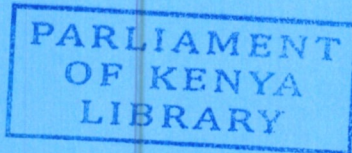
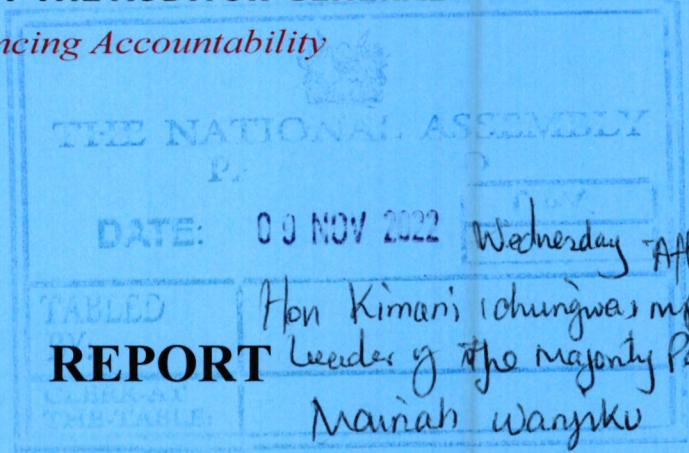




Enhancing Accountability



OF

THE AUDITOR-GENERAL

ON

**KERIO VALLEY DEVELOPMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE, 2020**



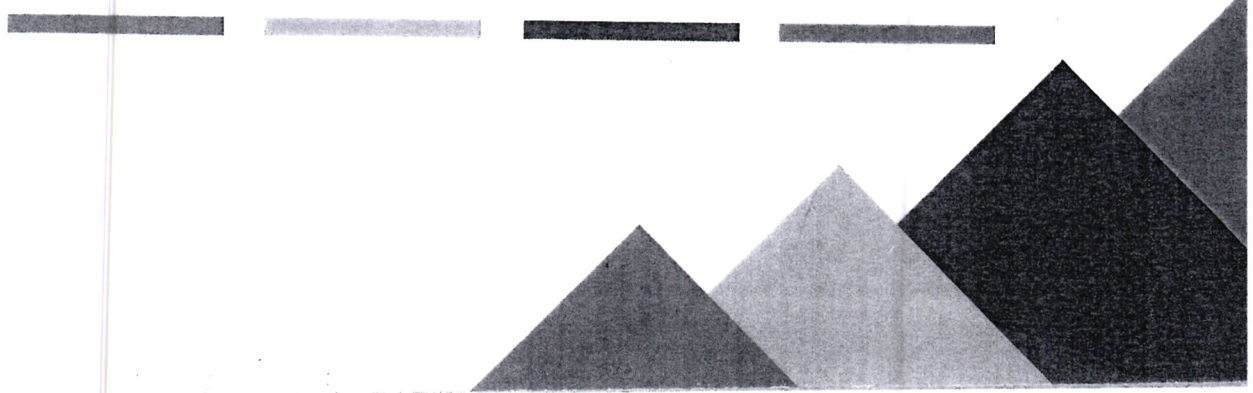
Republic of Kenya



KERIO VALLEY DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING 30TH JUNE, 2020

**This Report is prepared in accordance with
the Accrual Basis of Accounting Method
under the International Public Sector Accounting
Standards (IPSAS)**



LIST OF ABBREVIATIONS

AIA	-	Appropriation In Aid
ASAL	-	Arid and Semi-Arid Lands
GoK	-	Government of Kenya
IFRS	-	International Financial Reporting Standards
IPSAS	-	International Public Sector Accounting Standards
KVDA	-	Kerio Valley Development Authority
PFM Act	-	Public Finance Management Act
VER	-	Voluntary Early Retirement

OFFICE OF THE AUDITOR GENERAL
ELDORET HUB
31 MAY 2021
RECEIVED
P. O. Box 2774 - 30100, ELDORET

**ANNUAL REPORT AND FINANCIAL
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ENDING 30TH JUNE 2020**

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1.0 KEY INFORMATION AND MANAGEMENT

1.1 Background Information

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

1.2 Principal Activities

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

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

Core Values:

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

1.3 Physical Address and Contacts

1) Headquarters

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

ii) Bankers

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

iii) Independent Auditors

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

iv) Principal Legal Advisor

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

1.4 KVDA's Mandate

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

1.5 Strategic Objectives

The Authority has three main strategic objectives namely:-

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

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

This report focuses on the status of activities undertaken by KVDA in the last 5 years ending 30th June 2020. Specific areas covered include:-

- i) Summary of general performance against targets
- ii) Achievements in the last five years.
- iii) Status of on-going projects
- iv) Board of Directors
- v) Financial Status of the Authority

2.0 SUMMARY OF GENERAL PERFORMANCE AGAINST TARGETS

2.1 Performance Against Targets

Over the last five years, the Authority's performance included:

- Mobilized funds for development programmes
- Developed irrigation infrastructure in 4,345 acres.
- Increased internally generated revenue from Kshs. 100 million in 2014/15 to Kshs. 139.48 million in 2019/2020. The Authority has the potential to raise Kshs. 300 million annually.
- Organized Peace Building Initiatives in the region
- Generated rental income of Kshs. 113 million in the FY 2019/2020.
- Raised and planted more than 1 million tree seedlings for environmental conservation.
- Raised and planted more than 3 million mango seedlings in collaboration with farmers.
- Established community based programmes such as beehive, honey production, livestock and pasture improvement.

3.0 ACHIEVEMENTS IN THE PAST FIVE YEARS

3.1 Human Resource Issues

- New organizational structure and new Human Resource policies and procedures have been developed and being implemented.
- Medical Scheme for both staff and Board members was introduced. The scheme is operational and has been beneficial to both members of staff and the Board.
- Staff pension scheme is operational on a competitive basis.

3.2 Revenue Growth

3.2.1 Rental income

Rental income increased from Kshs. 67.4 million in 2014/2015 to Kshs. 113 million in 2019/2020. The rental income is expected to increase to Kshs. 150 million annually in the next two financial years.

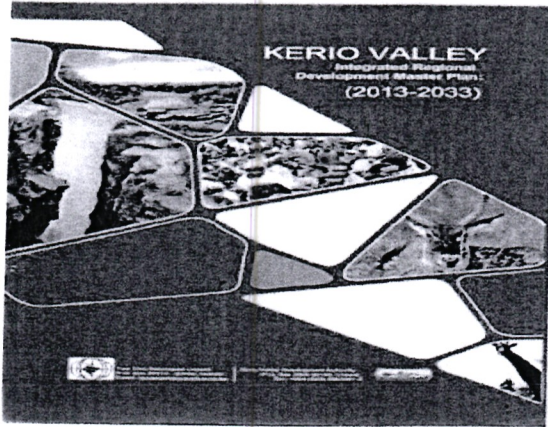
3.2.2 Beehive and Honey Production

Revenue from sale of honey and beehives has increased from Kshs. 11.9 million in 2014/2015 to Kshs. 41.6 million in 2019/2020.



Bee hive and Honey Production by KVDA

3.3 Policy Documents

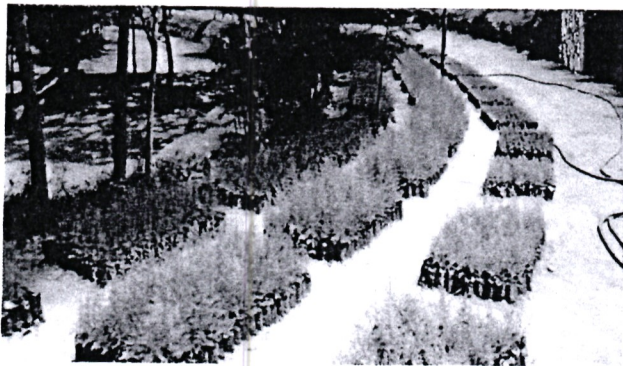


KVDA has developed a twenty (20) year Integrated Regional Development Master Plan (2013-2033) and a five (5) year Strategic Plan 2018/19 – 2022/23. The Master Plan is being used widely by the counties in KVDA's area of jurisdiction in preparing the County Integrated Development Plan.

Integrated Regional Development Master Plan

3.4 Conservation Initiatives

The Authority raised 1 million assorted fruit and tree seedlings in the year 2019/20 and has been used in catchment conservation along Cherangany watershed.



Tree Nursery



Tree Planting Efforts

3.5 Water Harvesting and Storage

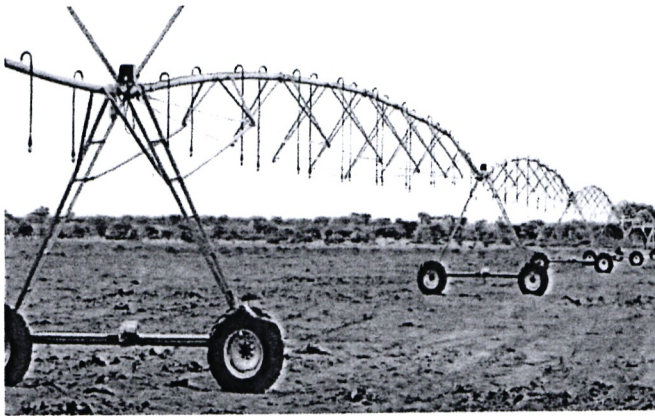
The Authority has constructed 84 No. water pans with over 1.58 million M³ storage capacities in eight counties benefiting over 10,000 households and over 100,000 livestock.



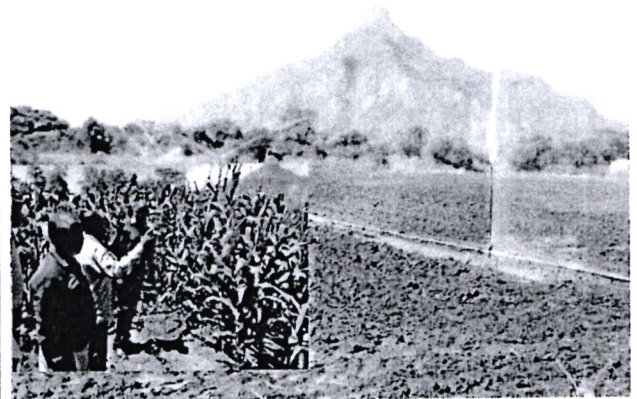
Kadokoi water pan in Tangulbei division, Baringo County

3.6 Irrigation Projects

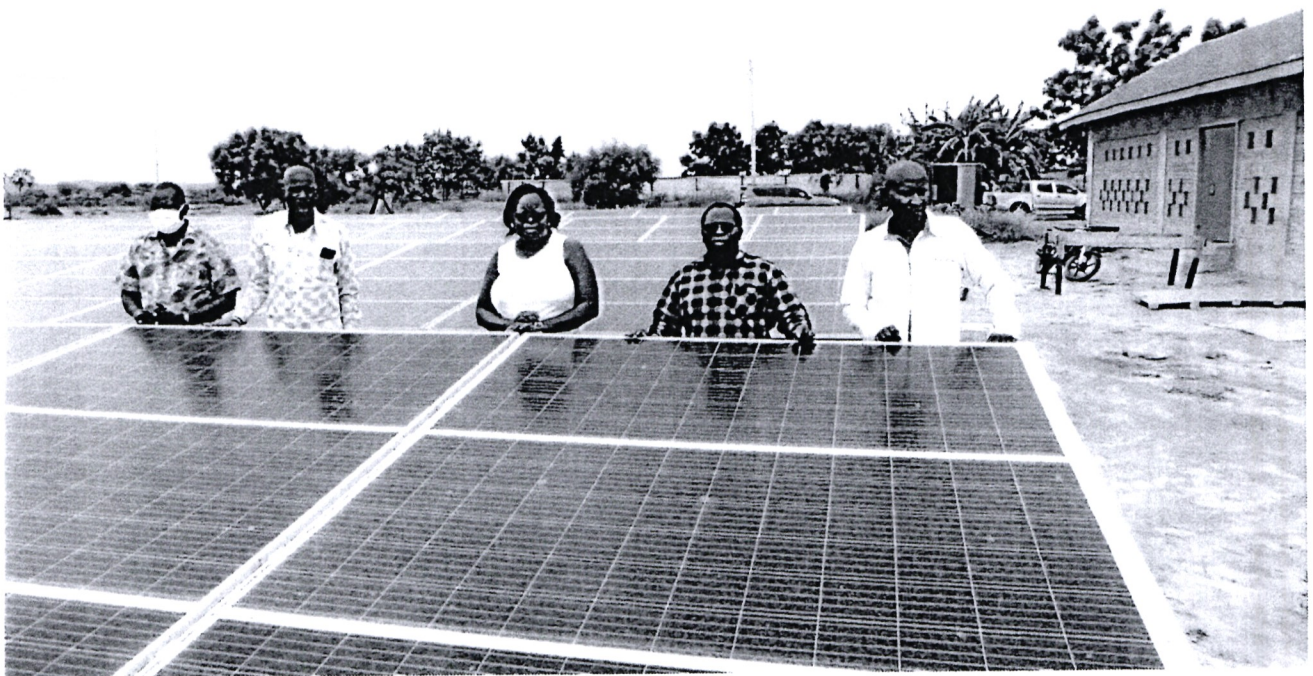
The Authority has put 4,345 acres of land under irrigation as follows: - Napuu Centre Pivot Irrigation scheme 150 acres, Chepkum/Kamsiwet (300 acres), Lomut (250 acres), Ptokou Sangat (800 acres), Marich (250 acres), Lower Sangat (250 acres) and WeiWei Phase III- 1,500 acres. These irrigation projects are being jointly implemented with the community and are geared towards increasing food production and contributing to the food security pillar of the “Big Four” agenda.



Napuu Centre Pivot Irrigation System



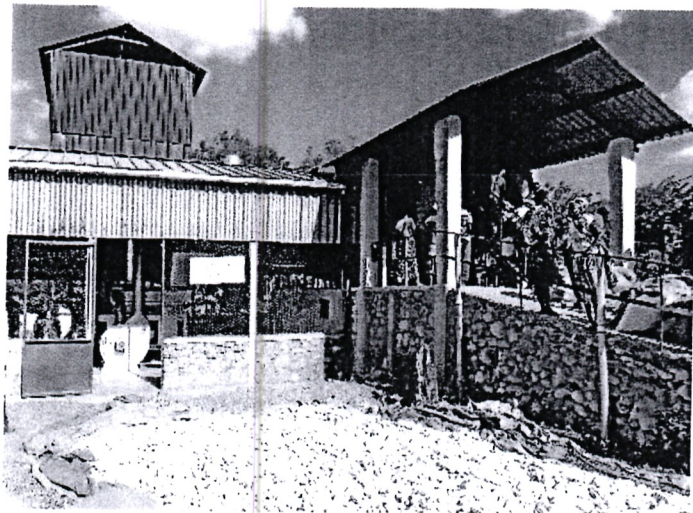
Wei Wei Irrigation Scheme



Solar Panels used at Napuu Centre Pivot Irrigation Project.

3.7 Seed Production

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



Wei Wei Seed Maize Processing Plant



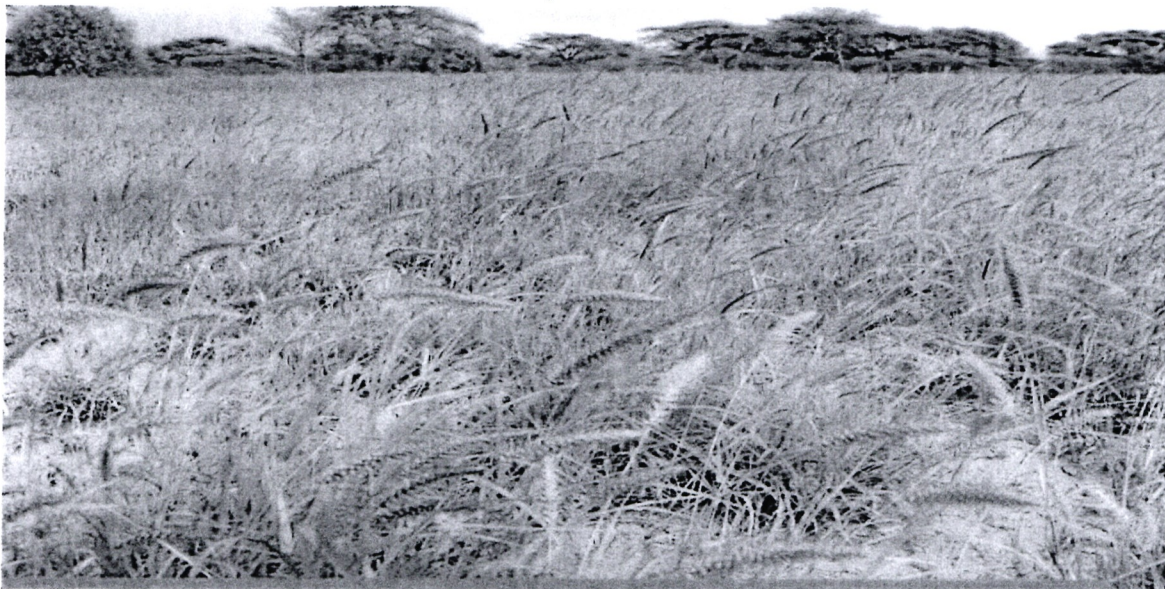
Wei Wei Irrigation Project in West Pokot

3.8 Pasture Seed Development

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



Livestock production at Chemeron



Pasture farm at Lemalok, Marigat

3.9 Operationalization of Regional Offices

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

3.10 Resource Mobilization

The Authority plans to spend Kshs. 55 billion on the Strategic Plan activities for 2018/19 – 2022/23 (five years). During 2019/2020 financial year, GoK allocated a development budget of Ksh 167.428 million for the projects indicated below. The balance will be sourced from development partners, Public Private Partnerships, asset financing and special project funds among other sources.

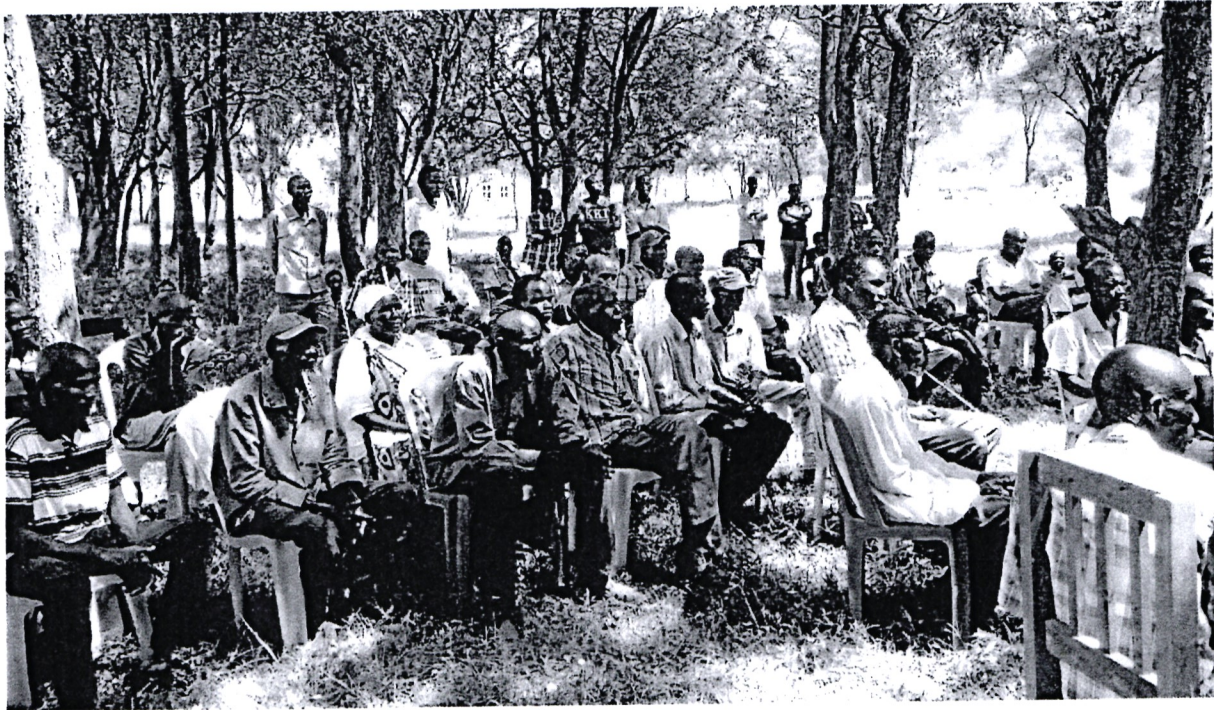
No	Project	GoK (Ksh)	AIA (Ksh)	Donor Funds (Ksh)
1	Napuu Irrigation project, Lomut Irrigation Phase II project, and Lower Turkwel Irrigation project	111,428,000	5,000,000	
2	Weiwei Phase III irrigation project	41,000,000	8,000,000	
3	Mango value chain	15,000,000	3,000,000	
Total		167,428,000	16,000,000	

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

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

3.11 Peace Initiatives

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



Peace building meeting

4.0 STATUS OF ON-GOING PROJECTS AND PROGRAMMES

4.1 Cherangany Watershed Conservation Programme

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

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

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

- Over 2 million tree seedlings raised and planted to conserve Cherangany Watershed.
- 30 km riverbanks protected with woodlots/vegetation cover.
- Improved biodiversity and ecological resilience.
- Improved food security.
- Livelihood programmes promoted include honey and beehive production, pasture development and livestock improvement.
- Produced a documentary for Cherangany watershed

The expected output include:

- Contribute to the 10% forest cover and improved biodiversity and ecological resilience by conservation of over 500 km².
- 100 km of riparian areas protected.
- Farm forestry established and over 7 million tree seedlings planted.
- Sustainable flows of rivers and streams flowing to Lake Turkana and Lake Victoria.
- Climate change adapted and mitigation measures put in place.
- Enhanced conservation based livelihood programmes such as honey production, pasture and livestock improvement.



Soil erosion and landslides along Cherengany watershed

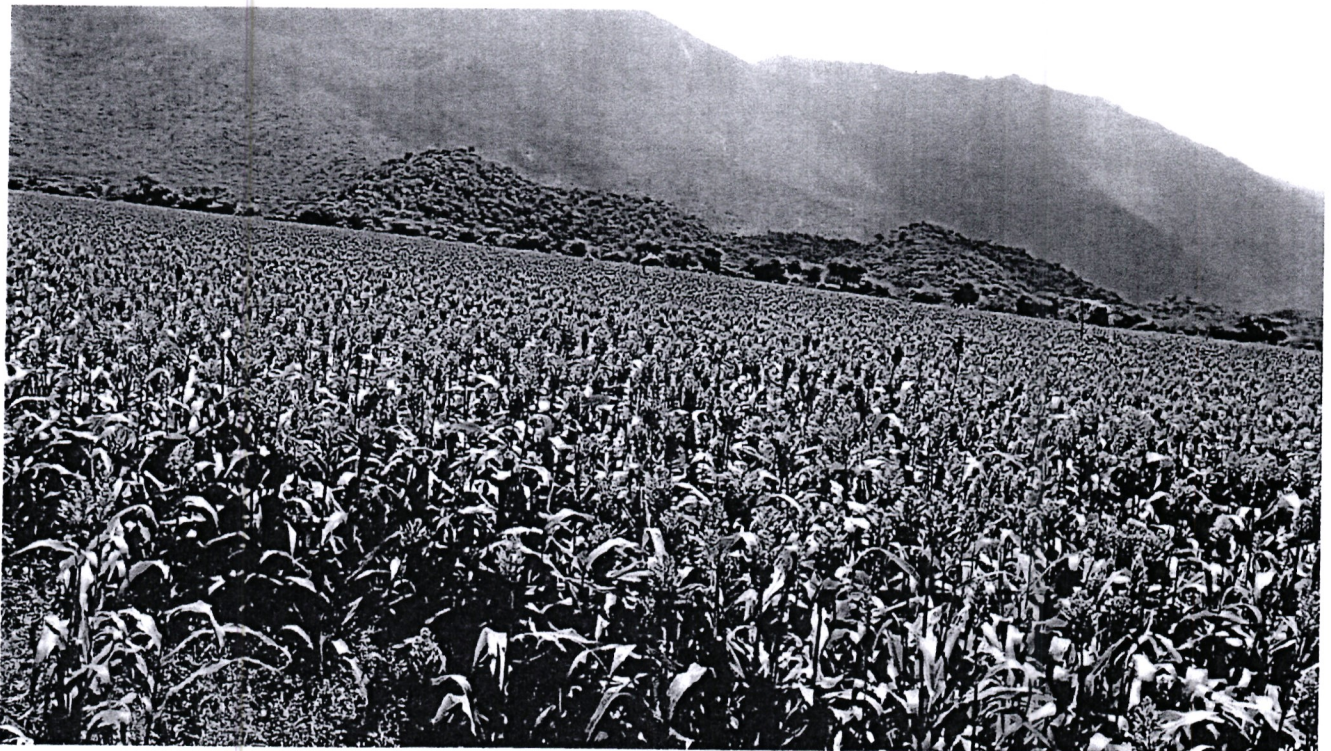


Tree planting in Cherangany hills

4.2 Irrigation Projects

The region has a potential land for irrigation of 304,000 ha out of which 4,345 acres has already been developed by the Authority to address food security pillar of the “Big Four” Government agenda. The projected benefits include increased crop production of 10,000 tons annually, increased household income of Kshs. 300 million, engagement of 2,000 youth and women and general economic development of the area.

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



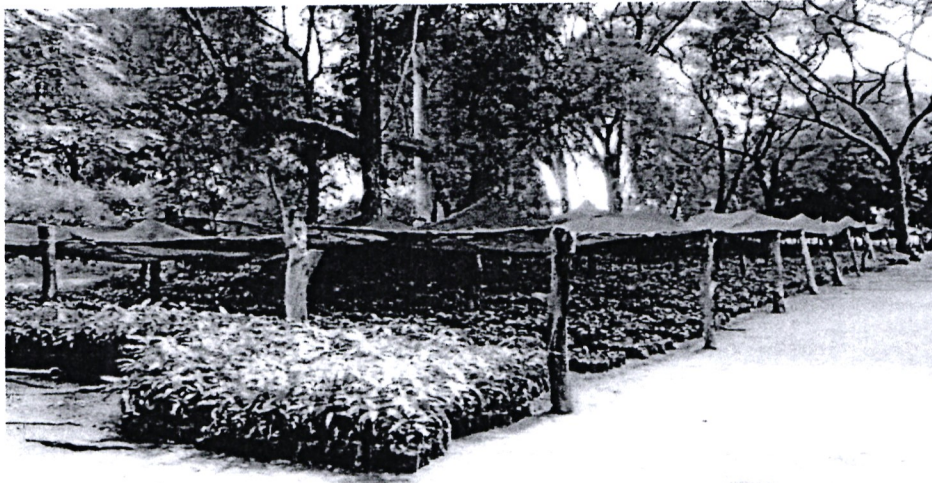
Sorghum crop at Kamsiwet farm in Aror.

4.3 Mango Value Chain Programme

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

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

- Three million mango trees planted and another 240,000 are in stock ready for planting.
- Mango processing plant was procured at a cost of Kshs. 36 million and delivered on 1st April 2018 to Tot.



Wei Wei tree nursery in West Pokot County



Tot tree nursery in Elgeyo Marakwet County



Mango Fruit drink from the already operational Tot Mango Factory in Elgeyo Marakwet County.

The expected output include:

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

4.4 KVDA Plaza (Southern Wing and Lift Replacement)

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

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

- 90,000 sq. ft of office space developed and rented out to generate revenue for the Authority.
- Seven lifts replaced to serve both wings.
- Improved service delivery within KVDA Plaza.
- Increase rental income to Kshs. 150 million annually.



KVDA Complex in Eldoret

5.0 BOARD OF DIRECTORS

5.1 Board Members



Hon. Jackson Kiptanui

Chairman.

Appointed on 12/07/2018.
Holds Masters in Business
Admin., BSc
(Mathematics/Statistics),
Diploma-Marketing
Management.



Mr. Sammy Naporos

Managing Director.

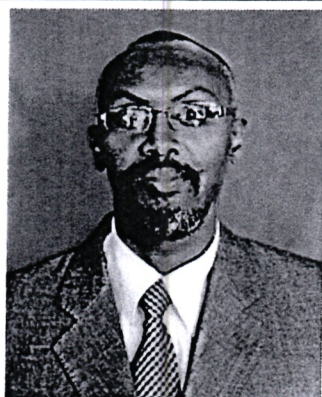
PHD Development
Studies; Masters Project
Planning Management and
BBA



Mrs. Dinah Chelanga

Vice Chairperson.

Appointed on 20/09/2018.
Holds H. Diploma Psych.
Counselling



Mr. Mohammed Jabane

**Alternate Director Chief
of State & Head of
Public Service.**

Holds Master of Arts in
International Relations, BA
Political Science both UoN,
and Advanced Public
Relations – Kenya institute
of Administration.



Mrs. Francisca Ereng

Board Member

Appointed 7/2/2019.
Holds BA-Development
Studies, Diploma -
Community development
& Development & Social
Work



Dr. Joseph Rotumoi -

Board Member

Appointed 20/02/18.

Holds PhD in Educational
Comm., Post Graduate Dip
in HR; Masters in
Education (Moi University)



Ms Grace W. Were

Board Member.
Appointed 7/2/19.
Holds MA (PPM), BA (CP)

Ms. Risper Nyongesa-

Alt. Director to P.S
Min of East African
Community and Regional
Development



Mrs Susan Chesinya

Board Member
Appointed 7/2/19.
Holds BA in Education
Psychology and Dip in
Education Psychology



Mr. Kimani Kiiru

Alternate Director to PS Min
of Agriculture,
Appointed on 3/5/2017.
Holds Masters in
International Studies
(UoN) and BA (KU)



Ms. Lilian Abishai.

Born in 1979 Alternate
Director to Attorney
General. Senior Counsel
Masters in-law, bachelors
in-law & Diploma - Kenya
school of law.



**Mr. Juma Chrispine
Omondi**

Alternate to PS Min. of
Water and sanitation.
Holds Masters of Science



Mr. Dudley Matagi –

Alt. Director, C.S. The National Treasury. Holds MBA Finance Option, Bachelor of commerce (Finance option) & diploma in Banking,



Ms Pauline Lenguris

Board Member
Appointed 7/2/19. Holds BA Development Studies, Diploma-Development Education.



Hon. Philip Rotino

Board Member
Appointed on 5th July 2019. Holds Masters Degree in International Development, Masters Degree Rural Economics and Extension Education



Mr. Adan Omar

Board Member
Appointed on 7/2/2019; On-going PhD in Leadership and Governance. Holds a MBA (Strategic Mngt) from KU, B.Ed –Kampala Intl Univ; Dip – Kenya Science.



Hon. Leonard Sang

Board Member
Appointed on 7/2/19. Holds BS in Public Health, Higher Dip Reproductive Health and Health Service Management; Dip in Clinical Medical & Surgery



Mr. Andrew Karumbo

Board Member
Appointed on 7/2/19. Holds bachelors BCOM from UN, CPS(K), CPA(K).

5.2 Appointment and Nomination of Board Members

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

No	Name	Designation	Gender	Home County	Appt. Date	Expiry Date
1.	Hon. Jackson Kiptanui	Chairman	Male	N/A	12/7/2018	11/7/2021
2.	Mrs. Dinah Chelanga	Vice Chair	Female	ElgeyoMarakwet	20/9/2018	19/9/2021
3.	Dr. Joseph Rotumoi	Member	Male	Baringo	20/9/2018	19/9/2021
4.	Mr. Adan Omar	Member	Male	Wajir	7/2/2019	6/2/2022
5.	Mrs. Susan Chesinya	Member	Female	Baringo	7/2/2019	6/2/2022
6.	Mr. Andrew N. Karumbo	Member	Male	Nairobi	7/2/2019	6/2/2022
7.	Mrs. Francisca Ereng	Member	Female	Turkana	7/2/2019	6/2/2022
8.	Hon. Leonard Sang	Member	Male	Kericho	7/2/2019	6/2/2022
9.	Mrs. Pauline Lenguris	Member	Female	Samburu	7/2/2019	6/2/2022
10.	Mrs. Grace Were	Member	Female	Nairobi	7/2/2019	6/2/2022
11.	Hon. Philip Rotino	Member	Male	West Pokot	5/7/2019	4/7/2022
12.	Mr. Dudley Matagi	Alt. Director, National Treasury	Male	N/A		-
13.	Mr. Mohamed Jabane	Alt. Director to Chief of Staff	Male	N/A	17/10/2015	-
14.	Ms. Risper Nyongesa	Alt. Director, EAC&RD	Female	N/A		-
15.	Mr. Kimani Kiiru	Alt. Director, Min of Agric.	Male	N/A	3/5/2017	-
16.	Mr. Chrispine Juma	Alt. Director, Min of Water	Male	N/A	28/6/2018	-
17.	Ms. Lilian Abishai	Alt. Director, Attorney General	Female	N/A	19/4/2013	-
18.	Mr. Sammy Naporos	MD/ Secretary	Male	N/A	1/02/2020	31/01/2023

6.0 Fiduciary Oversight Arrangements

6.1 Functions and Responsibilities of the Board

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

6.1.1 Committees of the Board

The Board has three standing Committees namely:

- a) Audit and Risk Management Committee
- b) Finance Committee
- c) Committee of Development and Environment
- d) Human Resources Committee

i) Audit and Risk Management Committee

The Audit and Risk Management Committee meets quarterly. During the financial year under review, the Audit Committee held four meetings. The membership comprised of five members.

Its responsibility includes ensuring that internal control functions are effectively followed; oversee internal audit function are effectively followed; oversee Audit's work-plan is executed; ensure compliance to legal and statutory requirements; assess audit risks portfolio of the organization; review external reports and ensure recommended actions are addressed; Ensure Audit charter and risk management policies are in place and up-to-date.

The members of this Committee are:

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

ii) Finance Committee

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

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

The members of this Committee are:

- 1) Mrs. Susan Chesiyana - Chair Person
- 2) Ms. Pauline Lenguris - Member
- 3) Mrs. Grace W. Were - Member
- 4) Mr. Dudley Matagi - Member
- 5) Mr. Mohammed Jabane - Member
- 6) Mr. Sammy Naporos - MD (Secretary)

iii) Committee of Development and Environment

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

The Committee concerns itself with identification, prioritization and recommendation (from the master plan and Strategic Plan) for approval of investment projects; Consider and recommend approval of project budget and work-plans; Report on quality of works in projects; Report on project status; Report on project evaluation process and indicate whether there is value for money and Ensure and report on compliance to all relevant policies, laws and regulations for development of projects.

The members of this Committee are:

- 1) Mr. Adan Omar - Chairman
- 2) Mrs. Francisca Ereng - Member
- 3) Hon. Leonard Sang - Member
- 4) Mr. Kimani Kiiru - Member
- 5) Mr. Chrispine Juma - Member
- 6) Mr. Sammy Naporos - MD (Secretary)

iv) Human Resource Committee

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





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




The members of this Committee are:

- 1) Mr. Andrew Karumbo - Chairman
- 2) Mrs. Dinah Chelanga - Member
- 3) Ms. Risper Nyongesa - Member
- 4) Mr. Sammy Naporos - MD (Secretary)

6.1.2 Management Team

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

Name of the Staff	Responsibility
 <p>Mr. Sammy Naporos PHD Development Studies; Masters Project Planning Management and BBA</p>	<p>Managing Director</p>
 <p>Mr. David Biwott BSC Animal Production; Diploma in Range Management, Member of Environment Institute of Kenya</p>	<p>Manager, Agribusiness</p>
 <p>Mr. Christopher Chemwok Masters in Agricultural Economics & Resource Management; Degree In Agricultural Economics & Resource Management; CPA II; Member of Africa Farm Management</p>	<p>Manager, Planning Research & Development</p>
 <p>Ms. Esther Cherutich MBA (Marketing); Bachelors (MBM-Marketing); Diploma in Agriculture & Food Marketing; Member of Marketing Society Of Kenya</p>	<p>Manager, Business Development & Investment Promotion</p>

	<p>Mr. Joshua Mosoti MBA (Finance) BBM (Accounting) & Member of ICPAK</p>	<p>Manager Finance & Accounts</p>
	<p>Mr. Josphat Motende MBA (Human Resource), Bachelor of Education, Diploma IN Human Resource, & IHRM member.</p>	<p>Manager Human Resource</p>
	<p>Mr. Antony Lunani Bachelors in Economics; Diploma in Purchasing & Supplies; Member of KISM.</p>	<p>Supplies Chain Management.</p>

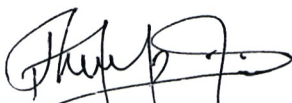
6.1.3 Chairman's Statement

It is with great pleasure to report on Kerio Valley Development Authority's Accounts for 2019/2020 financial year. The Authority is a State Corporation wholly funded by the Government of Kenya and its area of jurisdiction includes Counties of Elgeyo /Marakwet, West Pokot, Turkana, Baringo, Samburu and part of Nakuru.

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

- Implementation of the Strategic Plan 2014-2018 and review of strategic plan for 2018/19 – 2022/23 in an effort to transform the region's economy through sustainable exploitation of natural resources in partnership with communities, National and County Governments, Donor and Development Partners. The Plan was guided by the GOK Vision 2030.
- Strategic intervention on food security through expansion of irrigation projects through sustainable methods of irrigation, that is, installation of 250 KW solar system in Napuu and drilling of additional 3 boreholes in Napuu and use of gravitational force in Lomut.
- Enhance collaboration with the County governments and various institutions like Kenya Seeds Company, Moi Teaching & Referral Hospital and Kenya Power among others.
- Undertook resource mobilization abroad and locally through active engagements with the National Treasury and development partners.
- Engagement with the Ministry in preparation of RDA Amendment Bill.
- Undertook corporate social responsibility in the region through contributions towards community programmes, providing relief food to mudslide victims, actively supporting community irrigation activities in Kamsiwet, Napuu, Weiwei, Loyapat, Chemeron, Chepkum.
- Established assorted fruit and tree nurseries to support the live-hoods of the people within the basin and conservation of the basin.
- Operationalized the Mango factory and increased production of the processed honey.

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



Hon. Jackson Kiptanui

Chairman of the Board

Date: 31/8/2020

6.1.4 Managing Director's Report

It is my honour to present the Financial Statement for the year ended 30th June 2020. During the period, there was growth in KVDA's revenue base. Our focus was on building the already laid down foundation for sustainability through expansion of revenue streams, enhancing operational efficiency and restructuring so as to make the Authority self-reliant. This is intended to move the Authority from current dependency on Government financing to a blue-chip institution within a five to eight years period.

Overall, the Authority reported a loss of **Kshs 79 million**. This is largely attributed to depreciation expense of Turkwel Dam. During the financial year, the Authority's AIA was **Kshs 171 million**. However, the overall income realized from exchequer and AIA were not adequate to cover the recurrent costs. The management has put in place the following financial measures in order to improve on the overall Authority's performance both in the short and long term:-

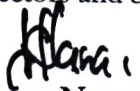
Short Term Measures:

- Enhance rental income from KVDA Plaza to a projected level above **Kshs. 150 million** per annum
- Completion and operationalization of 800 acres Wei Wei Phase III Irrigation Scheme in West Pokot County
- Purchasing and refining 150 tons of semi-processed honey and marketing honey products so as to raise **Kshs 100 million** per annum.
- Completion and operationalization of Mango factory in Tot, Elgeyo Marakwet County to produce mango juice ready for the market.

Long Term Measures:

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

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


Sammy Naporos
Managing Director

Date: 31.8.2020

6.1.5 Corporate Governance Statement

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

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

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

6.1.6 Management Discussion and Analysis

The Authority was created by the Act of Parliament Chapter 441 laws of Kenya with the mandate to plan, execute, co-ordinate, and implement development projects within its area of jurisdiction. The projects include: Irrigation projects, Conservation Projects, Multipurpose projects, Value Addition among others. During the year under review, Napuu Irrigation Project was launched and the implementation is on-going. Area residents have already reaped the benefits from the project. Wei Wei Phase III was launched by the President of the Republic of Kenya and the project implementation process is on-going. The benefits from this project are expected to trickle down to the community as the project attains full implementation. The Authority played a vital role in ensuring Cherangany catchment remains conserved by providing and planting trees which have been a great achievement by KVDA and the local community.

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

The major challenges faced by the Authority included under-funding by the National Treasury through budget adjustment which reduced development funding from time to time. The total development budget from exchequer was Kshs 167,480,000. These funds were not sufficient for the implementation of planned development programmes such as:

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

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

6.1.7 Corporate Social Responsibility Statement

Our commitment to our stakeholders and in improving the quality of life of communities living in our area of jurisdiction is central to our corporate identity. During the year under review, the Authority supported Mud slide victims in Elgeyo Marakwet, West Pokot through provision of relief food. With the out-break of Covid 19 pandemic the authority with collaboration with Development partners provided face masks, hand washing booths and sanitizers to the counties within the Kerio basin. The Authority also participated in peace building initiatives, supported expansion of educational institutions and offered internship and attachments to young scholars. However much could be done with other well-wishers.

6.2 Report of the Directors

The Board of Directors submit their report together with Financial Statements for the year ended 30th June, 2020 showing the state of KVDA's affairs.

Principal activities:

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

Results: The results of the entity for the year ended 30th June, 2020 are set out on pages 31 to 58


Directors: The Directors who served during the year are as shown on pages 12 to 17.

INTERNAL CONTROLS

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

Auditors

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



Hon. Jackson Kiptanui

Chairman of the Board

Date 31/8/2020

6.3 Statement of Directors' Responsibilities

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

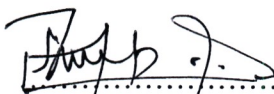
The Directors are responsible for the preparation and presentation of KVDA's Financial Statements, which give a true and fair view of the state of affairs of KVDA for and as at the end of the financial year (period) ended on June 30th, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the KVDA (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for KVDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that KVDA's financial statements give a true and fair view of the state of KVDA's transactions during the financial year ended June 30th, 2020, and of KVDA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for KVDA, which have been relied upon in the preparation of KVDA's Financial Statements as well as the adequacy of the Internal Control systems.

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

Approval of the Financial Statements

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



Hon. Jackson Kiptanui
Chairman of the Board

Date: 31/8/2020



Sammy Naporos
Managing Director

Date: 31.8.2020

7.0 Report of the Independent Auditors Responsibility

It is the responsibility of the independent auditor to express an opinion in the Financial Statement based on their Audit. The 2019/2020 Audited Financial Statements will be attached when the Auditors audit and express their opinion.

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KERIO VALLEY DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kerio Valley Development Authority set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2020, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kerio Valley Development Authority as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Presentation, Accuracy and Completeness of the Financial Statements

1.1 Presentation and Accuracy of the Financial Statements

The financial statements submitted for audit had the following anomalies:

- i. The statement of financial performance for the year ended 30 June, 2020 and statement of financial position as at 30 June, 2020 reflects restated balances for the year ended 30 June, 2019. However, the financial statements did not include explanatory notes to explain the restatements or the prior year adjustments.

- ii. The statement of financial performance for the year ended 30 June, 2021 reflects operation expenses balance of Kshs.195,870,797 which, as disclosed in Note 17 to the financial statements, includes amounts of Kshs.9,835,680, Kshs.25,112,830 and Kshs.25,248,246 in respect of Tot Mango Factory, Honey Production and Weiwei Phase iii- Seed Maize Processing Plant and Farming respectively, all totaling to Kshs.60,196,756. The total amount of Kshs.60,196,756 was classified under operation expenses contrary to Paragraph 9 of IPSAS 18-Segment Reporting which requires separate reporting for a distinguishable activity or group of activities of an entity.

1.2 Contingent Liability

As disclosed in Note 33 to the financial statements, the Authority has a contingent liability of Kshs.875,996 being money deposited as required by a court order to enable the Authority to make an appeal in a court case No.96 of 2013. Information available indicates that the Authority had another court case No. 54 of 2019 between the Former Managing Director and the Authority filed on 31 October, 2019 of which a ruling was delivered on 4 February, 2022 and the claimant was awarded a total of Kshs.23,405,000. However, the Authority did not disclose or provide for any contingent liability in respect of this case in the financial statements.

Under the circumstances, the accuracy and of the financial statements for the year ended 30 June, 2020 could not be ascertained.

2.0 Cash and Cash Equivalents

The statement of financial position for the year ended 30 June, 2020 reflects cash and cash equivalents balance of Kshs.750,507,440. However, review of the bank account statements, cashbooks and bank reconciliation statements related to the balance revealed that the Authority operated several dormant bank accounts within the year under audit. The dormant bank accounts as detailed below reflected no transactions for the whole year except for bank charges.

Account Name	Account No.	Balance as at 30 June, 2020 (Kshs)
KVDA Depreciation Account	1169786111	275,906
KIDDP Account	1169785166	353,384
KVDA Lake Turkana Region Account	1150365099	5,000
KVDA Lake Turkwel Region Account	1138684031	0.80
KVDA Lake Baringo Region Account	1138684007	34,709.15
KVDA Kerio Region Account	1138683884	(1,904.90)
KVDA Samburu Region Account	1148701583	0.00
KVDA Machinery Account	1131849132	1,862,371.90
Economic Stimulus Project Account	11697854192	675,568

No explanation was provided for not closing the unnecessary dormant bank accounts to save on bank charges and commissions.

3.0 Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.52,344,176 which, as disclosed in Note 21(a) to the financial statements, includes an amount of Kshs.2,707,767 relating to staff salary advances. The latter balance has been outstanding since 1998 and most of the concerned staff members are no longer in service. However, the Management did not disclose measures put in place to recover the funds from respective staff members. Further, no provision for doubtful debts has been made in the financial statements against the unrecoverable debts.

In addition, a provision for bad debts of 15% has been made on the previous year salary advances amount of Kshs.3,185,608 which was not supported by a Debt Management Policy or Board resolutions. It was therefore not possible to confirm how the provision for bad debts of 15% was arrived at.

Consequently, the accuracy, completeness and recoverability of receivables from exchange transactions balance of kshs.52,344,176 as at 30 June, 2020 could not be confirmed.

4.0 Unsupported Receivable from Non - Exchange Transactions

As disclosed in in Note 23 to the financial statements and as previously reported, the statement of financial position reflects a balance of Kshs.7,778,151,688 in respect of advance payments multi-purpose projects. The advance payments were made to contractors towards construction of Arror and Kimwarer multipurpose dams and were to be recovered by the Authority from subsequent payments of certified works. Physical verification revealed that the contractor was not on site and the projects have stalled. However, the Management has not made any provision for doubtful debts in respect of advance payments of Kshs.7,778,151,688.

Consequently, the accuracy and recoverability of receivables from non - exchange transactions balance of Kshs.7,778,151,688 as at 30 June, 2020 could not be confirmed.

5.0 Valuation of Biological Assets

The statement of financial position reflects biological assets amounting to Kshs.13,540,570 which, as disclosed in Note 24 to the financial statements, comprised amounts of Kshs.9,960,570, Kshs.780,000 and Kshs.2,800,000 in respect of seedlings, animal goats and animal Sahiwal cattle respectively. However, valuation reports of the biological assets as at 30 June, 2020 were not provide for audit review. Further, the overall increase of Kshs.3,093,800 in carrying amount of biological assets from Kshs.10,446,770 as at 30 June, 2019 to Kshs.13,540,570 as at 30 June, 2020 was not

supported by a reconciliation statement. The increase has also not been accounted for under the statement of financial performance in line with International Public Sector Accounting Standard No 27.

Consequently, the accuracy of the biological assets balance of Kshs.13,540,570 as at 30 June, 2020 could not be confirmed.

6.0 Valuation of Property, Plant and Equipment

As disclosed in Note 35 to the financial statements, the statement of financial position reflects a balance of Kshs.5,494,551,289 under property plant and equipment as at 30 June, 2020 with a historical cost of Kshs.8,737,648,616. However, the Authority's assets have not been revalued in accordance Paragraph 44 of IPSAS 17- property plant and equipment which states that revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

Consequently, the accuracy and completeness of property plant and equipment balance of Kshs.5,494,551,289 as at 30 June, 2020 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kerio Valley Development Authority Management in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional 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 Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.534,794,184 and Kshs.474,637,752 respectively resulting to an under-funding of Kshs.60,156,432 or 11% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.712,769,267 and Kshs.666,493,777 respectively resulting to an under expenditure of Kshs.46,275,490 or 6% of the budget. The under-funding and under-expenditure affected the planned activities and impacted negatively on service delivery to the public.

2.0 Projects Implementation Status

Verification of projects implementation status carried out in March, 2020 revealed that out of ten (10) projects with a total expenditure of Kshs.7,995,515,241, seven (7) projects with a total expenditure of Kshs.152,960,248 were complete while two (2) projects with a total expenditure of Kshs.64,403,305 were ongoing. The other one (1) project in respect of Kimwarer and Arror Multi-Purpose Dams with an expenditure of Kshs.7,778,151,688 had stalled as detailed in **Appendix I**.

3.0 Irrigation Projects

Available information indicates that the Authority has developed and irrigated a total of 4,345 acres of land out of 304,000 hectares available for irrigation. However, the Management has not put in place measures to ensure sustainability and maintenance of the irrigated land to ensure there is no wastage of public funds resulting from poor management of the irrigation schemes.

4.0 Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2020. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

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 Personal Emoluments- Employee Costs

The statement of financial performance reflects personal emoluments - employee costs balance of Kshs.106,702,741 for the year ended 30 June, 2020. The following unsatisfactory issues were observed:

1.1 Non-Adherence to the National Cohesion and Integration Act, 2008

During the year under review, the Authority had sixteen (16) Board Members and one hundred and thirty-nine (139) members of staff. However, eighty-eight (88) or 68% of permanent staff were from the dominant community, while five (5) or 50% of the senior management were from the dominant community. Further, six (6) or 38% out of the sixteen (16) appointed Board Members were from the dominant community. This is contrary to Section 7 of the National Cohesion and Integration Act, 2008 which requires that all public establishments should seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of staff from the same ethnic community.

Consequently, Management was in breach of the law.

1.2 Lack of Policy on Engagement of Casuals

Included in personal emoluments - employee costs balance of Kshs.106,702,741 is an amount of Kshs.1,462,454 paid to casual employees mainly engaged in management of seedlings and environmental conservation programmes. During the year under review, the Authority employed casuals for various projects but Management did not provide a management policy on engagement of casuals. The Authority is therefore likely to lose funds through irregular hiring of casual employees.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Internal Audit Function – Staff Inadequacy

During the year under review, the Authority had an Internal Audit Function in place with only two (2) officers compared to the approved staff establishment of seven (7) officers in various cadres resulting in shortfall of five (5) officers. This is contrary to Regulation 155(2)(a) of the Public Finance Management (County Governments) Regulations, 2015, which requires an Accounting Officer to ensure that the organizational structure of the Internal Audit Unit facilitates the entity to accomplish its internal audit responsibilities.

The Management was in breach of regulations and the Internal Audit Department may not effectively carry out its mandate.

2.0 Lack of an Inventory Management Policy

The statement of financial position reflects inventory balance of Kshs.19,429,004 which, as disclosed in Note 22 to the financial statements, comprise of processed honey, crude and semi processed honey, building and plumbing, spare parts, bee hives and honey equipment, tools and equipment, farm inputs, stationery, Agro-vet (livestock), farm products and general stores. However, the Authority does not have an Inventory Management Policy to provide formal guidance on the management of inventory.

Consequently, the Authority is likely to lose its inventory through wastages and poor accountability of the inventory.

3.0 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.37,394,646 which, as disclosed in Note 22 to the financial statements, includes an amount of Kshs.11,669,655 in respect of creditors (Recurrent account). The latter balance includes an amount of Kshs.11,182,135 due from two creditors which has been outstanding for over 120 days. Delay in settlement of liabilities may expose the authority to litigations by creditors.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and overall governance.

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 June, 2022

Appendix I- Projects Implementation Status				
No.	Project Name	Budgeted Amount	Actual Expenditure to-Date	Verification Remarks
		Kshs.	Kshs.	
1.	Napuu Centre Pivot Irrigation Project- Installation of Solar panels power	71,428,000	57,465,720	The solar panels have been installed and the attendant electrical units installed and power produced is already in use for pumping water.
2.	Lomut Irrigation Project	70,000,000	49,668,857	The project is based in West Pokot County and involves delivering water by gravity to farmers downfield for Farming-Construction of the intake on-going, laying of pipes complete and construction of coagulation tanks complete. The project is about 70% complete
3.	Wei Wei Irrigation Project Phase 3	45,000,000	25,248,246	The project is based in west Pokot county and involves delivering water by gravity to farmers for farming purposes. This expenditure was for fencing round the farming area with a chain link and metal bars and by the time of verification in the month of May 2021, the fencing had been done and completed.
4.	Mango Value Chain Project	16,000,000	9,835,680	This project is based in Tot in Elgeyo Marakwet County and involved installation of additional components into an existing factory that processes mangoes into packed juice. We verified that the factory was functional and the juice products were already in shops.
5.	Chepkum Irrigation Project	27,475,083	14,734,448	This project is based at Chepkum, east Pokot, Baringo County and involves delivering water by gravity from higher sources to lower grounds for farmers to irrigate their crops and by the time of

Appendix I- Projects Implementation Status				
No.	Project Name	Budgeted Amount	Actual Expenditure to-Date	Verification Remarks
		Kshs.	Kshs.	
				audit, pipes had been laid but other works on-going
6.	Lower Turkwel Project	5,000,000	6,836,795	This project involved an overhaul of electrical installations at the Turkwel Multipurpose Dam which had been vandalized. We verified that the works had been completed.
7	Honey Value Chain project	27,000,000	25,112,830	This project entailed installation of machineries involved with honey processing in Baringo County and the factory was found to be completed and in use.
8.	Pasture Development Project	8,000,000	7,568,221	This project involved development and production of pasture seed at Marigat, Baringo County to help the Authority with its livestock at Chemeron, Baringo County and livestock farmers. The project is complete and in use.
9.	KVDA Plaza Lift Replacements	30,000,000	20,892,756	The lifts have been delivered, installed and in use
10.	Kimwarer and Aror Multi-Purpose Dams	51,854,344,692	7,778,151,688	As reported in the previous year, the project is still stalled and nothing changed in the current year.
Total		52,154,247,775	7,995,515,241	


7.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2020

Description	Notes	As at 30th June 2020 Kshs	As at 30th June 2019 Reinstated Kshs	As at 30th June 2019 Kshs
Revenue from non-exchange transactions				
Government grants- Unconditional	11(a)	303,503,184	270,575,184	270,575,184
Conditional Receipts (VER)	12	182,860	252,859,892	252,859,892
Conditional Receipts (Arror)	-	-	28,619,408	28,619,408
Kimwarer Dam	-	-	3,485,500,628	3,485,500,628
Gain on disposal of Assets	13	3,853,778	-	-
Conditional Receipts (ESP)	27	7,659,791	2,781,952	2,781,952
		315,199,613	4,040,337,064	4,040,337,064
Revenue from exchange transactions				
Appropriation In Aid	14	171,134,568	223,851,981	223,851,981
Total revenue		486,334,181	4,264,189,045	4,264,189,045
Expenditure				
Conditional Grants payments		-	-	-
Conditional grant Expense (VER)	12	182,860	252,859,892	252,859,892
Conditional grant payment (Arror)	25	-	28,619,408	28,619,408
Personal Emoluments-Employee costs	15	106,702,741	126,779,963	126,779,963
Administration	16	112,310,430	124,317,360	124,317,360
Operation expenses	17	195,870,797	65,304,718	65,304,718
Remuneration of Directors expenses	18	29,728,071	21,803,415	21,803,415
Finance Costs	19	-	50,577,948	50,577,948
Provision for doubtful debts	21 (b)	-	-	562,166
Conditional Expenses ESP	27	7,659,791	2,781,952	2,781,952
Depreciation and amortization expense	35	113,621,172	114,999,034	114,999,034
Total expenses		566,075,862	788,043,690	788,605,856
Surplus before tax		-79,741,681	3,476,145,355	3,475,583,189
Taxation				
Deferred income Surplus/ liability		-79,741,681	3,476,145,355	3,475,583,189

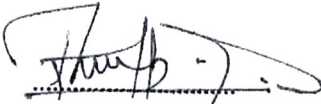
7.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	Notes	As at 30th June 2020 Kshs	As at 30th June 2019 Reinstated Kshs	As at 30th June 2019 Kshs
Assets				
Current assets				
Cash & Cash Equivalent	20	750,507,440	821,259,615	821,259,615
Receivables from exchange transactions	21	52,344,176	51,947,974	51,385,808
Inventories	22	19,429,004	20,384,685	20,384,685
Advance payments multi-purpose Projects	23	7,778,151,688	7,778,151,688	7,778,151,688
Sub-Total Current Assets		8,600,432,308	8,671,743,962	8,671,181,796
Non-current assets				
Property, plant and equipment	35	4,401,695,108	4,477,120,285	4,477,120,285
Investment property	35	1,092,856,181	1,068,154,930	1,068,154,930
Biological Assets	24	13,540,570	10,446,770	10,446,770
Sub-Total Non-Current Assets		5,508,091,859	5,555,721,985	5,555,721,985
Total assets		14,108,524,167	14,227,465,947	14,226,903,781
Liabilities				
Current liabilities				
Ministry Devolution - (VER Funds)	12	35,511,864	35,694,724	35,694,724
Restricted Liability - Arror	25	605,946,457	605,946,457	605,946,457
Trade and other payables from exchange transactions	26	37,394,646	43,192,349	43,192,349
Restricted Funds Liability (ESP)	27	897,969	8,557,760	8,557,760
Auditor General	28	1,624,000	812,000	812,000
Prepaid income		1,854,975		
Sub- Total Current liabilities		683,229,911	694,203,290	694,203,290
Non-Current Liabilities	29	325,588,680	353,815,401	353,815,401
Total Liabilities		1,008,818,591	1,048,018,691	1,048,018,691
Total Net Assets		13,099,705,575	13,179,447,256	13,178,885,090
Capital Reserves		7,696,199,073	7,696,199,073	7,696,199,073
Revenue Reserves		5,403,506,502	5,483,248,183	5,482,686,017
Total net assets and liabilities		13,099,705,575	13,179,447,256	13,178,885,090

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



 Sammy Naporos
 Managing Director



 Hon Jackson Kiptanui
 Chairman of the Board

Date: 31/08/2020

Date: 31/08/2020

7.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE 2020

	Notes	Capital reserves Kshs	Revenue reserve Kshs	Totals Kshs
Balance as at 30 June 2018		7,696,199,073	-2,289,818,651	5,406,380,422
Balance as at 1st July 2018			-2,289,818,651	5,406,380,422
Prior year adjustments- Arror			- 4,292,651,060	4,292,651,060
Prior year adjustments - Rokocho			- 4,270,419	4,270,419
Surplus/(deficit) for the period			- 3,475,583,189	3,475,583,189
Balance as at 30 June 2019		7,696,199,073	5,482,686,017	13,178,885,090
Balance as at 1st July 2019		7,696,199,073	5,482,686,017	13,178,885,090
Prior year adjustment - Provision for doubtful debts (Note 16a and in the Statement Of Financial Performance)			- 562,166	562,166
Surplus/(deficit) for the period			-79,741,681	-79,741,681
Balance as at 30th June 2020		7,696,199,073	5,403,506,502	13,099,705,575

7.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2020

		As at 30th June 2020 Kshs	As at 30th June 2019 Kshs.
Cash Flows from Operating Activities			
Receipts			
Government Grants & Subsidies	11(a)	303,503,184	520,575,184
Disposal of Assets	13	3,852,778	-
Sale of Goods	14(a&c)	123,917,685	111,276,780
Other Income, rentals	14(b)	15,569,777	112,575,201
Total Receipts		446,843,424	744,427,165
Payments/Cash outflows			
Conditional Expenses			
Voluntary Early Retirement	12	-182,860	-252,859,892
Conditional Grant Expenses(Arror)	13	-	-28,619,408
Compensation of Employees	15	-106,363,742	-126,779,963
Administration Expenses	16	-95,515,259	-122,406,311
Operation Expenses	17	-207,559,769	-59,188,675
Remuneration of Directors	18	-30,384,725	-21,803,415
Finance Costs	19	-	-50,734,565
Total payments		-440,006,355	-662,392,229
Net cash generated from operating activities		6,837,069	82,034,936
Cash flows from Investing Activities			
Retention		16,183,181	-
Purchase of Property, Plant and Equipment	34	-66,190,109	-18,994,657
Subtotal		-50,006,928	-18,994,657
Net Cash flow after Investing Activities		-43,169,859	63,040,279
Cash flows from financing activities			
Borrowing		-	-
Principal Loan repayment		-27,582,316	-23,447,951
Net cash flow from financing activities		-27,582,316	-23,447,951
Net cash and cash equivalents		-70,752,175	39,592,628
Cash & cash equivalent at the beginning of the period		821,259,615	781,667,287
Net Cash & Cash Equivalent - End	20	750,507,440	821,259,615

7.5 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2020

	ORIGINAL BUDGET 2019-2020	ADJUSTMENT S 2019-2020	FINAL BUDGET 2019-2020	ACTUAL ON COMPARABLE BASIS 2019-2020	PERFORMANCE DIFFERENCE 2019-2020	REMARKS
REVENUE						
Recurrent	136,575,184	-	136,575,184	136,575,184	-	
Appropriation In Aid	231,291,000	-	231,291,000	171,134,568	60,156,432	Unavailability of the acacia honey due to prolonged rains
Development	166,928,000	-	166,928,000	166,928,000	-	
TOTAL	534,794,184	-	534,794,184	474,637,752	60,156,432	
EXPENSES						
Personnel Emoluments	121,732,000	-	121,732,000	106,702,742	15,029,258	High uptake of the voluntary early retirement offer
Remuneration Of Directors	23,360,000	6,000,000	29,360,000	29,728,071	(368,071)	
Administration Expenses	148,568,184	(6,000,000)	142,568,184	112,310,430	30,257,754	
Napuu/ Lomut/Lower Turkwel Irrigation Project	116,428,000	30,000,000	146,428,000	113,971,372	32,456,628	
Weiwei Integrated Development Project Phase Iii	41,000,000	4,000,000	45,000,000	25,248,246	19,751,754	
Chepkum Irrigation Project	27,475,083	-	27,475,083	14,134,448	13,340,635	
Mango Value Chain	17,000,000	(1,000,000)	16,000,000	13,418,596	2,581,404	
						1. Under-absorption was due to under collection of AIA. 2. Delay in completion of works in Napuu III, Lomut, Wei Wei and Chepkum Irrigation Projects due to prolonged rains in the region.

KVDA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

Honey and Bee Hive Development	23,000,000	4,000,000	27,000,000	25,112,830	1,887,170
Pasture Seed Development	8,000,000	-	8,000,000	7,568,221	431,779
Purchase of Office Furniture	6,000,000	-	6,000,000	6,001,387	(1,387)
Computer, ERP System & Accessories	15,000,000	(8,000,000)	7,000,000	3,017,000	3,983,000
Purchase Of CCTV Cameras	2,000,000	-	2,000,000	156,290	1,843,710
Property Refurbishment	13,000,000	17,000,000	30,000,000	25,955,391	4,044,609
Kvda Plaza Lift Replacement	30,000,000		30,000,000	20,892,756	9,107,244
Finance Cost	52,206,000	-	52,206,000	48,654,825	3,551,175
Depreciation	22,000,000	-	22,000,000	113,621,172	(91,621,172)
TOTAL	666,769,267	46,000,000	712,769,267	666,493,777	46,275,490

7.6 NOTES TO THE FINANCIAL STATEMENTS

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23

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

ii) Revenue from exchange transactions - IPSAS 9

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

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

iii) Rental income

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

iv) Donation

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

3) Restricted/Conditional Funds

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

NOTES TO THE FINANCIAL STATEMENTS CONT.**4) Budget information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

5) Property, plant and equipment – IPSAS 17

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

6). Depreciation: -

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

Depreciation rates

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

NOTES TO THE FINANCIAL STATEMENTS CONT.

7) Recognition and Measurement of biological assets IPSAS 27

The Authority recognizes a biological asset when and only when:

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

8) Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

9) Provisions – IPSAS 19

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

10) Cash and cash equivalents

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

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

NOTES TO THE FINANCIAL STATEMENTS CONT.**11) (a) Government Grant income**

The Authority during the year received a total of Kshs. 303,503,184 grants for core activities.

Description	As at 30th June 2020 Kshs	As at 30th June 2019 Kshs.
Recurrent	136,575,184	136,575,184
Development	166,928,000	134,000,000
Total	303,503,184	270,575,184

During the year under review, the Authority received Kshs. 303,503,184 for recurrent and Development.

12) Voluntarily early Retirement	Kshs.	Kshs.
Balance b/f	35,694,724-	
Receipts	-	288,554,616
Expenditure for the year	-182,860	-252,859,892
Balance c/f	35,511,864	35,694,724

NOTES TO THE FINANCIAL STATEMENTS CONT.

13). Gain on Disposal of Machinery As at 30th June 2020

Particulars	Cost Acc. Depreciation		Sale Amt.	Gain/Loss
	Kshs.	Kshs.		
Toyota d/c pick up KXY 713	396,000	386,592	208,100	198,692
Toyota d/c pick up KAN 967U	2,159,650	2,138,005	645,500	623,855
Toyota d/c pick up KCD 426	351,000	202,923	560,000	411,923
Toyota d/c pick up KBB 179S	2,019,200	1,955,239	560,000	496,039
Toyota d/c pick up KYZ 654	420,000	410,022	100,000	90,022
Isuzu Mini-Bus KAN 979U	3,371,960	3,255,100	680,000	563,140
Iseki Tractor KZX381	654,093	653,977	121,100	120,984
International Tractor KAA 706P	580,000	577,338	120,500	117,838
Iseki Tractor KZX 383	654,093	653,977	123,999	123,883
Bulldozer KZX384	2,072,590	2,070,220	1,140,000	1,137,630
Hay Mower Ndume	525,700	455,528	25,000	-45,172
Yamaha DT 100cc KAB622B	132,510	132,454	15,000	14,944
Total				3,853,778

14). Appropriation In Aid

(a) Other Income Description	As at 30 th June 2020	As at 30 th June 2019
	Kshs.	Kshs.
Beekeeping & Beehives	41,689,453	34,418,545
Sale of Farm Produce	1,794,741	3,300
Miscellaneous receipts	30,218,879	23,589,301
Sale of Tree Seedlings	45,281	51,060
Pasture seed & Livestock	1,253,100	2,589,294
Sale Mango Seedling	3,175,201	5,625,280
Total	78,176,655	66,276,780

NOTES TO THE FINANCIAL STATEMENTS CONT.

Description	As at 30 th June	As at 30 th June
	2020	2019
	Kshs.	Kshs.
(b) Rental Income		
Rent	113,421,216	112,575,201
Less- KCB Loan interest Repayment	-43,019,258	-
Less- Cleaning Services	-3,384,380	-
Less- Utilities Water	-3,908,019	-
Less- Utilities Electricity	-8,494,646	-
Less- Security Services	-6,657,000	-
Sub-Total	47,957,913	112,575,201
 (c) Kenya Electricity Generating Co. Ltd	 45,000,000	 45,000,000
Grand Total AIA =(a) + (b) + (c)	171,134,568	223,851,981

15) Employee Costs (Personnel Emoluments)

Description	As at 30 th June	As at 30 th June
	2020	2019
	Kshs.	Kshs.
Employee cost		
Basic Salary	69,999,222	76,390,585
House Allowance	16,205,066	17,276,250
Acting Allowance	331,096	159,097
Hardship Allowance	5,886,740	4,469,750
Special Duty Allowance	-	37,721
Extraneous Allowance	370,000	285,160
Leave & Passage	952,000	1,131,000
Commuter Allowance	7,526,265	9,428,000
N.S.S.F Employer's portion	351,200	432,200
Pension	4,093,919	3,797,556
Transfer Allowance	587,233	582,986
Non Practicing Allowance	60,000	60,000
Salary Arrears	-	12,369,658
Disability Help Allowances	340,000	360,000
Sub-Total	106,702,741	126,779,963

NOTES TO THE FINANCIAL STATEMENTS CONT.

16) Administration expenses Description	As at 30 th June 2020	As at 30 th June 2019
	Kshs	Kshs
FKE Subscription	59,131	156,180
NITA	94,250	108,600
ICT (Internet Services)	1,119,568	-
Temporary/Contracted Employees	1,997,511	647,561
Sanitary Services	-	233,820
Outsourced Legal Services	5,832,057	833,811
Hospitality	5,933,507	6,031,042
Security	-	7,148,300
Bank Charges	-	156,617
Maintenance of Assets	3,654,539	2,982,154
Valuation of KVDA Plaza	-	547,000
Property Mgt Fees	3,290,323	5,642,327
Rent & Rates-Residential	588,440	2,645,693
Maintenance of Motor Vehicle & Cycles	6,132,163	8,554,341
Fuels, oil and lubricants	5,526,166	5,906,849
Daily subsistence	5,001,163	6,609,301
Benevolent Expenses	669,100	119,500
Honey Value chain Expenses	-	39,514,586
Sales & Marketing	1,954,581	9,600
Audit Fees	812,000	812,000
Communication & Supplies Services	1,993,900	1,962,995
Provision for bad debts	477,841	562,166
Purchase of Workshop Tools	237,464	-
Office General Supplies (Stationery)	3,996,553	-
Uniforms & Safety Measures	167,075	-
Purchase of protective Clothing	736,290	-
Corporate Communication	2,382,132	-
Printing & publicity Expenses	3,099,997	-
ISO, PC, M&E, & Strategic Plan	3,971,253	-
Repair of office Machines	196,015	-
Accommodation	7,015,670	-

NOTES TO THE FINANCIAL STATEMENTS CONT.

Project Supervision	2,994,553	-
HIV& AIDS	93,700	-
Detergents & Cleaning Materials	536,322	-
Professional Subscriptions	105,550	-
Training Expenses	9,085,690	-
Temporary Contracts	3,999,051	-
Travel costs	8,982,569	-
Gratuity	240,244	-
	92,976,368	91,184,443

	As at 30 th June 2020	As at 30 th June 2019
	Kshs.	Kshs.
16(b). Utilities Services		
Water	30,379	5,378,041
Electricity	2,528,675	10,826,816
Cleaning & security Services	-	2,535,660
Total goods & services	2,559,054	18,740,517

16) (c) Insurance		
Group life	434,844	37,526
Group personal	-	526,039
Director's Cover	64,015	2,042,922
Staff Cover	13,599,009	8,973,037
Motor Vehicle	1,960,262	555,678
Building & Equipment	716,878	2,257,198
Sub-Total	16,775,008	14,392,400
Total Admin. Expenses 16a+16b+16c	112,310,430	124,317,360

NOTES TO THE FINANCIAL STATEMENTS CONT.

	As at 30 th June 2020	As at 30 th June 2019
	Kshs.	Kshs.
17 (a) Operation/General Expenses		
Description		
Cherangany Water Shed Conservation	-	1,249,598
Pasture Development	7,568,221	1,761,700
Livestock Improvement (Chesongoch)	-	402,129
Livestock Improvement (Nomotio)	-	441,347
Livestock Improvement (Chemeron)	-	359,660
Honey Value Chain Project	25,112,830	-
ICT	-	1,444,964
Corporate Communication	-	3,642,170
PC Targets	-	406,000
Region offices- Lake Baringo Region Office	-	3,000
Region offices- Kerio Region Office	-	59,705
Region offices- Samburu Region Office	-	407,563
Region offices- Turkwel Region Office	-	50,900
Region offices- Lake Turkana Region Office	-	77,219
Crops production MGT (WeiWei)	-	2,520,153
Crops production MGT (Chepkum/Kamsiwet)	-	4,963,897
Support Chepkum Scheme	-	4,121,263
Research & Development	-	814,716
Green House Development (Kerio Roses)	-	123,179
Turkwel Dam Monitoring	-	308,294
Project Support (Transport)	-	1,474,749
Totals	32,681,051	24,669,081
	As at 30 th June 2020	As at 30 th June 2019
	Kshs.	Kshs.
17 (b) Grant Expenses		
Lower Turkwel	6,836,795	3,746,309
Napuu Irrigation Project	57,465,720-	
Lomut Irrigation Project	49,668,857	177,500
Weiwei Phase iii	25,248,246	9,551,571
Mango Value Chain	9,835,680-	
Chepkum irrigation Project	14,134,448-	
Boreholes	-	27,195,077
Water Pans	-	2,055
Total	163,189,746	40,672,512
Grand Totals Grants a+b	195,870,797	65,341,593

NOTES TO THE FINANCIAL STATEMENTS CONT.**18). Remuneration of directors**

	As at 30th June 2020	As at 30th June 2019
Chairman's Honoraria	960,000	931,613
Director's Sitting Allowances	27,236,780	20,324,802
Training	1,467,276	547,000
Medical Cover	64,015-	
Total director emoluments	29,728,071	21,803,415

19). Finance Costs

	As at 30th June 2020	As at 30th June 2019
	Kshs	Kshs
Interest Expense for the year ended June 2020	43,019,258	50,577,948
	43,019,258	50,577,948

NOTES TO THE FINANCIAL STATEMENTS CONT.**20) Cash & Bank Balances**

Account name		As at 30th June 2020	As at 30th June 2019
Financial institutions	A/C No	Kshs.	Kshs.
a) Current account			
1. KVDA Premises A/C	1169785719	25,603,369	10,481,793
2. KVDA Development A/C	1169784720	651,243,585	710,365,489
3. KVDA Recurrent A/C	1169784984	2,246,072	9,540,316
4. Turkwel A/C	1169785344	3,271,130	3,427,715
5. KVDA Depreciation A/C	1169786111	275,906	280,946
6. KIDDP A/C	1169785166	353,384	358,424
7. KVDA Lake Turkana Region A/C	1150365099		220
8. KVDA Lake Turkwel Region A/C	1138684031		4,302
9. KVDA Lake Baringo Region A/C	1138684007		50,072
10. KVDA Kerio Region A/C	1138683884		1,630
11. KVDA Samburu Region	1148701583		4,348
12. KVDA Farm Produce & Other	1133480969	1,536,461	4,259,083
13. KVDA Machinery A/C	1131849132	1,862,372	1,880,977
14. KVDA Service Charge A/C	1133481035	193,939	1,969,052
15. KVDA Honey & other Business A/C	1146518099	5,276,739	28,548,218
16. KVDA Service Centre a/c	01001027717005		7,999
17. KVDA Sigor a/c	01001027717004		44,707
18. KVDA Retention A/C	1181606381	56,266,861	41,476,564
19. Economic Stimulus Project - KCB	1169785492	675,568	681,673
20. National Water Harvesting & Storage Program a/c - KCB	1169783589	1,702,054	7,876,087
Total		750,507,440	821,259,615
		As at 30th June 2020	As at 30th June 2019
21. (a) Trade & Other Receivables			
Trade debtors -Tenants		29,745,283	29,107,525
Trade debtors -Other Clients		18,511,130	6,687,296
Staff Debts		-	26,154
Salary advances		2,707,767	3,185,608
		50,964,180	39,006,583

NOTES TO THE FINANCIAL STATEMENTS CONT.**21. (b) Receivables from Non-Exchange Transactions**

Description	Kshs	Kshs.
National Oil Co-operation of Kenya		1,000,000
Toyota Kenya Ltd	500,000	500,000
Wambwa Musembi, Chebii & Co. Advocates	879,996	879,996
WeiWei Integrated Development Association		2,518,970
Petty Cash	-	2,203,455
Kone Kenya Ltd	-	5,838,970
Total	1,379,996	12,941,391

Total Receivables (a+b) 52,344,176 51,947,974

21. c) Provision for doubtful debts 15% (3,185,608) 477,841 562,166

22) Inventory IPSAS 12

Inventory is measured at cost upon initial recognition. The cost of the inventory is its fair value at the date of acquisition. Inventories are recognized as an expenses when deployed for utilization in the ordinary course of operations of the entity.

Category	As at 30th June 2020 KShs	As at 30th June 2019 KShs
Processed Honey	3,066,561	2,515,030
Crude and semi processed Honey	7,962,235	8,235,356
Building & Plumbing	3,217,748	2,699,656
Spare Parts	1,381,412	2,285,506
Beehives & Honey Equipment	511,298	654,488
Tools & Equipment	1,430,170	738,000
Farm inputs	161,700	419,490
Stationery	548,485	830,947
Agro-Vet (Live Stock)	223,830	5,940
Farm products	837,385	1,860,000
General stores	88,180	140,272
Total	19,429,004	20,384,685

NOTES TO THE FINANCIAL STATEMENTS CONT.

**23. Grants- Aror/Kimwarer Multipurpose
Receivable Non exchange transactions**

Balance b/f	7,778,151,688	-
Aror Multipurpose Project Prior Year Advance	-	4,292,651,060
Kimwarer Multipurpose Project Advance	-	3,485,500,628
Balance c/d	7,778,151,688	7,778,151,688

24) Biological Assets

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

Description	As at 30th June 2020	As at 30th June 2019
	Kshs	Kshs
Seedlings	9,960,570	7,056,770
Animal Goats	780,000	690,000
Animal Sahiwal Cattle	2,800,000	2,700,000
Total	13,540,570	10,446,770

25) Aror Multipurpose

	Kshs.	kshs.
Balance B/f	605,946,457	384,565,865
Receipt	-	250,000,000
Expenditure	-	-28,619,408
Balance c/f	605,946,457	605,946,457

LIABILITIES**26) Trade & Other Payables**

Description	As at 30 th June 2020	As at 30 th June 2019
	Kshs	KShs.
Creditors (Recurrent A/C)	11,669,665	27,868,709
National Industrial Training Authority	9,541,800	9,541,800
Retention- (Water pans & Others)	16,183,181	5,781,840
Total	37,394,646	43,192,349

27 Conditional Funds Liability (ESP & Water Harvesting)

Balance b/f	8,557,760	38,534,789
Less - water harvesting expenses	-7,659,791	-27,195,077
Less - Economic stimulus Expenses		-2,781,952
Liability	897,969	8,557,760

NOTES TO THE FINANCIAL STATEMENTS CONT.

28. Audit Fees	As at 30 th June 2020 As at 30 th June 20 ¹⁹	
	Kshs	Kshs
Balance b/f (2017/18 and 2018/19FYs)	1,624,000	812,000.00
Current Year	812,000	812,000.00
	2,436,000	1,624,000
Less paid (2017/2018 FY)	-812,000	-812,000.00
Amount payable	1,624,000	812,000.00

29) Non-Current Liabilities (Loan)

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

Balance b/f	353,170,996	377,263,352
Principal loan Repayment	-27,582,316	-23,447,951
Loan Balance c/f	325,588,680	353,815,401

30. Capital Reserves

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

31. Revenue Reserves

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

32) Bad Debts Written Off

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

33) Contingent Items

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

34) Related Party Disclosure IPSAS 20

The Authority has a related party relationship with Ministry of East African Community and Regional Development, The National Treasury and Office of the President which from time to time give circulars on financial and operational issues.

NOTES TO THE FINANCIAL STATEMENTS CONT.**OTHER DISCLOSURES**

Name (Long Outstanding Debts)	As at 30th June 2020	As at 30th June 2019
Former Managing Director- Immanuel Imana	22,090,971	22,090,971
Former Directors	316,740	316,740
Former Employees	1,506,195	1,506,195
Tenants who have since left premises	14,055,346	14,055,346
Total	37,969,252	37,969,252

Provision for these debts was made in the financial year 2014 / 2015.

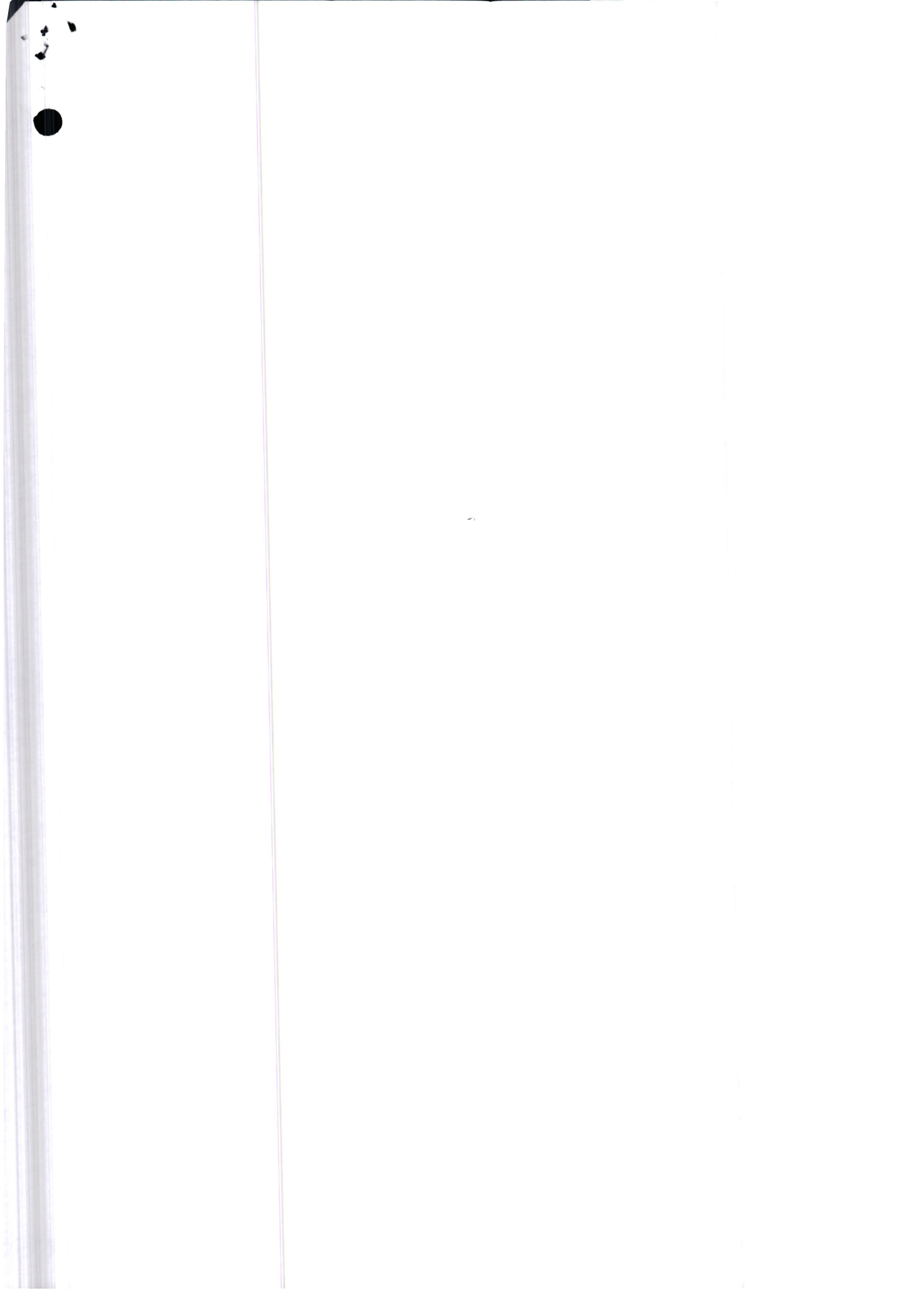
KVDA ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2020

NOTES TO THE FINANCIAL STATEMENTS CONT.

35) NON -CURRENT ASSETS SCHEDULE FOR THE PERIOD ENDED 30TH JUNE 2020

PROPERTY, PLANT & EQUIPMENT IN (KSHS)

Cost	LAND KSHS	SURVEY & DRAWING EQUIPT. KSHS	BUILDINGS SEMI-PERMANENT KSHS	BUILDING PERMANENT KSHS	PLANT MACHINERY & EQUIPMENT	OFFICE & MACHINERY & FITTINGS KSHS	MOTOR VEHICLES & LORRIES KSHS	TRACTORS & DOZERS KSHS	OFFICE FURNITURES & FITTINGS KSHS	HOUSE FURNITURE & FITTINGS KSHS	LOOSE TOOLS & EQUIPT. KSHS	TURKWEEL GORGE PROJECT	WORK IN PROGRESS KVDA Southern Wing & Rokocho Factory	WORK IN PROGRESS MANGO VALUE CHAIN	TOTALS KSHS	
Cost:																
At 30th June 2018	87,879,950	7,161,701	9,855,151	969,529,071	16,541,229	20,182,973	80,261,051	30,264,160	7,214,373	1,983,566	2,517,099	7,001,309,300	395,227,337	34,450,709	8,664,377,689	
Additions	-	-	-	-	-	50,500	-	-	-	-	923,360	-	1,664,261	16,356,536	18,994,657	
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers	-	-	-	3,95,227,337	-	-	-	-	-	-	-	-	(395,227,337)	-	-	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	4,270,419	-	4,270,419	
At 30th June 2019	87,879,950	7,161,701	9,855,151	1,364,756,408	16,541,229	20,233,473	80,261,051	30,264,160	7,214,373	1,983,566	3,440,459	7,001,309,300	5,934,680	50,807,245	8,687,642,745	
Additions	-	-	-	47,004,437	-	3,017,000	-	-	6,001,387	-	-	-	-	7,319,843	63,342,667	
Disposal	-	-	-	-	658,210	-	8,717,810	3,960,776	-	-	-	-	-	-	13,336,796	
At 30th June 2020	87,879,950	7,161,701	9,855,151	1,411,760,845	15,883,019	23,250,473	71,543,241	26,303,364	13,215,760	1,983,566	3,440,459	7,001,309,300	5,934,680	58,127,088	8,737,648,616	
Depreciation:																
Dep. July 2018	-	5,910,806	9,385,658	296,601,477	15,415,268	15,647,744	72,089,499	27,843,201	5,648,547	1,823,888	2,247,679	2,689,753,763	-	-	3,142,367,530	
less Disposal	-	-	-	-	587,982	-	8,347,881	3,955,512	-	-	-	-	-	-	12,891,375	
Dep. June 2019	-	5,910,806	9,385,658	296,601,477	14,827,286	15,647,744	63,741,618	23,887,689	5,648,547	1,823,888	2,247,679	2,689,753,763	-	-	3,129,476,155	
Depreciation	-	156,362	46,949	22,303,187	263,933	950,341	1,950,406	603,924	945,902	19,960	149,097	86,231,111	-	-	113,621,172	
At 30th June 2020	-	6,067,168	9,432,607	318,904,664	15,091,219	16,598,085	65,692,024	24,491,613	6,594,449	1,843,848	2,396,776	2,775,984,874	-	-	3,243,097,327	
Net book Values:																
At 30th JUNE 2020	87,879,950	1,094,533	422,544	1,092,856,181	791,800	6,652,388	5,851,218	1,811,771	6,621,310	139,718	1,043,683	4,225,324,426	5,934,680	58,127,088	5,494,551,289	
At 30th JUNE 2019	87,879,950	1,250,895	469,493	1,068,154,931	1,125,961	4,585,729	8,171,553	2,420,959	1,585,825	159,678	1,192,780	4,311,555,537	5,934,680	50,807,245	5,545,275,215	



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