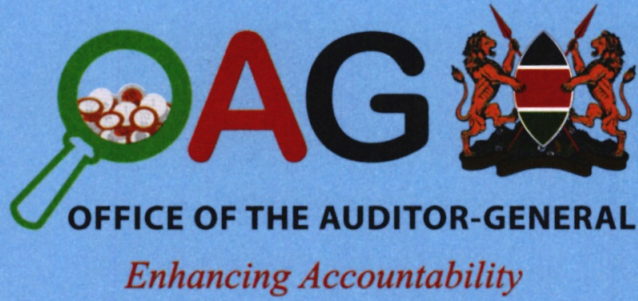


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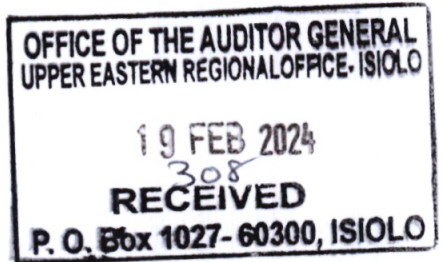
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CLERK AT THE TABLE	CAROLYN C.

THE AUDITOR-GENERAL

ON

**EWASO NG'IRO NORTH RIVER BASIN
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



**EWASO NG'IRO NORTH RIVER BASIN DEVELOPMENT
AUTHORITY**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2023**

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

Ewaso Ng'iro North River Basin Development Authority
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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
VC	Vice Chancellor
A-I-A	Appropriation -in-Aid
ASAL's	Arid and Semi-Arid Lands
GOK	Government of Kenya
ERP	Enterprise Resource Planning
ENNNCRP	Ewaso Ng'iro North Natural Resource Conservation Project
NBV	Net Book Value

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

Ewaso Ng'iro North River Basin Development Authority (ENNRBDA) is a statutory body created through the ENNRBDA Act (Cap 448) of 1989. Inter alia, the mandate of ENNRBDA as specified in Cap 448 of 1989 is to promote economic development within the Ewaso Ng'iro River Basin.

The Authority is domiciled in Kenya and has branches in five Counties namely;

1. Wajir regional office
2. Marsabit regional office
3. Nanyuki regional office
4. Garissa Desk Office
5. Maralal Desk office

(b) Principal Activities

The principal activity/mission of the Authority is to contribute to development in the Ewaso Ng'iro North River Basin area through promotion of agro-industry development, creation of employment, resource conservation, sustainable exploitation and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self-sufficiency.

(c) Key Management

The Authority's day-to-day Management is under the following key organs:

- Board of Directors
- Managing Director
- Senior Managers

(d) Fiduciary Management

The key Management Personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:-

No	Designation	Name
1.	Managing Director/Chief Executive Officer	Eng. Ali Ibrahim Hassan, PhD
2.	Director, Infrastructure & Natural Resource Development	Mr. Josiah W Mulwa, HSC
3.	Director, Internal Audit and Risk Management	Mr. Abdirizak M. Abdille
4.	Director, Corporate Services	Mr. Mohamed Issack Hassan
5.	Director, Planning, Business Development and Investments	Mr. Mohamed Doyo
6.	Manager, Planning Research & Development	John Mwaniki Njoka
7.	Manager, Business Development, Investments & Enterprise Management	Ms. Lucy W. Wamaru
8.	Manager, Regional Coordination	Ms. Esther K. Rimberia
9.	Manager, Finance and Accounts	Ms. Fouzia Hared Abdi
10.	Manager, Infrastructure and Energy Development	Mr. Diba Qalicha
11.	Manager, Human Resource and Administration	Mr. Hussein Boru Guyo
12.	Manager, Supplies Chain Management	Mr. Abdikadir Mohamed

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Audit committee (AC) and the Finance & Administration committee of the of the Authority's board provide overall fiduciary oversight on the activities of Ewaso Ng'iro North River Basin Development Authority. The reports and recommendations of the Audit committee and the finance & Administration committee when adopted by the board are forwarded to the management for implementation. Any other issues that require policy guidance are forwarded by the board to the Cabinet Secretary through the office of the Principal Secretary.

1. Authority's Headquarters

REGISTERED OFFICE: Ewaso Ng'iro North River Basin Development Authority
P.O. Box 203-60300
ISIOLO, KENYA.
Tel.064 – 5352002/5352507/08
Email: ewasonorth14@gmail.com
info@ennda.go.ke

2. Authority's Contacts

Telephone: (254) 5352507
E-mail: ewasonorth14@gmail.com
Website: www.ennda.go.ke

3. Authority's Bankers

- | | | |
|---------------------------|---|----------------|
| 1) Barclays Bank of Kenya | - | Meru Branch |
| 2) Consolidated Bank | - | Isiolo Branch |
| 3) National Bank | - | Isiolo Branch |
| 4) Kenya Commercial Bank | - | Isiolo Branch |
| | - | Meru Branch |
| | - | Garissa Branch |
| | - | Mandera Branch |

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Key Entity Information and Management (continued)

4. Independent Auditor



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

5. Principal Legal Adviser






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

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3. The Board of Directors/Council

Ref	Directors	Details
1.	 Mr. Ahmed Duale Ahmed Chairman	<p>He was born in 1955 and was appointed as the Chairman of the Board on 28th July 2022.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ Masters of Masters of Arts in Security Studies and Criminology ❖ Bachelors of Business Administration majoring in Human Resource Management ❖ Certifies Public Accountant – CPA2 <p>Work Experience: Jan - April 2021: Human Resource and Finance Consultant - Vision Quest 2010-2020: Chairman, Board of Management - Garissa County High School 1984-2005: Executive Officer in charge of Human Resource - Ministry of Education 1994-1982: Clerical Officer – Office of the President</p>
2.	 Eng. Ali Ibrahim Hassan, PhD Managing Director/CEO	<p>Date of birth:1965</p> <p>Qualifications: Senior-Level Executive - Corporate Strategy, Development & Implementation. Holder of Degrees of Doctor of Philosophy (PhD) in Project Management, Master of Science in Project Management (MSc), Masters in Business Administration (MBA) and Bachelor of Science in Civil Engineering (BSc).</p> <p>Work Experience: <i>32 years experience (1989-2020) in Construction Projects Management, Financial Management and Human Resources Management and Administration in the public sector.</i></p> <p>1st October, 2019 to date: Ewaso Ng'iro North River Basin Development Authority Position: Managing Director</p> <p>3rd April, 2017 to 29th March, 2018: National Water Conservation & Pipeline Corporation Position: Acting Managing Director</p> <p>4th January, 2016 to 3rd September, 2019: National Water Conservation & Pipeline Corporation Position: General Manager, Construction & Electro - Mechanical Department</p> <p>18th February, 2009 to 31st December, 2015:</p>

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		<p>Kenya Rural Roads Authority Position: Manager/ Regional Manager: 2nd April, 1998 to 17th February 2009: Ministry of Roads and Public Works Position: District works officer/District Roads Engineer: 19th December, 1989 to 1st April, 1998: Ministry of Agriculture Position: Soil and Water Conservation Officer</p>
3.	 Aden Sugow Ahmed	<p>Aden Sugow Ahmed was born on 30th August 1961 and joined the Board on 25th May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Higher Diploma in Security and Aviation Maintenance and Safety Management, Higher Diploma in Intelligence and International Security.
4.	 Daud Yakub Guliye	<p>Daud Yakub Guliye was born on 1st February 1960 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds A bachelors' Degree (Bsc) in Animal Production /Natural Resources
5.	 Jane Tingis Putunoi	<p>Jane Tingis Putunoi was born on 23rd March 1974 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ She holds a Bachelors' Degree in Sociology (BA Arts)
6.	 Joseph Lorunyei Kuwam	<p>Joseph Lorunyei Kuwam was born on 12th July 1972 and joined the Board on 30th June 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Bachelors' Degree in Theology and Leadership
7.	 Lenaiyara Lenana Nixon	<p>Lenaiyara Lenana Nixon was born on 10th September 1984 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Masters' Degree in Telecommunication Engineering ❖ Bachelors' Degree in Electrical Engineering ❖ Expertise in Technology Consultant

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8.	 Lina Adikento Marleni	<p>Lina Adikento Marleni was born on 26th June 1991 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ She holds a Bachelors' Degree in Finance
9.	 Melus Londung'okiok	<p>Melus Londung'okiok was born on 1st January 1985 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Bachelors' Degree in Education
10.	 Musa Ibrahim Dimbil	<p>Musa Ibrahim Dimbil was born in 1975 and joined the Board on 20th June 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Bachelors' Degree in Education
11.	 Veronica Muthoni Ikunyua	<p>Veronica Muthoni Ikunyua was born on 20th February 1971 and joined the Board on 31st May 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ She holds a Bachelors' Degree in Project Management
12.	 Maj. Gen. (Rtd.) Anthony M. Rop	<p>Maj. Gen. (Rtd.) Anthony M. Rop was born on 25th December 1954 and joined the Board on 7th June 2023.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> ❖ He holds a Diploma in International Studies ❖ Bachelor of Laws (BLL) ongoing

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4. Key Management Team

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
1.	 Eng. Ali Ibrahim Hassan, PhD Managing Director	Managing Director /Chief Executive Officer Area of responsibility Managing the Affairs of the Authority
2.	 Josiah W. Mulwa, HSC	Director, Infrastructure & Natural Resource Development - B.Sc (Agric. Eng), M.Sc. (S & W/Eng.) Area of responsibility In charge of Technical Services and Operations of the Authority
3.	 Abdirizak M. Abdille	Director, Internal Audit & Risk Management - BCom, M Area of responsibility Internal Audit & Risk Management
4.	 Mohamed Issack Hassan	Director, Corporate Services – Masters in Project Planning Area of responsibility In charge of corporate affairs of the Authority.
5.	 Mohammed Doyo Abdullahi	Director, Planning, Business Development and Investments - Masters of Science in Development Studies Area of responsibility In charge of Planning, Business Development, and Investments of the Authority.
6.	 John N. Mwaniki	Manager, Planning, Business Development and Investments- MSc (Reg. Dev. Planning) Area of responsibility Planning, Business Development & Investment Department

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	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
7.	 Lucy Wamaru	Manager, Business Development, Investments & Enterprise Management - BBA (Accounting option) Area of responsibility Business Development, Investments department
8.	 Esther K. Rimberia	Manager, Regional coordination - Msc (Business Adm. & Project Mgt) Area of responsibility Coordination of Regional offices
9.	 Fouzia Hared Abdi	Manager, Finance and Accounts- MBA (Finance) Area of responsibility Finance and Accounts Department
10.	 Abdikadir Mohamed Ali	Manager, Supplies Chain Management - MBA (Supply Chain) Area of responsibility Procurement Department
11.	 Hussein Boru	Manager, Human Resource & Administration Area of responsibility Human Resource and Administration
12.	 Diba Qalicha Boru	Manager, Infrastructure and Energy Development Area of responsibility Infrastructure and Energy

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5. Chairman's Statement



On behalf of the Board of Directors, I am pleased to present the annual report and financial statements of Ewaso Ng'iro North River Basin Development Authority (ENNDA) for the financial year ended 30th June 2023.

ENNDA is a statutory body established by an Act of Parliament, CAP 448 of the laws of Kenya, to promote integrated and sustainable social, economic and political development in the Ewaso Ng'iro North River Basin and its catchment area. The basin covers 36.4% of Kenya land surface of which 92% of the basin is Arid and Semi-Arid Lands (ASAL) and has an estimated population of 4 million Kenyans. The basin is richly endowed with

various natural resources ranging from large tracks of natural forest, rich diversity of flora and fauna and minerals.

CORPORATE SOCIAL RESPONSIBILITY

As the Authority continues to achieve the set strategic objectives, it considers Corporate Social Responsibility as an integral part of its core values. The Authority during the year under review, carried out water tankering for drought hit areas in Moyale (Marsabit County) and Sericho (Isiolo County). These ensured water availability to the communities in areas where there were alternative water sources.

During the year under review, ENNDA implemented various basin wide programmes and projects that aimed at alleviating poverty, enhancing food security, improving water availability, conserving the environment, promoting peace and cohesion, and creating employment opportunities for the local communities. Some of the key achievements include:

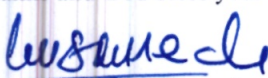
- (i) Drought and Emergency Intervention: Developed and constructed two (2) Underground water storage tanks having a storage volume of 400m³. Additionally, under this component, the Authority drilled, developed and equipped one (1) borehole to supply water for domestic and livelihood use. Further, the Authority constructed two (2) water pan having a combined capacity of 180,000m³.
- (ii) Ewaso Ng'iro North Catchment Conservation & Riparian: to encourage conservation of Ewaso Ng'iro River, the Authority organized and carried out camel caravan where more than 300 participants from all around the Basin participated to enhance cohesion and conservation of the river ecosystem.
- (iii) Peace Dam Construction: Under this component the Authority constructed four (4) water pans with a combined capacity of 240,000m³, Drilled and Developed one (1) borehole of 300m and a yield of 1.2 m³ per hour as well as upgrading a water supply system which also included drilling of one (1) borehole of yield 8m³ per hour and laying of 15km of pipes.

FUTURE OUTLOOK

With current paradigm shift, the Authority envisages, aligning its projects and programmes on the BETA approach of the Government and will be focusing on developments driven by key factors, major amongst them stakeholder participation, multi-sectoral and integrated projects and programmes and most importantly aligning all the projects and programmes to new Strategic Plan 2023-2028. Value addition to available products for the improvement of the living standards of the Basin's communities which has been at the centre stage for service delivery by the Authority. Private Public Partnership (PPP) is viewed as the way forward for future growth of the Authority and the entire region. Development of small scale irrigation, exploration of solar and wind for development will be integral in projects to be implemented by the Authority.

On behalf of the Board of Directors, I congratulate the ENNDA team on their impressive results and achievements in the FY 2022-2023. We fully appreciate the continued support of the Board Members, Management and staff for working tirelessly towards achievement of the stated goals. We fully appreciate the continuing commitment and support of our shareholders, the Government of the Republic of Kenya, through its Organs, the Ministry of East Africa Community ASALs & Regional Development and The National Treasury.

Thanks and God bless you.


Ahmed Duale Ahmed
CHAIRMAN

Ewaso Ng'iro North River Basin Development Authority
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6. Report of the Chief Executive Officer



I am delighted to present the annual report and financial statements of Ewaso Ng'iro North River Basin Development Authority (ENNDA) for the financial year that ended on 30th June 2023.

During the year under review, the Management embarked on the implementation of the core activities which includes planning, coordination, and implementation of integrated multi-sectoral projects and programmes based on its four main Programme areas of: Development of River banks, water bodies and catchment areas; Regional Development planning; Integrated Basin Based Development; and Community Empowerment Support programmes as stipulated in its 2022-2027 Strategic Plan. During the reporting period, the Authority had aligned its projects and programmes to the Big four and endeavoured to tapping opportunities for employment creation in the Manufacturing Sector through its Gum Arabic and Resins development project in Wajir, Planting of fruit trees in community farms for food and nutrition security, development of hygienic water supply structures for enhanced health of the communities and is expected to enhance these efforts in the coming years.

OPERATIONAL PERFORMANCE

During the year under review, significant achievements were noted in the construction of ten (10) water harvesting and storage facilities comprising of two (2) Underground Water tanks, Two (2) Boreholes equipped with modern solar pumping system, upgrading of one (1) water supply scheme and six (6) water pans with a combined storage of 420 Cubic meters of incremental storage in the Basin. These investments were spread across the basin counties and were made in strengthening the Authority's presence in its area of Jurisdiction and important progress achieved towards our development targets, benefitting both customers, the local community in improvement of livelihoods and secured water supply and shareholders, the government in enhanced service delivery.

During the year under review, ENNDA continued to implement its strategic plan for the period 2022 - 2027, which is aligned to the national development agenda such as the Vision 2030, the Big Four Agenda, and the Sustainable Development Goals. The strategic plan has four strategic objectives, namely:

- i) To enhance water availability and accessibility for domestic, livestock, irrigation and industrial use;
- ii) To promote sustainable management and utilization of natural resources in the basin;
- iii) To facilitate socio-economic empowerment and livelihood improvement of the basin communities;
- iv) To strengthen institutional capacity and stakeholder engagement for effective service delivery

In pursuit of these objectives, ENNDA implemented various programmes and projects that have had positive impacts on the lives and livelihoods of the basin communities. Some of the highlights include:

- i) Implementation of participatory catchment conservation activities such as tree planting, soil and water conservation, rangeland management, which have enhanced environmental sustainability and resilience to climate change;
- ii) Organization of the Camel Caravan 2022 edition which was a six-day advocacy walk along the Ewaso Ng'iro River that involved over 300 participants from different communities, stakeholders and partners. The caravan advocated for protection and restoration of the river ecosystem, securing livelihoods and promoting peaceful co-existence among the communities

A Strong Foundation

ENNDA, as Resource based River Basin based Organization that does not respect administrative boundaries, is well positioned for this journey as opposed to other institutions whose project implementation mandates are curtailed by artificial administration boundaries. A broad product offering, superior and multi-sectoral staff and technology, regional presence, global presence, through some of its partner organizations and significant

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investments in our infrastructure in recent years provide a strong foundation to build on. Projects and Programmes are well diversified across many sectors of development segments and agro-ecological zones. Digitalization and further automation, by the Organizations introduction of Enterprise Resource Planning tool (ERP) in its functioning departments, present new opportunities to work for our customers irrespective of distance or locale. This ERP software has already been installed in many of the Organization's Directorate Computers and will be escalated in the coming years ahead to cover all including our factory in Wajir, a scenario that will offer countless opportunities with commensurate increase in cost of doing business

Corporate Social Responsibility

ENNDA's Board of Directors are committed as it were to good corporate governance and ethical business practices, promoting the long-term interests of stakeholders. We strive to be a good corporate citizen. We emphasize corporate social responsibility not least because we are convinced it is good business. A good reputation, responsible use of resources, taking care of the environment and having employees who take pride in their work is good business.

Shared Value Creation

Calls for rethinking the role of businesses in society grow ever louder. Government Corporations especially, River Basin Organizations, are continuously being pressured to play a more prominent role in addressing social challenges. The demand for greater private sector involvement in achieving the United Nations' Sustainability Development Goals is a good example. The combined forces of public, private and civil actors are necessary to achieve the required scale and impact.

The immense societal challenges of sustainably feeding the world's growing population including water security and care of the environment can only be addressed with technology, innovation and changes in behavior. We simply must find ways to do more with less. This is the core of ENNDA's business; optimizing the use of scarce resources such as water and energy, increasing food safety and traceability, as well as improving employee satisfaction and animal welfare.

Future Outlook

The future outlook of the Authority for the next financial year is optimistic despite the many challenges that face the Basin. The Authority has developed an annual work plan and budget for the financial year 2023 - 2024 that outlines its planned programmes and projects, expected outputs and outcomes, targets and indicators, and resource requirements. The Authority has also developed a resource mobilization strategy that outlines its potential sources of funding, fundraising activities, and resource allocation criteria.

The Authority has also identified various opportunities and prospects that can enhance its growth and development. These include:

- i) The devolved system of governance that provides more autonomy and resources to the county governments;
- ii) The discovery of oil, gas and minerals in the basin that can spur economic activities and investments;
- iii) The Vision 2030 flagship projects such as the Lamu Port South Sudan Ethiopia Transport (LAPSSET) corridor, the Isiolo Resort City and the Isiolo International Airport that can boost tourism and trade in the basin;
- iv) The blue economy concept that can promote sustainable utilization of marine resources in the basin;
- v) The green economy concept that can promote renewable energy sources such as solar, wind and biogas in the basin;

The Authority also proposes to take part in various forums and platforms to enhance collaboration and coordination with other stakeholders such as the county governments, national government agencies, development partners, civil society organizations, private sector actors and academic institutions. These include:

Ewaso Ng'iro North River Basin Development Authority
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- i) Signing of Memoranda of Understanding (MoUs) with county governments of Nyandarua, Meru, Isiolo, Samburu, Garissa, Marsabit and Wajir to facilitate joint planning, implementation and monitoring of development projects in the basin;
- ii) Participation in the Ewaso Ng'iro North Catchment Area Advisory Committee (CAAC) meetings to discuss water resources management issues;
- iii) Participation in the National Drought Management Authority (NDMA) county steering group meetings to discuss drought response interventions;
- iv) Participation in the Kenya Water Towers Agency (KWTA) technical working group meetings to discuss conservation of water towers in the basin;
- v) Participation in the Kenya Climate Smart Agriculture Project (KCSAP) steering committee meetings to discuss climate smart agriculture interventions;
- vi) Participation in various workshops, seminars, conferences and exhibitions to showcase ENNDA's achievements, challenges and opportunities;

Appreciation

I would like to thank our customers, our dedicated and talented staff, our service providers, the County Governments' under the jurisdiction of the Authority and all other stakeholders for their contribution during the year. The collaborative efforts provided by Peace link, Isiolo Conservation Trust, Kivulini Trust, MID_P and the various County Governments cannot be left unmentioned. We express our thankfulness to them all among others. I look forward to their continued support as we strive to provide unparalleled services to the community and stakeholders of the Basin.



Eng. Ali Ibrahim Hassan, PhD
MANAGING DIRECTOR.

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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

Introduction

The key strategic objectives as per the strategic plan for FY 2020- FY 2021 plan is to:

- a) To achieve food security and improved nutrition
- b) To increased local income through value addition and employment creation
- c) To promote conservation and rehabilitation of catchments and riparian areas within the basin
- d) Water Resources Development, Conservation and Management Projects.

Below we provide the progress on attaining the stated objectives:

Program	Strategic Objective	Outcome	Indicator	Performance
The Ewaso Ng'iro North integrated water, drought and food security.	To achieve food security and improved nutrition	Increased availability and accessibility water through increased volumes created Increased livestock production system Increased standard of living through livelihood Increased nutritional status through subsistence garden farms	Increased household income through sales of vegetable from the gardens Increased water storage volumes by 1,781,100m ³ Reduced incidences of diseases by 10%	Increased access to potable water through development and construction of various water resources infrastructure
Ewaso Ng'iro North Gums and Resins Processing Factory in Wajir	To increased local income through value addition and employment creation	Increased household income at production level in Wajir, Mandera, Samburu, Isiolo and Marsabit Counties	Increased food security status	The Completion and operationalization of Wajir Gums and resins Factory have increased household income of non-timber products farmers by 20%
Ewaso Ng'iro North River Catchment Conservation & Rehabilitation Programme	To promote conservation and rehabilitation of catchments and riparian areas within the basin	Increased conservation awareness Increased vegetation cover through tree planting and growing exercises	20kilometres of riparian areas of Ewaso Ng'iro North River protected through planting and growing of trees	Planted 50,000 trees along the river bank from Gafarsa up to Gotu an effort towards 10% target of forest cover by planting trees along Ewaso Ng'iro North River under camel Caravan walk project activities,
	Water Resources Development, Conservation and Management Projects	Increased availability and accessibility to palatable domestic water	Increased food security status through support of subsistence	Increased water storage volume by providing underground water from boreholes

Ewaso Ng'iro North River Basin Development Authority
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8. Corporate Governance Statement

ENNDA has adopted high standards and applies strict rules of conduct, based on the best corporate practices. As part of this commitment, the Board adheres to good corporate governance by embracing the following principles:

1. To cultivate, observe and promote high standards of ethical corporate culture and moral behaviour
2. To manage conflicts of interests, and act in the best interests of ENNDA;
3. To remunerate and promote fairly and responsibly;
4. To recognize the legitimate interests of all stakeholders;
5. To ensure that the organization acts as a good corporate citizen; and
6. Appreciate that strategy, risk, performance and sustainability are inseparable.

In general, Board members shall act in the best interest of ENNDA and uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of ENNDA over other interests. They will act honestly and in good faith so as to create a culture built on principles of integrity, accountability and transparency.

The Board Size and Composition

The overall policy making organ of the Authority is the Board of Directors who are appointed as per Section 4 of the ENNDA Act. The Board consists of the:-

- The Chairman who is appointed by the President;
- Twelve non-official members appointed by the Cabinet Secretary, in consultation with the President, ten of whom shall be appointed from the Area affected by the operations of the Authority;
- Twelve (12) Alternate directors representing; Principal Secretaries of State Departments Responsible for (RDAs, finance, agriculture, health, livestock, energy, water, and environment), the Regional Commissioners for Rift Valley, Central, Eastern and North-Eastern Provinces, and the Inspector of State Corporations; and
- The Managing Director.

The number of Board meetings held and the attendance to those meetings by members

The Act provided that the Board meet at least four times in every financial year and not more than four months shall elapse between the date of one meeting and the date of the next meeting.

Full Board Meetings

During the year the board held three full board meetings on: -

- 22nd and 23rd September 2022 which was attended by 13 members and 3 members being absent with apology
- 30th January 2023 which was attended by 8 members and 8 members being absent with apology
- 25th April 2023 attended by 12 members and 4 being absent with apology.

Committee Meetings

The board has three committees are namely; Finance, Administration and General purpose, Planning, Research, Business Development and Investments and Audit, Risk Management and Compliance Committees. These committees held a total of Three (3) sittings during the financial year.

Succession plan

The chairman and the board member were appointed at different date to ensure their term does not end together as a way of providing for a smooth transition and continuity from one board to the other. The Authority updates the Cabinet Secretary on a regular basis on the expiry dates for appointment of the chairman and each of the non-official board member for advance planning.

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Existence of a board charter

The Board has a Board Charter 2018 which defines the roles and responsibilities of the board in order to promote high standards of corporate governance in accordance with the Constitution of Kenya 2010, the ENNDA Act, State Corporations Act and the Mwongozo Code of Governance for State Corporations. Each member upon appointment is issued with a copy of the Charter.

Process of appointment of directors

Every appointment of the Chairman and non-official member is by name and by notice in the Gazette for a term of three years from the date of appointment and are eligible for re-appointment.

Removal of directors

A member can be removed if the Cabinet Secretary is satisfied that any of the non-official members—

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

Office of a non-official member becomes vacant under the following circumstances—

- (a) upon the expiry of his term of appointment; or
- (b) upon the termination of his appointment; or
- (c) by resignation, upon the expiry of one month, or such shorter period as may be mutually agreed, after the date upon which the Cabinet Secretary receives a written notice signed by the member of his intention to resign; or
- (d) if he is absent without the permission of the Authority from three consecutive meetings of the Authority of which he had reasonable notice.

Board remuneration

The Act provides that the non-official members shall be paid by the Authority such remuneration and allowances as the Cabinet Secretary may from time to time determine in concurrence with the State Corporations Advisory Committee (SCAC). The members are paid sitting allowances for every meeting attended, including travelling and accommodation allowance to and from the meeting to their home county. The chairman is also paid a monthly honorarium and telephone expenses as determined by the government from time to time.

Roles and functions of the Board

The Board's principal duty is to promote the long-term success of the Authority, and delivering sustainable value to the General public, the government and the major stakeholders, the community's resident in the area of the Authority's jurisdiction.

The Board Charter defines the governance parameters within which the board exists and operates, sets out specific responsibilities of the board, its committees and directors collectively, as well as certain roles and responsibilities incumbent upon directors as individuals.

A summary of the Board responsibilities are as follows:

- ❖ Providing sound entrepreneurial leadership to the Authority within a framework of prudent and effective controls which allow risk to be assessed and managed.
- ❖ Strategy formulation and ensuring that there are adequate policies, systems and structures to successfully implement the Authority's Strategic Plan.

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- ❖ Monitoring the Authority performance against Strategic Plans and objectives on a going concern basis, as well as holding mandatory quarterly meetings.
- ❖ Selection, appointment and appraisal of Senior Managers.
- ❖ Approve the risk management framework and ensuring that there are adequate structures and systems to identify measure and monitor key risks facing the Authority.
- ❖ Reviewing the effectiveness of systems for monitoring and ensuring compliance with laws of the land, rules and regulations as promulgated by the government from time to time.
- ❖ Reviewing and monitoring the Port's corporate governances, policies and practices.
- ❖ Reviewing the Authority's finances to ensure that there are adequate funds for the planned implementation of projects and programmes to allow growth and expansion of Authority activities as envisaged in the Strategic Plan, and the overall Authority's development portfolio.
- ❖ Approval of among other things major capital expenditure, borrowings, budget, acquisition of land and other heavy capital Assets among others.

Induction and training, board and member performance

There were new board members who were appointed in July 2022 and the new board members appointed underwent induction and training in Mombasa from 14th November to 15th November 2023 and a new board member who was appointed in February 2023 underwent training and induction in Naivasha from 24th April to 26th April 2023.

A board evaluation exercise was undertaken on the 23rd September 2022 under the leadership of the State Corporations Advisory Commission whereby the performance of the board and each individual member of the board was conducted.

Conflict of interest, ethics and conduct as well as governance audit

Directors have a statutory duty to avoid situations in which they have interest which may conflict with the interest of the Authority. The Director usually declare their interests on any matter before the board for deliberation in all the meetings of the board.

9. Management Discussion and Analysis



Eng. Ali Ibrahim Hassan, PhD
Managing Director/Chief Executive Officer

In this section, the management gives a report on the operational and financial performance of the Authority for the last three years from FY 2020/21 to FY 2022/23 ending 30th June 2023. This includes the Authority's key projects and investments implemented or ongoing, compliance with statutory requirements, major risks facing the Authority, material arrears in statutory and other financial obligations, review of the economy, review of the sector and future developments. This is in line with our commitment in keeping our stakeholders informed on the Authority's performance.

Key Projects Completed

During this period, the Authority successfully completed three significant projects:

1. ***Droughts and Floods Emergency Interventions (FY 2020/21)***: this included construction of four water structures with a cumulative capacity of 1200M³
2. ***Mega Water Pans Project (FY 2020/21)***: included the construction of three (3) dams, seven (7) water pans, one (1) borehole and four (4) underground water tanks.
3. ***Peace Dams Construction (FY2021/22)***: the project involved construction of four (4) water pans, one (1) water supply scheme and one (1) borehole.

Ongoing Projects

Five projects are currently underway, including:

1. ***Gums Resins and Gums Arabic Development Programme.***

The project spanning 2020-2023 targeted a range of objectives, including land survey and titling, water supply, construction of sorting and grading yard, collection centers, factory modifications, boiler and ethanol/hexane house construction, sewer line, waste treatment plant, gate and reception center construction, road paving, terrazzo floor installation, and raw materials warehouse construction. Several goals, such as water supply, factory modification, and boiler house construction, were successfully accomplished during this period. However, certain targets, like survey and titling of land, collection center establishment, and raw materials warehouse, only reached partial fulfillment. Throughout the project, the purchase and processing of gums and resins were also monitored, achieving 33% of the intended target by the review period's conclusion

2. ***Ewaso Ng'iro North Catchment Conservation Project.***

The project aims to rehabilitate degraded areas of the Ewaso Ng'iro North River catchment and its riparian areas while mitigating the impacts of climatic change on the basin's population. Main activities under this project included establishment of tree nurseries comprising several assorted tree seedlings, riparian conservation protection and rehabilitation, and one peace conservation camel caravan. During the period under review, all the key milestones were fully achieved, with most of them exceeding targets. These

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achievements underscore the organization's unwavering dedication to environmental sustainability and community engagement.

3. *Drought Mitigation Project – ENNDA.*

The Project involves the development of water points to promote the adaptation and resilience building of the communities to the impacts of frequent and prolonged droughts. Seven (7) boreholes and nine (9) water harvesting reservoirs were completed during this period.

4. *Northern Kenya Integrated Camel Development Programme.*

The project was revived in the FY 2022/23 after having stalled in 2017. One borehole was developed at the camel Centre. However, the feasibility study and design report for the Camel milk processing factory was not done due to budget cuts.

5. *Ewaso Ng'iro North Integrated Water, Drought & Food Security Development Project.*

The project was also revived in the FY 2022/23 after having stalled in 2017. One water pan one water pan was constructed.

Compliance with Statutory Requirements

ENNDA remains committed to upholding stringent compliance with statutory requirements. The Authority has demonstrated a commitment to upholding legal and regulatory obligations, ensuring transparency and accountability in all operations.

Major Risks Facing the Authority

The Authority faces several significant risks, including funding challenges, historical pending bills, and climate change impacts. Human resource-related challenges such as understaffing in the technical departments with requisite staff and skills, and low-performing revenue streams occasioned by worn-out plant, machinery and equipment have also been identified as major risks facing the Authority.

Material Arrears in Statutory and Other Financial Obligations

During the review period, ENNDA has maintained a healthy financial position, meeting all financial obligations without material arrears. Our robust financial management practices have allowed us to maintain a healthy financial position and uphold and reputation for fiscal responsibility.

Review of the Economy

The economic landscape has presented both challenges and opportunities, with the effects of the global pandemic impacting revenue collection. However, signs of recovery are evident, particularly in agriculture and sustainable resource management. As economic conditions stabilize, ENNDA is poised to play a pivotal role in supporting the region's economic growth through our sustainable development initiatives.

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Review of the Sector and Future Developments

The natural resource management sector is evolving, emphasizing sustainability and climate resilience. ENNDA plans to expand infrastructure, enhance water resource management practices, and promote community engagement for sustainable development.

Conclusion

ENNDA remains committed to compliance, risk management, financial responsibility, and sustainable development. Despite challenges, proactive measures ensure preparedness to navigate the dynamic landscape of water resource management in the region. We remain focused on achieving our goals and serving the best interests of our stakeholders, both now and in the future.


Eng. Ali Ibrahim Hassan, PhD
MANAGING DIRECTOR

Ewaso Ng'iro North River Basin Development Authority
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10. Environmental and Sustainability Reporting

i. Sustainability Strategy and Profile

A well-defined environmental and sustainability strategy and profile for a Regional Development Authority not only contribute to the long-term health and liveability of the region but also attract investment, talent, and businesses that value sustainability, ultimately fostering economic growth and social well-being while preserving the environment.

As a regional development authority, Ewaso Ng'iro North Development Authority (ENNDA) is responsible for promoting economic growth, infrastructure development, and overall well-being within the area of its jurisdiction. An essential component of an ENNDA's mission include an environmental and sustainability strategy and profile, as these factors play a crucial role in the long-term success and resilience of the region.

Detailed below, are comprehensive explanations of the environmental and sustainability strategy and profile for ENNDA:

- i). **Vision:** ENNDA have a clear vision that incorporates sustainable and environmentally responsible development within the region
- ii). **Mission:** The mission statement of the Authority explicitly states the commitment to fostering sustainable development while balancing economic, social, and environmental goals.
- iii). **Stakeholder Engagement:** Involvement of various stakeholders, including local communities, businesses, non-profits, and government agencies for support and input.
- iv). **Environmental Assessment:** ENNDA undertakes comprehensive evaluations to identify issues and risks. The authority also adopts environmental impact assessments tools to evaluate the potential consequences of development projects and ensure that they align with sustainability goals.
- v). **Sustainability Goals:** Establishing measurable targets for carbon emissions, resource conservation, and habitat preservation.
- vi). **Renewable Energy and Efficiency:** Promotion of green energy and energy-efficient technologies
- vii). **Natural Resource Management:** Strategies for sustainable management of resources, including water resources, forests and agricultural land.
- viii). **Sustainable Economic Development:** Promotion of eco-friendly industries as well as supporting initiatives that create green jobs and stimulate economic growth while minimizing environmental harm.
- ix). **Education and Outreach:** Public awareness campaigns and educational programs about the importance of sustainability and environmental conservation.
- x). **Monitoring and Reporting:** Regular tracking of progress and transparent reporting to ensure data on environmental and sustainability performance are accessible.
- xi). **Partnerships and Funding:** Collaboration with other organizations to leverage resources, share expertise, and secure funding for sustainability initiatives.
- xii). **Regulatory Framework:** Advocacy for policies that support sustainability and discourage environmentally harmful activities.
- xiii). **Continuous Improvement:** Evaluation and updating of strategies based on evolving priorities.
- xiv). **Resilience Planning:** Developing strategies to address climate change and natural disasters.

ii. Environmental Performance

Environmental Performance Indicators help assess ENNDA's environmental impact and guide decision-making. They include:

- i).** Energy Consumption and Efficiency
- ii).** Greenhouse Gas Emissions
- iii).** Water Usage and Conservation
- iv).** Green Facilities Installation
- v).** Biodiversity and Habitat Conservation
- vi).** Procurement and Supply Chain
- vii).** Environmental Compliance
- viii).** Public Engagement and Education
- ix).** Financial Performance
- x).** Environmental Reporting
- xi).** Environmental Risk Assessment
- xii).** Employee Engagement

iii. Employee Welfare

Policies for fair and transparent hiring constitute efforts for employee development including training, performance feedback, coaching, and career counselling. These include:

- i).** Equal Employment Opportunity
- ii).** Merit-Based Hiring
- iii).** Job Postings
- iv).** Recruitment and Outreach
- v).** Applicant Screening and Selection
- vi).** Background Checks and References
- vii).** Veterans' Preference
- viii).** Anti-Nepotism Policies
- ix).** Hiring Freeze and Budgetary Constraints
- x).** Temporary and Contract Employment
- xi).** Probationary Periods
- xii).** Compensation and Benefits
- xiii).** Conflicts of Interest
- xiv).** Privacy and Data Protection
- xv).** Documentation and Recordkeeping

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iv. Market place practices-

a) Responsible Competition Practice

The Authority has prevention corruption committee to curb the incidences of corruption from occurrences. Additionally, the Authority has put in place measures and operations procedures which are water tight in preventing corruption occurrences. Those includes: - Standard operating procedures, total quality management systems, International Standard Organization Certificate (ISO) certification among others.

v. Corporate Social Responsibility Statement/Community Engagements

All ENNDA projects are need based and derived from community participation and involvement in public forums and barazas and written community requests seeking for supports. The projects are community oriented as they are meant to address community needs and services that alleviate communities from prevailing adverse situations.

The community involvement is conducted in accordance with the spirit of the constitution of Kenya 2010 and to ensure project sustainability by instilling sense of project ownership and belongings as shown below.

Conclusion

Environmental Sustainability is very essential in a fragile Basin like Ewaso Ng'iro North River Basin and all development Projects and Programmes places it at the forefront of every activity.

Recommendation

1. Require to emulate trans-disciplinary in the basin by bringing in multilevel, multi-stakeholders transfer strategy to ensure integration of scientific and local knowledge systems
2. Involvement of research and application to balance needs and requirements.
3. In alignment with sustainable development & goals ENNDA should provide trainings and awareness to the community
4. In alignment with sustainable development goal the stakeholders through the campaign to strengthen capacity of the community living along the river basin on disaster risk reduction measures, climate change adaptation information and actions, ecosystem management and restoration initiatives.
5. The need to develop effective policy and legislative framework that protect against over exploitation and ensure that there is water source for social & economic development, where there is joint responsibility for protection and controlling the water sources.
6. Rehabilitation of degraded forest, reducing land & mountains degradation in upland of catchment.
7. Promote peace & security in the context of climate change through Ewaso Ng'iro camel caravan.
8. Desilting of water pans/reservoirs to remove accumulation of semi-decomposed leaf litters and other organic debris in the lake sources
9. The Authority to sensitize the communities living along water sources on importance and livelihood of collaborating with ENNDA towards catchment conservation.
10. Drilling of boreholes for community use to minimize/protect the swamps & river sources from human & animal interference.
11. Conserve catchment areas along the basin water towers and along the riparian of the tributaries through tree plantation.

11. Report of the Directors

The Board/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Authority's affairs.

i) Principal activities

The principal activities of the Authority are: -

Development Planning and Coordination

- 1) To plan for the development and initiate project activities identified from such planning in the area through the government generally;
- 2) To develop an up-to-date long range development plan for the area.
- 3) To coordinate working studies of schemes within the area such that human, water, animal, and land and other resources are utilized to the best advantage and to monitor the design and execution of planned projects within the area;
- 4) To coordinate the present abstraction and use of natural resources, especially water within the area and set-up an effective monitoring of abstraction and usage;
- 5) To ensure that landowners in the area undertake all the measures to protect water and soils of the areas;
- 6) To maintain a liaison between the governments, the private sector and other interested agencies in the matter of the development of the area with a view to limiting the duplication of effort and to ensuring the best use of the available technical resources.

Generation of Strategic Data and Information

- 1) Initiate study, carry out surveys, initiate, operate and implement projects as may be considered necessary by the government or the Authority to assess alternative demands within the area on the natural resources thereof, and to initiate, operate or implement such projects as may be necessary to exploit those natural resources including agriculture (both irrigated and rain fed), forestry, wildlife and tourism industries, electric power generation, mining and fishing and to recommend economic priorities.
- 2) To identify, collect, collate and correlate all such data related to the use of the water and other resources and also economic and related activities within the areas as may be necessary for the efficient forward planning of the area;
- 3) To consider all aspects of the development of the area and its effects on the rivers inflow and outflow.

Monitoring, Evaluation and Implementation of Projects

- 1) To effect a program of both monitoring and evaluation performance of the projects within the area so as to improve such performance and establish responsibility thereof, and to improve future planning.
- 2) To cause and effect the construction of any works deemed necessary for the protection and utilization of water and soil in the area;

To examine the hydrological and ecological effects of development programmers and evaluate how they affect the economic activities of the person dependent on river environment.

ii) Results

The results of the Authority for the year ended June 30 2023 are set out on page 1 to 41.

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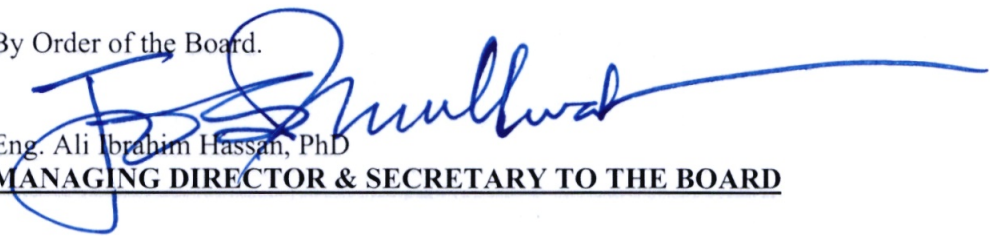
iii) Directors

The members of the Board who served during the year are shown on page vii-ix. During the year 2022 all directors retired on expiry of contract.

iv) Auditors

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

By Order of the Board.


Eng. Ali Ibrahim Hassan, PhD

MANAGING DIRECTOR & SECRETARY TO THE BOARD

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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the Ewaso Ng'iro North River Basin Development Authority Act require the Directors to prepare financial statements in respect of that Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.


The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

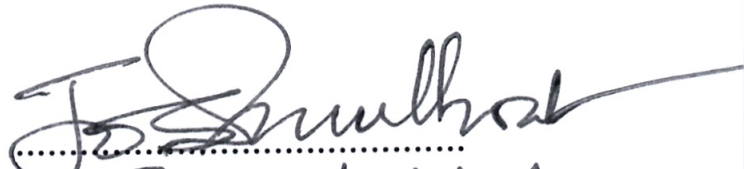
The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Ewaso Ng'iro North River Basin Development Authority Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

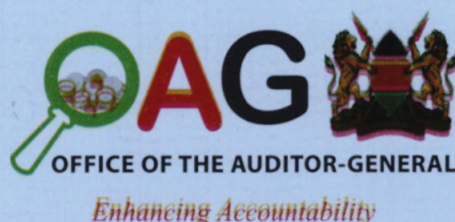
Approval of the financial statements

The Authority's financial statements were approved by the Board on _____ 2023 and signed on its behalf by:


.....
Name **AHMED DUALE AHMED**
Chairperson of the Board/Board


.....
Name **JOSIAH W. MULWA**
Accounting Officer/Managing Director

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the 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 Ewaso Ng'iro North River Basin Development Authority set out on pages 1 to 33, which comprise the statement of financial

position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Ewaso Ng'iro North River Basin Development Authority as at 30 June, 2023, 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 Ewaso Ng'iro North River Basin Development Authority Act, Cap 448.

Basis for Qualified Opinion

1.0 Outstanding Trade and Other Payables

The statement of financial position and Note 15 to the financial statements reflects Kshs.198,542,715 in respect to trade creditors and other payables. However, as previously reported, available records indicate that some of the creditors/pending bills were over ten (10) years old. No valid explanation was provided as to why the Authority had not settled creditors/debts that have been outstanding for more than ten (10) years contrary to Treasury Circular No. 10- 2020, Ref DGIPE/A/1/80 of 16 June, 2020 on prioritization of pending bills by state corporations and semi- autonomous government agencies which required that state corporations should ensure that pending bills are treated as first charge in their subsequent financial year approved budgets.

In the circumstances, the accuracy of the trade creditors and other payables of Kshs.198,542,715 could not be confirmed and Management was in breach of the law.

2.0 Inaccuracies in the Statement of Changes in Net Assets

The statement of changes in net assets include a column headed 'ENNCRP' with a brought forward balance of Kshs.28,725,000 from previous years but whose composition and supporting documents were not provided for audit review.

In the circumstances, the accuracy and completeness of the brought forward balance of Kshs.28,725,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Ewaso Ng'iro North River Basin Development Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in

Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.742,646,253 and Kshs.733,638,494, respectively, resulting to an under-collection of Kshs.9,007,759, or 2% of the budget. Similarly, the Authority expended Kshs.733,287,414 against an approved expenditure budget of Kshs.664,646,253 resulting to an over-expenditure of Kshs.68,641,161, or 10% of the budget.

The underfunding and overspending of the budget affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unbalanced Budget

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects Kshs.742,646,253 in respect to the final revenue budget against an expenditure budget of Kshs.664,646,253 resulting in a budget surplus of Kshs.78,000,000, contrary to the budget guidelines stipulated in Section 33(c) of the Public Finance Management (National Government) Regulations, 2015 which require the budget to be balanced. Although Management explained that the excess funds were spill-over funds unspent in the previous years, the statement of comparison of budget and actual amounts should have included the funds together with their respective expected expenditures.

My opinion is not modified in respect of these matters.

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

Prior Year Issues

The audit report for the year ended 30 June, 2022 highlighted several issues relating to balances reflected in the Financial Statements, Lawfulness and Effectiveness in Use of Public Resources and Effectiveness of Internal Controls, Risk Management and Governance. However, although Management has indicated in the progress on implementation of auditor's recommendations section that most of the prior year audit

issues have been resolved, no evidence was adduced for audit review to show how and when they were resolved.

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

1.0 Non-Compliance with the Law on Fiscal Responsibility

The statement of financial performance reflects total revenue of Kshs.733,638,494 as disclosed in Notes 6 and 7 to the financial statements and employee costs of Kshs.268,332,982 as disclosed in Note 9 to the financial statements. A comparison of the employee costs against the Authority's revenue in the year under review puts the wage bill at 37% of the total revenue which exceeds the threshold as provided for by Section 26(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that National Government's expenditure on the compensation of employees (including benefits and allowances) shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated by the National Government entity pursuant to Article 209(4) of the Constitution.

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

2.0 Unutilized and Idle Project

The statement of financial performance and Note 19 to the financial statements reflects Kshs.384,157,741 on development expenditure which includes Kshs.360,786,874 in respect to Gums Arabic and Gums Resins Development Programme drought mitigation project. The expenditure was in respect of construction of a gum and resins factory commissioned in February, 2022 to improve livelihood, wealth and employment creation, conservation of natural resources and management through enhancing gums and resin processing and value addition.

The factory was built at a cumulative cost of Kshs.359,000,000 and was expected to generate annual revenue of Kshs.81,000,000. However, records available showed that although the factory was completed and commissioned, it has remained idle and no operations had taken place but continued incurring costs for nine (9) idle staff members

and security officers. The wages paid to the idle staff in the year under review totalled to Kshs.6,699,636.

In the circumstances, the intended purpose of the project and value for money on development expenditure of Kshs.360,786,874 has not been realized.

3.0 Board Meetings

The statement of financial performance and Note 10 to the financial statements reflects Kshs.12,028,780 in respect to board expenses which includes Kshs.809,400 paid in respect to board sitting allowances. However, the board held only three meetings contrary to chapter 4 of Mwongozo Code of Governance on Board Meeting which requires that board meetings be held quarterly or four (4) times in a year and not more than four months shall elapse from the date of one meeting to the next meeting.

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

4.0 Unutilized Contracted Services

The statement of financial position and Note 21 to the financial statements reflects Kshs.10,794,522 in respect to intangible assets which relates to purchase of Enterprise Resource Planning software (EPR) from a local supplier. However, Management failed to justify why an ERP system was procured and installed in the year under review and which has not been utilized by the time of this audit in the month of January, 2024.

In the circumstances, the value for money from the Kshs.10,794,522 spent on purchase of Enterprise Resource Planning ERP system could not be confirmed.

5.0 Irregular Procurements

5.1 Motor Vehicle Insurance

The statement of financial performance and Note 13 to the financial statements reflects Kshs.6,159,564 in respect to expenditure on contracted services which included Kshs.5,216,682 spent on asset insurance.

In the year under review, the Authority engaged an insurance brokerage firm to insure twenty-two (22) motor vehicles at a cost of Kshs.3,503,550. The procurement method used was request for quotations. However, the amount involved was above the set maximum limit allowed for use in this method of procurement contrary to the Second Schedule and as prescribed in Regulation 91(1) of the Public Procurement and Asset Disposal Regulations, 2020 which puts the maximum level of expenditure under this method to Kshs.3,000,000 for goods and services.

5.2 Drilling, Test Pumping and Equipping of Boreholes

The statement of financial performance and Note 19 to the financial statements reflects Kshs.384,157,741 in respect to development expenditure which includes Kshs.360,786,874 spent on the drought mitigation project.

The Authority contracted a contractor for drilling, test pumping, and equipping of Charabaticha Borehole in Isiolo North Constituency at a cost of Kshs.12,991,650. The Authority used the National Open Tender as the preferred procurement method. However, the tender evaluation committee appointment letter Ref; ENNDA/CONTR/011/2022-2023 from LOT 1 to LOT 15 indicated that Management had appointed six (6) members to the ad-hoc tender evaluation committee contrary to Section 46(4b) of the Public Procurement and Asset Disposal Act, 2015 which requires that an evaluation committee established should consist of between three and five members appointed on a rotational basis comprising heads of user departments and two other departments or their representatives.

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

6.0 Trade Creditors and Other Payables - Accrued Statutory Obligations

The statement of financial position and Note 15 to the financial statements reflects trade creditors and other payables of Kshs.198,542,715 which include amounts totalling Kshs.19,667,188 being Kshs.10,878,823 and Kshs.8,788,365 in respect to staff pension arrears payable to AON Minet and Staff PAYE arrears payable to Paymaster General, respectively. The amounts remained un-submitted to the relevant authorities as at 30 June, 2023. This is contrary to Section 27(1) of the National Social Security Fund Act, 2023 which states that if any contribution for which a contributing employer is required to pay and is not paid within one month after the end of the month in which the last day of the contribution period to which it falls, a sum equal to five per cent of the amount of that contribution shall be added to the contribution for each month or part of a month that the amount due remains unpaid, and any such additional amount shall be recoverable at the same time and in the same manner as the contribution to which it is added and Section 35(5) of Income Tax Act Cap 270 revised 2018 that state, where a person deducts tax under this section he shall, on or before the twentieth day of the month following the month in which the deduction was made; (a) remit the amount so deducted to the Commissioner together with a return in writing of the amount of the payment the amount of tax deducted, and such other information as the Commissioner may specify; and (b) furnish the person to whom the payment is made with a certificate stating the mount of the payment and the amount of the tax deducted.

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

7.0 Construction of Ewaso Ltepes Water Pan in Samburu North Constituency

The statement of financial performance and Note 19 to the financial statements reflects Kshs.384,157,741 in respect to development expenditure, out of which Kshs.360,786,874 was expended on drought mitigation projects which includes Kshs.14,784,000 in respect to the construction of Ewaso Ltepes Water Pan in Samburu North Constituency. Section 1.4 of the Bill of Quantities (BQs) provided for supervision allowances, operational costs & fuel costs for the engineer and engineer's staff.

The contractor was required to deposit Kshs.1,000,000 to the entity's bank account. However, there was no evidence that this money was deposited. Although a provision of Kshs.500,000 was made in the BQs for the security, stationery, and procurement of ICT facilities during the supervision period, there was no evidence of either procurement of the facilities, stationery or security during project supervision.

In the circumstances, the value for money for Kshs.14,784,000 expended in respect to construction of Ewaso Ltepes Water Pan may not have been realized.

8.0 Projects Verification Report

8.1 Construction of Silanko EL Mekuri Water Pan in Samburu-Wamba

A field verification carried out in January, 2024 revealed that although the bill of quantities for the project provided for the construction of sills 10m* 0.3m* 0.3m and a 10M wide gently inclined cattle ramp placed with 300mm rolled hardcore on 300mm sand bed and sections above the water line protected by 300mm riprap layer, the same had not been done.

8.2 Construction of Laisamis Water Pan-Kargi

A field verification carried out in January, 2024 revealed that although the bill of quantities provided for construction of sills size 10m*0.3m*0.3m and a 10M wide gently inclined cattle ramp placed with 300mm rolled hardcore on 300mm sand bed for sections above the water line protected by 300mm riprap layer at a cost of Kshs.350,000, the same had not been done.

In the circumstances, the value for money of Kshs.15,033,600 and Kshs.13,005,200 spent on the projects could not be ascertained.

9.0 Unapproved Investment

The statement of financial position and Note 16 to the financial statements reflects Kshs.303,907,685 in respect to cash and cash equivalent which includes Kshs.277,043,795 in respect to the Authority's development account held in a commercial bank. Available information indicates that an initial amount of Kshs.300,000,000 was invested in a short-term fixed deposit account. However, Management did not provide information to show how the investor bank was identified.

Further, interest computation schedules including roll-overs and withdrawal instructions for the fixed deposit account were not provided for audit review to confirm the accuracy of the reported interest income of Kshs.3,409,315.

Further, in the absence of approval from the Board on the investment of fixed deposit, the Management was in breach of the law.

In the circumstances, regularity of the investment of Kshs.300,000,000 as at 30 June, 2023 could not be ascertained.

10.0 Irregular Payment of Electricity Bills from Development Account

The statement of financial performance and Note 8 to the financial statements reflects Kshs.40,960,560 on use of goods and services which includes Kshs.735,814 in respect to expenditure on electricity, out of which Kshs.218,650 was paid from development expenditure vote instead of being paid from recurrent vote account. Although the payment vouchers were prepared and authorized to be paid from recurrent vote account, the cheques were written and irregularly paid from development vote account contrary to Section 154(1)(b) of the Public Finance Management Act, 2012 which states that an accounting officer shall not authorize the transfer of an amount that is appropriated for capital expenditure except to defray other capital expenditure.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of Functional Internal Audit

Review of the internal audit function showed that internal audit reports were not acted upon by Management or discussed by the audit committee. Further, records of the Authority did not bear evidence of having been examined by the internal audit department pointing to the possibility that the internal audit department could have been denied access to the records thus limiting their scope contrary to Regulation 155(3) of the Public Finance Management (National Government) Regulations, 2015 which requires the

internal auditor to have direct and prompt access to all records, officials or personnel holding any contractual status and to all the premises and properties of the entity.

In addition, the internal audit function did not publish an annual report on the review of the independence, performance, and competence of the internal audit unit contrary to Regulation 159(2) of the Public Finance Management (National Government) Regulations, 2015, which provides that in each financial year the audit committee shall carry out an annual review of the independence, performance and competence of the internal audit unit and comment on its effectiveness in an annual report.

In the circumstances, the operational effectiveness and independence of the internal audit department could not be ascertained.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the 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 financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant

legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

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


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

22 March, 2024

Ewaso Ng'iro North River Basin Development Authority
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14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non- exchange transactions			
a) Transfers from Ministries & Department	6(a)	727,646,253	1,101,632,000
Total		727,646,253	1,101,632,000
Other Income			
Rendering of Services-A in A	7	5,992,241	16,618,588
Total		5,992,241	16,618,588
TOTAL REVENUE		733,638,494	1,118,250,588
Expenses			
Use of goods	8	40,960,627	68,834,702
Employees cost	9	268,332,982	213,022,766
Board Expenses	10	12,028,780	15,101,846
Depreciation and Amortization Expense	11	21,476,175	19,818,153
Repairs and Maintenance	12	10,853,198	8,875,224
Contracted Services	13	6,159,564	1,377,811
Development Expenses	19	384,157,741	657,694,258
Total Expenses		743,969,067	984,724,759
Surplus Before Other Incomes		(10,330,574)	133,525,828
Other Gains /(Losses)			
Gain/Loss on Biological Assets	14	266,000	4,490,000
Surplus/Deficit for the period		(10,064,574)	138,015,828

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The notes set out on pages 7 to 31 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:



Name: JOSIAH W. MUHWA

Accounting Officer

Date 19/2/2024



Name: PETER GUCHA DARRO

Head of Finance

ICPAK M/No: Assoc/3107

Date 19.02.2024.



Name: AHMED DURE AHMED

Chairman of the Board




Date 19.02.2024

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15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalent	16	303,907,686	323,262,880
Stock /Inventories	17	125,000	125,000
Total Current Asset		304,032,686	323,387,880
Non-Current Assets			
Biological Assets	18	5,776,000	5,510,000
Property Plant and Equipment	20(b)	214,748,844	219,873,579
Intangible Assets	21	10,794,522	-
Total Non-current Asset		231,319,366	225,383,579
Total Assets		535,352,052	548,771,460
Liabilities			
current Liabilities			
Trade Creditors and Other Payables	15	198,542,715	201,897,549
Bank Overdraft			
Total Liabilities		198,542,715	201,897,549
Net Assets			
Accumulated Funds		320,049,337	330,113,910
Capital Reserves		16,760,000	16,760,000
Total Accumulated Funds and capital Reserves		336,809,337	346,873,910
Total Net Assets and Liabilities		535,352,052	548,771,459

The financial statements set out on pages 1 to 31 were signed on behalf of the Board of Directors by:

		
Name JOSIAH W. MULWA	Name PETER GUCHA DARRO	Name AHMED DUALE AHMED
Accounting Officer	Head of Finance ICPAK Member Number: Assoc/3107	Chairman of the Board
Date 19/2/2024	Date 19.02.2024	Date 19.02.2024

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16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	ENNNCRP	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1,2021	28,725,000	16,760,000	-	163,373,082	-	-	208,858,082
Surplus/ deficit for the year	-	-	-	138,015,828	-	-	138,015,828
Capital/development grants received during the year	-	-	-	-	-	817,392,000	817,392,000
As at June 30,2022	28,725,000	16,760,000	-	301,388,910	-	817,392,000	1,164,265,910
As at July 1,2022	28,725,000	16,760,000	-	301,388,910	-	-	346,873,910
Surplus/ deficit for the year	-	-	-	(10,064,574)	-	-	(10,064,574)
Capital/development grants received during the year	-	-	-	-	-	406,976,253	406,976,253
As at June 30,2023	28,725,000	16,760,000	-	291,324,336	-	406,976,253	743,785,589

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17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6(a)	727,646,253	1,101,632,000
Finance income			
Other income	7	5,992,241	16,618,588
Total receipts		733,638,494	1,118,250,588
Payments			
Use of goods and services	8	40,960,627	68,834,702
Employee costs	9	268,332,982	213,022,766
Board Expenses	10	12,028,780	15,101,846
Repairs and maintenance	12	10,853,198	8,875,224
Contracted services	13	6,159,564	1,377,811
Development Expense	19	384,157,741	657,694,258
Total payments		722,492,892	964,906,607
Net cash flows from/ (used in) operating activities	22	11,145,602	153,343,981
Cash flows from investing activities			
Purchase of PPE and Intangible assets	20	(27,145,962)	(1,546,000)
(Decrease) / Increase in Creditors	15	(3,354,834)	(22,606,148)
Purchase of investments			
Sale of investments			
Net cash flows from/(used in) investing activities		(30,500,796)	(24,152,148)
Cash flows from financing activities			
Proceeds from borrowings			
Payments of Payables			
Proceeds from issue of shares			
Net cash flows from financing Activities		-	-
Net increase/(decrease) in cash &		(19,355,194)	129,191,833
Cash equivalents			
Cash and cash equivalents at 1 July	16	323,262,880	194,071,047
Cash and cash equivalents at 30 June	16	303,907,686	323,262,880

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c= (a+ b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities (Recurrent)	320,670,000.00	-	320,670,000.00	320,670,000.00	0.00	100
Transfers from Other Governments entities (Development)	106,976,253.00	300,000,000.00	406,976,253.00	406,976,253.00	0.00	100
Other Income	15,000,000.00	-	15,000,000.00	5,992,241.10	9,007,758.90	40
Total Income	442,646,253.00	300,000,000.00	742,646,253.00	733,638,494.10	9,007,758.90	
Expenses						
Use of Goods and Services	39,382,000	-	39,382,000	40,960,627.00	-1,578,627.00	104
Employee costs	267,368,000	-	267,368,000	268,332,982.00	-964,982.00	100
Remuneration of Directors	12,040,000	-	12,040,000	12,028,780.00	11,220.00	100
Repairs and Maintenance	11,580,000	-	11,580,000	10,853,198.00	726,802.00	98
Contracted Services	5,300,000	-	5,300,000	16,954,086.00	-11,654,086.00	320
Total Expenditure	335,670,000.00	-	335,670,000.00	349,129,673.00	-13,459,673.00	
Surplus for the period						
Capital Expenditure	22,597,500	306,378,753	328,976,253	384,157,741	(55,181,488)	117

Budget notes

1. The budget is on cash basis while the statement of performance is on accrual basis.

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19. Notes to the Financial Statements

1. General Information

Ewaso Ng'iro North Development Authority is established by and derives its authority and accountability from Ewaso Ng'iro North River Basin Development Authority Act Cap 448 Laws of Kenya. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to contribute to Development in the Ewaso Ng'iro North River Basin area through promotion of Agro-Industry development, creation of employment, resource conservation, sustainable exploitation and management of natural resources, promotion of tourism and sustainable utilization of the environment to alleviate poverty and enhancement of food self-sufficiency.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Authority's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Authority's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Authority's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Authority provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Authority. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

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Notes to the Financial Statements (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the Authority. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Early adoption of standards

The Authority did not early-adopt any new or amended standards in the financial year or 2020-2023

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Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Authority and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Authority and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The 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 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 Authority.

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Authority's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for the F.Y 2022-2023 was approved by the National Assembly on June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs.300, 000,000 on the 2022-2023 budget following the governing body's approval.

Budget information (continued)

The Authority'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 under section 17 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Authority operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Authority and the same taxation authority.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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 Authority 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.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) 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 with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Authority expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Authority can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

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Notes to the Financial Statements (Continued)

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Authority does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the Authority measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Authority classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Authority's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Authority has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Authority classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the Authority manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The Authority assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Authority recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) but in this case it was not applicable for reporting period under review hence not provided.

b) Financial liabilities

Classification

The Authority classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Authority.

Ewaso Ng'iro North River Basin Development Authority
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Notes to the Financial Statements (Continued)

k) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Authority expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Authority recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Authority will incur in fulfilling the present obligations represented by the liability.

m)Contingent liabilities

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

n) Contingent assets

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

o) Nature and purpose of reserves

The Authority creates and maintains reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

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

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

r) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

s) Foreign currency transactions

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

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related parties

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

v) Service concession arrangements

The Authority analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Authority recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Authority also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) 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.

x) Comparative figures

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

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Authority's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Authority based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Authority.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Ewaso Ng'iro North River Basin Development Authority
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Notes to the Financial Statements (Continued)

6. a) Transfers from Other Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Operational Grant	320,670,000	284,240,000
Unconditional development grants	406,976,253	817,392,000
Total Unconditional Grants	727,646,253	1,101,632,000
Total Government Grants and Subsidies	727,646,253	1,101,632,000

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2022-2023	Prior year 2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department for Regional Development, ASALs and Northern Corridor Recurrent Grant	320,670,000	-	-	320,670,000	284,240,000
State Department for Regional Development, ASALs and Northern Corridor Development Grant	406,976,253	-	-	406,976,253	817,392,000
Total	727,646,253	-	-	727,646,253	1,101,632,000

Ewaso Ng'iro North River Basin Development Authority
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Notes to the Financial Statements (Continued)

7. Other Income

Description	2022-2023	2021-2022
	Kshs	Kshs
A-I-A	2,582,926	4,679,000
Interest Income	3,409,315	11,939,588
Total Other income	5,992,241	16,618,588

8. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Electricity	735,814	833,700
Advertising	805,154	1,662,976
Conferences and Delegations	2,155,951	1,861,679
Fuel and Oil	5,500,743	14,006,218
Motor Vehicle Operation	3,517,413	-
Postage	2,003,056	1,260,113
Printing and Stationery	1,894,119	4,636,892
Rent expenses	1,300,000	690,000
Training	2,872,348	8,499,811
Travel, Subsistence & Other Allowances*	19,222,636	35,128,972
Bank charges	477,433	254,341
Audit fees	232,000	-
Medical Ex-Gratia	243,893	-
Total	40,960,560	68,834,702

9. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	135,385,170	109,146,540
Employer contribution to health insurance schemes	17,966,679	15,301,190
Employer contribution to pension schemes	22,547,585	15,794,737
Housing benefits and allowances	92,433,548	72,780,298
Employee costs	268,332,982	213,022,765

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Notes to the Financial Statements (Continued)

10. Board Expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman/Directors' Honoraria	738,287	671,170
Sitting Allowances	809,400	1,740,000
Per Diem	5,514,600	6,800,000
Lunch Allowances	120,000	233,000
Travel and Accommodation	1,995,293	2,036,506
Other Allowances	2,851,200	3,621,170
Total	12,028,780	15,101,846

11. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Buildings	3,158,719	3,239,712
Plant and Equipment	7,597,666	8,683,047
Motor Vehicle, Including Motor Cycles	6,485,084	4,883,445
Computers and related Equipment	2,297,799	1,113,382
Office Equipment, Furniture and Fittings	1,936,907	1,898,567
Total depreciation and amortization	21,476,175	19,818,153

12. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Vehicles, Equipment and Machinery	4,123,482	6,393,258
Furniture and Fittings	-	-
Computers and Accessories	685,100	973,940
Repair Others	6,044,616	1,508,026
Total Repairs and Maintenance	10,853,198	8,875,224

13. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Outsourced Legal Services	942,883	441,050
Asset Insurance	5,216,681	936,761
Total Contracted Services	6,159,564	1,377,811

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14. Gain/ (Loss) of Biological Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Biological Asset	266,000	(4,490,000)
Total	266,000	(4,490,000)

15. Trade and Other Payables

Description	2022-2023		2021-2022	
	KShs		KShs	
Trade payables	161,875,527		162,230,361	
Employee payables	19,667,188		19,667,188	
Other payables	17,000,000		20,000,000	
Total trade and other payables	198,542,715		201,897,549	
Ageing analysis: (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	-	-	-	--
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	198,542,715	100 %	201,897,549	100 %
Total (tie to above total)	198,542,715		201,897,549	

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Notes to the Financial Statements (Continued)

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	303,867,878	323,210,113
Savings Account	39,807	52,767
Total Cash and Cash Equivalents	303,907,685	323,262,880

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2022-2023 Kshs	2021-2022 Kshs
a) Current Account			
ENNDA Recurrent Account-Consolidated Isiolo	10111200000052	26,492,910	53,711
ENNDA Development Account-Consolidated Isiolo	10111203000200	277,043,795	300,296,588
ENNDA Retention Account-Consolidated Isiolo	10111203000201	1,034	14,774,769
ENNDA Enterprise Scheme-KCB	114236661	196,990	33,818
ENNDA Development Account-NBK	142047448000	133,149	8,051,227
Sub- Total		303,867,878	323,210,113
b) Savings Account			
Kenya Commercial Bank – Garissa Savings	1107430755	39,807	52,767
Sub- Total		39,807	52,767
Grand Total		303,907,685	323,262,880

17. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Bricks	125,000	125,000
Total	125,000	125,000

18. Biological Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Biological Asset	5,776,000	5,510,000
Total	5,776,000	5,510,000

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Notes to the Financial Statements (Continued)

19. Development Expenditure

Description	2022-2023	2021-2022
	Kshs	Kshs
Drought Mitigation Project	360,786,874	512,776,793
Catchment Conservation and Construction of Small Integrated Water Storage and Irrigation schemes	12,322,249	84,462,763
Gums Arabic and Gums Resins Development Programme	11,048,618	60,454,702
Total	384,157,741	657,694,258

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost	Buildings	Plant & Machinery	Motor vehicles	Computers	Furniture and fittings	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
N.B.V AT 30TH JUNE 2021-GOK	129,588,479.93	69,464,376.05	19,127,682.60	3,559,536.14	12,070,919.25	-	233,810,993.98
N.B.V AT 30TH JUNE 2021-ENNNCRP	-	-	406,097.76	35,736.56	3,892,903.83	-	4,334,738.15
Additions				116,000.00	1,430,000.00	-	1,546,000.00
N.B.V AT 30TH JUNE 2021-Total	129,588,479.93	69,464,376.05	19,533,780.37	3,711,272.70	17,393,823.08	-	239,691,732.13
Charge for year- GOK	3,239,712.00	8,683,047.01	4,781,920.65	1,102,660.84	1,687,614.91	-	19,494,955.40
Charge for year- ENNNCRP	-	-	101,524.44	10,720.97	210,951.86	-	323,197.27
Total charge for the 2022	3,239,712.00	8,683,047.01	4,883,445.09	1,113,381.81	1,898,566.77	-	19,818,152.68
ACC. DEPRECIATION						-	
TOTAL FOR 2021	33,863,579.09	234,390,153.44	290,069,469.30	16,095,754.21	75,750,048.32	-	650,169,004.36
TOTAL FOR 2022	3,239,712.00	8,683,047.01	4,883,445.09	1,113,381.81	1,898,566.77	-	19,818,152.68
ACC. DEPRECIATION 2022	37,103,291.09	243,073,200.45	294,952,914.39	17,209,136.02	77,648,615.09	-	669,987,157.04
N.B.V AT 30TH JUNE 2021-Total	129,588,479.93	69,464,376.05	19,533,780.37	3,711,272.70	17,393,823.08	-	239,691,732.13
Total charge for the 2022	3,239,712.00	8,683,047.01	4,883,445.09	1,113,381.81	1,898,566.77	-	19,818,152.68
N.B.V AT 30TH JUNE 2022-Total	126,348,767.93	60,781,329.05	14,650,335.27	2,597,890.89	15,495,256.31	-	219,873,579.45
N.B.V AT 30TH JUNE 2022-GOK	126,348,767.93	60,781,329.05	14,345,761.95	2,572,875.30	11,813,304.34	-	215,862,038.57

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Cost	Buildings	Plant & Machinery	Motor vehicles	Computers	Furniture and fittings	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
N.B.V AT 30TH JUNE 2022-ENNNCRP	-	-	304,573.32	25,015.59	3,681,951.97	-	4,011,540.88
Additions			11,290,000.00	5,061,440.00		-	16,351,440.00
N.B.V AT 30TH JUNE 2023-Total	126,348,767.93	60,781,329.05	25,940,335.27	7,659,330.89	15,495,256.31	-	236,225,019.45
						-	
Charge for year- GOK	3,158,719.20	7,597,666.13	6,408,940.49	2,290,294.59	1,476,663.04	-	20,932,283.45
Charge for year- ENNNCRP			76,143.33	7,504.68	460,244.00	-	543,892.00
Total charge for the 2023	3,158,719.20	7,597,666.13	6,485,083.82	2,297,799.27	1,936,907.04	-	21,476,175.45
						-	
ACC. DEPRECIATION						-	
TOTAL FOR 2022	37,103,291.09	243,073,200.45	294,952,914.39	17,209,136.02	77,648,615.09	-	669,987,157.04
TOTAL FOR 2023	3,158,719.20	7,597,666.13	6,485,083.82	2,297,799.27	1,936,907.04	-	21,476,175.45
ACC. DEPRECIATION 2022	40,262,010.28	250,670,866.58	301,437,998.21	19,506,935.28	79,585,522.13	-	691,463,332.49
						-	
N.B.V AT 30TH JUNE 2023-Total	126,348,767.93	60,781,329.05	25,940,335.27	7,659,330.89	15,495,256.31	-	236,225,019.45
Total charge for the 2023	3,158,719.20	7,597,666.13	6,485,083.82	2,297,799.27	1,936,907.04	-	21,476,175.45
N.B.V AT 30TH JUNE 2023-Total	123,190,048.73	53,183,662.91	19,455,251.46	5,361,531.63	13,558,349.27	-	214,748,844.00

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Notes to the Financial Statements (Continued)

20 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land and Building	126,348,768	3,158,719	123,190,049
Plant And Machinery	60,781,329	7,597,666	53,183,663
Motor Vehicles, Including Motorcycles	25,940,335	6,485,084	19,455,251
Computers And Related Equipment	7,659,331	2,297,799	5,361,532
Office Equipment, Furniture, And Fittings	15,495,256	1,936,907	13,558,349
Total	236,225,019	21,476,175	214,748,844

21. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	10,794,522	-
NBV	10,794,522	-

22. Cash Generated from Operations

Description	2022-2023	2021-2022
	Kshs	Kshs
Surplus for the year before tax	10,064,574	133,525,828
Adjusted for:		
Depreciation	21,476,175	19,818,153
Working capital adjustments		
Increase / (Decrease) in Biological Asset	(266,000)	4,490,000
Net cash flow from operating activities	11,145,602	135,227,832

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23. Financial Risk Management

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

i) Credit risk

The Authority's has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

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Notes to the Financial Statements (Continued)

Financial Risk Management

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 Authority has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Authority has significant concentration of credit risk. The board of directors sets the Authority's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

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

iii) Market risk

The Authority's has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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 Authority'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 Authority's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Authority's 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 Authority's 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.

b) Interest rate risk

Interest rate risk is the risk that the Authority's financial condition may be adversely affected as a result of changes in interest rate levels. The Authority's interest rate risk arises from bank deposits. This exposes the Authority's to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Authority's deposits.

**Ewaso Ng'iro North River Basin Development Authority
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Notes to the Financial Statements (Continued)

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 Authority's 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.

24. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Authority include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Ewaso Ng'iro North Development Authority holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Authority, both domestic and external.

Other related parties include:

- i) Ministry of East Africa Community, ASALs and Regional Development.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

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Notes to the Financial Statements (Continued)

Description	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
A) purchases from related parties		
Purchases of electricity from KPLC	735,814	833,700
Training and conference fees paid to govt. Agencies	2,872,348	8,499,811
Total	3,608,162	9,333,511
a) Grants /transfers from the government		
Grants from National Government	727,646,253	729,632,000
Total	727,646,253	729,632,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for 189 employees	244,174,942	197,721,575
Payments for goods and services	40,484,667	69,066,702
Total	284,659,609	266,788,277
c) Key management compensation		
Directors' emoluments	26,462,508	15,101,846
Compensation to key management	66,257,088	61,604,433
Total	92,719,596	76,706,279

25. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

26. Ultimate And Holding Entity

The Authority is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of East Africa Community, ASALs and Regional Development and Northern Corridor. Its ultimate parent is the Government of Kenya.

27. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

**Ewaso Ng'iro North River Basin Development Authority
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28. Appendices

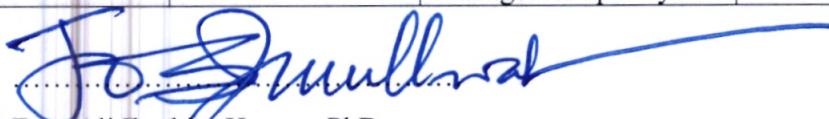
Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the External Auditor, and Management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.2	Preparation of the Statement of cash flows using the indirect method.	The indirect method was used for comparison purpose to the prior year.	Resolved	
2.1	Comparison of the budget and actual amounts.	The difference occurred due to the late exchequer release, where funds relating to FY 2020-2021 were received in June of FY 2021-2022, hence some expenditures spilling to the financial year.	Not Resolved	30 th June 2024.
2.2	Statement of changes in net assets.	The figure amounting to Kshs.28, 725,000 stated as Capital reserved relates to grant received from ADB under Ewaso Ng'iro North Conservation and Riparian Project,	Resolved	
3.0	Unsupported investment	The investment was done through the board and with the main bank account of the Authority.	Resolved	
4.0	Vandalized plant and machinery	I. Road Roller-Defence hearing II. Excavator-Civil suit to be instituted III. Motor vehicles	Not resolved	15 th November 2023
Other matters 1.0	Budgetary control and performance.	The Authority received its exchequer late therefore some of the planned activities spilled over to this financial year. All activities were carried out as planned	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		therefore efficient and effective delivery of services for the community living within the Ewaso Ng'iro north river catchment basin		
2.0	Expenditure above the allocated budget.	Some of the funds were received towards end of the financial year hence spilling over the current financial year.	Resolved	
3.0	Prior year issue	The evidences are available and ready for audit review.	Not resolved	30 th October 2023
Basis for conclusion 1.0	Irregular use of request for quotation as a procurement method.	The supplies were for gums and resins that are found in the interior part of northern Kenya	Resolved	
2.0	Outstanding trade creditors and other payables.	The pending bills are historical in nature and the Authority is not in position to settle the debt. The Authority is following it up at the ministry level and treasury.	Not Resolved	30 th June 2023
Projects verification report 3.0	Desilting of Belgesh dam	The Authority took up the matter with the DCI and the ministry of water.	Resolved	
	Lack of functional internal audit.	The Authority developed a risk management policy.	Resolved	



Eng. Ali Ibrahim Hassan, PhD
Managing Director/CEO

Date: 19/2/2024

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Appendix II: Projects implemented by Ewaso Ng'iro North River Development Authority

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Program Name	Project title	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
1. Drought Mitigation Project	1. Milgis water Pan, Laisamis Constituency, Marsabit County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	2. Badassa Dam, Saku Constituency, Marsabit County,	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	3. Kube Dadacha Water, Wajir North Constituency, Wajir County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	4. Balkaja water pan, Wajir South Constituency, Wajir County,	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	5. Mansa Water pan, Wajir North Constituency, Wajir County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	6. Biliko Water Pan, Isiolo North Constituency, Isiolo County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
2. Droughts and floods emergencies interventions	1. Mangutho and Salsala Underground water storage, North Horr Constituency, Marsabit County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
3. Ewaso Ng'iro North Integrated Water, Drought &	1. Dimanyale Borehole, Wajir South Constituency, Wajir County	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes

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Program Name	Project title	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Food Security Development Project	2. Munsul Borehole, Laikipia North constituency, Laikipia county	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes
	3. Upgrading of Rhamu water supply, Mandera North Constituency, Mandera county	GOK	1 st July 2022- 30 th June 2023	N/A	No	Yes

Status of Projects completion

S/No	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
1.	Milgis water Pan	47,737,305.00	47,733,100.00	100%	47,737,305.00	47,733,100.00	GoK
2.	Badassa Dam	38,868,637.50	38,586,000.00	100%	38,868,637.50	38,586,000.00	GoK
3.	Kube Dadacha Water	49,379,925.00	49,043,500.00	100%	49,379,925.00	49,043,500.00	GoK
4.	Balkaja water pan	18,542,265.00	17,086,580.00	100%	18,542,265.00	17,086,580.00	GoK
5.	Mansa Water pan	17,514,892.50	12,125,071.00	100%	17,514,892.50	12,125,071.00	GoK
6.	Biliko Water Pan	59,695,555.63	59,390,962.50	100%	59,695,555.63	59,390,962.50	GoK
7.	Mangutho and Salsala Underground water storage	15,001,980.00	14,384,600.00	100%	15,001,980.00	14,384,600.00	GoK
8.	Dimanyale Borehole	10,647,000.00	9,640,000.00	100%	10,647,000.00	9,640,000.00	GoK
9.	Munsul Borehole	9,423,971.00	1,188,600.00	100%	9,423,971.00	1,188,600.00	GoK
10.	Upgrading of Rhamu water supply	35,082,600.00	34,713,500.00	100%	35,082,600.00	34,713,500.00	GoK
Grand Total		298,798,962.63					

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of East Africa Community, ASALs and Regional Development	07.07.2022	Development	78,000,000	✓	N/A	N/A	N/A	N/A	78,000,000
Ministry of East Africa Community, ASALs and Regional Development	08.08.2022	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	06.09.2022	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community,	17.10.2022	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Others - must be specific	Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables		
ASALs and Regional Development									
Ministry of East Africa Community, ASALs and Regional Development	21.10.2022	Development	22,597,500	✓	N/A	N/A	N/A	N/A	22,597,500
Ministry of East Africa Community, ASALs and Regional Development	02.11.2022	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	06.12.2022	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community,	04.01.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
ASALs and Regional Development									
Ministry of East Africa Community, ASALs and Regional Development	30.01.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	06.03.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	17.04.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community,	08.05.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
ASALs and Regional Development									
Ministry of East Africa Community, ASALs and Regional Development	09.06.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	23.06.2023	Recurrent	26,722,500	✓	N/A	N/A	N/A	N/A	26,722,500
Ministry of East Africa Community, ASALs and Regional Development	29.06.2023	Development	306,378,753	✓	N/A	N/A	N/A	N/A	306,378,753
Total			727,646,253						727,646,253

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Appendix V- Inter-Entity Confirmation Letter



Ewaso Ng'iro North River Basin Development Authority
P.O Box 203-60300,
Isiolo, Kenya.

The **Ewaso Ng'iro North River Basin Development Authority** wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Ewaso Ng'iro North River Basin Development Authority as at 30th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by Ewaso Ng'iro North Development Authority as at 30th June 2023				Amount Received by ENNDA as at 30 th June 2023	Differences (Kshs)
		Recurrent	Development	Inter-Ministerial	Total		
		(A)	(B)	(C)	(D)=(A+B+C)		
	07.07.2022	-	78,000,000	-	78,000,000	78,000,000	-
FT22220HM2W	08.08.2022	26,722,500	-	-	26,722,500	26,722,500	-
FT22249RKF7S	06.09.2022	26,722,500	-	-	26,722,500	26,722,500	-
FT222903RMX5	17.10.2022	26,722,500	-	-	26,722,500	26,722,500	-
FT22294WL7WD	21.10.2022	-	22,597,500	-	22,597,500	22,597,500	-
FT2306QTPFC	02.11.2022	26,722,500	-	-	26,722,500	26,722,500	-
FT223405XHFR	06.12.2022	26,722,500	-	-	26,722,500	26,722,500	-
FT23004MG2KZ	04.01.2023	26,722,500	-	-	26,722,500	26,722,500	-


Ewaso Ng'iro North River Basin Development Authority
Annual Reports and Financial Statements
For the year ended June 30, 2023

Confirmation of amounts received by Ewaso Ng'iro North River Basin Development Authority as at 30th June 2023

Reference Number	Date Disbursed	Amounts Disbursed by Ewaso Ng'iro North Development Authority as at 30th June 2023				Amount Received by ENNDA as at 30 th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
FT230308BN7Z	30.01.2023	26,722,500	-	-	26,722,500	26,722,500	-
FT23065R1Q22	06.03.2023	26,722,500			26,722,500	26,722,500	-
FT23107T8Q55	17.04.2023	26,722,500			26,722,500	26,722,500	-
FT2312883V08	08.05.2023	26,722,500			26,722,500	26,722,500	-
FT23160H3Y5B	09.06.2023	26,722,500			26,722,500	26,722,500	-
FT23174HFYLZ	23.06.2023	26,722,500			26,722,500	26,722,500	-
FT23180WXHMK	29.06.2023	-	306,378,753		306,378,753	306,378,753	-
Total		320,670,000	406,976,253		727,646,253	727,646,253	-

In confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants department of beneficiary Entity:

Name PETER GUCHA DARRO Sign  Date 19.02.2024