUSE BRANCH			
NIC Bank MIDP	1000584588	2,359,166	11,616,191
NIC Bank Western Regional Office	1004150194	148,177	7,269,319
NIC Bank Kenya Water Security & Climate Res. Project	1004150167	18,562,194	29,014,065
b) On- Call Deposits			
COOPERATIVE BANK- NAIROBI BUSINESS CENTRE BRANCH			
Co-op Bank	011501280012904/901	326,309,527	319,423,424
NCBA BANK			
NCBA House Branch	1008614508	48,854,596	18,791,618
EQUITY BANK	1600379398616	107,947,380	200,595,362
EQUITY BANK-IVRCL		1,303,125,885	
SUB-TOTAL		<u>2,680,797,460</u>	<u>2,039,008,205</u>
c) Cash In Hand			
Cash in Hand Head Office		88,068	157,440
Cash in Hand Tana		15,194	1,586
Cash in Hand Ahero Reg		23,205	343
Cash in Hand Miad Seed		16,624	36,219
Cash in Hand Mwea		237,468	13,410
Cash in Hand Perkerra		111,554	18,610
Cash In Hand Bura		143,625	45,333
Cash in Hand Lower Kuja		26,797	
Cash in Hand Miad		101,725	132,789
Cash in Hand Katilu		11,979	259,667

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Cash in Hand Bunyala		43,936	46,114
Cash in Hand Eastern Regional Office		22,648	22,003
Cash in Hand Western Regional Office		2,651	46,551
Cash in Hand Galana		22,495	
Mpesa Account Mwea		785,862	508,597
Mpesa Account -Tana		1,118,565	14,100
SUB-TOTAL		<u>2,772,398</u>	<u>1,303,405</u>
GRAND TOTAL		<u>2,683,569,858</u>	<u>2,040,311,610</u>

The bank balance amount refers to all monies held in all bank accounts of National Irrigation Authority. The cash balance refers to all monies held in cash form in all cash offices of National Irrigation Authority. Included in this figure is Ksh. 18,562,194.25 for Kenya Water Security and Climate Resilience Project.

20. RECEIVABLES FROM EXCHANGE TRANSACTIONS

			IPSAS 1
	2020-2021	2019-2020	
	KSH	KSH	
Staff Imprests	6,780,857	9,610,966	
Trade	164,007,447	92,575,276	
Farmers	345,139,749	392,780,139	
Others	188,692,948	185,947,983	
Provision for bad debts	-458,232,831	-458,232,831	
TOTAL	246,388,170	222,681,533	

These are amounts owed to the Authority, the provision for bad debts is for historical amounts dating before the year 1998 when the Authority retrenched its staff causing a lapse in document retrieval.

21. INVENTORIES

			IPSAS 12
	2020-2021	2019-2020	
	KSH	KSH	
General Store	10,041,541	8,192,540	
Workshop Store	25,885,311	52,139,757	
Input Store	75,056,273	19,333,529	
Paddy Store	6,967,310	8,262,085	
Farm Produce Store	16,943,098	30,241,085	
TOTAL	134,893,532	118,168,995	

These are the closing balances of inventories in various stores which include spares for motor vehicles, heavy equipment, maize, paddy stationery and other items for use by the Authority in discharge of its mandate.

**NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

IPSAS 17

22. FIXED ASSETS MOVEMENT SCHEDULE AS AT 30 JUNE 2021

	Irrigation Works & Sewerage		Freehold Land		Buildings		Plant Machinery		Computer		Furniture & Equipment		Tractors & Motor Vehicles		Total	
	Ksh		Ksh		Ksh		Ksh		Ksh		Ksh		Ksh		Ksh	
COST:																
COST 1 July 2019	3,633,766,614		1,189,586,063		144,728,680		648,587,969		79,008,362		77,419,061		926,669,197		6,699,765,945	
Additions	15,559,440						61,993,593		4,344,080		626,277		55,899,791		138,423,181	
Disposals							(325,138,897)						(274,185,875)		599,324,772	
30th June 2020	3,649,326,054		1,189,586,063		144,728,680		385,442,665		83,352,442		78,045,338		708,383,113		6,238,864,355	
DEPRECIATION:																
1 July 2019	-		-		58,421,263		511,508,465		75,988,166		63,029,781		900,558,639		1,609,506,314	
Charge					2,748,433		36,863,865		2,955,956		3,767,807		13,025,331		59,361,392	
Adjustment							(270,672,918)						(268,342,910)		(539,015,828)	
Disposal	-		-													
30th June 2020	-		-		61,169,695		277,699,412		78,944,122		66,797,588		645,241,060		1,129,851,878	
COST 1st July 2020	3,649,326,054		1,189,586,063		144,728,680		385,442,665		83,352,442		78,045,338		708,383,113		6,238,864,355	
Additions	14,638,018				4,709,583		4,012,600		821,060		6,416,541		7,405,200		38,003,002	
Disposals													(8,076,315)		(8,076,315)	
Adjustment	-						715,544,140		-		-		279,336,435		994,880,575	
30th June 2021	3,663,964,073		1,189,586,063		149,438,263		1,104,999,405		84,173,502		84,461,879		987,048,433		7,263,671,617	
DEPRECIATION:																
1st July 2020	-		-		61,169,695		277,699,412		78,944,122		66,797,588		645,241,060		1,129,851,878	
Charge					2,734,566		24,624,390		2,492,964		3,729,591		1,884,495		35,466,005	
Adjustment																
Disposal													(8,051,375)		(8,051,375)	
30th June 2021	-		-		63,904,261		302,323,802		81,437,086		70,527,179		639,074,180		1,157,266,508	
N.B.V 30th June 2021	3,663,964,073		1,189,586,063		85,534,002		802,675,603		2,736,416		13,934,700		347,974,253		6,106,405,109	
N.B.V 30th June 2020	3,649,326,054		1,189,586,063		83,558,985		107,743,253		4,408,319		11,247,750		63,142,053		5,109,012,477	

NATIONAL IRRIGATION AUTHORITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Valuation

Revaluation of buildings and land was carried out by Ministry of Lands and Physical Planning while revaluation for motor vehicles and plant and equipment was done by Ministry of Transport, Infrastructure, Housing and Urban Development on 30 June 2021. The complete reports were received by 30 June 2021. The fixed assets register was updated on 1 July, 2021 for land and buildings.

23. INTAGIBLE ASSETS MOVEMENT SCHEDULE AS AT 30 JUNE 2021

COMPUTER SOFTWARE FOR WAN, LAN AND ERP	
Cost 1 July 2019	131,654,748
Additions	409,655
Disposals	
Revaluation	
30th June 2020	132,064,403
<u>DEPRECIATION:</u>	
1st July 2019	118,551,480
Charge	2,173,510
Revaluation	
Disposal	
30th June 2020	120,724,990
N.B.V 30th June 2020	11,339,413
Cost 1 July 2020	132,064,403
Additions	20,914,565
Disposals	
Revaluation	
30th June 2021	152,978,968
<u>DEPRECIATION:</u>	
1st July 2020	120,724,990
Charge	2,451,593
Revaluation	
Disposal	
30th June 2021	123,176,583
N.B.V 30th June 2021	29,802,385

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The intangible assets referred to in this note are the various softwares procured by National Irrigation Authority e.g. ERP system, fleet management system and GPRS systems.

24. WORK IN PROGRESS

	2020-2021	2019-2020	
	KSH	KSH	
Work in progress b/f (see attached schedule)	22,454,890,691	20,589,339,811	
Additions during the period	2,435,019,760	2,335,465,361	
Capitalization of assets from WIP	(443,665,000)	(24,827,791)	
Expensing of community projects from WIP		(57,933,397)	
WIP adjustments	(1,289,626,914)	(387,153,292)	
	23,156,618,537	22,454,890,691	

Work in progress refers to ongoing projects on irrigation infrastructure development which have not been handed over to the beneficiary community while assets handed over to the Authority are capitalized. Refer to policy 'v' on page 10 for disclosure and treatment.

25. INVESTMENT MORTGAGE

			IPSAS 30
	2020-2021	2019-2020	
	KSH	KSH	
Investment in Kenya Development Bank	200,590,788	198,510,692	
Interest for the period	1,220,498	2,080,096	
	201,811,286	200,590,788	

26. LONG TERM INVESTMENTS

	2020-2021	2019-2020	
	KSH	KSH	
Mwea Rice Mills Ltd. 55% shareholding 137,500 shares of Ksh 20 Par Value	2,750,000	2,750,000	
Western Kenya Rice Mills Ltd 60% shareholding 252,000 shares of Ksh 100 Par Value	25,200,000	25,200,000	
	27,950,000	27,950,000	

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27. PAYABLES FROM EXCHANGE TRANSACTIONS

			IPSAS 1
	2020-2021	2019-2020	
	KSH	KSH	
Trade	1,107,506,464	958,640,725	
Contractors	156,927,264	145,989,205	
Consultants	49,320,429	2,848,079	
Gratuity Provision	8,628,068	17,681,119	
Others	52,585,056	49,015,851	
TOTAL	1,374,967,281	1,174,174,979	

Payables from exchange transactions refer to obligations by National Irrigation Authority to various service providers as categorised above. Included in the figure of trade payables is Ksh 930,740,029 for Retention.

28. RETAINED EARNINGS

			IPSAS 1
	2020-2021	2019-2020	
	KSH	KSH	
Balance b/ f	17,778,943,623	17,487,862,067	
Excess/Deficit for the year	291,896,878	67,360,129	
Retained earnings adjustment	291,372,420	223,721,427	
Balance c/f	18,362,212,922	17,778,943,623	

The retained earnings refers to accumulated excess of revenue over expenditure. The adjustments in the retained earnings refer to prior period adjustments for revenues or expenditures not captured.

29. REVALUATION RESERVE

	2020-2021	2019-2020	
	KSH	KSH	
Balance brought forward	-	-	
Revaluation of Plant Machinery	35,532,365		
Revaluation of Tractors and Motor vehicles	221,671,836		
Balance C/Forward	257,204,201	-	

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The revaluation reserve refers to revaluation gain on Plant Machinery and Tractors and Motor Vehicles.

30. CAPITAL FUND

	2020-2021	2019-2020	
	KSH	KSH	
Balance brought forward	694,921,649	694,921,649	
Additions during the year	39,774,000	-	
Balance C/Forward	734,695,649	694,921,649	

The additions to capital fund during the year refers to donations of fertilizer by Yara East Africa Ltd to Bura Irrigation Scheme.

31. JICA FUND

			IPAS 5
	2020-2021	2019-2020	
	KSH	KSH	
Balance b/f	5,715,751,553	4,054,969,630	
Received within the year	1,223,851,530	1,660,781,923	
Balance c/f	6,939,603,082	5,715,751,553	

The cumulative amounts refer to Loans and Grants from the Government of Japan to the Kenya government for construction of Thiba dam. The amount is not captured as a loan in NIA's books since NIA is just an implementing agent and the loan is to the National Treasury.

32. BADEA FUND

			IPAS 5
	2020-2021	2019-2020	
	KSH	KSH	
Balance brought forward	644,107,484	644,107,484	
Received within the year	38,202,217		
Balance C/Forward	682,309,701	644,107,484	

This is a loan to the Kenya Government from BADEA, for development of Bura Gravity System

33. KUWAIT FUND

			IPAS 5
	2020-2021	2019-2020	

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	KSH	KSH	
Balance brought forward	555,432,145	555,432,145	
Received within the year	28,830,223		
Balance C/Forward	584,262,368	555,432,145	

This is a loan to the Kenya Government from Kuwait Government, for development of Bura Gravity System

34. OFID FUND

			IPAS 5
	2020-2021	2019-2020	
	KSH	KSH	
Balance brought forward	150,773,312	150,773,312	
Received within the year	30,569,600		
Balance C/Forward	181,342,912	150,773,312	

This is a loan to the Kenya Government from Ofid, for development of Bura Gravity System

35. DOUBLE CROP GRANT

			IPSAS 1
	2020-2021	2019-2020	
	KSH	KSH	
Kenya Government Grant in respect of Mwea	27,707,439	27,707,439	
	27,707,439	27,707,439	

The grant was for the double crop in Mwea Scheme which was irredeemable and interest free hence the amount remains constant.

36. BANK OFLEUMI ISRAEL

	2020-2021	2019-2020	IPAS 5
	KSH	KSH	
Balance brought forward	3,443,133,322	3,443,133,322	
Received within the year			
	3,443,133,322	3,443,133,322	

This is a loan from Israel Government for development of Galana Kulalu food security project

37. RELATED PARTY BALANCES

IPSAS 20

a) Nature of related party relationship

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The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers
The entity is related to:

- i) National Government
- ii) Ministry of Water & Irrigation
- iii) Board members
- iv) Key Management

b) Transactions with related parties

	2020-2021	2019-2020	
	KSH	KSH	
Transfers from Ministry of Water & Irrigation parties	7,522,999,996	6,442,238,253	
Net Balance	7,522,999,996	6,442,238,253	

c) Key Management remuneration

	2020-2021	2019-2020	
	KSH	KSH	
Directors	6,311,629	9,538,538	
Key Management remuneration			
Net Balance	6,153,629	9,538,538	

38. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

1. Credit risk

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

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

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

	Total amount	Fully performing	Past due	Impaired
At 30 June 2021	Ksh		Ksh	Ksh
Receivables from exchange transactions	704,621,000	246,388,169	458,232,831	458,232,831
Receivables from non-exchange transactions				
Bank balances	2,674,184,885	2,674,184,885		
Total	3,378,805,885	2,920,573,054	458,232,831	458,232,831
At 30 June 2020	-	-		
Receivables from exchange transactions	722,356,237	222,681,533	499,674,704	499,674,704
Receivables from non-exchange transactions	-			
Bank balances	2,025,766,000	2,025,766,000		
Total	2,748,122,237	2,248,447,533	499,674,704	499,674,704

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from farmers

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

2. Liquidity Risk management

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Ultimate responsibility for liquidity risk management rests with the entity’s directors, who have built an appropriate liquidity risk management framework for the management of the entity’s short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KSh	KSh	KSh	KSh
At 30 June 2021				
Trade payables	835,798,367	354,332,025	184,836,889	1,374,967,281
Total	835,798,367	354,332,025	184,836,889	1,374,967,281
At 30 June 2020				
Trade payables	724,497,031	307,146,448	160,222,588	1,191,866,067
Total	724,497,031	307,146,448	160,222,588	1,191,866,067

3. Market Risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity’s income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company’s Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity’s exposure to market risks or the manner in which it manages and measures the risk.

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a) **Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. During the year there were no foreign exchange risks.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant. During the year NIA did not operate in foreign currency.

b) **Interest rate risk**

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits. During the year NIA was not exposed to interest rate risk

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KSh A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Fair value of financial assets and liabilities

- a) Financial instruments measured at fair value

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Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value (Continued)

The following table shows an analysis of non- financial instruments recorded at fair value by level of the fair value hierarchy:

At 30 June 2021			
	Level 1 KSh	Level 2 KSh	
Non- financial Assets			
Investment property	27,950,000.00	27,950,000.00	
Land and buildings	4,918,818,436	4,918,818,436	
At 30 June 2020			
Non- financial Assets			
Investment property	27,950,000.00	27,950,000.00	
Land and buildings	4,918,818,436	4,918,818,436	

There were no transfers between levels 1, 2 and 3 during the year.

Fair value of financial assets and liabilities

a) Financial instruments not measured at fair value (Continued)

Disclosures of fair values of financial instruments not measured at fair value have not been made

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as the carrying amounts are a reasonable approximation of their fair values.

4. Capital Risk Management

	2020-2021	2019-2020	
	KSh	KSh	
Revaluation reserve	257,204,201		
Retained earnings	18,362,212,922	17,778,943,623	
Capital reserve	734,695,649	694,921,649	
Total funds	19,354,112,772	18,473,865,272	
Total borrowings	-	-	
Less: cash and bank balances	2,683,569,858	2,040,311,610	
Net debt/(excess cash and cash equivalents)	16,670,542,914	16,433,553,662	
Gearing			

39. CONTINGENT LIABILITY

The Authority entered into lease of land however, the Authority has contested the agreement since it was unfavourable. The liability has not been recognized in the books till the matter is settled. NIA has since written to the parent Ministry requesting for the reconsideration of the lease agreement as the implementation of the project, NIA was to develop the irrigation infrastructure and hand over to Agricultural Development Corporation for production.

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19. APPENDIX 1: 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.

Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe																											
<p>Property, Plant Equipment</p> <p>-</p>	<p>The financial statements reflect freehold land of a Kshs. 1,189,586,063, as disclosed in Note 18 to the financial statements. However, this balance excludes trust land for various Schemes which is valued at an equivalent of 75,509 acres, as detailed on the table below. as below.</p> <table border="1"> <thead> <tr> <th>Scheme</th> <th>County</th> <th>Size (Acres)</th> </tr> </thead> <tbody> <tr> <td>1 Mwea</td> <td>Kirinyaga</td> <td>30,350</td> </tr> <tr> <td>2 Bura</td> <td>Tana River</td> <td>16,750</td> </tr> <tr> <td>3 Tana</td> <td>Tana River</td> <td>12,000</td> </tr> <tr> <td>4 Perkerra</td> <td>Baringo</td> <td>5,875</td> </tr> <tr> <td>5 Ahero</td> <td>Kisumu</td> <td>4,350</td> </tr> <tr> <td>6 West Kano</td> <td>Kisumu</td> <td>4,450</td> </tr> <tr> <td>7 Bunyala</td> <td>Busia / Siaya</td> <td>1,734</td> </tr> <tr> <td>Total</td> <td></td> <td>75,509</td> </tr> </tbody> </table> <p>Management has in the past requested the National Lands Commission to issue allotment</p>	Scheme	County	Size (Acres)	1 Mwea	Kirinyaga	30,350	2 Bura	Tana River	16,750	3 Tana	Tana River	12,000	4 Perkerra	Baringo	5,875	5 Ahero	Kisumu	4,350	6 West Kano	Kisumu	4,450	7 Bunyala	Busia / Siaya	1,734	Total		75,509	<p>a) It is true that the property plant and equipment excludes the value of land in the seven Irrigation Schemes. This is because NIA holds in trust the said land through gazette notices. The land includes farmlands which are being cultivated by the Scheme farmers, the land where public utilities such as schools and hospitals are located and the land where NIA's offices and facilities are located. The land is omitted from the fixed asset register as the Authority does not have the title deeds.</p> <p>b) From the previous financial statements, it seems the value of land and buildings was combined. However, the management has engaged the Ministry of Lands to revalue the land and buildings.</p>		Resolved	
Scheme	County	Size (Acres)																														
1 Mwea	Kirinyaga	30,350																														
2 Bura	Tana River	16,750																														
3 Tana	Tana River	12,000																														
4 Perkerra	Baringo	5,875																														
5 Ahero	Kisumu	4,350																														
6 West Kano	Kisumu	4,450																														
7 Bunyala	Busia / Siaya	1,734																														
Total		75,509																														

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	<p>letters to the Schemes. However, Management) was yet to provide to the Lands Commission, an approved survey plan for the Schemes, which were requested by the Commission on 24 January 2018, for the purpose of processing and issue of the allotment letters. In addition, parcel of land on which the Head office is located has not been recognized in the fixed asset register. Further, the fixed assets movement schedule at Note 18 reflects adjustments to PPE, with a value of Kshs.599,324,772. According to Management, these were assets which were written off and disposed in past years, but had not been removed from the Assets Register. However, no approval for the assets write off was availed for audit verification. In view of the above issues, it was not possible to confirm the completeness, accuracy and ownership of the property, plant and equipment with a net book value of Kshs. 5,109,012,477, as at 30 June, 2020.</p>	<p>Board paper has been prepared for presentation to NIA Board of directors, seeking approval for adjustment of the fixed asset register.</p>		Resolved	
<p>Obsolete Stock</p>	<p>As reported in the previous year, the statement of financial position as at 30 June, 2020 reflects inventories balance of Kshs. 118,168,995, as disclosed in Note 23 to the financial statements. Included in the inventories balance are inventories worth Kshs. 10,537,318 which are obsolete. However, no provision has been made for these obsolete stock in these financial statements. Under the circumstances the inventories are not fairly stated in the financial statements.</p>	<p>The management did not provide for obsolete stock in the financial statements for the financial year under review. However, a board paper has been prepared for presentation to NIA Board of directors on the same, seeking approval for disposal of these stock as scrap. These has been misstated by the fact that despite the management attempting on several occasions to</p>		Resolved	

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			dispose them as spares they have never attracted a buyer.			
Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe	
Unsupported Debtor Accounts	As reported in the previous year, included in receivables from exchange transactions net of provision balance of Kshs. 222,681,533 as disclosed under Note 24 to the financial statements is an amount of Kshs. 35,002,109 which does not relate to any specific debtors. In the circumstances, the validity, completeness and accuracy of the receivable from exchange transactions account balance of Kshs. 222,681,533 could not be confirmed.	The figure of Ksh. 35,002,109 which does not relate to any specific debtors has not been supported in the financial statements under note 24. The management has done a board paper to be presented to the board on 13 th April 2021 for approval so as to initiate the process of writing it off.		Resolved		
Liability on Leased Land for Galana Kulalu	As disclosed in Note 37 of the financial statements, the Authority entered into lease of land agreement with Agricultural Development Corporation (ADC) dated 7 April, 2014. According to the contract, the Authority was to lease 20,000 acres of land under the Galana Kulalu Irrigation Project, at a total cost of Kshs. 480,000,000. Further, review of records availed for audit revealed that the Authority made an initial payment of Kshs. 150,000,000 to ADC and there was no evidence that any other payment was made. The unpaid rent totaling to Kshs. 270,000,000 has not been recognized as a liability in the financial statements as at 30 June 2020. The			Resolved		

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	<p>Authority, which contests the terms of the Agreement as unfavorable, has since written to the parent Ministry requesting for review of the terms of the lease agreement, arguing that the project entails development of the irrigation infrastructure, and thereafter handing it over to ADC. Please refer to <i>Annex 4.</i></p>			Resolved	
<p>Long Outstanding Receivables</p>	<p>The financial statements reflect receivables from exchange transactions of Kshs. 222,681,533, as disclosed in Note 24 to the financial statements. This balance includes receivables amounting to Kshs. 408,878,979, which have been outstanding for periods of more than one year. There was no evidence of any measures taken by Management to recover these long outstanding debts, whose recoverability is doubtful. In the circumstances, it has not been possible to confirm the recoverability of the receivables balance of Kshs. 408,878,979 as at 30 June, 2020.</p>	<p>The management has done a board paper to be presented to the board on 13th April 2021 for approval so as to initiate the process of writing off the figure of Kshs. 408, 878,979, which has been outstanding for long.</p>		Resolved	
<p>Long Outstanding Payables From Exchange Transactions</p>	<p>The statement of financial position reflects payables from exchange transactions totaling to Kshs. 1,174,174,979 as disclosed in Note 34 to the financial statements. Included in this balance are payables totaling Kshs.</p>	<p>The figure of Ksh. 214,567,872 which represents payables as at 30th June 2020 was due to the fact that quarter four exchange came in late and we had to close the financial year. This is supported</p>		Resolved	

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	<p>214,567,872 which have been outstanding for a period exceeding 360 days. It is not clear, and Management has not indicated, how they intend to settle these long outstanding payables.</p> <p>Failure to pay long outstanding payables to creditors may have affected the liquidity of these creditors and ability to sustain their businesses. This may also have contributed to the overall slowing down of the economic growth of the entire national economy</p>	<p>by the figure of cash and cash equivalent of Ksh. 2,040,311,610 Hence most of the payments were done in the current financial year 2020-2021.</p>		
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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
<p>Galana Kulalu Food Security Project – Kilifi / Tana River Counties</p> <p>Delay in Completion of Project</p>	<p>The Authority entered into a contract for construction works of the 10,000-acre model farm for Galana / Kulalu food security project, with a contractor on 20 August, 2014. The Authority vide letter dated 15 May, 2019 terminated the contract since the contractor failed to provide a performance guarantee and complete the works. At the time of the termination the contractor had completed works on 3,300 acres of land, which the Authority has since taken over. Although the Authority had entered into two contracts for the completion of the remaining works, the execution of the works had not commenced by the time of this audit on 6 April 2021. In view of the above project status, it was not possible to confirm that the project will be completed within schedule, and his delay may result in cost overrun and delay in realization of project objectives.</p>	<p>The Authority has procurement a contractor to undertake works both in lot 1 and 2. The works commenced in February 2021 for a construction period of 12 months and the works are expected to be completed by February 2022.</p>		Resolved	

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Under-Utilization of 20,000 Acres Leased Land	The Lease Agreement between Agriculture Development Corporation and National Irrigation Authority dated 7 April, 2014 reflects that the latter was to lease from the former, 20,000 acres of land. However, the Contract Agreement between the contractor and the Authority reflects that only 10,000 acres was to be utilized. The remaining 10,000 acres are idle and will remain idle since they were not included in the model farm programme. Consequently, the Authority may not have received value for money from the lease Land.	The authority is using the additional 10,000 acres for the logistics Centre, contractors and employer's camp sites and facilities, the filtration units, storage yards and the pumping stations. Additionally, the Authority planned to develop gradually the additional area by putting irrigation infrastructure but due to lack of funds this has not been done.	Resolved	
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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
<p>Rwabura Irrigation Project - Kiambu County</p> <p>Delay in Compensation of Project Affected Persons (PAPs)</p>	<p>The Authority awarded the consultancy services for the preparation of pipeline way-leave acquisition plan (PW/AP) for Rwabura Irrigation Development project to a consultant. According to the consultant's final report, the Authority required Kshs. 68,206,531 to compensate for trees, crops and structures affected by the pipeline, in 1,138 parcels of land. By the time this audit on 6 April 2021, the compensation process had not commenced yet commencement of works documents had already been issued to the contractor.</p>	<p>The Contractor has been handed over site that does not require way/leave acquisition thus no more delay is expected. Moreover, the way-leave acquisition plan was revised upon review of design where the PAPs have reduced from 1,138 to 742 valued at KSh 34,263,411.90. The valuation master roll has been verified, land searches done and disclosure forms signed. The vouchers to pay the PAPs are under preparation. The approval for payment has been presented as evidence of progress.</p>		Resolved	

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<p>Signing of Contract Without Funding</p>	<p>Consequently, the delay in compensating the PAPs may result in slow project implementation.</p>			
<p>According to Section 44(2) (a) of the Public Procurement and Assets Disposal Act, 2015, an accounting officer should ensure that procurement of goods, works and services of a public entity is within approved budget of that entity. Further, Regulation 51(c) of the Public Finance Management (National Government) Regulations 2015, requires that contracts imposing financial obligations in excess of one year may be concluded only if the accounting officer secures the resources required, in line with the financing requirements set out in the contract. However, review of the project documents revealed that the financing agreement became effective on 24 August 2018, approximately 3 years after the contract was awarded on 23 December 2015. It is not clear the circumstances under which the Authority came up with terms of the construction contract, before securing funding through a financing Agreement. The Authority therefore acted in breach of Public Procurement and Public Finance Management Law.</p>	<p>The Government of Spain made a commitment to finance the project under the bilateral framework for financial cooperation between the two countries. The financial agreement was to be drawn after the commercial contract was signed. The financing agreement to come to effect required issuance of a legal opinion by the Attorney General after which the commercial contract would enter into force.</p>		<p>Resolved</p>	

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<p>Delayed Commencement of Works</p>	<p>Review of projects documents revealed that although the construction contract for the project was signed on 23 December, 2015, the commencement of works document was issued on 1 September, 2019 approximately four years after the contract was signed. By the time of this audit on 6 April 2021, no substantial works had been carried out. The delayed commencement of the project may result in delayed completion of the project and achievement of the project objectives.</p>	<p>The commencement of work issued on 1st September, 2019 was to commence on review of design. The revised designs were approved on 29th April, 2020 to pave way for updating the water abstraction permits as per the new designs. The water permits have been issued. However, the Contractor could not take over possession of site due to travel restriction of the personnel from Spain to Kenya. Upon lifting of the travel ban, the Contractor was issued a project availability certificate with effect from 1st November, 2020 which marks the commencement date for the works to run for 24 months. The Authority will put measures among them appointing an engineering firm to supervise implementation.</p>	<p>Resolved</p>	
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**NATIONAL IRRIGATION AUTHORITY
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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
<p>Bura Irrigation Development Project – Tana River County Under Utilization of Irrigation Land</p>	<p>Review of records held at the Authority's Head office revealed that Bura Irrigation Development Project has a gazetted area of 12,000 acres of land. However, only 3,500 acres are currently under maize cultivation, resulting to an under-utilization of 8,500 acres of land. Management has not provided any satisfactory explanation for this underutilization.</p>	<p>In Bura irrigation scheme, the area equipped with irrigation Infrastructure measures around 12,000 acres. The core mandate of the Authority is to develop irrigation infrastructure to deliver irrigation water to the farmland. In the case of Bura, the Authority has installed a pump capacity and maintained irrigation infrastructure that is sufficient to command and support production in the 12000 acres. Thus water and land are not the limiting factors to utilization of the 12,000 acres. The 12,000 acres have been allocated to 2245 farmers whose mandate includes farming and marketing within the context of a liberalized economy. The challenge facing the farmers is lack of financial capacity to be able to access adequate agro inputs and services. The situation is further exacerbated by lack of opportunity to secure any contract farming that can act as a collateral and support to securing farming inputs and services. The farmers have thus only been able to farm an area that is commensurate to their resource mobilization capacity hence the low utilization off the land. Indeed, the Authority is concerned with this situation and is putting every effort to ensure that farmers get access to the vital production and marketing support. Towards this end, the Authority has been able to negotiate and attract fertilizer support from Yara East Africa</p>		Resolved	

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		<p>that can enable Maize production on some 10,000 acres. (See attached copy on Memorandum of understanding.) The Authority has also continued to engage other stakeholders especially the County Government who have agreed to provide certified seed and land preparation services. These efforts are geared towards resourcing and empowering the farmers and thereby increasing the level of utilization of the irrigable land..</p>			
<p>Slow Progress of Project Implementation</p>	<p>The Authority entered into a contract with a contractor for sheet piling and associated works at Kora Kora intake, for Bura Irrigation and Settlement Rehabilitation Project, on 4 June 2019, at a contract price of Kshs. 1,786,927,859. However, the project's monthly report as at 30 June 2020 revealed that 274 days had elapsed representing 75% of the contract period. However, only 12% of the works had been completed against an overall planned progress of 72.65%. The slow project implementation may delay achievement of the project objectives.</p>	<p>The contract period as well as the Performance bond was extended to April 27th 2021; the Contractor got into serious cash flow issues which resulted to the slow work progress. However, measures and contractual clauses are being applied to see the completion of the project. Further, the contractor for Lot 2 works is on site and progressing on well.</p>		<p>Resolved</p>	

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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
<p>Mirira Irrigation Project – Muranga County Signing of Contract Without Adequate Budget</p>	<p>According to Section 53(8) of Public Procurement and Asset Disposal Act, 2015, an accounting officer of a public entity should not commence procurement proceeding until he is satisfied that sufficient funds to meet the obligations of the resulting contract are reflected in its approved budget. However, review of the Authority's records revealed that the Board approved Kshs.381 Million for construction of Mirira Irrigation Project in Muranga County. The project was included in the 2019/2020 procurement plan, and a request for expression of interest for procurement of construction services, Tender No. NIB /T/098 /2019-2020, was advertised in two daily newspapers, including MyGov, and on the Authority's Website. The tender Evaluation Committee evaluated the bids and awarded the tender to M/S Comroad and Equipment, at a contract sum of Kshs.573, 678,300, which exceeded the budget provision of Kshs.381 Million. This resulted to a funding deficit of Kshs.192,678,300, which may affect project implementation if it is not addressed.</p>	<p>The project was planned to be implemented in two financial years 2019/20 and 2020/21 and hence there was enough budget to pay certificates from the contractor.</p>		Resolved	

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<p>Lower Sabor Irrigation Development Project – Usasin Gishu County</p> <p>Issuance of Commencement of Work Before Acquiring Statutory Licenses</p>	<p>The Authority entered into a contract for the construction works for Lower Sabor Irrigation Development Project dated 10 October 2017, at a contract price of Kshs. 397,501,272. This contract, whose duration was eighteen months (18), was expected to be completed on 8 August 2019. The Authority issued to the contractor the commencement of works approval on 1 February 2018. However, review of the project documents revealed that the Authority was yet to acquire the National Environment Management Authority (NEMA) license, the Easement Permit from Water Resources Authority (WRA) and the Special Use License from Kenya Forest Services (KFS). Failure to acquire the above licenses resulted to suspension of works by the above licensing Agencies. Although the Authority acquired the NEMA and WRA licenses, Kenya Forest Service is yet to issue the Special Use License to grant the Authority access to the site. This has delayed implementation of the project.</p>	<p>The license from Kenya Forest Service was acquired together with NEMA and WRA licenses.</p>		<p align="center">Resolved</p>	
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<p>Lower Kujja Irrigation Project – Migori County Delayed Compensation of Project Affected Persons (PAPs)</p>	<p>The Authority entered into contracts with GIBB Africa Ltd and Gedo Associates to develop Compensation for Wayleaves Acquisition Plan for the Lower Kujja Irrigation Development Project phase I and canal way/leave acquisition plan for Lower Kujja Irrigation Development project phase II, respectively. According to information documented in the final reports for the projects, the Authority required Kshs. 116,751,225 and Kshs. 87,934,731 for compensation of PAPs in Phase I and Phase II, respectively. It was however noted that as at the time of this audit the Authority was yet to compensate all the PAPs, as detailed below;</p>	<p>The number of the project affected persons (PAPs) within the corridor where the contractor is currently working and had not been compensated have been identified and there are only 14 and plans to compensate are been finalized. The contractor has continued to work without any disruption and the project is expected to be completed within the contract period.</p>	<p>Resolved</p>																
<table border="1"> <thead> <tr> <th>Phase</th> <th>Budget Kshs</th> <th>Amount paid Kshs</th> <th>Pending Kshs</th> </tr> </thead> <tbody> <tr> <td>Phase I</td> <td>116,751,225</td> <td>80,528,900</td> <td>36,222,325</td> </tr> <tr> <td>Phase II</td> <td>87,934,731</td> <td>Nil</td> <td>87,934,731</td> </tr> <tr> <td>Total</td> <td>204,685,956</td> <td>80,528,900</td> <td>124,157,056</td> </tr> </tbody> </table>		Phase	Budget Kshs	Amount paid Kshs	Pending Kshs	Phase I	116,751,225	80,528,900	36,222,325	Phase II	87,934,731	Nil	87,934,731	Total	204,685,956	80,528,900	124,157,056	<p>The above delay in compensation of PAPs may limit access to the project sites and this may slow down or even stall the projects under implementation.</p>	
Phase	Budget Kshs	Amount paid Kshs	Pending Kshs																
Phase I	116,751,225	80,528,900	36,222,325																
Phase II	87,934,731	Nil	87,934,731																
Total	204,685,956	80,528,900	124,157,056																

**NATIONAL IRRIGATION AUTHORITY
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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
<p>Ndula Magogoni Irrigation project – Kiambu County Delayed project implementation for Phase II</p>	<p>The Authority entered into a contract with Dalicent Kenya Limited for construction of Ndula Magogoni Irrigation Project phase II at a contract price of Kshs.239, 676,285, on 4 April, 2016. This project, whose contract period was twelve (12) months, was expected to be completed by 14 May, 2017. The construction works, according to the contract, involved installation of truck main conveyance line, conveyance pipelines and infield irrigation system. However, review of project documents revealed that the contractor stopped the works while some items in the related Bills of Quantities (BO), were incomplete. These include bill no. 27 on infield system valued at Kshs. 47,452,050, which was not implemented at all. In addition, 1.5 km of the pipeline for Ndula feeder 2, and 1 km of the pipeline for BK Chege, were yet to be completed, contrary to the terms of the contract. There was no evidence that the Authority or the contractor terminated the contract.</p> <p>In the circumstances, it was not possible to confirm whether and when the project will be completed, and whether the intended beneficiaries will receive the intended services.</p>	<p>The Authority undertook a design review of the project to change the system from Drip to Sprinkler due to the poor water quality and this drastically reduced the cost of the project from Kshs 239,676,285.00 to Kshs 80,000,000.00. Currently the project is being completed by another contractor without relieving the original contractor from his obligations in the contract.</p>		Resolved	

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<p>Rahole Canal irrigation Project – Garrisa County</p> <p>Delay in Implementation of Rahole Canal Irrigation Project Phase III</p>	<p>The Authority entered into a contract with Concordia Building & Civil Engineering Co. Ltd, for construction of Rahole Canal Irrigation Project Phase III, at a contract price of Kshs. 235,537,830, on 9 June 2014. The commencement of works for this project, whose contract duration was 364 days ending 17 September 2015, was issued on 17 September 2014. However, by the time of audit on 6 April 2021, the project had not been completed, more than seven (7) years after the commencement of the works, despite the contractor having been paid a total of Kshs. 177,680,060.</p> <p>The delays in the implementation of the project may result in delayed achievement of project objectives, stalled project and cost overruns which would have been avoided had the project been completed within the contract period.</p>	<p>The delay in the completion of the project was caused by insecurity on the site due the Al-Shabaab war in the region which led to the experienced technical staff for the contractor who are none locals to free the site. After restoration of security, works resumed on site and the contractor completed the main pending works and currently infields irrigation systems are being completed to commence production.</p>	<p>Resolved</p>	
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**NATIONAL IRRIGATION AUTHORITY
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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
Understaffing	<p>Review of the Authority's staff establishment revealed that the Authority has approved staff establishment of 389 staff members. However, as at 30 June, 2020, the Authority had only 273 staff members in place, resulting to a shortage of 116 staff members. This understaffing was witnessed in most of the Authority's Schemes, and in addition to the shortfall in numbers, the Schemes did not have qualified procurement officers, yet major procurement processes were carried out at the Scheme level. Arising from this gap in staffing levels, there was no rotation of the members of the tender evaluation committee, contrary to the provisions of Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015.</p> <p>The understaffing in the Schemes resulted in inadequate segregation of duties, and this may have resulted in weaknesses in internal controls.</p>	<p>Though the National Irrigation Authority (NIA) has an approved staff establishment of 389, as at 30th June, 2019 it had only been able to post 273 staff leaving a gap of 116.</p> <p>The inability to recruit more staff is hindered by the inadequacy of the recurrent budget. The Authority requires a recurrent budget for personnel emolument of KSh 564 Million per annum in order recruit and achieve the approved 389 staff establishment. The table below highlights the comparison between the requested and the allocated recurrent budget for the last three years. The table demonstrates the financial constraint that the Authority is facing hence the curtailment of the recruitment of additional staff.</p> <p>The Authority continues to pursue the National Treasury to enhance its recurrent budget allocation. This will equip it to have the requisite financial ability to employ and deploy more staff as it strives attain the approved staff compliment. In the interim, the Scheme are backstopped by a procurement unit based at the Headquarters</p>		Resolved	

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Qualification Issues	Issue	Management Comments	Focal Point person to resolve	Status	Timeframe
Lack of Budgetary Controls System	<p>The Authority processes its financial reports using a financial reporting system which has a budget module. However, the budget module has not been operationalized, and by the time of this audit in March 2021, there was no evidence that adequate budgetary controls had been put in place in the Authority.</p> <p>In the absence of a budget control system, it may not be possible to adequately control expenditure and this may lead to overspending. on 18 February 2020.</p>	<p>The Authority is undertaking a review of the financial reporting system budget module targeted to be operationalized in the next FY2021/22 budget implementation.</p>	DGM (planning)	Not Resolved	2021/2022

SIGN.....
CPA. TIRUS N. KABUTHIA
NO.15039

DATE...16.05.2022....

SIGN.....
GITONGA MUGAMBI
CHIEF EXECUTIVE OFFICER

DATE...16.05.2022....

20. APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by the State Corporation/ SAGA Funded by development partners							
Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)	
1. Mwea Irrigation development project	1167100900	Jica	2020/21	1,951,000,000	No	Yes	
2. Bura irrigation rehabilitation project	1167100400	Kuwait Fund, Badea, Ofid	2020/21	1,138,598,120	No	Yes	
3. Rwabura Irrigation Development Project	1167100700	Bank Leumi of Israel	2020/21	630,000,000	No	Yes	

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Status of Projects completion

No	Project Title	Total Project Cost (KES.)	Total Expended to date	Project status (Completion %)	Budget (FY 2020/2021)	Actual Expenditures	Source of Funds
1	Construction Works for the Completion of Galana Model Farm Project Lot 1: Electrical and Mechanical Works	131,221,044.07	0	0 %	0.00	0.00	GoK
2	Construction Works for Galana Model Farm Project (GMFP) Lot 2: Civil Works	665,702,574.82	0	30%	10,000,000.00	0.00	GoK
3	Construction of Bura rehabilitation project (BADEA,KF, and GoK)	7,356,000,000	500,278,945.96	38%	650,000,000.00	500,278,945.96	GoK
4	Kii Njoga Irrigation Development	84,314,373.00	73,825,560.00	97%	0	8,702,167.03	GoK

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No	Project Title	Total Project Cost (KES.)	Total Expended to date	Project status (Completion %)	Budget (FY 2020/2021)	Actual Expenditures	Source of Funds
5	Lower Kithengi Irrigation Development Project	18,753,162.80	18,753,162.80	100%	0	1,742,035.09	GoK
6	Kiirua Buuri Irrigation Development Project	284,237,904.50	183,148,476.00	85%	0	83,854,543.22	GoK
7	Mweru Umoja Irrigation Scheme Dev't Project(URUKU)	19,612,908.00	12,922,960.00	100%	0	19,731,765.73	GoK
8	Muringa Banana Irrigation Scheme Dev't Project (Phase IV)(MUKAMU)	65,238,756.00	53,602,360.00	100%	50,000,000.00	24,828,036.40	GoK
9	Muringa Banana Irrigation Scheme Dev't Project (Phase III)	481,929,243.62	473,598,390.00	100%	119,223,000.00	78,477,129.62	GoK
10	Tunyai Kakurunga Irrigation Dev't Project	156,997,197.50	121,369,746.00	96%	106,642,000.00	58,236,114.94	GoK
11	Mweru Umoja Irrigation Scheme Dev't Project	151,983,432.80	120,351,828.00	100%	0	11,120,547.15	GoK

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No	Project Title	Total Project Cost (KES.)	Total Expended to date	Project status (Completion %)	Budget (FY 2020/2021)	Actual Expenditures	Source of Funds
12	Embu Cluster 1 (New Kithimu & Itabua Muthatari)	508,809,920.30	0	17%	11,667,653.00	0	GoK
13	Embu cluster II (Kiamuringa, Kanyuambora & Iriari)	527, 891, 303.61	0	15%	263,775,016.00	0	GoK
14	Malkandaka (Rehabilitation of Phase I & II)	10,080,000.00	-	70%	0	5,928,916.67	GoK
15	Oldonyiro	224,584,458.00	190,551,679.78	100%	43,067,000.00	0	GoK
16	Mirichu Murika , Phase 4	253,775,890	184,084,865.19	96%	117,210,909.00	29,328,874.39	GoK
17	Nyanjigi , Phase 3	96,065,070.00	54,086,635.80	95%	0	6,959,386.09	GoK
18	Nginda	217,463,125.00	59,413,265.77	59%	171,000,000.00	46,564,156.18	GoK
19	Mukurwe Wa Nyagathanga	263,396,159.40	0	35%	100,000,000.00	30,754,982.98	GoK
20	Mirira	544,469,765.40	43,734,998.07	60%	222,234,853	72,631,062.11	GoK
21	Kiamboka, Gakaki & Kahithe Gitiri Gikindu Kandabibi	97,500,670	12,615,844.50	40%	0	0	GoK
22	Boboti Kiamande Thangaini Ndakaini Wanduhi	113,980,150	10,791,235.80	60%	0	0	GoK
23	Ng'araria	19,450,135	0	95%	0	0	GoK

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No	Project Title	Total Project Cost (KES.)	Total Expended to date	Project status (Completion %)	Budget (FY 2020/2021)	Actual Expenditures	Source of Funds
24	Kieni Gathugu Irrigation Project	15,985,000	0	35%	0	0	GoK
25	Kamuka	18,561,950.00	0	100%	0	0	GoK
26	Ndula Magogoni	439,275,704.86	0	95%	60,000,000.00	0	GoK
27	Nyannuguna	182,555,521.50	79,701,460.92	76%	0	0	GoK
28	Kaguyu Kienjaimi	52,756,797.45	35,148,499.95	90%	0	0	GoK
29	Riamukurwe	91,697,596.10	85,333,715.00	100%	17,212,808	1,147,041.47	GoK
30	Muthuni Borehole	11,450,350.00	0	20%	75,000,000.00	0	GoK
31	Changachicha project	151,498,624	0	0%	80,000,000.00	0	GoK
32	Gathima & Gathimaki	182,987,000.00	0	0%	71,872,356.00	0	GoK
33	Mumbi Dam		0	95%	18,284,260.00	0	GoK
34	Gwa Kiongo		0	10%	64,616,450.00	0	GoK
35	Upper Gitwe		0	58%	25,574,219.00	0	GoK
36	Aiwet	24,928,057.00	14,001,045.00	90%	0	4,794,073.85	GoK
37	Molosirwe	31,754,284.00	21076910.00	80%	0		GoK
38	Sandai	84,194,352.00	51,213,332.00	85%	20,500,000.00	15,856,799.47	GoK
39	ChesangatatMarich	176,453,750.00	160,836,352.40	93%	91,163,000.00	64,014,621.46	GoK
40	Nessuit	19,568,251.50	16,633,013.78	95%	0	15,343,632.38	GoK
41	Njoro Ndege	19,821,989.00	0	65%	50,000,000.00	0	GoK
42	Naipa Lot 1	19,789,817.25	15,351,825.00	95%	0	0	GoK
43	Naipa Lot 2	70,028,616.00	10,207,506.47	39%	0	0	GoK
44	Lotikipi (Nanam)	64,389,465.15	27,040,818.60	46%	0	12,056,017.66	GoK
45	Lower Sabor	259,732,252.50	238,400,440.00	94%		0	GoK
46	Tunyo III	19,876,280.00	13,358,240.00	96%	0	11,495,117.05	GoK

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No	Project Title	Total Project Cost (KES.)	Total Expended to date	Project status (Completion %)	Budget (FY 2020/2021)	Actual Expenditures	Source of Funds
47	Kalemunyang	8,887,200.00	0	3%	0	0	GoK
48	Lower Nzoia Irrigation Project, Phase 1	3,873,317,854.47	2,110,845,751.56	24.11%	0	0	GoK
49	Lower Kuja Irrigation Development Project	64,085,802.00	17,980,128.26	45%	0	0	GoK
50	Lower Sio Irrigation Project	216,463,547.85	0.00	0%	50,000,000.00	0	GoK
51	Yikita Irrigation Project	219,961,634.44	0	51%	74,000,000.00	20,158,974.93	GoK
52	Household irrigation water storage project (21 counties)	7,680,000,000.00	1,456,393,373.48	105%	1,678,000,000.00	1,456,393,373.48	GoK
53	Spate Irrigation for Climate Resilience in Samburu, Marsabit & Isiolo	6,930,000,000	79,210,165.90	60%	165,000,000.00	79,210,165.90	GoK
54	Water Security and Climate Adaptation in Mandera and Wajir Clusters	4,200,000,000.00	0	30%	110,000,000.00	0	GoK
	TOTAL	36,803,890,041.18	6,545,862,531.99		3,693,930,109.00	2,364,382,081.01	

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	Min of Water & Irrigation	30-06-2021	1,145,000,000	2020-2021
	TOTAL		7,273,000,000	
c.	Direct Payments			
	JICA For Thiba dam	30-09-2020	228,119,378.43	2020-2021
	JICA For Thiba dam	30-09-2020	94,312,610.22	2020-2021
	JICA For Thiba dam	16-10-2020	117,412,308.84	2020-2021
	JICA For Thiba dam	16-10-2020	153,091,540.78	2020-2021
	JICA For Thiba dam	16-10-2020	97,808,969.26	2020-2021
	JICA For Thiba dam	25-10-2020	8,251,282.64	2020-2021
	JICA For Thiba dam	25-10-2020	12,891,424.79	2020-2021
	JICA For Thiba dam	25-10-2020	7,138,289.26	2020-2021
	JICA For Thiba dam	25-10-2020	12,868,185.95	2020-2021
	JICA For Thiba dam	25-01-2021	18,263,933.88	2020-2021
	JICA For Thiba dam	25-01-2021	15,012,580.17	2020-2021
	JICA For Thiba dam	25-01-2021	14,353,530.58	2020-2021
	JICA For Thiba dam	25-01-2021	10,869,266.12	2020-2021
	JICA For Thiba dam	10-03-2021	82,910,343.07	2020-2021
	JICA For Thiba dam	18-03-2021	79,608,242.84	2020-2021
	JICA For Thiba dam	18-05-2021	88,819,930.84	2020-2021
	JICA For Thiba dam	28-05-2021	96,647,404.36	2020-2021
	JICA For Thiba dam	30-06-2021	85,472,307.86	2020-2021
	TOTAL JICA		1,223,851,529.89	

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	BADAE For BURDA	30-10-2020		7,543,970.12		2020-2021
		25-06-2021		30,658,246.71		2020-2021
		TOTAL BADAE		38,202,216.83		
	KUWAIT For BURDA	30-10-2020		13,092,322.51		2020-2021
		25-06-2021		15,737,900.06		2020-2021
		TOTAL KUWAIT		28,830,222.57		
	OFID For BURDA	30-10-2020		5,655,740.18		2020-2021
		25-06-2021		24,913,860.22		2020-2021
		TOTAL OFID		30,569,600.40		
d.	Donor Receipts			Nil		