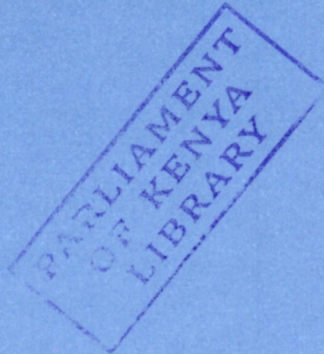


REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 DEC 2024	DAY: WEDNESDAY
TABLED BY: HON. SILVANUS OJORO	MAJORITY PARTY WITH?
CLERK AT THE TABLE: HAILE HUSSEIN	

**OF**

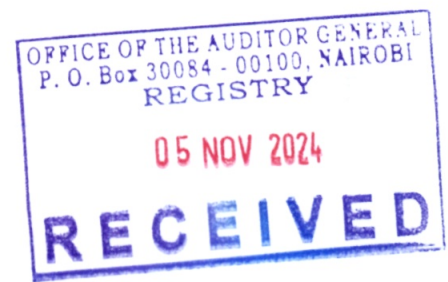
**THE AUDITOR-GENERAL**

**ON**

**MWEA IRRIGATION DEVELOPMENT  
PROJECT - LOAN AGREEMENT  
NO. KE-P27**

**FOR THE YEAR ENDED  
30 JUNE, 2024**

**NATIONAL IRRIGATION AUTHORITY**



**PROJECT NAME: MWEA IRRIGATION DEVELOPMENT PROJECT**

**IMPLEMENTING ENTITY: NATIONAL IRRIGATION AUTHORITY**

**PROJECT CREDIT NUMBER KE-P27**

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**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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**1. Acronyms and Definition of Terms**

NIA	National Irrigation Board
MIS	Mwea Irrigation Scheme
MIDP	Mwea Irrigation Development Project
NT	National Treasury
CEO	Chief Executive Officer
EBK	Engineers Board of Kenya
AG	Acting
ENG.	Engineer
M & E	Monitoring and Evaluation
PSASB	Public Sector Accounting Standards Board
IPSAS	International Public Sector Accounting Standards
PMF	Public Finance Management
IPC	Interim Payment Certificate
MWI	Ministry of Water and Irrigation
CPA	Certified Public Accountant
ICPAK	Institute of Certified Public Accountant Kenya
JICA	Japan International Cooperation Agency
GOK	Government of Kenya
NB	Note Better
A/C	Account
NO.	Number
B/F	Brought Forward
C/F	Carried Forward
FY	Financial Year
FC	Foreign Currency
LC	Local Currency
PAPS	Project Affected Persons
Comparative FY	Financial year preceding the current financial year

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Mwea Irrigation Development Project (MIDP)

#### **Objective**

The key objective of the project is to increase the productivity of rice and other crops by improving Irrigation infrastructures and strengthening the operations and maintenance framework in Mwea Irrigation Settlement (MIS) Scheme. Thereby, contributing to raising the farmers' livelihood in MIS Scheme area and food security in Kenya.

#### **Address**

The project headquarters offices is in Nairobi city, Nairobi County, Kenya.

The address of its registered office is:

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

The project also has an office as follows:

Mwea Site office

Mwea Division, Kirinyaga District

Central Province

#### **Contacts**

The following are the project contacts

P.O Box 30372, 00100

Telephone: (254) -20-2711380/2711468

E-mail: [ceo@irrigationauthority.go.ke](mailto:ceo@irrigationauthority.go.ke)

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

**Project information and overall Project performance (Continued)**

**2.2 Project Information**

Project Start Date:	13 <sup>th</sup> December 2010
Project End Date:	13 <sup>th</sup> December, 2023 extended to 13 <sup>th</sup> December, 2025
Project Manager:	Eng. Stephen Mutinda
Project Sponsor:	The project sponsor is JICA/GoK

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water ,Sanitation and Irrigation (MWI)- State Department of Irrigation
Project number	KE-P27
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase rice production in MIS Scheme, Thus, increasing food security in Kenya (ii) Increase the acreage under rice production in MIS Scheme.
Summary of project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Construction of Thiba dam which has been completed and its appurtenant structures (ii) Expansion of irrigation area.
Other important background information of the project.	The project has 3 major components i) Package I: Construction of Thiba dam being implemented by Strabag International GmbH (Completed) ii) Package II: Construction of irrigation and drainage facilities being implemented by Mutahi Engineering Limited and Joycott Limited. iii) Consultancy services for engineering services for Mwea Irrigation Development Project by Nippon Koei Limited. iv) Resettlement of the PAPS by HAIDCO limited
Areas that the project was formed to intervene.	The project was formed to intervene in the following areas: (i) Frequent water shortages occasioned by unreliable rainfall thus leading to low rice yields per acre.

***Mwea Irrigation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

	<p>(ii) Land lying fallow during short rain season – the farmers will move from one cropping season to two cropping seasons per year.</p> <p>(iii) Expansion of acreage under production.</p>
Project duration	<p>The project started on 13<sup>st</sup> December 2010 and was expected to run until 13th December 2023</p> <p>i. Package I: Construction of Thiba dam being implemented by Strabag International GmbH is at 100% and the dam was commissioned on 15/10/2022.</p> <p>ii. Package II -lot 1: Construction of civil works of irrigation facilities by Joycot General Contractors is at 40%. The contract was awarded on 22/03/2023 and expected completion time is September ,2024</p> <p>iii. Construction of irrigation and drainage facilities being implemented by Mutahi Engineering Limited is at 63%. The contract was awarded on 22/03/2023 and expected completion time is 12<sup>th</sup> September, 2024.</p>

## **2.4 Bankers**

The following are the bankers for the current year:

- i. NCBA Bank – Kenya
- ii. Equity Bank Limited
- iii. Co-operative bank of Kenya

## **2.5 Independent Auditors**

The project is audited by Office of the Auditor General

## **2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Eng. Charles Muasya, MBS	Chief Executive Officer (CEO)	Bachelor of Science in Agricultural Engineering, Masters in Civil Engineering. Registered Engineer with EBK	Overall coordination of the project from December 19th , 2022
Eng. Loise Kahiga	Ag. Deputy General Manager (Irrigation and Infrastructure)	Bachelor of Science in Civil engineering and Master of Arts degree in project Planning and management.	Coordination of Engineering matters on the project.

***Mwea Irrigation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

	development services)		
Eng. Stephen Mutinda	Project Manager	Bachelor of science in Agricultural Engineering	Coordinating all technical matters of the project
Mr. Tirus Kabuthia	Project Accountant	Bachelor of Business management (BBM) Accounting Option and CPA( K)	Advising on project financial aspects.
M/s Tracy Adhiambo	Environmentalist	Degree in Disaster management, Certificate in Environmental impact assessment Registered – NEMA associate expert.	Ensuring protection of the environment
M/s Patricia Siele	Procurement officer	Bachelor’s Degree in Business Management (Purchasing & Supplies - Option). Certified Procurement and Supply Professional of Kenya (CPSP-K)	Advising on procurement matters for the project.
Mr. Yuji Yunoki	Team leader- Consultant	Over 35 years’ experience in irrigation and dam construction	Responsible for day-to-day implementation of the project
Mr. Keiji Tamura	Construction Engineer (Irrigation & Drainage.)	Over 20 years of experience in the construction of irrigation and drainage facilities.	Supervision of construction works for the irrigation and drainage systems.
M/s Jullyanne Okello	M & E Officer	Bachelor of Science in project Management, Master of Science in project Management	Responsible for project monitoring and evaluation

**Project information and overall Project performance (Continued)**

**2.7 Funding summary**

The Project is for duration of Thirteen years from 2010 to 2023 with an approved budget of **JPY 20,539,755,789.00** equivalent to KSh. **16,975,004,784.00** as highlighted in the table below:

Below is the funding summary:

**A. Sources of Funds**

Source of funds	Donor Commitment-		Amount received to date (30-06-2024)		Undrawn balance to date (30-06-2024)	
	<i>Donor currency</i>	<i>Kshs.</i>	<i>Donor currency</i>	<i>Kshs.</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>JPY</i>				<i>( Yen)</i>	
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>( i ) Loan</b>						
JICA Fund	13,178,000,000.00	10,890,909,091.00	12,920,762,018.00	10,678,315,717.00	257,237,982.00	212,593,374.00
<b>( ii )Counterpart funds</b>						
Government of Kenya	7,361,755,789.00	6,084,095,693.00	5,611,711,693.00	4,637,778,259.00	1,750,044,096.00	1,446,317,434.00
<b>Total</b>	<b>20,539,755,789.00</b>	<b>16,975,004,784.00</b>	<b>18,532,473,711.00</b>	<b>15,316,093,976.00</b>	<b>2,007,282,078.00</b>	<b>1,658,910,808.00</b>

*Mwea Irrigation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Project information and overall Project performance (Continued)**

**B. Application of Funds**

Application of funds	Amount received to date (30 <sup>th</sup> June 2024)		Cumulative Amount paid to date (30 <sup>th</sup> June 2024)		Unutilised balance to date (30-06-2024)	
	<i>Donor currency JPY</i>	<i>Kshs.</i>	<i>Donor currency</i>	<i>Kshs.</i>	<i>Donor currency</i>	<i>Kshs.</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>( i ) Loan</b>						
JICA Fund	12,920,762,018.00	10,678,315,717.00	12,920,762,018.00	10,678,315,717.00	-	-
<b>( ii ) Counterpart funds</b>						
Government of Kenya	5,611,711,693.00	4,637,778,259.00	5,202,885,771.98	4,299,905,597.00	408,825,921.02	337,872,662.00
<b>Total</b>	<b>18,532,473,711.00</b>	<b>15,316,093,976.00</b>	<b>18,123,647,789.98</b>	<b>14,978,221,314.00</b>	<b>408,825,921.02</b>	<b>337,872,662.00</b>

**Project information and overall Project performance (Continued)**

**2.8 Summary of Overall Project Performance:-**

- i)* Budget performance against actual amounts for the current year is 69% and for the cumulative to-date is 54 %.
- ii)* The physical progress is as follows: -
  - a. Construction of Thiba dam being implemented by Strabag International GmbH is at 100% and the dam was commissioned on 15/10/2022
  - b. Package II -lot 1: Construction of civil works of irrigation facilities by Joycot General Contractors is at 40%
  - c. Construction of irrigation and drainage facilities being implemented by Mutahi Engineering Limited is at 63%
- iii)* The absorption rate for each year since the commencement of the project Package II
  - a. Financial year 2020/2021 - 73%
  - b. Financial year 2021/2022 - 55%
  - c. Financial year 2022/2023 - 54%
  - d. Financial year 2023/2024 - 69%
- iv)* Implementation Challenges and next steps
  - a. Delay in disbursement of exchequer in the year Financial year 2021 and 2022 but the problem has been resolved and disbursement coming on time
  - b. Floods that affected the implementation of the project due to site inaccessibility and delivery of material but the inroads have now enhanced.

**2.9 Summary of Project Compliance:**

The project complied with all applicable laws and regulations.

### **3. Statement of Performance against Project’s Predetermined Objectives**

#### **Introduction**

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

The key development objectives of the project’s 2010-2023 plan are to increase the productivity of rice and other feasible horticultural crops by improvement of irrigation facilities, including stable supply of water and strengthening of the operations and maintenance framework in Mwea Irrigation Scheme (MIS), thereby contributing to raising the farmers’ livelihoods in the MIS area and food security in Kenya.

#### **Progress on attainment of Strategic development objective**

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

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
Mwea Irrigation Development Project.	To increase the productivity of rice and other crops.	Improvement of irrigation facilities.	Percentage increase in rice and other crops produced.	The Project is on-going and estimated level of progress is at 100% for phase 1 & Phase II at an average of 52 %

#### **4. Environmental and Sustainability Reporting**

Mwea Irrigation Development Project aims at increasing irrigable area through provision of sustainable water supply. Key sustainable efforts embrace by the project include;

##### **i. Sustainability strategy and profile**

The Project is at the forefront in implementing sustainability in its key areas of operation. These aim at optimizing water use in irrigation while minimizing environmental impacts and ensuring long-term productivity.

##### **ii. Environmental performance**

The Project is aware that the delivery of its core mandate can have negative impacts on the environment. Therefore, the Project recognizes that some of its activities if not well controlled and managed can lead to negative environmental impacts. The Project acts as a responsible environmental steward by complying with the applicable environmental laws and regulations. One of these measures is the adoption of an Environmental Policy Statement that seeks to address and give guidelines of the necessary steps taken to address negative environmental impacts from the delivery of our mandate.

##### **iii. Employee welfare**

In carrying out its mandate, the Project accords equal opportunity to all people of Kenya in the employment of staff and provision of services. The Project is an equal opportunity employer, embraces diversity of Kenya's communities and does not in its recruitment and selection process, discriminate based on gender, race, religion, ethnicity or any other form of discrimination.

The Project has put in place efforts to enhance skills gaps by undertaking skills gaps analysis through which annual staff training projections are prepared. The identified skills gaps and training needs are addressed through interventions such as recruitment, outsourcing, capacity building, and training, coaching and mentoring.

The staff appraisal is managed through an online Performance Management system whereby individual employees set annual performance targets. The performance is reviewed mid-view and an action plan developed for implementation of the recommendations emanating from the staff appraisal reports.

The Project has developed a Workplace Occupational Health and Safety Policy that outlines the commitment of the Project to providing a safe and healthy work environment for employees. The Policy sets out the general approach to health and safety in the Authority as well as management health and safety in the workplace.

In line with the Projects' employee welfare the contractor has put into place a transparent recruitment where all positions are advertised. The contractor also ensures that the labour laws are adhered to including the minimum wage criteria.

The contractor has issued all the workers with requisite PPEs and worn out PPEs are replenished on time.

#### **iv. Market place practices**

##### **a) Responsible Supply chain and supplier relations**

As stakeholders are becoming increasingly interested in business affairs, the Project continually ensures that, their partners conduct themselves in a socially responsible manner. This is done through sensitization on government procurement opportunities in the Project's all schemes/stations to ensure that the public is aware of the available opportunities and how to participate for free, fair, transparent and competitive procurement process.

The Project advertises its tenders in Government Advertising Agency's MY Gov publication distributed by local newspapers, Public Procurement Information Portal (PIIP), <https://tenders.go.ke/> and the Project's website, <https://irrigationauthority.go.ke/tenders/> thus ensuring the interested tenderers have access to information and can freely seek clarifications through various channels of communication provided.

##### **b) Responsible ethical practices**

The Project is required to advertise the invitation to tender in Kenya's dedicated tenders portal or one or more English-language newspapers or other publications that, together, have sufficient circulation outside Kenya to allow effective competition for the procurement. This is done through Government Advertising Agency's MY Gov publication distributed by local newspapers, Public Procurement Information Portal (PIIP), <https://tenders.go.ke/> and the Project's website, <https://irrigationauthority.go.ke/tenders>.

**c) Regulatory impact assessment**

The Project conducts environmental impact assessment on all its projects prior to implementation to ensure that all projects are evaluated on their the economic, environmental and social impact thus promoting environmentally sound and sustainable development through the identification of appropriate alternatives and mitigation measures. The Project conducts public participation prior to commencement of mega projects to ensure that the public who are the ultimate users accept the project. The notice for public participation is usually conducted through Kenya Gazette which is accessible to the public and opinions for the public is received, evaluated.

**v. Community Engagements**

During the FY 2023/2024, the following activities were undertaken according to the Project's CSR  
The Project distributed fruit-tree and indigenous-tree seedlings to farmers and local communities respectively across the Country for planting during the rainy seasons in an effort to increase forest and tree cover as part of the National Tree Growing Campaign and Corporate Social Responsibility initiatives.

**5. Statement of Project Management Responsibilities**

The *Chief Executive Officer*, National Irrigation Authority and the Project Manager for *Mwea Irrigation Development Project* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on *30 June 2024*. These responsibilities includes: (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) Safeguarding the assets of the Project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.


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

The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for *Mwea Irrigation Development Project* are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended *30 June 2024*, and of the Project's financial position as at that date. The Chief Executive Officer, National Irrigation Authority and the Project Manager for Mwea Irrigation Development Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

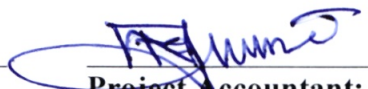
The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for *Mwea Irrigation Development Project* confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the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

**Approval of the Project financial statements**

The Project financial statements were approved by the *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for *Mwea Irrigation Development Project* on 06/11/2024 and signed by;

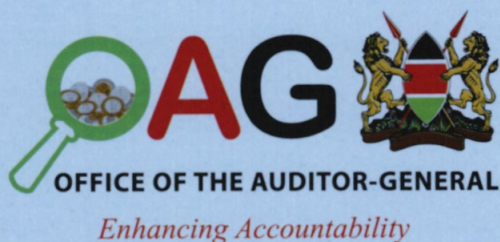
  
\_\_\_\_\_  
**Chief Executive Officer**  
Eng. Charles Muasya

  
\_\_\_\_\_  
**Project Manager**  
Eng. Stephen Mutinda

  
\_\_\_\_\_  
**Project Accountant:**  
CPA. Tirus N. Kabuthia  
ICPAK MemberNo.15039

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON MWEA IRRIGATION DEVELOPMENT PROJECT - LOAN AGREEMENT NO. KE-P27 FOR THE YEAR ENDED 30 JUNE, 2024 - NATIONAL IRRIGATION AUTHORITY

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### PREAMBLE

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

- A. Report on the Financial Statements 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 the 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 the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Unmodified Opinion indicates the books of accounts and underlying records agree with the financial statements and that no material misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and working effectively in the financial year under review.

The Unmodified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

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*Report of the Auditor-General on Mwea Irrigation Development Project - Loan Agreement No. KE-P27 for the year ended 30 June, 2024 - National Irrigation Authority*

## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of Mwea Irrigation Development Project set out on pages 1 to 28, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparative 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, the financial statements present fairly, in all material respects, the financial position of the Mwea Irrigation Development Project as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement No. KE-P27 dated 16 August, 2010, between the Japan International Cooperation Agency (JICA) and the Republic of Kenya and the Public Finance Management Act, 2012.

### Basis for Opinion

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

### Emphasis of Matter

#### 1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final budget and actual on a comparable basis of Kshs.2,039,000,000 and Kshs.1,638,939,953 respectively resulting to an underfunding of Kshs.400,060,047 or 20% of the budget. Similarly, the Project spent Kshs.1,406,457,893 against actual receipts of Kshs.2,039,000,000 resulting to underutilization of Kshs.632,542,107 or 31% of actual receipts.

The underfunding and under-utilization may affect the planned activities and negatively impact service delivery to the Mwea Irrigation Settlement Scheme farmers.

#### 2. Slow Absorption of Project Funds

As disclosed under Note 2.7 on the project information and overall performance, the Project was earmarked to close in December, 2023 but was restructured through an amended Loan Agreement extending the completion to 13 December, 2025. Further, the

Projects' funding summary indicates that JICA Fund had made commitment amounting to Kshs.10,890,909,091 equivalent of JPY.13,178,000,000 as at 30 June, 2024. However, actual drawdowns during the Project life amounted to Kshs.10,678,315,717 equivalent to JPY.12,290,762,018 leaving out an amount totalling Kshs.21,593,374 or JPY.257,237,982 undrawn with one (1) year to the project end date and subsequent final disbursement period for the loan. Management has indicated that planned initiatives will be fully implemented and allocated funds fully utilized before closure of the Project.

However, considering the credit lapse period, the Project's planned deliverables earmarked for completion may not be realized.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, 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 Information**

The Management is responsible for the other information set out on page iii to xiv which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Activities, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

### **Other Matter**

### **Unresolved Prior Year Matters**

Various prior year audit issues raised under the report on financial statements, and report on Lawfulness and Effectiveness in Use of Public Resources remained unresolved as at 30 June, 2024. However, the Management has not given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury.

# 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. Avoidable Interest on Delayed Payment**

The statement of receipts and payments and as disclosed in Note 6 to the financial statements reflects acquisition of non-financial assets amounting to Kshs.856,824,318. Included in this amount is construction of civil works of Kshs.819,516,060 out of which review of Interim Certificate No.37 revealed that an amount of Kshs.265,827,608.32 had been certified for payment to a firm contracted for the construction of Thiba dam. This amount further includes an accumulated interest of Kshs.43,122,375 paid due to penalty on late payment. The costs are avoidable and are attributed to delay in honoring payments when due by the Project Management.

In the circumstances, value for money amounting to Kshs.43,122,375 could not be confirmed.

### **2. Slow Implementation of the Project**

The Authority entered into a contract under Lot 1 contract No. NIA/T/087/2020/2021 for the construction and civil works for irrigation facilities with a local contractor at a contract sum of Kshs.851,961,000. The construction commenced on 22 March, 2021 and was expected to end on 03 October, 2023. However, the latest monthly progress report No.41 (of September, 2024) indicated that the completion status of the project was at 42.32% against a planned target of 88.11%. This was confirmed during physical inspection in the month of October, 2024. Although the project completion date was extended to 15 September, 2024, the slow implementation casts doubt on timely completion of the project.

In addition, Lot 2, under contract No. NIA/T/088/2020/2021 which involves civil works of drainage facilities and other works, was awarded to a local contractor at contract a sum of Kshs.648,789,983. The works commenced on 22 March, 2021 and were expected to be completed by 04 October, 2023. However, the latest monthly progress report No.42 (of September, 2024) indicated that the completion status of the project was at 72.49% against a planned target of 90.97%. This was confirmed during physical inspection in the month of October, 2024. Although the project completion date was extended to 12 September, 2024, the slow implementation casts doubt on timely completion of the Project.

In the circumstances, the Project may fail to be completed on time casting doubt on whether the Mwea Irrigation Settlement Scheme farmers will obtain value for money.

### **3. Unauthorized Reallocation of Funds**

The statement of financial assets and liabilities reflects a bank balance of Kshs.337,872,662 which, as disclosed in Note 11 to the financial statements, includes an amount of Kshs.204,116,010 that relates to bank balance for Mwea Irrigation Development Project. The bank account balances relate to National Irrigation Authority (NIA) main development account which comprises of all bank balances for development programmes within the Authority. As previously reported, the Project did not have a separate bank account for the period between July, 2023 to March, 2024 and hence utilized NIA main development bank account for receipt of GoK counterpart funding for the Project. However, audit examination revealed an amount of Kshs.204,116,010 equivalent to the bank balance for the Project was reallocated and utilized for other development programmes without The National Treasury authorization as required by Section 43(2) of the Public Finance Management Act, 2012.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions, and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by Loan Agreement No. KE-P27 between the Japan International Corporation Agency (JICA) and the Republic of Kenya, except for the matters under Emphasis of Matter, Other Matter and the Basis for Conclusion on Lawfulness and

Effectiveness in Use of Public Resources sections of my report, I report based on my audit, that:

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

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

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

**Nairobi**

**13 November, 2024**

*Mwea Irrigation Development Project*  
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**7. Statement of Receipts and Payments for the year ended 30<sup>th</sup> June 2024**

	Note	2023/2024			2022/2023			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
	NOTE II	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
<b>RECEIPTS</b>								
Transfer from Government entities	1	508,750,000.00	0	508,750,000.00	120,000,000.00	0.00	120,000,000.00	4,635,395,526.00
Loan from external development partners	2	108,727,858.00	1,019,233,049	1,127,960,907.00	0.00	949,399,368.00	949,399,368.00	10,678,315,717.00
Miscellaneous receipts	3	2,229,046.00	0	2,229,046.00	37,353.00	0.00	37,353.00	2,382,733.00
<b>TOTAL RECEIPTS</b>		<b>619,706,904</b>	<b>1,019,233,049.00</b>	<b>1,638,939,953.00</b>	<b>120,037,353.00</b>	<b>949,399,368.00</b>	<b>1,069,436,721.00</b>	<b>15,316,093,976.00</b>
<b>PAYMENTS</b>								
Compensation of employees	4	1,439,162.00	0.00	1,439,162.00	970,823.00	0.00	970,823.00	5,006,426.00
Purchase of goods and services	5	24,444,021.00	523,627,756	548,071,777.00	24,538,616.00	86,653,860.00	111,192,476.00	1,965,743,104.00
Acquisition of non-financial assets	6	361,219,025.00	495,605,293	856,824,318.00	1,410,623.00	862,745,508.00	864,156,131.00	13,003,640,870.00
Other grants and transfers and payments	7	122,636.00	0.00	122,636.00	446,472.00	0.00	446,472.00	3,830,914.00
<b>TOTAL PAYMENTS</b>		<b>387,224,844.00</b>	<b>1,019,233,049.00</b>	<b>1,406,457,893.00</b>	<b>27,366,534.00</b>	<b>949,399,368.00</b>	<b>976,765,902.00</b>	<b>14,978,221,314.00</b>
<b>SURPLUS/(DEFICIT)</b>		<b>232,482,060.00</b>	<b>0</b>	<b>232,482,060.00</b>	<b>92,670,819.00</b>	<b>0.00</b>	<b>92,670,819.00</b>	<b>337,872,662.00</b>

***Mwea Irrigation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2024***

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



**Chief Executive Officer**  
Eng. Charles Muasya, *MBS*



**Project Manager**  
Eng. Stephen Mutinda




**Project Accountant**  
CPA Tirus Kabuthia  
ICPAK Member No: 15039

***Mwea Irrigation Development Project  
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**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

	Note	2023-2024	2022-2023
		Kshs.	Kshs.
<b>Financial Assets</b>			
Cash and Cash Equivalents	8	337,872,662.00	105,390,602.00
<b>Total Financial Assets</b>		<b>337,872,662.00</b>	<b>105,390,602.00</b>
<b>Represented By</b>			
Fund balance B/F	9	105,390,602.00	12,719,783.00
Surplus/(Deficit) for the year		232,482,060.00	92,670,819.00
<b>Net Financial Assets</b>		<b>337,872,662.00</b>	<b>105,390,602.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 04/11 2024 and signed by:

  
**Chief Executive officer**  
 Eng. Charles Muasya *MBS*

  
**Project Manager**  
 Eng. Stephen Mutinda

  
**Project Accountant**  
 CPA Tirus Kabuthia  
 ICPAK Member No: 15039

*Mwea Irrigation Development Project*  
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9. Statement of Cash flow for the year ended 30<sup>th</sup> June 2024

Description	Note	2023-2024	2022-2023
<b>Cash flow from operating activities</b>		<b>Kshs.</b>	<b>Kshs.</b>
<b>Receipts</b>			
Transfer from Government entities	1	508,750,000.00	120,000,000.00
Miscellaneous receipts	3	2,229,046.00	37,353.00
<b>Total receipts</b>		<b>510,979,046.00</b>	<b>120,037,353.00</b>
<b>Payments</b>			
Compensation of Employee	4	-1,439,162.00	-970,823.00
Purchase of goods and services	5	-548,071,777.00	-111,192,476.00
Other grants and transfers	7	-122,636.00	-446,472.00
<b>Total Payments</b>		<b>-549,633,575.00</b>	<b>-112,609,771.00</b>
<b>Net receipts (payments)</b>		<b>-38,654,529.00</b>	<b>7,427,582.00</b>
<b>Net cash flows from operating activities</b>		<b>-38,654,529.00</b>	<b>7,427,582.00</b>
<b>Cash flow from investing activities</b>			
Acquisition of non- financial Assets	6	-856,824,318.00	-864,156,131.00
<b>Net cash flows from Investing Activities</b>		<b>-856,824,318.00</b>	<b>-864,156,131.00</b>
<b>Cash flow from Financing activities</b>			
Proceeds from foreign borrowing	2	1,127,960,907.00	949,399,368.00
<b>Net cash flow from financing activities</b>		<b>1,127,960,907.00</b>	<b>949,399,368.00</b>
<b>Net increase in cash and cash equivalent</b>		<b>232,482,060.00</b>	<b>92,670,819.00</b>
<b>Cash and cash equivalent at beginning of the year</b>	8	<b>105,390,602.00</b>	<b>12,719,783.00</b>
<b>Cash and cash equivalent at end of the year</b>	8	<b>337,872,662.00</b>	<b>105,390,602.00</b>

**10. Statement of Comparative Budget and Actual Amounts for the year ended 30<sup>th</sup> June 2024**

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Receipts</b>						
Transfer from Government entities	545,000,000.00	0.00	545,000,000.00	508,750,000.00	36,250,000.00	93
Proceeds from borrowings	1,484,000,000.00	10,000,000.00	1,494,000,000.00	1,127,960,907.00	366,039,093.00	75
Miscellaneous Receipts	0.00	0.00	0.00	2,229,046.00	-2,229,046.00	100
<b>Total Receipts</b>	<b>2,029,000,000.00</b>	<b>10,000,000.00</b>	<b>2,039,000,000.00</b>	<b>1,638,939,953.00</b>	<b>400,060,047.00</b>	<b>90</b>
<b>Payments</b>						
Compensation of employees	1,500,000.00	0.00	1,500,000.00	1,439,162.00	60,838.00	96
Purchase of goods and services	600,000,000.00		600,000,000.00	548,071,777.00	51,928,223.00	91
Acquisition of non-financial assets	1,427,350,000.00	10,000,000.00	1,437,350,000.00	856,824,318.00	580,525,682.00	59
Other grants and transfers	150,000.00	0.00	150,000.00	122,636.00	27,364.00	82
<b>Total Payments</b>	<b>2,029,000,000.00</b>	<b>10,000,000.00</b>	<b>2,039,000,000.00</b>	<b>1,406,457,893.00</b>	<b>632,542,107.00</b>	<b>69</b>
<b>Surplus or Deficit</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>232,482,060.00</b>	<b>-232,482,060.00</b>	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

## **11. Significant Accounting Policies**

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

### **a. Statement of compliance and basis of preparation**

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

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

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

### **b. Reporting Entity**

The financial statements are for Mwea Irrigation Development Project under National Irrigation Authority. The financial statements encompass the reporting entity as specified in Sec. 81 of PFM Act 2012.

### **c. Reporting currency**

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

### **d. Recognition of receipts**

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

- ii) **Transfers from the Exchequer**

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

- iii) **External Assistance**

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

**Significant Accounting Policies (Continued)**

**iv) Other receipts**

There were no Appropriation- in –Aid in relation to disposal of assets and sale of tender documents

**iv) Donations and grants**

There were no grants in relation to Mwea Irrigation Development project.

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

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

**e. Recognition of payments**

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

**i) Compensation of employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**Significant Accounting Policies (Continued)**

**iv) Repayment of borrowing (principal amount)**

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

**v) Acquisition of fixed assets**

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

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

**f. In-kind donations**

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

**g. Cash and cash equivalents**

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

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

**h. Restriction on cash**

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

**Significant Accounting Policies (Continued)**

**i. Imprests and Advances**

For the purposes of these financial statements, Imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the Imprest payments are recognized as payments when fully accounted for by the Imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

**j. Contingent Liabilities**

A contingent liability is:

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

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

**N.B** There were no contingent liabilities in regards to Mwea Irrigation Development Project.

**k. Contingent Assets**

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

**Significant Accounting Policies (Continued)**

**l. Pending bills**

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

**m. Budget**

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

A high-level assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex 14 to these financial statements.

**n. Third party payments**

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

During the year **Kshs. 1,019,233,049.00** being loan disbursements were received in form of direct payments to third parties and **Kshs 108,727,858.00** as loan revenue.

**Significant Accounting Policies (Continued)**

**o. Exchange rate differences**

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

**p. Comparative figures**

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

**q. Subsequent events**

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

**r. Prior period adjustments**

There was no prior year adjustments during the reported period.

***Mwea Irrigation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024***

**12. Notes to the Financial Statements**

**1. Transfers from Government Entities**

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

Description	2023/2024	2022/2023	Cumulative to-date(from inception)
	Kshs.	Kshs.	
<b>Cumulative Balance B/F</b>			<b>4,126,645,526.00</b>
<i>Counterpart funding through Ministry</i>			
Ministry of Water, Irrigation & Sanitation			
Quarter 1	136,250,000.00	50,000,000.00	
Quarter 2	100,000,000.00	50,000,000.00	
Quarter 3	136,250,000.00	0.00	
Quarter 4	136,250,000.00	20,000,000.00	
<b>Total (See Annex 3)</b>	<b>508,750,000.00</b>	<b>120,000,000.00</b>	<b>4,635,395,526.00</b>

**2. Loan from External Development Partners**

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by The National Treasury (NT) as detailed in the table below:

Description	Date received	Amount in loan currency	Loans received in actual Amounts	Loans received as direct payment*		Total amount in Kshs	Cumulative to date
Name of Donor			Kshs	Kshs	FY23./24	FY2022/2023	
<b>Bal b/f</b>							<b>9,550,354,810</b>
JICA	20-07-22	141,242,179				116,729,073	
	29-07-22	13,094,740				10,822,099	
	29-07-22	19,944,070				16,482,702	
	27-08-22	99,691,798				82,389,916	
	16-09-22	13,985,340				11,558,132	
	16-09-22	15,903,210				13,143,149	
	16-09-22	21,175,670				17,500,554	
	18-09-22	86,347,100				71,361,240	
	12-10-22	38,170,849				31,546,156	

***Mwea Irrigation Development Project***  
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	22-10-22	104,533,917				86,391,667	
	14-12-22	43,415,596				35,880,657	
	14-12-22	70,756,686				58,476,600	
	16-12-22	405,535,398				335,153,222	
	20-12-22	54,228,541				44,816,976	
	12-05-23	20,748,140				17,147,223	
	11/07/2023	12,651,602		15,308,438.02			
	18/07/2023	24,868,215		30,090,539.88			
	28/07/2023	24,698,561		29,885,258.88			
	15/08/2023	11,326,337		13,704,867.77			
	03/10/2023	4,835,380		5,850,809.92			
	03/10/2023	20,299,659		24,562,587.31			
	03/10/2023	24,417,935		29,545,701.29			
	13/10/2023	24,695,354		29,881,378.80			
	13/10/2023	23,388,605		28,300,211.85			
	13/10/2023	20,924,791		25,318,996.88			
	27/10/2023	23,691,649		28,666,895.65			
	27/10/2023	29,299,414		35,452,290.74			
	10/11/2023	21,448,244		25,952,375.00			
	10/11/2023	22,877,216		27,681,430.85			
	10/11/2023	22,838,131		27,634,138.00			
	10/11/2023	21,716,677		26,277,179.35			
	10/11/2023	23,473,301		28,402,694.00			
	10/11/2023	9,902,863		11,982,464.81			
	10/11/2023	19,572,878		23,683,182.78			
	10/11/2023	18,660,204		22,578,846.78			
	14/11/2023	25,762,017		31,172,040.00			
	01/12/2023	9,321,932		11,279,537.19			
	28/02/2024	6,853,870		8,293,183.00			
	28/02/2024	19,432,264		23,513,040.00			
	28/02/2024	19,173,157		23,199,520.00			

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	28/02/2024	24,666,071		29,845,945.65			
	28/02/2024	22,716,134		27,486,522.40			
	28/02/2024	22,670,258		27,431,012.70			
	04/03/2024	8,824,000		10,677,040.00			
	04/03/2024	5,455,840		6,601,566.40			
	08/03/2024	188,417,756		227,985,484.76			
	18/03/2024	11,929,340		14,434,501.40			
	18/03/2024	9,184,600		11,113,366.00			
	18/03/2024	18,130,033		21,937,340.00			
	18/03/2024	19,434,774		23,516,076.00			
	28/06/2024	16,079,230		19,455,867.77			
	28/06/2024	8,703,072		10,530,717.00			
	28/06/2024	89,857,734		108,727,858.00			
<b>Total</b>				<b>1,127,960,907.00</b>		<b>949,399,368</b>	<b>1,127,960,907</b>
<b>Bal c/f</b>							<b>10,678,315,717</b>

**Notes To The Financial Statements (Continued)**

**3. Miscellaneous Receipts**

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Other receipts not classified elsewhere	2,229,046.00	0.00	2,229,046.00	37,353.00	2,382,733.00
<b>Total</b>	<b>2,229,046.00</b>	<b>0.00</b>	<b>2,229,046.00</b>	<b>37,353.00</b>	<b>2,382,733.00</b>

*[This refers to interest earned by NIC project account No. 1000584588 and Transfer of money from NIA call account to NIC project Bank account.*

**4. Compensation to Employees**

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date (from inception)
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	Cumulative to-date
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic wages of Permanent employee (1No.)	763,575.00	0.00	763,575.00	714,294.00	3,314,165.00
Basic wages of Permanent employee (2No. Casuals)	297,908.00	0.00	297,908.00	0.00	297,908.00
Personal allowances paid as part of salary & Gratuity	359,319.00	0.00	359,319.00	249,729.00	1,361,993.00
Compulsory national social security schemes	18,360.00	0.00	18,360.00	6,800.00	32,360.00
<b>Total</b>	<b>1,439,162.00</b>	<b>0.00</b>	<b>1,439,162.00</b>	<b>970,823.00</b>	<b>5,006,426.00</b>

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**Notes to the Financial Statements (Continued)**

**5. Purchase of Goods and Services**

Description	FY 2023/2024			FY 2022/2023	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Utilities, supplies and services	3,630,208.00		3,630,208.00	1,556,244.00	<b>9,114,818.00</b>
Communication, supplies and services	34,000.00		34,000.00	46,000.00	<b>188,500.00</b>
Domestic travel and subsistence	3,508,050.00		3,508,050.00	3,633,954.00	<b>171,030,181.00</b>
Printing, advertising and information supplies	608,100.00		608,100.00	4,732,290.00	<b>7,215,521.00</b>
Other operating payments consultancy	13,441,522.00	523,627,756.00	537,069,278.00	94,225,080	<b>1,765,749,598.00</b>
Hospitality supplies and services	2,802,841.00		2,802,841.00	6,917,602.00	<b>10,027,121.00</b>
Training	6,300.00		6,300.00	0.00	<b>6,300.00</b>
Specialized materials and services	0.00		0.00	0.00	<b>6,400.00</b>
Routine maintenance – vehicles and other transport equipment	413,000.00		413,000.00	81,306.00	<b>2,404,665.00</b>
<b>Total</b>	<b>24,444,021.00</b>	<b>523,627,756.00</b>	<b>548,071,777.00</b>	<b>130,483,107.00 0</b>	<b>1,965,743,104.00</b>

Notes To The Financial Statements (Continued)

6. Acquisition of Non-Financial Assets

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	323,910,767.00	495,605,293.00	819,516,060.00	862,745,508.00	<b>9,671,905,440.00</b>
Acquisition of land	22,912,338.00	0.00	22,912,338.00	1,410,623.00	3,317,339,510.00
Fence	14,395,920.00	0.00	14,395,920.00	0.00	14,395,920.00
<b>Total</b>	<b>361,219,025.00</b>	<b>495,605,293.00</b>	<b>856,824,318.00</b>	<b>864,156,131.00</b>	<b>13,003,640,870.00</b>

*Construction of civil works refers to payments made to the contractors who are constructing Thiba dam and the development of irrigation area Structures.*

**Notes To The Financial Statements (Continued)**

**7. Other Grants, Transfers and Payments**

Description	FY 2023/2024			FY 2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total Payments		
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Bank Charges	122,636.00	0.00	122,636.00	446,472.00	3,830,914.00
<b>Total</b>	<b>122,636.00</b>	<b>0.00</b>	<b>122,636.00</b>	<b>446,472.00</b>	<b>3,830,914.00</b>

**8. Cash and Cash Equivalents**

Description	FY 2023/2024	FY 2022/2023
	Kshs.	Kshs.
Bank account, NCBA A/C NO.1000584588	1,607,148.00	4,899,293.00
Bank Account – NIA Bank account	204,116,010.00	100,491,309.00
Project – Equity Bank A/c 1510284335969	132,149,504.00	0.00
<b>Total</b>	<b>337,872,662.00</b>	<b>105,390,602.00</b>

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**Notes To The Financial Statements (Continued)**

**Project Bank Accounts**

<b>Description</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
	<b>KSh.</b>	<b>KSh.</b>
<b><u>Local Currency Accounts</u></b>		
NCBA BANK A/C NO.1000584588	1,607,148.00	4,899,293.00
NIA Bank account A/C NO.01136128012900	204,116,010.00	100,491,309.00
Project – Equity Bank A/c 1510284335969	132,149,504.00	0.00
<b>Total local currency balances</b>	<b>337,872,662.00</b>	<b>105,390,602.00</b>
<b>Total bank account balances</b>	<b>337,872,662.00</b>	<b>105,390,602.00</b>

**9. Fund Balance Brought Forward**

<b>Description</b>	<b>FY 2023-2024</b>	<b>FY 2022-2023</b>
	<b>KSh.</b>	<b>KSh.</b>
Bank accounts	105,390,602.00	12,719,783.00
<b>Total</b>	<b>105,390,602.00</b>	<b>12,719,783.00</b>

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**Other Important Disclosures**

**1. Pending Accounts Payables (See Annex 4a)**

	Balance b/f FY 2022/2023	Additions for the year	Paid during the year	Balance c/f FY 2023/2024
Description	Kshs.	Kshs.	Kshs.	Kshs.
Construction of civil works.	631,552,368.00	0.00	602,829,902.00	28,722,466.00
Land compensation	5,720,737.00	26,106,667.00	22,912,338.00	8,915,066.00
Supply of goods & services				
Nippon Koei				0.00
FC (61-66)	165,814,599.00	0.00	165,814,599.00	0.00
LC (61-66)	86,653,860.00	0.00	86,653,860.00	0.00
<b>Total</b>	<b>889,741,564.00</b>	<b>26,106,667.00</b>	<b>878,210,699.00</b>	<b>37,637,532.00</b>

**2. Pending Staff Payable**

There were no pending staff payables.

**3. Other Pending Payables (See Annex 4b)**

	Balance b/f FY 2022/2023	Additions for the period	Paid during the year	Balance c/f FY 2023/2024
Description	Kshs.	Kshs.	Kshs.	Kshs.
Amounts due to third parties	389,807,950.00	9,436,866.00	348,561,997.00	50,682,819.00
<b>Total</b>	<b>389,807,950.00</b>	<b>9,436,866.00</b>	<b>348,561,997.00</b>	<b>50,682,819.00</b>

**4. External Assistance**

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loans from JICA	1,127,960,907.00	949,399,368.00
<b>Total</b>	<b>1,127,960,907.00</b>	<b>949,399,368.00</b>

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*Other Important Disclosures (Continued)*

*a. External assistance relating loans and grants*

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
External assistance received as loan from JICA	1,127,960,907.0	949,399,368.00
<b>Total</b>	<b>1,127,960,907.00</b>	<b>949,399,368.00</b>

*b. Undrawn external assistance*

	Purpose for which the undrawn external assistance may be used for	FY 2023/2024	FY 2022/2023
Description		Kshs	Kshs
Undrawn external assistance -Loans	Payment of irrigation civil works and associated consultancy.	212,593,374.00	1,341,000,000.00
<b>Total</b>		<b>212,593,374.00</b>	<b>1,341,000,000.00</b>

*c. Classes of providers of external assistance*

	FY 2023/2024	FY 2022/2023
Description	Kshs	Kshs
Bilateral donor – JICA Fund	1,127,960,907.00	949,399,368.00

*d. Non-monetary external assistance*

During this financial year, there was no non-monetary external assistance.

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**Other Important Disclosures (Continued)**

*e. Purpose and use of external assistance*

<b>Payment made by third parties</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Use of goods and services- Consultancy services	523,627,756.00	86,653,860.00
Acquisition of assets – Irrigation civil works.	495,605,293.00	862,745,508.00
<b>Total</b>	<b>1,019,233,049.00</b>	<b>949,399,368.00</b>

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

<b>Payment made by third parties</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bilateral donors- Government of Japan	1,019,233,049.00	949,399,368.00
<b>Total</b>	<b>1,019,233,049.00</b>	<b>949,399,368.00</b>

**5. Payments by Third Party on Behalf of the project**

**5.1 Classification by source**

	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Bilateral donors- Government of Japan	1,019,233,049.00	949,399,368.00
<b>Total</b>	<b>1,019,233,049.00</b>	<b>949,399,368.00</b>

**5.2 Classification of Payments made by Third Parties by nature of expenses**

<b>Payment made by third parties</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Use of Good and Services	523,627,756.00	86,653,860.00
Acquisition of assets	495,605,293.00	862,745,508.00
<b>Total</b>	<b>1,019,233,049.00</b>	<b>949,399,368.00</b>

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**Other Important Disclosures (Continued)**

**6.0 Related Party Disclosures**

<b>Payment made by third parties</b>	<b>FY 2023/2024</b>	<b>FY 2022/2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Transfer from the Ministry	508,750,000.00	120,000,000.00
<b>Total</b>	<b>508,750,000.00</b>	<b>120,000,000.00</b>

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13. Annexes

Annex 1: Prior Year Auditor- General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<b>Other Matter</b>	<p><b>1. Budgetary Control and Performance</b> The statement of comparative budget and actual amount reflects final budget and actual on comparable basis of Kshs.1,967,494,463 and Kshs.1,069,436,721 respectively resulting to an under-funding of Kshs 898,057,742 or 46% of the budget. Similarly, the Project spent Kshs.976,765,902 against an approved budget of Kshs.1,967,494,463 resulting to an under-expenditure of Kshs. 990,728,561 or 50 % of the budget.</p> <p>The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the stakeholders.</p>	The under-absorption is due to the difference between the budget and the deliverables by the contractor/consultant. This is due to the fact that payments are based on actual works delivered and not on the budget.	Eng. Stephen Mutinda - Project Manager		
	<b>2. Unresolved Prior Year Audit Issues</b>		Stephen Mutinda -		

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	In the audit report of the previous year, several issues were raised under the report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources . However , the management had not resolved the issues nor given any explanation for the failure to implement the recommendations.		Project Manager		
<b>Report on Lawfulness &amp; effectiveness in the use of public resources</b>	<p><b>1. Long Outstanding Pending Bills</b></p> <p>The financial statements submitted for audit reflects pending bills amounting to Kshs.803,087,704 as at 30th June 2023 as disclosed under Annex 4a – Analysis of Pending bills. Included in this amount is Kshs.5,720,737 payable to Project affected persons (PAPs) which was outstanding for more than a year and other, interim payment certificates worth Kshs.797,366,967 payable to an International firm, two (2) constructions companies and a consultant were outstanding as at 30th June 2023 out of which Kshs.494,849,993 was outstanding for more than a year. The Management did not provide satisfactory explanation for the delay in payment although the donors remitted funds to pay the contractors promptly after a payment request was submitted.</p>	The figure of Kshs.5,720,737 payable to Project Affected Persons (PAPs) has been outstanding due to land court cases by the beneficiaries. The same will be paid once the cases are settled. The figure of Kshs.494,849,993 which has been outstanding for more than one year is as a result of delays in remittance of the loan revenue by the donor.	Eng. Stephen Mutinda - Project Manager	<b>Resolved</b>	

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	In the circumstances, the projects risk additional charges of penalties and interest and legal litigations.				
	<p><b>2. Avoidable Interest on Delayed Payments</b></p> <p>Review of the interim payment certificates Numbers 31,32,35 and 36 raised by an International firm for package I contract No.NIB/T/085/2011-2012: entailed construction of the Thiba Dam and appurtenant facilities revealed delays in payments for more than twenty-eight (28) days as per the contract agreement which resulted in extra charges totalling to Kshs.40,599,359.</p> <p>In the circumstances the Project Management is at risk incurring additional costs in case of penalties and interest from the contractor</p>	<p>The loan agreement and the signed contracts provides for payments in foreign and local currencies. Settlement of local currency portion of consultant and contractors certificates were to be made through funds disbursed through loan revenue from JICA to NIA’s bank account held at NCBA bank.</p> <p>The first disbursement was done in June 2015 and the funds are exhausted. Subsequent disbursement was met with challenges especially lack of budgetary allocation by The National Treasury and change of payment method by JICA. JICA recommended direct payments for both local and foreign currencies. Actualizing this method of payment needed approval, which took some time. However, the processes and procedures are now in place and all certificates have been forwarded to JICA for direct settlement to the supplies of goods and services.</p>	Eng. Stephen Mutinda-Project Manager	Resolved	
	<p><b>3. Slow Project Implementation</b></p> <p>The Authority entered into contract under Lot 1 contract No. NIA/T/087/2020/2021 for construction and civil works for irrigation facilities with a Contractor at a</p>	<p>The slow progress of works is occasioned by the delay in payments as a result of inadequate budget allocation by the National Treasury, which led to delays in honoring the</p>	Eng. Stephen Mutinda-Project Manager		

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	<p>contract sum of USD.8,519,610 equivalent to Kshs 920,117,880. The construction commenced on 22 March, 2021 and was expected to end on 3rd October, 2023. As at 30th June 2023 the completion status of the project was 33%. and as 3rd October 2023 during the time of physical inspection, it was at 35% casting doubt on timely completion of the project.</p> <p>Lot 2, under contract No. NIA/T/088/2020/2021 which involves civil works of drainage facilities and other works, was awarded to an Engineering firm at contract a sum of USD.6,487,899.83 equivalent to Kshs 700,693,181.64. The works commenced on 22 March, 2021 and were expected to be completed by 4th October, 2023. As at 30th June 2023 the completion status of the project was 47% and as the time of physical inspection on 3rd October 2023 it was at 50%. This casts doubt on whether the projects will be completed on time and if the stakeholders will obtain value for money</p>	<p>certified payments to the Contractors. However, the pending bills for the contractors were settled and the contractors are expected to fast track the works.</p>			
	<p><b>4. Failure to Open and Maintain a Project Bank Account</b> The statement of financial assets reflects bank balance of Kshs.105,390,602 as disclosed in Note 11A to the financial</p>	<p>The Management has since received the approval of NIA Directors to open a designated bank account for the Project but waiting for the approval by the National Treasury to actualize</p>	<p>CoF – CPA Jedidah Oduori</p>	<p>Resolved</p>	

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	<p>statements. This balance comprises of Kshs.4,899,293 and Kshs.100,491,309 in accounts belonging to the Authority .The Project does not have a separate account, but continued to receive the counterpart funds through the National Irrigation Authority’s development bank account number .This is contrary to Article I Section 1.2 (j) of the Subsidiary Loan Agreement between the Government of Kenya and National Irrigation Authority requires the Project to open a separate bank account for the purpose of receiving and accounting for counterpart funds. In the circumstances, Management was in breach of the Act.</p>	<p>the same. This is as per the National Treasury Circular No. 19/2016 quoting section 28(1) of the PFM Act, which states that “The National Treasury shall authorize opening, operating and closing of Bank Accounts and sub accounts for all National Government Entities <i>in accordance with the regulations under this Act.</i>”</p>			
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**Chief Executive officer**  
Eng. Charles Muasya, *MBS*



**Project Manager**  
Eng. Stephen Mutinda



**Project Accountant**  
CPA Tirus Kabuthia  
ICPAK Member

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**Annex 2 – Variance Explanations - Comparative Budget and Actual Amounts**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance</b>
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	545,000,000.00	508,750,000.00	36,250,000.00	93	All the funds in the revised budget were received.
Proceeds from borrowings	1,494,000,000.00	1,127,960,907.00	366,039,093.00	75	Payments are based on certified works
Miscellaneous Receipts	0.00	2,229,046.00	-2,229,046.00	100	
<b>Total Receipts</b>	<b>2,039,000,000.00</b>	<b>1,638,939,953.00</b>	<b>400,060,047.00</b>	<b>90</b>	
<b>Payments</b>					
Compensation of employees	1,500,000.00	1,439,162.00	60,838.00	96	The variance within the allowable range
Purchase of goods and services	600,000,000	548,071,777.00	51,928,223.00	91	The variance within the allowable range
Acquisition of non-financial assets	1,437,350,000.00	856,824,318.00	580,525,682.00	59	Payments are based on certified works
Other grants and transfers	150,000.00	122,636.00	27,364.00	82	
<b>Total payments</b>	<b>2,039,000,000.00</b>	<b>1,406,457,893.00</b>	<b>632,542,107.00</b>	<b>69</b>	

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**Annex 3: Reconciliation of Inter –Entity Transfers**

<b>PROJECT NAME: MWEA IRRIGATION DEVELOPMENT PROJECT</b>				
<b>Break down of Transfers from the Ministry of Water ,Irrigation &amp; Sanitation</b>				
<b>A. Government Counterpart Funding</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
1	Treasury disbursement: Quarter 1	Quarter 1- 29/09/2023	136,250,000.00	FY 2023/2024
2	Treasury disbursement: Quarter 2	Quarter 2- 18//01/2024	100,000,000.00	FY 2023/2024
3	Treasury disbursement: Quarter 3	Quarter 3- 07/03/2024	136,250,000.00	FY 2023/2024
4	Treasury disbursement: Quarter 4	Quarter 4- 14/05/2024	136,250,000.00	FY 2023/2024
			<b>508,750,000.00</b>	
<b>B. Direct Payments</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	JICA Direct Payments	N/A	1,019,233,049.00	FY 2023/2024
			<b>1,019,233,049.00</b>	
<b>C. Others</b>				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	JICA Loan Revenue	28/06/2024	108,727,858.00	FY 2023/2024
			<b>108,727,858.00</b>	
		<b>TOTAL(A+B+C))</b>	<b>1,636,710,907.00</b>	

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**Annex 4a - Analysis of Pending Bills**

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2024	Outstanding Balance 2023	Comments
		a	b	c=a-b		
<b>Construction of civil works</b>						
1. Strabag International LC IPC 28-36	13/07/2017	571,576,569.00	542,854,103.00	28,722,466.00	571,576,569.00	IPC 36 Part payment is pending.
2. Mutahi Engineering IPC 4	25/02/2021	29,885,259.00		0	29,885,259.00	All the received invoices within the period were paid
3. Joycott General contractors IPC 3	22/02/2021	30,090,540.00		0	30,090,540.00	All received invoices were paid.
<b>Land Acquisition</b>						
Land compensation (PAPs)- Canals& drains	26/08/2016	26,106,667.00	22,912,338.00	8,915,066.00	5,720,737.00	

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<b>Supplier of Goods or Services</b>	<b>Date Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2024</b>	<b>Outstanding Balance 2023</b>	<b>Comments</b>
<b>Supply of services</b>						
Nippon Koei 1.Invoice FC: 61-66	18/02/2011	165,814,599.00	165,814,599.00	0	0	There are no pending invoices in the system
2. Invoice LC :61-66		86,653,860.00	86,653,860.00	0	165,814,599.00	
<b>Grand Total</b>		<b>910,127,494.00</b>	<b>878,210,699.00</b>	<b>37,637,532.00</b>	<b>803,087,704.00</b>	

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**Annex 4b – Analysis of Other Pending Payables**

<b>Name</b>	<b>Brief Transaction Description</b>	<b>Date Payable Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance 2024</b>	<b>Outstanding Balance 2023</b>	<b>Comments</b>
<b>Amounts due to Third Parties</b>							
1. Retention (Strabag International)	Cumulative Retention up to IPC 36	13/07/2017	373,845,090.00	348,561,997.00	25,283,093.00	373,845,090.00	1 <sup>st</sup> 50% retention in IPC 36 has not been paid..
2. Retention (Mutahi Engineering Limited)	Cumulative Retention Up to IPC 8	25/02/2021	14,159,772.00	0	14,159,772.00	8,642,404.00	Cum. Retention to date
3. Retention (Joycott General Contractors)	Cumulative Retention Up to IPC 8	22/02/2021	11,239,954.00	0	11,239,954.00	7,320,456.00	Cum. Retention to date
<b>Grand Total</b>			<b>399,244,816.00</b>	<b>348,561,997.00</b>	<b>50,682,819.00</b>	<b>389,807,950.00</b>	

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**Annex 5: Summary of Fixed Asset Register**

<b>Asset class</b>	<b>Opening Cost (KSh.) 2023/2024</b>	<b>*Purchases/Additions in the Year (KSh.) 2023/2024</b>	<b>**Disposals in the Year (KSh.) 2023/2024</b>	<b>Transfers in/(out) KSh. 2023/2024</b>	<b>Closing Cost (KSh.) 2024</b>
	(a)	(b)	(c)	(d)	(e)= (a)+ (b)-(c)+(-)d
<b>Work in Progress</b>	13,571,763,421.00	1,406,457,893.00			<b>14,978,221,314.00</b>
<b>Total</b>	<b>13,571,763,421.00</b>	<b>1,406,457,893.00</b>			<b>14,978,221,314.00</b>

**APPENDICES**

- i. Statements of Expenditure – Donor Requirement
- ii. Bank Reconciliations
- iii. Certificate of bank balance