

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 09 APR 2025 Wednesday
Hon. Naama Waqom
Deputy Majority Party Whip
Halima Ahmed



REPORT

OF

THE AUDITOR-GENERAL

ON

**LAKE BASIN DEVELOPMENT
AUTHORITY**

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



LAKE BASIN DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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1. ACRONYMS AND DEFINATIONS OF KEY TERMS

A: Acronyms

CEO	Chief Executive Officer
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNBS	Kenya National Bureau of Statistics
LBDA	Lake Basin Development Authority
MD	Managing Director
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. KEY LAKE BASIN DEVELOPMENT AUTHORITY INFORMATION AND MANAGEMENT

(a) Background information

The Lake Basin Development Authority was established by an Act of Parliament (Cap 442) on the 31st of August 1979. The Lake Basin Development Authority is domiciled in Kenya and has branches in Nzoia Basin, Yala Lakeshore Sondu basin and Kuja Migori Kibuon Basin.

The organization's area of jurisdiction covers a land area of approximately 39,000 Km² with an estimated population of 16.2 million people (KNBS, 2019). This region is endowed with an immense resource base, which include Land, water and human resources, which could anchor and stimulate economic Growth in the basin area and the entire country.

(b) Principal Activities

The vision, mission and core values of Lake Basin Development Authority are as follows:

VISION

To be a leader in integrated socio-economic development in Kenya.

MISSION

To foster integrated socio-economic programmes and projects through sustainable utilization and management of natural resources with appropriate technologies for improved livelihoods of communities within the Lake Victoria basin.

CORE VALUES

The core values can be abbreviated as PICRITE and is broken down as follows:

- Passion
- Professionalism
- Integrity
- Customer focus
- Respect
- Innovation
- Teamwork
- Efficiency

(c) Key Management

The Lake Basin Development Authority day-to-day management is under the following key organs:

- Board of Directors
- Managing Director
- Management Team

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

LAKE BASIN DEVELOPMENT AUTHORITY
Annual Reports and Financial Statements
For the year ended June 30, 2024.

No.	Designation	Name
1.	Managing Director	CPA Wycliffe Ochiaga
2.	Head of Corporate Services.	CPA Christine Otieno
3.	Head of Supply Chain Management	Mr. Raymond Ndolo
4.	Head Planning, Research & Strategy	Mr. Maurice Obaso
5.	Head Agriculture & Natural Resources	Mr. Philip Oloo
6.	Head of Commercial Services	Ms. Beatrice Okoko
7.	Head of Engineering Services & infrastructure development	Eng. Jacob Akuno
8.	Head of Finance	CPA Victor Bwire
9.	Head Human Resource	Mr. Henry Makori
10.	Head Administration	Mr. Edwin Olang
11.	Head Internal Audit	CPA Jacob Onyango
12.	Head of Legal services	Mr. Michael Okuk

(e) Fiduciary Oversight Arrangements

The Authority has **four** committees with specific oversight responsibilities. These are:

- **Human Resource Committee**
- **Finance & Budget Committee**
- **Planning Strategy & Development Committee**
- **Audit Committee.**

(f) Lake Basin Development Authority Headquarters

P.O. Box 1516-40100
 Kanyakwar
 Kisumu - Kakamega Road
 Kisumu, KENYA

(g) Lake Basin Development Authority Contacts

Telephone : (254) 020-2023414
 Mobile : 0715-682555/0735-711933
 E-mail : info@lbda.go.ke
 Website : www.lbda.go.ke

(h) Lake Basin Development Authority Bankers

1. National Bank of Kenya Limited
 Kisumu Branch
 P.O. Box 1152-40100
 Kisumu, Kenya

2. Kenya Commercial Bank
 Kisumu Branch
 P.O Box 17 -40100
 Kisumu, Kenya

3 Cooperative Bank of Kenya
Kisumu Branch
P.O Box 1511 -40100
Kisumu, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. THE BOARD OF DIRECTORS

LBDA BOARD MEMBERS

1



MR. JAMES DIANGA
(Chairman of the Board)
Independent Director
D.O.B: 24th September 1955
Professional Qualifications

- Masters Degree in Philosophy Incorporating: International Relations (major), Political Science, Economic History, Conflict Resolution and Cultural Geography.
- Bachelor of Science, Economic History, Conflict Resolution and Cultural Geography.

Work Experience

- 2004-To date- Coordinator/Director Kisumu Youth Olympic Centre
- April 2022-August 2023- County Coordinator UDA Party Siaya
- Crime prevention – City of Gothenburg, Sweden
- Social Worker - Asele kommun, Sweden
- Office Assistant – Social Democratic Party of Sweden
- Summer job - Asele kommun, Sweden
- Medical Attendant - Asele kommun, Sweden
- Legal Office Assistant – High Court of Kenya
- 1977- 1981- Fighter Control Operator - Kenya Air Force (KAF)

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CPA WYCLIFFE OCHIAGA
(Secretary to the Board)
D.O.B: 1986
Qualifications

- Masters Business Administration
- Bachelor of Business Administration (IT)
- CPA(K)
- Member ICPAK

Work Experience

- Dec 2022-To-date: Managing Director - LBDA
- Jan 2022-Dec 2022: Director Internal Audit - LBDA
- June 2021-Dec 2022: Principal Internal Audit - LBDA
- Jan 2018-May 2021: Director Audit, Risk and Assurance-Clyde & Associates EA LLP
- Jan 2017-Dec 2017: Head of Grants Accounting-LVCT Health
- Jan 2016-Dec 2016: Senior Grants & Compliance Officer-Elizabeth Glaser Pediatric AIDS Foundation(EGPAF), TIMIZA 90 Program
- Dec 2010-Dec 2015: Senior Grants Accountant-Columbia University-International Center for AIDS Care and Treatment Program (ICAP)
- Dec 2008-Dec 2010: Accountant-Trevor and Rees Consulting

3



SARA ALIONGO
Alternate Director
D.O.B: 9th January 1987
Professional Qualifications

- Human Rights Law (LLM)
- Post Graduate Diploma in Law
- Bachelor's Degree in Law (LLB)

Work Experience

- 2021-To date- Principal State Counsel – Ministry of Agriculture & Livestock Development

LBDA BOARD MEMBERS

- 2016-2020: Senior State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office
- 2011-2015: State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office

ADJUNCT/VOLUNTARY WORK

- 2021-2022 - Advocates Training Program/Bar Exam Marker-Council of Legal Education
- 2014-2018 - Pro-Bono Lawyer-Legal Support Network, KELIN KENYA
- 2012-2022 - Pro-Bono Lawyer-Centre for Sports Law
- 2016-2020: Senior State Counsel - Civil Litigation Department, Office of The Attorney-General and Department of Justice-Kisumu Regional Office

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WILLIS OMONDI OROWE
(Chairperson Audit Committee)

Independent Director

D.O.B: 14th May 1983

Professional Qualification

- Bachelor of Business Management (Purchasing and Supplies Management Option)
- Diploma in Customs Clearing and Forwarding

Work Experience

- 2017 to date -Managing Director Bluerange Connect Limited
- 2010 to 2017 – Managing Director Bluerange Logistics Limited
- 2006 to 2010-Managing Director Neptune Forwarders Limited
- 2003 to 2004 - Import Manager Treasure Cargo Services
- 2002 to 2003 - Declaration Officer Air maritime Kenya Limited

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LAVENDER OJALLA
(Chairperson Human Resource Committee)

Independent Director

D.O.B: 27th November 1984

Professional Qualification

- 2022- PhD Candidate, University of Nairobi
- 2016- 2018 MA International Relations, USIU
- 2012- 2015 BA Political Science, University of Nairobi
- 2009- 2010 Diploma in Project Management, KeMU

Work Experience

- June 2014- Dec 2021- Benard Frank - Audit, Tax and Management firm
- Senior Manager - Public Sector and International Policy Advisor
- Feb 2014 - Nov 2015 Trocaire International Kenya Administrative Manager
- 2016 - December 2020 - Great Levels CEO (K) Ltd - Nairobi, Kenya CEO

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TERESA BITUTU OROO
(Independent Director)

D.O.B: 1st January 1959

Professional Qualification

- Teacher's Certificate in Early Childhood Education Certificate in Early Childhood Education

Work Experience

- March 2019 – March 2022 : Member of The Board of Management Itierio Girls Secondary
- Jan 2002 – Jan 2003 : Constituency Constitutional Committee Member Constitution of Kenya Review Commission
- Jan 2002 – Jan 2003 : Federation of Kenya Women Lawyers Civic Educational Provider

LBDA BOARD MEMBERS

- March 2004 – Dec 2006 : Office of The President Member of Panel of Elders for Land Dispute Tribunal Suneka Division
- 2009 – to date : Manager Angelic Teachers College

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ENG.ROBERT KIPCHIRCHIR LIMO
(Chairperson Finance and Budget Committee)
Independent Director

D.O.B: 2nd January 1984

Professional Qualification

- 2013- 2017 – Bachelor of Science in Mechanical Engineering
- January – July 2008 Kenya Armed Forces Technical College
- October 2007 – Computer Aided Design
- January 2003 – November 2005 – Diploma in Mechanical Engineering (Plant option)

Work Experience

- August- October 2004 – Kaimosi Tea Estate
- October – December 2004 – Panafric Hotel
- December 2005 – February 2006 – Stanley Hotel
- February 2006 – February 2007 – Shieffield Steel System Assistant
- February 2007 – January 2010 – Department of Defense (Army Aviation)
- January 2010 – January 2011 – Chief Engineer Baobab Beach Resort
- February 2011 – July 2013 – Emerald Hotels
- January 2014 – May 2021 – Team Director Green County Construction Ltd

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JULIUS CHACHA GABRIEL

Independent Director

D.O.B: 4th April 1976

Professional Qualification

- 2016 – 2017 - Post graduate Diploma in legal practice
- 2014 – 2015 - Pre- Kenya School of law, Compliance Certificate
- 2007 – 2011 - Bachelor of law LLB Degree

Work Experience

- 2010 – 2013 – Lawyer at Notary Republic and Commissioner
- 2014 – 2016 – Lawyer at Paceshi
- 2018 – 2021 – Lawyer at AGAPE- Shinyanga

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LUKE OUKO OBONG'O

Independent Director

D.O.B: 8th August 1959

Professional Qualification

- 1979 – 1980 - Nyanza Commercial College Book Keeping Accounts

Work Experience

- Presidential County Chief Agent Kisumu County 2022 Election
- Farming and Business County Coordinator for UDA Party Kisumu County
- Elected Member of County Assembly as a Councillor
- Self-Employment- Farming and Business
- Sales Manager at the Kenya National Assurance Company Ltd
- Alico Insurance Company Ltd – Accountant
- Account clerks at Kenya Posts and Corporation Account Clerk at Kenya Railways

LBDA BOARD MEMBERS

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FRANCIS OKEDI OKAYE

Independent Director

D.O.B: 26th November 1972

Work Experience

- September 2009 – 2010 – Teacher at Katilu Boys High School
- November 2006 – September 2009 – Project Manager at Watoto Walwanga
- July 2005 – November 2006 – Project Coordinator at Watoto Walwanga
- August 1998 – July 2005 – Centre Head at Lwanga Boys town

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MAURICE OPONDO ODUOR

Alternate Director

D.O.B: 18th September 1972

Professional Qualification

- Tottori University Certificate in Appropriate Management of Land and Water Resources for Effective Utilization in Arid and Semi-Arid Lands
- Diploma in Project Management
- KIMC,PGD – Mass Communication
- ACCA Diploma in Financial Management
- Higher Diploma in Human Resource Management

Work Experience

- July 2022 – Acting Director, Irrigation Water Management
- April 2018 – Deputy Director, Irrigation Water Management
- February 2017 – April 2018 – Senior Assistant Director, Land Reclamation
- July 2014 – July 2016 – Senior Water Research Officer
- 5th November 2014 – 2017 – Assistant Director, Land Reclamation
- November 2014 to July 2014 Principal land Reclamation Officer
- November 2011 to October 2012 – Programme Officer
- November 2007 to April 2008 – Chief Land reclamation officer, Ministry of water and irrigation
- January 2005 – October 2007 – Senior Agricultural Officer Ministry of Agriculture
- October 1997 – December 2004 – Lecturer, Animal Health and Industry
- July 1996 – October 1997 – Graduate Teacher 1

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EBEL OCHIENG'

Independent Director

D.O.B: 4th August 1988

Professional Qualification

- 2018 – 2021: Bachelor of Human Resource Management
- 2014 - 2016: Diploma in Human Resource Management
- 2011: Management Studies (MIAMS)

Work Experience

- November 2020 to Date: Human Resource Manager, One Horizon Africa
- October 2019 to August 2020: Human Resource Manager, APHRC & Amp; Beula Group
- June 2018 to August 2019: Assistant Human Resource Manager, Asanda Global Agencies

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HELLEN MAKONE

Independent Director

D.O.B: 2nd May 1959

Professional Qualification

- 1979– 1981: University of Nairobi (Bachelor of Arts (Economics and Sociology))

LBDA BOARD MEMBERS

- 2001– Henley Management College, United Kingdom (UK) (Diploma in Management)
- 2005 – Higher Diploma in Human Resource Management (IPM)
- 2012 – MBA - Finalist. (Henley Management College, UK)

Work Experience

- 2015–2018: Director, Lake Victoria South Water Services Board
- 2013– 2015: Member of UN Women Civil Society Advisory Group
- 2012–2013: Executive Director Maendeleo Ya Wanawake Organization
- 2006- 2013: Treasurer Maendeleo ya Wanawake Nyanza Province.
- 2009- 2010: Consultant for UNDP Special Unit SSC, New York
- 2001- 2005: Constitution of Kenya Review Commission (CKRC)
- 1994–1996: Project Manager (Kenya Centralization Project), the Standard Chartered Bank, Kenya, Ltd., Moi Avenue, Nairobi.
- 1991– 1992: Branch Manager - Nakuru, Standard Chartered Bank
- 1989-1991: Branch Manager - Old Mutual, Standard Chartered Bank
- 1986–1989: Operations Manager –Haile Selassie Avenue, Standard Chartered Bank
- 1985–1986: Trade Finance Department–Kenyatta Avenue, Standard Chartered Bank
- 1984–1985: Sub Accountant–Kimathi Street, Standard Chartered Bank
- 1984: Sub Accountant - Westlands, Standard Chartered Bank
- 1983 – 1984: Graduate Trainee - Kericho, Standard Chartered Bank

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ISAAC KOGO

Independent Director

D.O.B: 16th June 1974

Professional Qualification

- 2019-Date Moi University Doctor of Philosophy in Communication Studies (ongoing)
- 2001-2004 Moi University Master of Philosophy in Communication Studies
- 2000-2001 Moi University Post Graduate Diploma in Human Resource Management
- 1994-1998 Moi University Bachelors of Education Arts

Work Experience

- 2013-2022 County Government Executive Committee Member for Education and of Trans-Nzoia ICT
- 2015-2018 County Government Executive Committee Member for Health of Trans-Nzoia
- 2009-2012 Moi University Lecturer Moi University
- 2007-2009 TSC Lecturer Eldoret Polytechnic
- 2003-2007 TSC Teacher Kapcheplanget Secondary School

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JACKSON SWADI KEDOGO

Independent Director

D.O.B: 28th December, 1968

Professional Qualification

- 2019-2021 KCA University Bsc. Degree Public Management
- 2015-2016 KCA University Diploma County Governance
- 2012 KCA University Certificate in County Management
- 2012 KNEC Examination International General Certificate of Secondary Education (IGCSE)

Work Experience

- 2017-2022 Re-elected as Member of County Assembly(MCA)Kabwareng ward, Nandi Served as chairman Public Investment Committee in Nandi County Assembly
- 2013-2017 Elected as member of County Assembly(MCA) Kabwareng ward, Nandi county Served as chairman Public Investment Committee in Nandi County Assembly
- 2007-2012 Chairman Transport and Disaster Management Nairobi City Council

LBDA BOARD MEMBERS

- 2007-2012 Elected as councilor Mathare, Nairobi County
- 1996-2016 Mechanical Engineering, Yusuf garage-Nairobi

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REBECCA GHATI MAROA
(Chairperson Planning, Strategy and Development Committee)
Independent Director

D.O.B: 1974

Professional Qualification

- 2016 - Date University of Nairobi PhD in Progress
- 2010- 2012- University of Nairobi Masters of Art (Linguistics)
- 2004- 2008- University of Nairobi Bachelor's degree (English Literature)
- 1996 – 1998 - St. Marks T.T.C (Kigari) P.T.E Certificate (P1)

Work Experience

- 2022 to Date Governor Candidate Migori County
- 2017 -2022 County Executive Committee Member (CECM) for Water, Energy, Environment, Natural Resources, Climate Change And Disaster Management
- 2015 - Oct 2017 County Director of Gender and Equality Migori County Government
- 2014 - 2015 Kisii University; Lecturer School of Education
- 2012 - 2013 Tarang'anya Girls Secondary School
- 2007- 2008 Tarang'anya Boys Secondary School
- 2002 - 2007 Tarang'anya primary School

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SAMUEL GITAU
Alternate Director

D.O.B: 1965

Professional Qualification

- 2001-2003-University of Makerere - MA in Economic Policy Management
- 1999-2000-University of Botswana - Post Graduate Diploma in Population and Sustainable Development
- 1987-1990 - University of Nairobi: BA Economics

Work Experience

- December 2016 to Date - The National Treasury
- October 2013 to December 2016 - Office of the Deputy President
- May 2005 to October 2013 - Ministry of Justice, National Cohesion and Constitutional Affairs
- July 1991 - May 2005 - Ministry of Planning and National Development

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ROSE MWONGERA



Alternate Director

DOB: 1972

Professional Qualification

- Present - Doctor of Philosophy (PhD.) in Development Studies Jomo Kenyatta University of Agriculture & Technology (JKUAT)
- 2012 – 2014 - Master's Degree in Project Planning and Management University of Nairobi
- 2001 – 2004 - Bachelor of Arts in Education, (Home Economics and English) Kenyatta University
- 1993 - 1995 - Diploma in Education, (Home Economics and Physical Education) Kagumo Teachers College

LBDA BOARD MEMBERS

Work Experience

- 2022-To date - Deputy Director; Regional Development Department of Regional Development - State Department for ASALs and Regional Development.
 - 2021-2022 - Deputy Director Youth for Youth Development; Policy, Research and Mainstreaming Directorate: Head of Policy and Strategy Division State Department for Youth.
 - 2019-2020 - Deputy Director Deployed as the Assistant Technical Administrator at the Office of the Cabinet Secretary Ministry of Public Service and Gender
 - 2017-2018 - Deputy Director of Youth Development: Policy, Strategy Research and Youth Mainstreaming, Division, State Department for Youth Ministry of Public Service, Youth and Gender Affairs, Head Office, Nairobi-Kenya.
 - 2016-2017 - Senior Assistant Director of Youth Development: Youth Empowerment, Participation and Social Development Division, Directorate of Youth Ministry of Public Service, Youth and Gender Affairs, Head Office, Nairobi-Kenya.
 - 2013-2015 - Principal Youth Development Officer, later Assistant Director- Ministry of Devolution and Planning (Youth Mainstreaming Division SECONDED to the Policy Planning and Healthcare Financing Directorate Ministry of Health- Headquarters) in Charge of Youth and Gender Mainstreaming.
 - 2007-2013 - Department of Youth Development and Empowerment, -Kenya Ministry of Devolution and Planning, Head Office, Nairobi
-

4. MANAGEMENT TEAM

MANAGEMENT TEAM

1



CPA WYCLIFFE OCHIAGA

Managing Director

Qualifications

- Masters Business Administration
- Bachelor of Business Administration (IT)
- CPA(K)

- Member ICPAK
-

2



CPA CHRISTINE OTIENO

Director, Corporate Services

ICPAK Membership No. 10470

Qualifications

- MBA-Strategic Management
 - PG Diploma in Banking
 - B. Com-Accounting & Auditing
 - CPA (K)
 - Member ICPAK
-

3



MR. MAURICE OBASO

Director, Planning, Research & Strategy.

Qualifications

- Masters of Business Administration Strategic Management
 - Bachelor of Arts Marketing
-

4



MR. PHILIP O. OLOO

Director, Agriculture & Natural Resources

Qualifications

- Masters- Project Planning & Management
 - BSc. Horticulture & Agriculture
-

5



MS. BEATRICE OKOKO

Director, Commercial Services

Qualifications

- Masters- Project Planning & Management
 - Bachelor of Business Administration - Finance
 - Advanced Diploma in Business Administration
- Member of PRSK
-

6



ENG. JACOB AKUNO

Director, Engineering Services & Infrastructure Development

Qualifications

- Masters of Engineering in integrated Water Resource Management
 - Bachelor of Science in Agricultural Engineering
 - Member IEK, EBK, AEK, AWC, CIWEM, APWE
-

7



MR. RAYMOND NDOLO

Director, Supply Chain Management.

Qualifications

- Bachelor of Commerce – Marketing Management
- Post Graduate Diploma- Logistics Management

MANAGEMENT TEAM

- Diploma Investment Analysis & Portfolio Management
 - Member KISM
-

8



CPA VICTOR BWIRE
Deputy Director, Finance

Qualifications

- Bachelor of Business Administration
 - CPA(K)
 - Member of ICPAK
-

9



CPA JACOB ONYANGO
Deputy Director, Internal Audit

Qualifications

- Bachelor of Business Administration
 - CPA(K)
 - Member of ICPAK
-

10



MR. ANDREW OSORO
Deputy Director, Corporate Affairs

Qualifications

- Bachelor of Arts Mass Communication
 - Diploma, Mass Communication
-

11



MR. HENRY MAKORI
Deputy Director, Human Resource

Qualifications

- Masters in Human Resource management
 - Bachelor in Human Resource Management.
 - Member-IHRM
-

12



MR. EDWIN OLANG
Deputy Director, Administration Services

Qualifications

- Bachelor of Arts. – Development Studies
-

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MR MICHAEL OKUK
Deputy Director, Legal Services

Qualifications

- Masters in Law
- Bachelors of Law
- Diploma in Law

5. CHAIRMAN'S STATEMENT



On behalf of the Lake Basin Development Authority (LBDA) Board of Directors, it is my distinct honour and privilege to present the financial performance report for the year ended 30th June 2024 (FY 2023/24). The Lake Basin Development Authority is a Government agency established in 1979 by Act of Parliament CAP 442 to coordinate sustainable development activities on the Kenyan portion Of the Lake Victoria basin. During the year under review, the Authority focused on the following:


Finalization of the 2023-2027 Strategic plan working closely with other stakeholders, including the community, in line with the Medium-Term Plans through its five-year strategic plans, Vision 2030 and BETA.

The Drought Mitigation Projects whereby the Authority Drills and Equipes Boreholes in vulnerable areas to increase sustainable access to safe drinking water and improved sanitation. Another Project that we rehabilitating is the Kimira Oluch Smallholder Farm Improvement Project (KOSFIP) whose main goal is to improve the livelihoods of smallholder farmers by alleviating poverty through increasing sustainable income levels through agricultural production. Other activities the Authority was focused on is the Integrated climate change resilience and Adaptation programs where we cohosted the Africa Climate Summit (ACS23)2023 side event in Kisumu in line with our sustainable environmental protection objective.

The Board is committed to transforming LBDA into a utility of the future, with a focus on pursuing integrated planning, co-ordination and implementation of programs and projects in the Lake basin Region.

Our social responsibility to the communities around us remains key. Our organization has partnered with other National Government ministries, departments agencies, private Establishments and County Governments to plant tree seedlings in several counties in the region in line with Government commitment to combat the effects of climate change hence contributing to the intended 15 Billion trees by 2032.

May I take this opportunity to thank our shareholders, customers, the National Government and development partners for your continued support and patronage. To our employees, the Authority's Management and my fellow Directors; I would like to express our gratitude to your diligence and commitment to the success of LBDA.


Mr. James Dianga
Chairman, LBDA

6. REPORT OF THE CHIEF EXECUTIVE OFFICER



The Lake Basin Development Authority is a Government agency established by act of parliament in 1979 to coordinate sustainable development activities on the Kenyan portion Of the Lake Victoria basin. The Act empowers the Authority to undertake overall integrated planning, coordination, implementation, monitoring and evaluation of projects and programs. These activities are aimed at promoting rural-urban balance strategies, employment creation, household food security and hence the creation of wealth and bringing about socio-economic transformation that empowers communities.

I am therefore pleased to present the Lake Basin Development Authority's financial performance for the FY 2023/24.

During the financial year, LBDA had an approved printed estimate Of Kshs.1.266 Billion with Kshs. 836 Million and Kshs. 430 Million for Recurrent and Development Budgets respectively. This enabled the Authority to implement its projects and programs across the region despite the budget cuts. The Authority initiated technologies and strategies which were geared towards improving efficiency in service delivery thus the good performance. The strategies included technological interventions and collaboration with key stakeholders. Some of the technologies implemented during the period include the automation of LBDA processes through Enterprise Resource Planning (ERP) which enabled the Authority to efficiently deliver its services, the launch of the Lipa na Mpesa platform.

LBDA also entrenched a performance management culture that enhanced accountability and productivity of the staff, thus driving the performance. We have also improved the welfare of LBDA staff by harmonizing their remuneration with the rest of the civil service and this was possible by enhanced Treasury releases for our recurrent Budget.

The Authority aligned its projects and programs to the Government Development Agenda of the Bottom Up Economic Agenda (BETA), The vision 2030 and the vision 2063. Key projects funded by the National Treasury included; The Lichota Muhoroni and Alupe Solar Irrigation Project, KOSFIP, Draught mitigation intervention, integrated climate change resilience and the LBDA Rice mill project.

Finally, I wish to sincerely take this opportunity to thank the National Treasury and Planning, all our stakeholders both in Government and private sector that have made this financial year a success.



CPA Wycliffe Ochiaga, EBS
Managing Director, LBDA

7. STATEMENT OF LAKE BASIN DEVELOPMENT AUTHORITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024

Lake Basin Development Authority has three strategic pillars and objectives within the current Strategic Plan for the 2023- 2027. These strategic pillars are as follows:

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

Lake Basin Development Authority develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Lake Basin Development Authority achieved its performance targets set for the FY 2023/2024 period for its four strategic pillars.

8. CORPORATE GOVERNANCE STATEMENT

At Lake Basin Development Authority (LBDA), the practice of good corporate governance ensures the delivery of sustainable value as well as meeting the needs of our stakeholders. LBDA is committed to ensuring that the needs of our customers and the expectations of our stakeholders are met while safeguarding the investments of the Government of Kenya through the adoption of ethically driven business policies, procedures and processes. We believe that our business affairs should be carried out in a fair, transparent and accountable manner. It is our integral responsibility to disclose timely and accurate information on our financial and performance as well as provide the leadership and effective governance for the Authority.

This report highlights the main corporate governance structures and practices that guide the Board.

Governance Principles and Guidelines

The Board provides oversight to the Management and ensures the employees operate within the Code of Conduct and Ethics; Public Officers and Ethics Act; Leadership and Integrity Act; and Mwongozo Code of Governance for State Corporations.

In discharging its mandate, the Board is guided by the Board Charter, Code of Conduct and Ethics, and Board Manual to effectively fulfil its corporate governance responsibility towards stakeholders. In addition, it has adopted Guidelines on Corporate Governance developed by the Mwongozo Code of Governance for State Corporations

Board Organization and Structure

Board Size, Composition and Appointment

The Composition of the Board shall be in accordance with the provisions of the LBDA Act, No. 442 of 2012 and the State Corporation Act, Chapter 446 Laws of the Republic of Kenya or any other legal framework as shall be determined by the relevant Authorities.

The Board should ensure that:

- a) Its members can act independently;
- b) Each Board member understands the broad outline of the organization's policies;
- c) Each Board member is in good standing professionally and has sufficient expertise to perform his or her role as a Board member, and
- d) At least one member is a financial expert, meaning that he or she has expertise in financial management and accounting

Appointment and Removal of Board Members

- i. The relevant appointing authority shall appoint Board members in line with the provisions of the LBDA Act. No 442 of 2012 Laws of Kenya, the State Corporation Act, Cap. 446 or any other relevant law.

Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- a) Serves the appointing authority with a written notice of resignation; or
- b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

Any removal of a Board member under (a) above, shall be through formal revocation. The Corporation Secretary will ensure that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member.

Independence, Separation of Roles and Responsibilities

The primary responsibility of the Board is to provide leadership and strategic direction to the Authority to enhance value. The Board Directors are expected to exercise the highest degree of care, skill and diligence in discharging their duties.

The roles and responsibilities of the Board and the Chief Executive Officer remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no individual has unfettered power of decision making.

The Board provides oversight to the Authority's top management and has unrestricted access to timely and relevant information.

The Chairman provides overall leadership without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective Board and sets the Board agenda in consultation with the Secretary/ Chief Executive Officer and ensures effective communication to stakeholders.

The Chief Executive Officer is responsible to the Board and takes the overall responsibility for the day to day management of the Authority. The Chief Executive Officer recommends the strategy of the Board and implements it and makes operational decisions. In addition, as Secretary to the Board, the Chief Executive Officer ensures appropriate and timely information flows within the Board, its committees and management.

The Corporation Secretary is in attendance of all Board meetings to provide guidance to the Board on their duties and responsibilities; on matters of governance; and to provide efficient secretariat services including coordinating induction and training of new members, preparation for board meetings and maintaining a record of the same, disseminating action material for management, and filing of statutory returns

Principal Board Activities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and

its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the organization's Management, staff and its external professional advisors and auditors. In furtherance of its responsibilities, the Board will:

- i. Determine the organization's mission, vision, purpose and core values;
- ii. Review, evaluate and approve, on a regular basis, long-term plans for the organization;
- iii. Review, evaluate and approve the organization's budget and financial forecasts;
- iv. Review, evaluate and approve major resource allocations and capital investments;
- v. Ensure that the procurement process is cost-effective and delivers value for money;
- vi. Review and approve the operating and financial results of the organization;
- vii. Ensure effective, accurate, timely and transparent disclosure of pertinent information on the organization's operations and performance;
- viii. Ensure that effective processes and systems of risk management and internal controls are in place;
- ix. Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- x. Review, evaluate and approve the remuneration structure of the organization;
- xi. Adopt, implement and monitor compliance with the organization's Code of Conduct and Ethics;
- xii. Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- xiii. Review periodically the organization's strategic objectives and policies relating to sustainability, social responsibility and investment;
- xiv. Protect the rights of shareholders and optimize shareholder value;
- xv. Enhance the organization's public image and ensure engagement with stakeholders through effective communication;
- xvi. Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- xvii.** Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

Board Membership and Attendance of Meetings

The Board holds regular meeting at least once every quarter and supplementary meeting are held as and when necessary. In case of non-attendance due to other commitments, such information is communicated to the Chairman prior to the date of the scheduled meeting.

Table 1: Board attendance during the year

NO.	REMARKS	ATTENDANCE
1.	Full Board	
	Presentation of strategic plan and policies – 6 th – 7 th July 2023	17/17
	109 th Full Board Meeting – 27 th September 2023	17/17
	Special Full Board -27 th October 2023	17/17
	Board Capacity Building Workshop and Evaluation- 19 th to 20 th December 2023.	21/21
	110 th Full Board Meeting -21 st December 2023	18/18
	Special Full Board -19 th January 2023	18/18
	Board of Directors Training on Transformative Leadership in Nairobi- 11 TH to 15 th March 2024.	18/18
	111 th Full Board – 22 nd March 2024	16/18
2.	Finance and Budget Committee	
	119 th F&B Committee – 18 th August 2023	8/8
	120 th F&B Committee- 13 th October 2023	7/8
	121 st F&B Committee – 18 TH January 2024	6/6
	122 nd F&B Committee- 12 th April 2024	6/6
3.	Planning, Strategy & Dev. Comm.	
	79 th Planning, strategy & Dev. Committee – 14 th July 2023	10/12
	80 th Planning, strategy & Dev. Committee – 12 th October 2023	11/12
	81 ST Planning, strategy & Dev. Committee – 11 th January 2023	12/12
	82 nd Planning, strategy & Dev. Committee – 11 th April 2024	12/12
4.	Audit Management Committee	
	40 th Audit Committee- 25 th August 2023	5/6
	41 st Audit Committee- 17 th December 2024	5/6
	42 nd Audit Committee-23 rd February 2024	6/6
	43 rd Audit Committee- 17 th May 2024	5/6
5.	Human Resource Committee	
	11 th HR Committee- 15 th September 2023	8/8
	12 th HR Committee – 8 th December 2023	7/8
	13 th HR Committee – 1 st March 2024	7/8
	14 th HR Committee	7/8

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. Each committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board and is reviewed on a yearly basis. The committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience.

The Chairman of the Board, the Management and external parties/advisors attend the committee meetings only by invitation. The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board.

The respective Chairman presents matters deliberated by the committees to the Board during the next board meeting. The Board has the following four (4) standing committees, which hold regular meeting four (4) times a year and supplementary meetings as and when necessary.

1. Planning, Strategy and Development Committee.

Table 2: Members Planning, Strategy & Development Committee

	Name	Position
1.	Rebecca Maroa	Chairperson
2.	Willis Orowe	Member
3.	Hellen Makone	Member
4.	Luke Obongo	Member
5.	Jackson Swadi kedogo	Member
6.	Francis Okaye Okedi	Member
7.	Julius Chacha Gabriel	Member
8.	Isaac Kogo Kiyeny	Member
9.	Sarah Aliongo	Member
10.	Maurice Opondo	Member
11.	Samuel Gitau	Member
12.	Rose K. Mwongera	Member

The principal objective of the Committee is to make strategic directions that will enable the Board to effectively discharge the mandate of the Corporation as provided under section 8 of the LBDA Act, No 442 of 2012 as follows:

1. Provide assurance to the Board that the Authority’s strategic plan is implemented efficiently by commissioning appropriate policies and systems.
2. Advise the Board on strategic projects, programmes and public-private partnership priorities, ensuring that these are aligned to LBDA’s strategic vision and objectives through properly vetted feasibility studies and due diligence.
3. Advise the Board on sound capital investment decisions and directions.
4. Advise the Board on prudent research and development initiatives in line with LBDA’s strategic vision and objectives,
5. Ensure LBDA’s monitoring and evaluation system is developed and engrained in sound policy and is fit for the purpose.
6. Commission analytical works as necessary on either the projects or programmes to enable the Committee to fulfil its oversight role without stalling management progress and/or operations.
7. Any other duties as may be determined from time to time by the Board

2. Finance & Budget Committee

No.	Name	Position
1.	Eng. Robert K. Limo	Chairperson
2.	Hellen Makone	Member
3.	Lavender Ojala	Member
4.	Jackson Swadi Kedogo	Member
5.	Francis Okaye Okedi	Member
6.	Ebel Ochieng Calo	Member

The Finance & Budget Committee objective is to develop financial policies, goals, and budgets that support the mission and strategic goals of the Authority, as well as monitoring Authority's internal control and risk management activities as follows;

1. Provide assurance to the Board that the Authority's financial; assets and legal are managed prudently by commissioning appropriate policies and systems.
2. Advise the Board on strategic financial/resource allocation priorities, ensuring that these are aligned to LBDA's strategic vision and objectives through a properly vetted budgetary proposal.
3. Provide assurance to the Board that the sound policies and systems have been put in place for the control and management of assets that includes but not limited to: movable and immovable property, tangible and intangible property, stores, equipment, land, buildings, animals, inventory, stock, intellectual rights vested in the Authority.
4. Advise the Board on prudent legal decisions and directions.
5. Ensure LBDA's financial appraisal procedures and practices are developed and engrained in sound policy and are fit for the purpose.
6. Any other duties as may be determined from time to time by the Board.

3. Human Resource Committee

No.	Name	Position
1.	Ms. Lavender Ojala	Chairperson
2.	Mrs. Teresa Bitutu Oroo	Member
3.	Mr. Luke Ouko Obongo	Member
4.	Mr. Ebel Ochieng Calo	Member
5.	Eng. Robert K. Limo	Member
6.	Mr. Maurice Opondo	Member
7.	Ms. Rose K Mwongera	Member
8.	Ms. Sarah Aliongo	Member

The HR Committee is established to assist the Board in fulfilling its oversight responsibilities through the implementation of sound compensation and Human Resource policies and practices. The HR Committee's primary duties and responsibilities are to:

1. Provide leadership in the prudence of Human Resource management.
2. Advise the Board on strategic directions in matters relating to Human Resource, General Administration and Governance with a view to enabling the Corporation to effectively discharge its mandate.
3. Provide assurance to the Board that the Authority's human resources are managed prudently by commissioning appropriate policies and systems.
4. Ensure LBDA's human resource appraisal procedures and practices are developed and engrained in sound policy and are fit for the purpose.
5. Advise the Board on optimum human resource capital base on LBDA's strategic vision and objectives,
6. Any other duties as may be determined from time to time by the Board

4. Audit Committee

No.	Name	Position
1.	Mr. Willis Omondi Orowe	Chairperson
2.	Mrs. Teresa Bitutu Oroo	Member
3.	Mr. Julius Chacha Gabriel	Member
4.	Mr. Samuel Gitau	Member
5.	Ms. Rebecca Ghati Maroa	Member
6.	Mr. Isaac Kiyeny Kogo	Member

The objective of the Committee shall be to assist the Board in discharging its duties relating to safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in

compliance with all applicable legal requirements and accounting standards. Its duties shall include:

1. Serve as an independent, competent and objective party to monitor the integrity of the Authority's financial reporting process and internal control systems relating to finance, accounting, and operational and legal compliance.
2. Compensate, retain and oversee the work performed by the authority's external Auditors.
3. Assist the Board of Directors in fulfilling its responsibilities by reviewing the financial reports provided by the Authority to the Parliament Investment Committee (PIC) and other stakeholders.
4. Recommend, establish and monitor procedures designed to improve the quality and reliability of the authority's financial condition and results of operations.
5. Provide an avenue of communication among the external auditors, senior Management, and the Board of Directors.
6. Any other duties as may be determined from time to time by the Board

Capacity Building for the Board

Regular training and development programmes are developed to equip the Board with necessary skills for effective discharge of their mandate. Each year the Board prepares a training calendar where specific training needs are identified and scheduled. During the year, the Directors attended various capacity building programmes focusing on leadership, governance, finance and other relevant areas.

Upon appointment of a new Director, the Management guides them through a formal induction programme explaining the anatomy of the Authority, its operations and they get the opportunity to meet the key officers. They are also taken through corporate governance training so as to understand their roles and responsibilities as Directors

Board Effectiveness and Evaluation

In order to assess and improve the capacity, functionality and effectiveness of the Board and its Committees, an annual evaluation is undertaken in accordance with the widely accepted principles of corporate governance. The self-evaluation reviews the capacity, functionality and effectiveness of its performance in the achievement of its goals and objectives. It assesses the performance and independence of the Board and its Committees jointly and individual members of the Board, including the Chief Executive Officer.

The Chief Executive Officer is assessed in her roles as the Chief Executive Officer and Secretary to the Board. The Chairman's ability to add value, his performance against what is expected of his role and function, is also assessed. The results of the evaluation form the basis on which action/work plans for the preceding year are formulated, assists to identify the training needs and it also forms the basis of re-appointment of directors.

Directors' Remuneration

During every Board meeting, present Directors are entitled to a sitting allowance, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable within government set limits for state corporations as outlined in Government circular OP/CAB.9/21/2A/41/43 of 23/11/2004.

The Chairman receives a monthly honorarium. During the year, there were no Directors' loans. Details of Directors emoluments during the year are shown in notes to the financial statements.

Ethical Standards

The Directors and employees of the Board have a fiduciary duty to act honestly and in the best interest of the Board. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

All Directors and employees are expected to avoid activities and financial interests that could undermine their responsibilities to the Authority.

The Board applies a ***Conflict of Interest policy***. A Director with an actual or potential conflict of interest in relation to a matter before the Board is required to disclose such interest and, excuse himself or herself from the Board for discussion relating to the matter in question. At the beginning of the financial year, all directors signed a Declaration of Interest Form declaring that they will disclose any interest that conflicts or possibly may conflict with the interests of the Board. At the commencement of any business to be transacted, all directors are required to declare their interest, if any.

9. MANAGEMENT DISCUSSION AND ANALYSIS

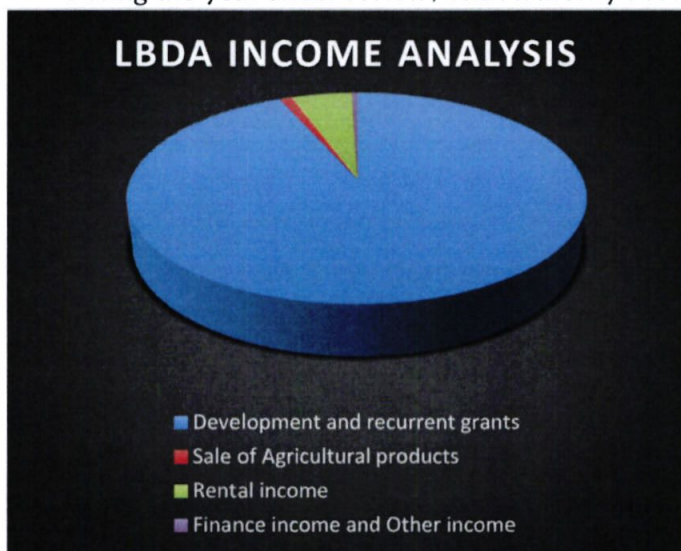
In the financial year 2023/24 the Authority received Kshs. 1,266.8Million from the National Treasury which included; Kshs. 430.7Million for development expenditure and Kshs. 836.1Million for recurrent. To supplement its activities LBDA was expected to raise Kshs. 76 Million through A in A. The Authority implemented four development projects during this Financial year and they included:

- a) Drought Mitigation (Kshs. 150 Million)
- b) The KOSFIP (Kshs. 80.7 Million)
- c) the Lichota Muhoroni and Alupe Solar Irrigation project (Kshs. 50 Million)
- d) The BETA priorities and flood control (Kshs. 150 Million)

The Recurrent expenditure of Kshs. 836.1 Million mainly catered for Personnel Emoluments (PE) of staff in the organization, Implementation of ERP, Rice mill operations, payment of pending bills and other operation and maintenance cost incurred.

Revenue Analysis

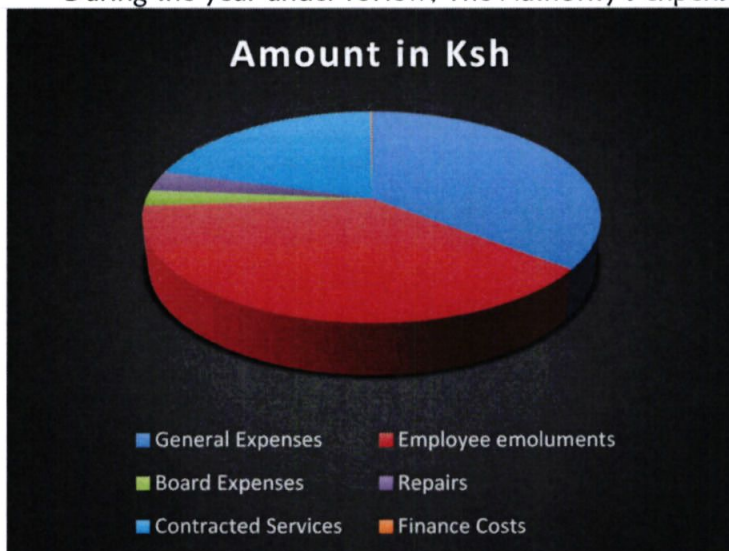
During the year under review, The Authority's revenue can be summarized as below



Particulars	Amount in Ksh
Development and recurrent grants	1,266,810,000
Sale of Agricultural products	8,732,743
Rental income	80,951,233
Finance income and Other income	5,748,501
Total	1,362,242,477

Expense Analysis

During the year under review, The Authority's expenses can be summarized as below.



Particulars	Amount in Ksh
General Expenses	395,595,320
Employee emoluments	358,145,525
Board Expenses	28,672,705
Repairs	43,909,899
Contracted Services	502,686,273
Finance Costs	1,031,675
Total	1,330,041,396

Status Report on ongoing projects

1. Drilling of Boreholes.

The integrated community water projects are implemented by Lake Basin Development Authority. These projects are aimed at enabling community's easy access to clean portable water for human consumption and small-scale agriculture through the use of clean sources of energy, this is to ensure sustainability of the projects. This project entails the harnessing of ground water resources using solar powered technologies majorly for domestic use across the 72 constituencies (18 Counties) covered by the Lake Basin development Authority. Each borehole is aimed at providing water to more than 10,000 residents. This is done in phases, and currently LBDA is implementing the drilling and equipping of 16 No boreholes.

Project scope;

- I. Drilling and equipping of borehole
- II. Construction of 6M high level water storage tank
- III. Construction of solar array, Pump house and associated accessories
- IV. Construction of water reticulation system
- V. Construction of 3 M high perimeter fence to secure the key infrastructure

Implementation status

The projects are spatially distributed in different locations of the 72 constituencies that are covered by Lake Basin Development Authority. Currently there are 16 community water projects that are being implemented. The projects are ongoing with each at different stages of completion.



2. Alupe, Lichota & Muhoroni Solar Irrigation Projects.

The first phase of the projects practically complete at an average at 98% and handed over for use after testing and commissioning except for Muhoroni site, which is at the testing phase.



Objectives. The general objective aims to utilize the Project as in spurring adoption of modern farming technologies that will empower communities through transfer of solar powered irrigation technologies. The realization of this objective was actualized through the following project components.

- a) Drilling and equipping of 2No boreholes,
- b) Solar Installation Works,
- c) Erection of Steel tower and elevation of 8No. 24m³ uPVC Water Tanks,
- d) Irrigation installation Work and Land preparation,
- e) Construction of a Farm House and Installation of Chain- link Fencing Works

Management Discussion & Analysis Cont.'

- f) Extension of chain-link fence for Muhoroni and Lichota
- g) Construction of Dairy unit structures

The authority commenced on the first phase of the project in late 2019 as a pilot study putting 60 acres under irrigation in her 3 farms namely, Alupe, Muhoroni and Lichota Busia, Kisumu and Migori Counties respectively



Compliance with statutory requirements

LBDA has complied with its establishing Act. It has also complied with other legal requirements such as submission of statutory deductions to KRA and its internal policies and procedures.

There are no instances of non-compliance that would lead to financial loss in the period under review, the Authority complied with all statutory requirements and has not received any sanctions so far for non-compliance

Major Risks Facing the Authority

The Authority considers the following as its major risks:

- i. Regulatory & compliance risk
- ii. Competition – existence of competitors with their new strategies
- iii. Economic and business risk
- iv. Operational and credit risk – potential of financial loss
- v. Availability and cost of capital
- vi. Information systems security

Risk management, principal risks and uncertainties

The Board is ultimately accountable for the Authority's risk management process and system of internal control. In terms of a mandate by the Board, the Audit and Risk Committee monitors the risk management process and systems of internal control of the Authority.

Risk management

The ERM policy is subject to annual review, and any amendments are submitted to the Audit and Risk Committee for approval. The objective of risk management in the Authority is to establish an integrated and effective risk management framework where important and emerging risks are identified, quantified and managed

Material arrears in statutory and other financial obligations

In the period under review, the Authority complied with all statutory requirements and thus there are no material arrears in statutory and other financial obligations.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The Lake Basin Development Authority exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

Lake Basin Development Authority organizational sustainability is centered on three pillars:

- People and Community
- Finance and Economic Activity
- Environmental Sustainability

1) People and Community

The Authority as an employer

Lake Basin Development Authority is committed to being a good employer, and to contribute positively to the local community through social economic initiatives.

Human Resource Policy instruments that guide the hiring process in LBDA are Organizational Structure and Staffing Policy, Approved LBDA Staff Establishment, Human Resource Policies and Procedures Manual, Career Progressions Manual and the Comprehensive Job Descriptions Manual. The hiring process is undertaken on the basis of fair competition and merit while ensuring representation of Kenya's diverse ethnic communities, equal opportunity to all gender, youth, persons with disabilities and minorities.

To ensure staff skills and competences are continually improved, LBDA has endeavoured to facilitate staff trainings and capacity building interventions as outlined in the Training Needs Assessment Survey report. The Authority has also developed Career Progression Guidelines that sets standards for training and advancement within the career structures on the basis of staff acquisition of professional qualifications and requisite competences. Performance appraisal for the Authority is conducted biannually using the GoK Staff Performance Appraisal System (SPAS) tool which in turn informs employee rewards and sanctions as appropriate. Rewards and sanctions are recommended by management as per the provisions of Rewards and Sanctions framework issued by Public Service Commission from time to time.

LBDA is committed to making a conscious effort in conserving and improving safe and healthy working conditions for all our internal and external customers in compliance with OSHA 2007. Our policy which is outlined in the Human Resource Policies and Procedures Manual, provides guidelines for the prevention and protection of officers against accidents and occupational hazards arising at the workplace.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING Cont'd

2) Finance and Economic activity

The Authority recognizes the way in which it conducts its activities financially has a bearing on those with an interest in its work. The Authority financial regulations follow the laid down Accounting Standards.

3) Environmental Sustainability



LBDA recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. In this respect Authority is partnering with various County governments and other stakeholders in conservation

LBDA's main environmental impacts are the utilisation of resources, predominantly energy, through electricity consumption and water. The Authority is fully aware of the need to use resources responsibly and is committed to minimising its environmental impacts to the extent possible.

The Authority recognises the risks that regulatory changes, environmental constraints and climate change present to its operations. Potential impacts include rising costs, reduced access to facilities, interruptions in service, and incidents of extreme weather events as a result of climate. However, the Authority also believes that using resources responsibly can be a source of strategic advantage for the Authority, allowing it to manage and contain its operating costs and to ensure ongoing access to water and energy supplies.



The Authority takes its policies to reduce its impact on the environment very seriously and its facilities and services division is constantly investigating new opportunities to reduce its impact on the environment.

ENVIRONMENTAL AND SUSTAINABILITY REPORTING Cont'd

i) Market place practices-

a) Responsible competition practice.

Competition is healthy for businesses and as government organization it encourages innovation to achieve her mandate. Authority has responsible competition practice by following these key principles, by Knowing our customers and stake holders, competitors, the difference between the authority and other agencies or organizations, our product and messages, target market, partnerships and opportunities and innovation in external environment we operate in.

Authority ensures responsible competition practices by ensuring transparency in all areas of supply chain to promote anti-corruption practices and responsible political involvement through public participation in management of public resources and choice of projects and programmes. To enhance fair competition the authority does not price her products and services lower than what the market is offering to disadvantage competitors.

b) Responsible Supply chain and supplier relations

Authority has maintained responsible supply chain and supplier relations through advertising for annual prequalified suppliers, engage them on available job opportunities and support different suppliers to deliver contracted assignments and for those dealing in authority products and services quality and customer service is maintained at all times and payment for services rendered is done as per the contract.

c) Responsible marketing and advertisement

Responsible marketing and advertisement is adhered to by ensuring product or service advertisement messages does not infringe into competitors' products in order maintain ethical marketing practices.

d) Product stewardship

On Product stewardship, Authority has always pursued quality and differentiation in the market place by ensuring we continue to innovate our products and services to achieve the authority mandate, while ensuring customer satisfaction and delight is achieved to safeguard consumer rights and interests

ii) Corporate Social Responsibility / Community Engagements

Restoration of forest cover canopy by 15 billion trees as per the Presidential directive

LBDA recognizes its role and responsibilities towards communities and environments in which it operates. As part of its commitment to Corporate Social Responsibility (CSR), we implemented several initiatives and projects to contribute to the sustainable development of the Lake Basin region.

The Authority participated in a tree planting campaign to mitigate deforestation and promote environmental conservation. Thousands of seedlings were planted in collaboration with local communities, schools, environmental and non-governmental organizations contributing to reforestation and afforestation efforts and raising awareness about climate change and the significance of preserving the region's natural resources.

OUTPUT

1. Enhance environmental conservation through donation of tree seedlings
2. Enhance community relationship and collaborations
3. Creating mass awareness on the importance of greening and the environment

SUMMARY OF CSR ACTIVITIES

No	Date	Organization/Activity	Donated items	Number of seedlings donated/planted	Amount
1.	14/07/2023	Donation and planting of assorted tree seedlings in Rachuonyo North	Assorted tree seedlings	40,000	200,000
2.	06/09/2023	Donation and planting of assorted tree seedlings at Kibos G.K prison	Assorted tree seedlings	10,000	50,000
3.	29/09/2023	Donation of assorted tree seedlings to Ogenya Primary & Secondary School in Nyando subcounty	Assorted tree seedlings	2,000	10,000
4.	03/10/2023	Donation of assorted tree seedlings to Komosoko School in Kuria West during the commissioning & handing over of CWP.	Assorted tree seedlings	1,000	5,000
5.	15/10/2023	Donation and planting of assorted tree seedlings at Sikri TTI	Assorted tree seedlings	1,000	5,000
6.	15/10/2023	Donation of Assorted tree seedlings to Mlthui Secondary school	Assorted tree seedlings	1,000	5,000
7.	25/10/2023	Donation of assorted tree seedlings o Kimwani Secondary School in Nandi Hills	Assorted tree seedlings	2,000	10,000
8.	29/10/2023	Donation of assorted tree seedlings to Ogenya Primary & Secondary schools in Nyando	Assorted tree seedlings	2,000	10,000
9.	13/11/2023	Donation of assorted tree seedling to Kodiaga GK prison.	Assorted tree seedling	4,000	20,000
10	13/11/2023	Donation of assorted tree seedlings during the National Tree planting day at Gembe Hills forest, Homabay County	Assorted tree seedlings	50,000	10,000

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11.	13/11/2023	Donation of assorted tree seedlings within various schools in Rachuonyo South.	Assorted tree seedlings	14,000	70,000
12.	13/11/2023	Donation and planting of assorted tree seedlings at Nyansiongo	Assorted tree seedlings	5,000	25,000
13.	03/12/2023	Donation and planting of assorted tree seedlings at Bondo ACK church	Assorted tree seedlings	4,000	20,000
14.	19/12/2023	Donated assorted tree seedlings to Lianda Primary and junior Secondary School during Nyanza Women Empowerment Programme.	Assorted tree seedlings	2,000	10,000
15.		Donation and planting of assorted tree seedlings at Sena in Mfangano island for Ramogi Anniversary Celebration.	Assorted tree seedlings	4,000	20,000
16.	02/03/2024	Donation of assorted tree seedlings for Hon. Eliud Owallo Foundation	Assorted tree seedlings	30,000	150,000
17.	07/03/2024	Donation of assorted tree seedlings at Lugulu in Kakamega County	Assorted tree seedlings	10,000	50,000
TOTAL				152,000	490,000

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Lake Basin Development Authority's affairs.

i) Principal activities

The principal activities of the Authority are established under Cap 442 Laws of Kenya are: -

- (a) Integrated basin-based development planning;
- (b) Integrated basin-based development projects and programmes;
- (c) Resource studies and information sharing for basin wide planning and development
- (d) Public investment and establishment of basin resource management standards and norms;
- (e) Utilization of international waters; and
- (f) Interventions of strategic national government interest

ii) Results

The results of the Authority for the year ended June 30, 2024, are set out on page 1

iii) Directors

The members of the Board of Directors who served during the year are shown on page vii to xii. During the year, no director retired and none was appointed.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Lake Basin Development Authority did not make any surplus during the year (FY 2023-2024) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board



CPA Wycliffe Ochiaga, EBS

Secretary to the Board

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2024. This responsibility includes:

- a) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- b) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- c) 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;
- d) Safeguarding the assets of the Authority;
- e) Selecting and applying appropriate accounting policies; and
- f) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012.


The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2024, and of the Authority's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

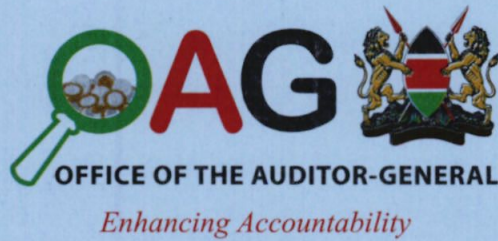
The Authority's financial statements were approved by the Board on 27th September 2024 and signed on its behalf by:


Mr. James Dianga
Chairman of the Board


CPA Wycliffe Ochiaga, EBS
Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON LAKE BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Basin Development Authority set out on pages 1 to 37, which comprise of the statement of financial position

as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lake Basin Development Authority as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Lake Basin Development Authority Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Payment of Closed Donor Funded Project Liabilities

The statement of financial performance reflects an amount of Kshs.43,909,899 in respect to repairs and maintenance as disclosed in Note 15 to the financial statements. Included in this amount is payment of Kshs.4,180,181 to a contractor during the year under review for repairs of residential house and motor vehicles incurred in the year 2021. However, review of payment records, revealed that the procurement for the services was made by Kimira Oluch Smallholder Farm Improvement Project (KOSFIP). Management explained that the project was taken over by the Authority. However, the payment for project liability was made before it was verified, recognized in Authority's books of account and budgeted for accordingly.

In the circumstances, validity and regularity of expenditure incurred on the payment of closed project liabilities of Kshs.4,180,181 could not be confirmed.

2. Long Outstanding Receivables from Non-Exchange Transactions

The statement of financial position reflects a balance of Kshs.5,020,286 in respect of receivables from non-exchange transactions as disclosed in Note 20a to the financial statements. Review of the records provided for audit revealed that the amount includes:-

- i. Staff debtors amounting to Kshs.654,810 on account of imprests issued but unsurrendered as at 30 June, 2024; and
- ii. Overdue imprests and amount arising from credit sales to former staff totalling Kshs.4,365,476 but the basis for their computation was not provided for audit review; and

However, Management did not provide evidence on efforts being made to recover the long outstanding receivables from the current and past staff members.

In the circumstances, the accuracy and recoverability of receivables from non-exchange transactions balance of Kshs.5,020,286 could not be confirmed.

3. Property Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.4,854,458,202 as disclosed in Note 22 to the financial statements. Review of the supporting asset register revealed five (5) parcels of land owned by the Authority with nil values.

In the circumstances, the accuracy and fair statement of property, plant and equipment balance of Kshs.4,854,458,202 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lake Basin Development Authority Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

Directors are responsible for the Other Information set out on page iv to xxxvi, which comprises Key Lake Basin Development Authority Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Lake Basin Development Authority Performance Against Predetermined Objectives for FY 2023/2024, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my auditor's report thereon.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the 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. Irregular Payment of Special Duty Allowance

The statement of financial performance and as indicated in Note 12 is an amount of Kshs.358,145,525 relating to employee costs. Included in the amount is Kshs.519,269 paid as special duty allowances to various employees. However, it was noted that the affected officers have been earning special duty allowances since 2018 contrary to Section 4.14.4 of the Human Resource Policy for Public Service, 2016 which states that Special Duty Allowance will not be payable to an officer for more than six (6) months. Further, it was noted that there were no approvals from the Managing Director authorizing payments for special duty allowances.

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

2. Non-Disclose Contingent Liability for Breach of Contract

The statement of financial performance reflects an amount of Kshs.395,595,320 in respect of general expenses, as disclosed in Note 11 to the financial statements. Included in the amount is legal fees amount of Kshs.89,264,150. Review of legal files and court petition documents provided for audit revealed an active court case which arose from a dispute in execution of a contract that signed on 8 May, 2013 for the construction of Lake Basin Complex Project in Kisumu City. The dispute arose on the settlement of invoices issued by the developer leading to legal suit at the High Court. However, Management has not disclosed this fact and incorporated the likely contingent liability that may arise from the case in the financial statements.

In the circumstances, the financial statements as prepared and presented are not IPSAS accrual basis framework compliant.

3. Non-Compliance with Law on Ethnic Composition

Review of the staff compliment revealed that the Authority had two hundred and eighty-two (282) employees in post during the year under review. However, one hundred and fifty-seven (157) or 56% percent of the employees were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

4. Failure to Comply with Loan Agreement Terms

The statement of financial position reflects borrowings from Government of Kshs.2,000,000,000 as disclosed in Note 27 to the financial statements. The balance represents loan from the Government of Kenya, pursuant to a loan agreement dated 29 June, 2017. This was a bailout to the Authority to facilitate it to settle outstanding debts in regard to Lake Basin Mall Complex Project in Kisumu.

According to the loan agreement, the loan was payable semi-annually on 30 September and 31 March and with the first loan instalment of Kshs.58,823,529 being due on 30 September, 2021. The Authority was to also repay interest on the outstanding principal amount at the rate of 5% per annum on reducing balance. Further, according to the loan agreement, interest shall accrue from the respective dates of disbursement of the loan proceeds and shall be computed on the basis of a 360-days year of twelve 30-days months and interest accruing over the first year of the grace period will be capitalized on the first principal repayment date and thereafter payable semi-annually on the 31 day of March and 30 day of September each year.

However, as at 30 June, 2024, the Authority had not paid the six due loan instalments totalling Kshs.352,941,174 and cumulative interest of Kshs.681,250,000 for which Kshs.100,000,000 related to current period under review.

In the circumstances, Management was in breach of the terms of the loan agreement.

4. Non-Current Liabilities - Trade and Other Payables from Exchange Transactions

The statement of financial position reflects non-current liabilities - trade and other payables from exchange transactions balance of Kshs.3,206,454,115 as disclosed in Note 25b to the financial statements. However, review of liabilities records revealed that most of the balances were long overdue which indicates that the Authority did not honor its past obligations promptly contrary to Regulation 150(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires that subject to availability of funds and after proper certification of goods, works or service, prompt payments are made within 60 days from date of receipt of invoice.

In the circumstances, the Authority is exposed to the risk of incurring fines and penalties with the continued delays in settling liabilities while Management is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Non-Compliance with Provisions on Composition of Board Committees

Reflected in the statement of financial performance and as disclosed in Note 13 is an amount of Kshs.28,672,705 relating to Board Expenses. Scrutiny of the financial statements indicated that the board constituted four (4) standing committees. However, the Planning, Strategy and Development Committee had twelve (12) members and the Human Resource Committee had eight (8) members contrary to a maximum requirement of four (4) members as par MWONGOZO, the code of governance for State Corporations.

In the circumstances the composition of Board Committee was irregular.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

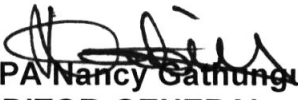
Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments – gifts and services-in-kind	6	1,266,810,000	1,056,240,000
		1,266,810,000	1,056,240,000
Revenue from exchange transactions			
Sale of Agricultural Produce	7	8,732,743	12,221,279
Rental revenue from facilities and equipment	8	80,951,233	74,820,122
Finance income - external investments	9	4,085,984	1,827,488
Other income	10	1,662,518	1,843,653
		95,432,477	90,712,541
Total revenue		1,362,242,477	1,146,952,541
Expenses			
General Expenses	11	395,595,320	416,024,215
Employee costs	12	358,145,525	390,872,507
Remuneration of directors	13	28,672,705	20,618,822
Depreciation and amortization expense	14	107,479,917	112,486,814
Repairs and maintenance	15	43,909,899	22,211,389
Contracted services	16	502,686,273	481,532,181
Finance costs	17	1,031,675	561,743
Total expenses		1,437,521,314	1,444,307,671
Other gains/(losses)			
Gain/ loss on biological Assets	18	(4,347,885)	5,820,270
Unearned Revenue			
Surplus for the year		(79,626,722)	(291,534,860)

The notes set out on pages 7 to 33 form an integral part of these Financial Statements.

The Financial Statements set out on pages i to 33 were signed on behalf of the Board of Directors by:



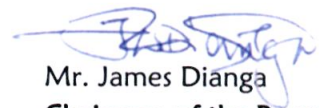
CPA Wycliffe Ochiaga, EBS
Accounting Officer

Date: 27/09/2024



CPA Christine Otieno
Head of Finance
 ICPAK M.No. 10470

Date: 27/09/2024



Mr. James Dianga
Chairman of the Board

Date: 27/09/2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	19	283,398,474	277,098,655
Receivables from non-exchange transactions	20a	5,020,286	5,443,854
Receivables from exchange transactions	20b	105,981,602	77,726,730
Inventories	21	15,010,165	20,038,564
		409,410,527	380,307,802
Non-current assets			
Property, plant and equipment	22	4,854,458,202	4,956,656,245
Biological Assets	23	10,940,732	15,288,617
Intangible assets	24	3,838,470	4,798,088
		4,869,237,404	4,976,742,949
Total assets		5,278,647,931	5,357,050,751
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25a	187,777,400	191,924,679
		187,777,400	191,924,679
Non-current liabilities			
Borrowings from Government	27	2,000,000,000	2,000,000,000
Trade and other payables from exchange transactions	25b	3,206,454,115	3,201,082,934
		5,206,454,115	5,201,082,934
Total liabilities		5,394,231,515	5,393,007,613
Net assets			
Reserves		401,948,509	401,948,509
Accumulated surplus/Deficit		(1,339,727,220)	(1,260,100,499)
Capital Fund		822,195,128	822,195,128
Total net assets		(115,583,584)	(35,956,862)
Total net assets and liabilities		5,278,647,931	5,357,050,751

The Financial Statements set out on pages i to 33 were signed on behalf of the Board of Directors by:




CPA Wycliffe Ochiaga, EBS
Accounting Officer

Date: 27/09/2024



CPA Christine Otieno
Head of Finance

ICPAK M.No.10470
Date: 27/09/2024



Mr. James Dianga
Chairman of the Board

Date: 27/09/2024

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2022	401,948,509	-290,789,684	-677,775,955	813,841,303	247,224,173
Total comprehensive income			-291,534,860	8,353,825	-283,181,035
Transferred depreciation					0
Prior year Adjustment					0
At June 30, 2023	401,948,509	-290,789,684	-969,310,815	822,195,128	-35,956,862
					0
At July 1, 2023	401,948,509	-290,789,684	-969,310,815	822,195,128	-35,956,862
Total comprehensive income			-79,626,722		-79,626,722
Transferred depreciation					0
Prior year Adjustment					0
At June 30, 2024	401,948,509	-290,789,684	-1,048,937,537	822,195,128	-115,583,584

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants and subsidies	6	1,266,810,000	1,056,240,000
Sale of Agricultural Products	7	8,732,743	12,221,279
Finance income	9	4,085,984	1,827,488
Other income.	10	1,662,518	1,843,653
Rental income	8	80,951,233	74,820,122
Total Receipts		1,362,242,477	1,146,952,541
Payments			
Employee costs	12	358,145,525	390,872,507
Remuneration of directors	13	28,672,705	20,618,822
Repairs and maintenance	15	43,909,899	22,211,389
Contracted services	16	502,686,273	481,532,181
General expenses	11	395,595,320	416,024,215
Finance Cost	17	1,031,675	561,743
Total Payments		1,330,041,396	1,331,820,857
Net cash flows from operating activities		32,201,081	(184,868,316)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	22	(4,322,257)	(88,600,304)
Decrease/Increase in Inventory	21	5,028,399	4,485,526
Decrease, Increase in current receivables	20	(27,831,305)	(4,254,729)
Decrease/Increase in Payables	25	1,223,902	349,906,909
Net cash flows used in investing activities		(25,901,261)	261,537,403
Cash flows from financing activities			
Increase in capital fund			8,353,826
Net cash flows used in financing activities		-	8,353,826
Net increase/(decrease) in cash and cash equivalents		6,299,819	85,022,913
Cash and cash equivalents at 1 JULY	19	277,098,655	192,075,742
Cash and cash equivalents at 30 June	19	283,398,474	277,098,655

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Budget	Adjustments	Final Budget	Actual	Performance	% of utilization
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c *100
Revenue						
Government grants and subsidies						
Recurrent	516,110,000	320,000,000	836,110,000	836,110,000	-	100.00%
Development	595,700,000	(165,000,000)	430,700,000	430,700,000	-	100.00%
Total Grants	1,111,810,000	155,000,000	1,266,810,000	1,266,810,000	-	100.00%
Sale of Agricultural Products	13,728,725	-	13,728,725	8,732,743	4,995,982	63.61%
Rental Income	56,445,610	-	56,445,610	53,274,480	3,171,130	94.38%
Finance Income	1,252,400	-	1,252,400	4,085,984	(2,833,584)	326.25%
Other Income	4,573,265	-	4,573,265	1,662,518	2,910,747	36.35%
Total A-in-A	76,000,000		76,000,000	67,755,724	8,244,276	89.15%
TOTAL INCOME	1,187,810,000	155,000,000	1,342,810,000	1,334,565,724	8,244,276	99.39%
EXPENSES						
Employee costs	368,215,000	-	368,215,000	358,145,525	10,069,475	97.27%
Remuneration of Directors	30,000,000	-	30,000,000	28,672,705	1,327,295	95.58%
Repairs and maintenance	27,095,000	-	27,095,000	43,909,899	(16,814,899)	162.06%
Contracted services	310,000,000	-	310,000,000	502,686,273	(192,686,273)	162.16%
General expenses	451,000,000	(165,000,000)	286,000,000	251,482,964	34,517,036	87.93%
Finance Cost	1,500,000	-	1,500,000	1,031,675	468,325	68.78%
Rice Mill Operations	-	200,000,000	200,000,000	-	200,000,000	0.00%
ERP/Pending Bills	-	120,000,000	120,000,000	44,112,356	75,887,644	36.76%
Total expenditure	1,187,810,000	155,000,000	1,342,810,000	1,230,041,396	112,768,604	91.60%
Surplus for the period	-	-	-	104,524,328		

Budget notes.

1. Sale of Agricultural goods

The decline in revenue generated of Kshs. 4.9 million is due to low milk production and donation of tree seedlings to GOK promotion to climate change initiatives.

2. Rental Income

Accrued rental income of Kshs. 27.6 million has been deducted from the rental income.

3. Finance Income

The increased funding was deposited in call accounts earning additional interest of Kshs. 2.8 million.

4. Repair and Maintenance

The increase is as a result of renovations undertaken on the staff houses at Upper Kanyakwar.

5. General expenses

Accrued GOK loan interest of Kshs. 100 million has been deducted from the general expenses.

6. Ricemill Operations and ERP Implementation

The Authority received the grants at the end of the Financial Year hence the activities are ongoing and will be fully implemented in FY 2024/2025.

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Lake Basin Development Authority is established by and derives its authority and accountability from (Cap 442) Act. The Lake Basin Development Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Lake Basin Development Authority's principal activity is to provide an avenue for a quicker, more meaningful and co-coordinated development in the Kenyan portion of the Lake Victoria basin.

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Authority.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of</p>

LAKE BASIN DEVELOPMENT AUTHORITY
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Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of the authority.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;

Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47- Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. ***Early adoption of standards***

The Lake Basin Development Authority did not early – adopt any new or amended standards in year 2023/2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023-2024 was approved by the National Assembly on 15th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The Authority's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 12 of these financial statements.

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

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

Sales tax

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

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

d) **Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) **Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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.

Depreciation on PPE is calculated using reducing balance method and the rates used are:

a) Tractors	37.5%
b) Motor Vehicles/Cycles	25.0%
c) Farm Implements	12.5%
d) Buildings.....	2.0%
e) Loose Tools & Equipment	12.5%
f) Furniture, Fittings & Fixtures	12.5%
g) Office Machines & Equipment	12.5%
h) Computer & Other Class II Equipment	30.0%
i) Plant & Equipment.....	12.5%
j) Computer Software.....	20.0%
k) Hyacinth Harvester.....	10.0%

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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

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

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

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

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

k) Provisions

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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

- In respect to the Government loan of Ksh 2,000,000,000, given to the Authority, this was a bailout to assist the organization offset/settle the outstanding debt owed to M/S Erderman Property Ltd; the appropriate records will be maintained and interest charged accordingly as there is evidence of a loan agreement between the Government and Lake Basin Development Authority (LBDA)
- Currently the Authority has no contractual agreement signed directly with Co-operative bank of Kenya. The borrower of the loan was M/S Erderman Property Ltd who is the contractor for the Mall. However we have initiated the process of taking over the Loan by writing to the Ministry and the National Treasury for approval. Co-operative Bank of Kenya has further written an offer letter requesting the Authority to take over the liability.
- The Authority has an accumulated loan interest provision of Kshs. 681.25 Million for Government of Kenya Loan.
- LBDA has various legal cases which are under litigation pending court rulings which if adjudicated and finalized can crystallize into future financial liabilities of approximately 400M. Additionally, the increase in legal charges in the financial year 2023/2024 of Kshs. 99 million was as a result of court awards from previous litigation.
- During the FY 2022/2023 the Authority took over KOSFIP project with liabilities of Kshs.738,774,372 which has not been recognized in our books pending budgetary provision by the National Treasury.

m) Contingent assets

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

n) Nature and purpose of reserves

The Lake Basin Development Authority creates and maintains reserves in terms of specific requirements. Lake Basin Development Authority maintains Revaluation reserves.

Summary of Significant Accounting Policies (Continued)

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The Lake Basin Development Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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

t) Service concession arrangements

The Lake Basin Development Authority analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

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

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by the Entity.

The nature of the asset, its susceptibility and adaptability to changes in technology and processes.

The nature of the processes in which the asset is deployed.

Availability of funding to replace the asset.

Changes in the market in relation to the asset.

Provisions

In the Financial year under review there were no Provisions raised and management determined an estimate based on the information available.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional grants		
Recurrent grant	836,110,000	617,340,000
Development grants	430,700,000	438,900,000
Special projects	-	-
Total government grants	1,266,810,000	1,056,240,000

Funds received for recurrent expenditure i.e salaries and personal emoluments & Development expenditure as stated in the printed estimate.

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

Name of the entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	2022-2023
	KShs	KShs	KShs	KShs
State Department for Regional and Northern Corridor Development	1,266,810,000	-	1,266,810,000.00	1,056,240,000
Other Entities (KRCS, NEMA)			-	0
Total	1,266,810,000	-	1,266,810,000.00	1,056,240,000

7. Sale of Agricultural Products

Description	2023-2024	2022-2023
	KShs	KShs
Sale of rice	-	23,900
Sale of Sugar cane	1,263,888	158,682
Sale of Milk	4,539,746	6,816,473
Sale of animals and Steers	233,000	296,000
Sale of Seedlings	1,646,763	3,493,392
Sales of Vegetables and fruits	44,736	90,960
Sale of Beans	138,600	-
Sale of Honey	838,210	562,200
Sale of Fingerlings and table size fish	27,800	773,082
Sale of Fish/Chicken feeds	-	1,600
Sale of bran meal, colored rice	-	30
Sale of Nappier	-	4,960
Total revenue from the sale of goods	8,732,743	12,221,279

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Rental Revenue from Facilities and Equipment

Description	2023-2024	2022-2023
	KShs	KShs
Economic Rent (Staff Houses)	2,433,000	2,973,230
Service Charge	11,370,452	6,977,523
Commercial Rent (LBDA MALL)	59,762,199	53,872,679
Lease rentals (LBDC)	7,385,582	10,996,690
Total rentals	80,951,233	74,820,122

9. Finance Income

Description	2023-2024	2022-2023
	KShs	KShs
Cash investments and fixed deposits	4,085,984	1,827,488
Total finance income – external investments	4,085,984	1,827,488

10. Other Income

Description	2023-2024	2022-2023
	KShs	KShs
Boarded Stores	-	850
Hire of Grounds/Equipment	34,550	340,900
Milling/Airing Charges	-	-
Weighbridge	709,532	791,478
Surcharge Service	98,958	205,200
Tour Fees	28,500	15,150
Hire of Tractors & Excavator	290,120	175,175
Sale of Bricks	112,000	314,900
Sale of Logs/Firewood	61,800	-
Sale of Manure	4,000	-
Miscellaneous Income	41,100	-
Donations	205,000	-
Insurance Charges	76,958	-
Total other income	1,662,518	1,843,653

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. General Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Animal Feeds	550,315	1,528,184
ASK/Project Promotion	5,202,561	8,000
Communication cost	1,387,481	1,463,243
Computer supplies and accessories	1,118,580	561,391
Compound Maintenance	6,198,976	3,809,990
Daily subsistence allowance	60,927,359	53,667,345
Dairy Expenses	9,000	88,600
Donation	-	70,000
Drugs and Chemicals	767,070	1,032,782
Electricity	1,817,917	1,562,860
General Hardware	8,101,092	8,303,091
General Office supplies	1,487,231	6,466,351
Hire of Machinery/Equipment	2,856,300	3,813,030
Hire of Transport	545,580	937,000
Horticulture	59,000	229,600
Fuel and oil	5,586,465	8,327,927
Loss on Paddy	2,687,772	-
Insurance of Assets	11,335,505	17,419,895
Legal Charges	89,264,150	138,980,962
Licence	270,520	-
Local Travel (Air Ticket)	9,661,447	4,807,573
Purchase of Newspapers, Magazines and Periodicals	180,388	288,345
Maintain. Water & Sewerage & Sanitation	6,013,045	3,435,979
Management Fee	2,510,012	1,349,037
Official Entertainment	44,792,921	32,876,991
Interest on GoK Loan	100,000,000	100,000,000
Ploughing	-	3,750
Packaging materials	613,051	40,150
Printing and Advertising	16,891,885	17,300,837
Purchase of Firewood and Used Oil	-	26,570
Purchase of raw materials	740,000	366,400
Purchase of Fingerlings/Fish	26,400	-
Postage and Stamps	464,314	250,720
Purchase of seeds and seedlings	697,300	735,450
Rents and rates Non- Residential	386,000	248,800
Sales and Marketing expenses	23,650	-
Staff welfare	2,492,475	938,380
Training	7,857,154	1,559,374
Subscription to professional bodies	1,260,775	641,462
Tax Penalty/WHT	268,951	2,514,149
Uniform and Clothing	226,500	95,492
Veterinary expenses	316,180	274,505
Total general expenses	395,595,320	416,024,215

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. Employee Costs

Description	2023-2024	2022-2023
	KShs	KShs
Ex-Gratia Payments	530,217	
Staff Medical Insurance	36,178,108	29,455,634
Contribution to Pension Scheme	35,016,465	33,980,732
Service Gratuity	-	2,350,672
Salaries and Allowances	277,643,732	318,626,515
Terminal Dues	280,234	6,458,954
WIBA & Life Insurance	4,667,863	-
Housing Levy	3,828,906	-
Employee costs	358,145,525	390,872,507

13. Board Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Sitting Allowances & Accommodation	17,523,997	14,185,153
Travelling (Air tickets)	6,932,497	2,054,554
Entertainment	2,592,936	2,966,115
Others	579,275	1,263,000
Chairman,s Honoraria	1,044,000	150,000
Total Board Expenses	28,672,705	20,618,822

14. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	KShs	KShs
Property, plant and equipment	106,520,300	111,287,292
Intangible assets	959,618	1,199,522
Total depreciation and amortization	107,479,917	112,486,814

15. Repairs and Maintenance

Description	2023-2024	2022-2023
	KShs	KShs
Building Repair for Non- Residential	2,979,243	8,511,153
Building Repair for Residential	29,133,225	-
Plant and machinery Repairs	1,171,027	520,069
Repair of Office equipment	503,716	3,501,260
Motor Vehicle Running	10,122,688	9,678,907
Total repairs and maintenance	43,909,899	22,211,389

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Contracted Services

Description	2023-2024	2022-2023
	KShs	KShs
Audit Fees	870,000	488,388
Cleaning Services	6,380,714	5,291,420
Consulting Fee	790,000	369,566
Farm Maintenance & Milling Expenses	7,393,406	10,125,167
Drilling and Equipping of Bore Holes	455,635,421	446,262,565
Rehabilitation of Canals	4,846,047	-
Security Expenses	26,770,684	18,995,076
Total contracted services	502,686,273	481,532,181

17. Finance Costs

Description	2023-2024	2022-2023
	KShs	KShs
Bank Charges (Commission and Ledger fee)	956,775	561,743
E-Citizen Charges	74,900	-
Total finance costs	1,031,675	561,743

18. Gain/Loss on Biological Assets

Description	2023-2024	2022-2023	Gain/Loss 2023/2024	Gain/Loss 2022/2023
	KShs	KShs	Kshs	Kshs
Bulls	98,250	102,000	(3,750.00)	(14,250)
Lactating/Dry Cows	2,610,000	3,290,250	(680,250.00)	1,174,500
Heifers	1,905,750	2,302,875	(397,125.00)	(786,375)
Fish/ Poultry	373,759	577,374	(203,614.80)	124,827
Crops WIP	5,952,973	9,016,118	(3,063,145.00)	5,321,568
Total gain/Loss	10,940,732	15,288,616.50	(4,347,884.80)	5,820,270

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Description		2023-2024	2022-2023
	Account number	KShs	KShs
a) Current account			
Kenya Commercial bank	1107824532	7,296,950.17	1,632,537.48
Kenya Commercial bank	1104028352	987,296.87	426,670.00
Cooperative Bank of Kenya	01120014333100	81,683.98	82,715.63
Cooperative Bank of Kenya	01692614041400	14,782,699.26	24,617,548.26
Cooperative Bank of Kenya	01150014333100	59,011.00	59,574.14
National Bank of Kenya	01001023637000	2,228,223.40	95,677,200.20
National Bank of Kenya	01001023507900	1,538,516.52	3,940,231.84
National Bank of Kenya	01001033897700	276,919.88	546,642.59
National Bank of Kenya	01003023624000	147,172.51	6,288.00
Sub- total		27,398,473.59	126,989,408.14
b) On - call deposits			
National Bank of Kenya	01001023637000	250,000,000.00	
National Bank of Kenya	0100123507900	6,000,000.00	
Cooperative Bank of Kenya	0112014333100		150,000,000.00
Sub- total		256,000,000.00	150,000,000.00
c) Others(specify)			
cash in hand			291.00
Mpesa			108,956.00
Sub- total		-	109,247.00
Grand total		283,398,473.59	277,098,655.14

20. (a) Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Ex- Staff debtors	4,365,476	4,381,555
Staff Debtors	654,810	1,062,299
Total current receivables	5,020,286	5,443,854

21. (b) Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	KShs	KShs
Current receivables		
Ex- board debtors	30,112	30,112.00
Trade Debtors	106,485,570	78,230,697.69
Less: Provision for bad debts	(534,080)	(534,080.05)
Total current receivables	105,981,602	77,726,730

The provision for bad debts of Kshs. 534,080 relates to debts over 20years old whose chances of recovery are remote. The expected loss is estimated using default experience and analysis of the debtor's status some of whom were deceased at the reporting date.

21. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Seeds/Seedlings	1,075,177	2,447,688
Bricks	54,000	109,635
Raw materials	11,619,124	15,425,869
Packaging Materials	2,198,700	1,925,822
Finished Products	63,164	129,550
Total inventories at the lower of cost and net realizable value	15,010,165	20,038,564

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. Property, Plant and Equipment

	Land	Buildings	Plant & equipment	Work in Progress	Furniture & Fixtu	Computer & Oth	Motor Vehicle	Tractors	Harvester	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 th June 2022	59,053,333	5,024,266,986	297,595,337	348,627,570	18,218,872	32,033,250	64,467,070	10,165,000	80,776,044	5,935,203,463
Additions			3,491,706	81,228,021	807,794	2,722,358	350,423			88,600,303
Disposals										-
Transfer/adjustments										-
Revaluation										-
At 30 th June 2023	59,053,333	5,024,266,986	301,087,044	429,855,591	19,026,666	34,755,609	64,817,493	10,165,000	80,776,044	6,023,803,765
Additions					345,000	3,977,257				4,322,257
Disposals										-
Transfer/adjustments										-
Revaluation										-
At 30 th June 2024	59,053,333	5,024,266,986	301,087,044	429,855,591	19,371,666	38,732,866	64,817,493	10,165,000	80,776,044	6,028,126,023
Depreciation and impairment										
At 30 th June 2022	-	594,595,753	260,969,799	-	14,987,179	27,221,767	35,054,972	7,683,310	15,347,448	955,860,229
Depreciation		88,593,425	5,014,656		504,936	2,260,153	7,440,630	930,634	6,542,860	111,287,292
Disposals										-
Transfer/adjustment										-
At 30 th June 2023	-	683,189,178	265,984,455	-	15,492,115	29,481,919	42,495,602	8,613,944	21,890,308	1,067,147,521
Depreciation		86,821,556	4,387,824		484,944	2,775,284	5,580,473	581,646	5,888,574	106,520,300
Disposals										-
Transfer/adjustment										-
At 30 th June 2024	-	770,010,734	270,372,278	-	15,977,059	32,257,203	48,076,075	9,195,590	27,778,882	1,173,667,821
Net book values										-
At 30 th June 2024	59,053,333	4,254,256,252	30,714,765	429,855,591	3,394,607	6,475,663	16,741,418	969,410	52,997,162	4,854,458,202
At 30 th June 2023	59,053,333	4,341,077,808	35,102,589	429,855,591	3,534,551	5,273,689	22,321,891	1,551,056	58,885,736	4,956,656,245

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Biological Assets

Description	2023-2024	2022-2023
	KShs	KShs
Bulls	98,250	102,000
Lactating/Dry cows	2,610,000	3,290,250
Heifers	1,905,750	2,302,875
Fish/Poultry	373,759	577,374
Crops Wip	5,952,973	9,016,118
Total Biological	10,940,732	15,288,617

24. Intangible Assets

Description	
	KShs
Cost	
At 30 th June 2022	14,458,222
Additions-	-
At 30 th June 2023	14,458,222
Additions-	-
At 30 th June 2024	14,458,222
Amortization and impairment	
At 30 th June 2022	8,460,612
Amortization	1,199,522
At 30 th June 2023	9,660,134
Amortization	959,618
At 30 th June 2024	10,619,752
NBV	
At 30 th June 2024	3,838,470
At 30 th June 2023	4,798,088

25. (a) Trade and Other Payables (Current)

Description	2023-2024	2022-2023
	KShs	KShs
Contractors Claims	57,449,744	-
Staff Claims (workmen compensation)	-	57,424,436
Service and utilities	58,080	-
Unremitted payroll deductions	25,482,475	-
Trade suppliers	4,787,101	134,500,243
GOK Loan interest	100,000,000	-
Total trade and other payables (Current)	187,777,400	191,924,679

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. (b) Trade and Other Payables (Non-Current)

Description	2023-2024	2022-2023
	KShs	KShs
Contractors Claims	2,544,126,439.72	2,631,858,372.00
Gratuity & Terminal Dues	183,116.60	183,116.60
Inter – Ministerial Dues	28,176,641.32	28,176,641.32
Legal Claims	2,836,761.00	2,836,761.00
Service and utilities	1,380,137.55	1,564,148.50
Staff Claims (workmen compensation)	151,605.00	151,605.00
Unremitted payroll deductions	499,130.00	499,130.00
Trade suppliers	47,850,283.92	535,813,159.42
GOK Loan interest	581,250,000.00	-
Total trade and other payables (Non-current)	3,206,454,115	3,201,082,934

Included in the trade payables above is Kshs. 2.5 Billion loan owed to Cooperative Bank/Erdemann Ltd for which Authority Land title LR NO. 15239 (IR. NO 1504430) is provided and charged as a collateral

25 (a&b) Trade and Other Payables

Description	2023-2024	2022-2023
	KShs	KShs
Trade and other payables (Current)	187,777,400	191,924,679
Trade and other payables (Non-current)	3,206,454,115	3,201,082,934
Total trade and other payables	3,394,231,515	3,393,007,613

26. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2023-2024	2022-2023
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	35,016,465	-	-	35,016,465	33,980,732
Total employee benefits obligation	35,016,465	-	-	35,016,465	33,980,732

Retirement benefit Asset/ Liability

The Lake Basin Development Authority also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Authority's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by LBDA Pension Fund. Employees contribute 10% while employers contribute 20% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Borrowings

Description	2023-2024	2022-2023
	KShs	KShs
Domestic borrowings	2,000,000,000.00	2,000,000,000.00
Balance at end of the period	2,000,000,000	2,000,000,000

The analyses of both external and domestic borrowings are as follows:

	2023-2024	2022-2023
	KShs	KShs
Domestic Borrowings		
Kenya Shilling loan from The National Treasury	2,000,000,000.00	2,000,000,000
Total balance at end of the year	2,000,000,000	2,000,000,000

28. Cash Generated from Operations

	2023-2024	2022-2023
	KShs	KShs
Surplus for the year before tax	(79,626,721.50)	(297,355,130.04)
Adjusted for:		
Depreciation	107,479,917.45	112,486,813.97
Gains and losses on disposal of assets	(4,347,884.80)	-
Adjustment		
Working Capital adjustments		
Decrease/Increase in inventory	5,028,398.51	-
Decrease/Increase in receivables	(27,831,304.52)	-
Decrease/Increase in payables	1,223,901.76	91,542,511.15
Net cash flow from operating activities	1,926,306.89	(93,325,804.92)

29. Financial Risk Management

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

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

i) Credit risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management continued

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

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

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

ii) Liquidity risk management

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

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

iii) Market risk

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

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

The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

30. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key Management
- iv) Board of Directors

31. Related Party Disclosures continued

Nature of related party relationships

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	1,266,810,000	1,056,240,000
Government Loan		
Total	1,266,810,000	1,056,240,000
b) Key management compensation		
Directors' emoluments	28,672,705	20,618,822
Compensation to the CEO	6,360,000	6,360,000
Total	35,032,705	26,978,822

31. Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

Lake Basin Development Authority did not make any surplus during the year (FY 2023/2024 Nil) and hence no remittance to the Consolidated Fund.

32. Events after the Reporting Period

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

33. Ultimate And Holding Lake Basin Development Authority

The Lake Basin Development Authority is a State Corporation under the Ministry of East African Community and Regional Development. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
1.0	Failure to Accrue Service Charges and Collect Revenue	The Management fee of Kshs 1,349,037.10 is derived from a charge of 4.2% of the total collection of Kshs.32,119,932.90; which was the annual actual rent collected by the Property Manager on account of LBDA Mall Complex. This is as stipulated in the Property management and Letting service agreement between LBDA and Charcon Propertys Ltd (CPL) under section 5 clause 5.	Director Corporate Services.	Resolved	
2.0	Long Outstanding Imprest and Other Receivables from Exchange Transactions	-The total Kshs.1,062,298 related to current staff debtors in respect of un-surrendered imprest issued to staff has been fully recovered. -The Debtors of Kshs 4,381,554 relate to historical ex-staff whose recoverability is doubtful and costly. The management has forwarded to the office of The National Treasury requesting for write-off in line with the PFM Act. -This is based on a schedule of 534,080 for bad debts -Provisions for bad debts is included in LBDA Finance Policy & Procedures Manual.	Director Corporate Services.	On-going	Expected to be resolved by 30 th June 2024

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status:	Timeframe:
3.0	Unsupported Additions to Property Plant and Equipment	<p>i. Work in Progress addition for FY 2022/2023 of Ksh 81,228,021 consists of 46,727,777 for ERP software and Ksh 34,500,243 for Rice mill plant.</p> <p>Out of Ksh 46,727,777 for ERP, Ksh 35,513,111 was paid and Ksh 11,214,666 was accrued as reflected in the creditors schedule.</p> <p>Ksh 34,500,243 relates to work done for the Rice mill plant installation for FY 22/23 and was accrued. Kindly note that the contract for the mill plant was Ksh 75,650,000 and Ksh 41,141,757 had previously been paid in the previous period according to the works done as per the attached vouchers thus resulting to a balance of Ksh 34,500,243.</p> <p>ii. The amount of Kshs 3,491,706 was as a result of equipment bought</p>	Managing Director	Resolved	
4.0	Long outstanding Trade Payables	<p>Over the years, the Authority has had long outstanding pending liabilities. The amount of Kshs 3,201,082,934; which includes the Kshs 2.5B relating LBDA mall, which arose due to inadequate Exchequer funding.</p> <p>The management has made several requests to obtain funding from the National Treasury through budgetary requests in order to settle these Pending bills. However, due to lack of budgetary approvals, the debts still remain outstanding.</p>	Managing Director	On-going	Expected to be resolved by 30 th June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status:	Timeframe:
5.0	Failure to Comply with Loan Agreement Terms	<p>Furthermore, the management has presented a request for funding to offset the outstanding pending bills through the recently established Pending Bills Verification Committee as per the attached letter.</p> <p>The challenge has been the cash flow on the revenues generated from the Mall. Currently the Mall occupancy is at 40%. The revenues from the few tenants is not adequate to pay the utilities and the loan interest. As a result, the Authority has sought for National Treasury intervention through pending bills committee</p> <p>LBDA had envisioned to utilize rental proceeds from LBDA Mall facility to offset the loan obligation. Due to current world wide economic recession, the cash flows from the rental</p>	Managing Director	On-going	Expected to be resolved by 30 th June 2025
6.0	<p>Key Audit Matters</p> <p>Incomplete Water Project Charged under Contracted Services</p>	<p>The Project has since been completed, and water is available to the community.</p> <p>The Authority continue to engage the locals in stakeholder meetings in Project implementation</p>	Managing Director	Resolved	
7.0	Un utilized Asset	It is worth noting that the tipper have been in use especially in rehabilitation of our fish ponds.	Managing Director	On-going	Expected to be resolved by 30 th June 2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (<i>Name and designation</i>)	Status:	Timeframe:
		Additionally, LBDA is using the Hyacinth Harvester in conjunction with Kenya Shipyard Authority towards clearing sections of the hyacinth weed. We will endeavour to request funding from the Exchequer to assist in funding its operations.			
8.0	Non-Compliance with the Law on Ethnic Composition	The ethnic imbalance arises out of an unintended consequence of the location of LBDA HQ and the location of its projects. In working towards compliance with the Law on Ethnic Composition, the Authority Management shall work on a deliberate plan that will include wide circulation of available vacancies so as to attract and generate country wide interest in the Authority's job opportunities.	Managing Director	Not Resolved.	5 years
9.0	Failure to Record Details of Revenue Receipts	In compliance with Sec 104 (1) of the Public Finance Management (National Government) Regulation 2015, the Authority shall in the subsequent financial year commence the use of F.O 17 vouchers to record all revenues before the same is posted into the cash book.	Director Corporate Services.	Resolved	


Managing Director

Date: 27/09/2024


Member of the Board

Date: 27/09/2024

21. APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of East African Community, ASALs & Regional Development	Jun-24	Recurrent	836,110,000	-	-	-	-	-	-
Ministry of East African Community, ASALs & Regional Development	Jun-24	Development	430,700,000	-	-	-	-	-	-
Total			1,266,810,000	-	-	-	-	-	-