

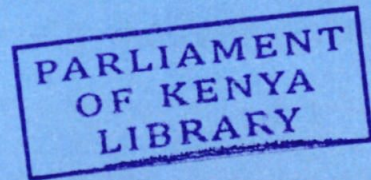
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



OF

THE AUDITOR-GENERAL

ON

KERIO VALLEY DEVELOPMENT AUTHORITY

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

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 09 APR 2025	DAY: Wednesday
TABLED BY:	Hon. Sylvester Osoro, MP Margaret Party Whip
CLERK-AT-THE-TABLE:	A. Shibusko

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.



Republic of Kenya



**KERIO VALLEY DEVELOPMENT AUTHORITY
ANNUAL REPORT AND FINANCIAL
STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2024**

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

OFFICE OF THE AUDITOR GENERAL
ELDORET REGIONAL OFFICE

17 DEC 2024

RECEIVED
P. O. Box 2774 - 30100, ELDORET

KERIO VALLEY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements
For the year ended June 30, 2024.



Page 9 of 11

Table of Contents

1.	Acronyms and Definition of Key Terms.....	i
2.	Key Entity Information and Management.....	ii
3.	The Board of Directors.....	vii
4.	Key Management Team.....	xiv
5.	CHAIRMAN'S STATEMENT.....	xvii
6.	REPORT OF THE CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR.....	xviii
7.	STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024-1.....	xx
8.	CORPORATE GOVERNANCE STATEMENT.....	xxvi
9.	MANAGEMENT DISCUSSION AND ANALYSIS.....	xxix
10.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxxiii
11.	REPORT OF THE DIRECTORS.....	xl
12.	STATEMENT OF DIRECTORS RESPONSIBILITIES.....	xli
13.	REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS ENDED 30TH JUNE 2024 (KERIO VALLEY DEVELOPMENT AUTHORITY).....	xliii
14.	STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024.....	1
15.	STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024.....	2
16.	STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024.....	3
17.	STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024.....	4
18.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024.....	5
19.	NOTES TO THE FINANCIAL STATEMENTS.....	7
20.	Appendices.....	45

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

1. Acronyms and Definition of Key Terms

A: Acronyms

CBK	Central Bank of Kenya
CS	Cabinet Secretary
ICPAK	Institute of Certified Public Accountants of Kenya
IG	Inspector General
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations

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 Entity Information and Management**(a) Background information**

The Authority was incorporated/ established under the **Act of Parliament Chapter 441 of the Laws of Kenya on 31st August 1979**. The Authority is domiciled in Kenya, and it covers Five counties namely Samburu, Baringo, Elgeyo Marakwet, West Pokot, Turkana and parts of Nakuru and Marsabit counties and is mandated to plan and coordinate the implementation of development projects in the Kerio and Turkwel river basins.

(b) Principal Activities**Vision Statement:**

A prosperous, Green and Conflict Free Society

Mission Statement:

To promote conservation and sustainable management of River Basin Based Natural Resources through Integrated Development for Improvement of Livelihoods.

Core Values:**Integrity**

As an Authority we will be sincere and uncompromising in serving the public.

Respectful

We will serve people with courtesy and fairness

Accountability

We will conduct business in a transparent and accountable manner

Teamwork

We will operate and work together for the common good of the people.

Creativity & Innovation

We will nurture and adopt new technologies in our operations.

We will endeavour to understand our customers' needs and consistently strive to satisfy them.

Customer Focus**(c) Key Management**

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

No.	Designation	Name
1.	Board of Directors	Mark Chesergon-Chairman
2.	Managing Director	Sammy Naporos
3.	Director Finance & Administration	Moses Kipchumba
4.	Director Technical Services	Daniel Kimutai
5.	Director Planning	David Onyango
6.	Director Business	John Kangogo

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

(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:

No.	Designation	Name
1.	Managing Director	Sammy Naporos
2.	Director Finance & Administration	Moses Kipchumba
3.	Director Technical Services	Daniel Kimutai
4.	Director Planning	David Onyango
5.	Director Business	John Kangogo
6.	Deputy Director Supply Chain Management	William Maina
7.	Deputy Director Corporate Communication	Carolyne Chemitei
8.	Deputy Director Internal Audit	Peter Kurui
9.	Deputy Director Legal Services	Getrude Mabele

Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

Audit and Risk Management Committee

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

The members of this Committee are:

- 1) Capt. Augustine Ekitela - Chairman
- 2) Ms. Christine Jepkoech - Member
- 3) Mr. Simon Kalekem - Member
- 4) Mr. Jeremiah Sang - Member
- 5) Mr. David Komen - Alt. Director to CS, The National Treasury
- 6) Mr. Denis Wabwire - Alt. Director to the Attorney General
- 7) Mr. Isaac Odek - Representing the IG of State Corporations
- 8) Mr. Peter Kurui - Deputy Director Internal Audit (Secretary)

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

The Audit and Risk Management Committee meets quarterly and during the financial year under review, the Audit Committee held four meetings.

Finance Committee

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

The members of this Committee are:

Name	Designation
1 Ms. Rosemary Parengiro	Chairman
2 Reuben Chepsongol	Member
3 Shadrack Kiptugen	Member
4 Ms. Jostine Chepnyango	Member
5 Amb. John Lanyasunya	Member
6 Mr. Jeremiah Sang	Member
7 Mr. David Komen	Alt. Director to CS, The National Treasury
8 Ms. Cecilia Ngoyoni	Alt. Director, Office of the President
9 Mr. Sammy Naporos	Managing Director (Secretary)

During the financial year under review, the Finance Committee met four times.

Development and Environment Committee

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

The members of this Committee are:

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Name	Designation	
1	Amb. John Lanyasuna	Chairman
2	Mr. Reuben Chepsongol	Member
3	Mr. Simon Kalekem	Member
4	Ms. Jostine Chepnyango	Member
5	Mr. Noah Lokamar	Member
6	Ms Mirriam Chebungei	Alt. Director to the PS, ASALS and Regional Development
7	Mr. Isaac Odek	Rep. Inspectorate of State Corporations
8	Mr. Sammy Naporos	Managing Director (Secretary)

The Committee met four times in the financial year under review.

Human Resources Committee

The Committee is responsible for: -

Overseeing and reporting on HR management and development issues regarding recruitment, selection, discipline, retirement and compensation; consider and advice Management on legal matters related to the Authority; and Performance Contract ; progress and status.

The members of this Committee are:

Name	Designation
1) Mr. Shadrack Kiptugen	Chairman
2) Ms Christine Jepkoech	Member
3) Ms Rosmary Parengiro	Member
4) Mr. Noah Lokamar	Member
5) Ms Miriam Chebungei	Alt. Director to the PS, ASALS and Regional Development
6) Dennis Wabwire	Alt Director to the Attorney General
7) Cecilia Ngoyoni	Alt. Director Office of the President
8) Mr. Sammy Naporos	MD (Secretary)

During the financial year under review, the Committee met four times.

(f) Entity Headquarters

KVDA Plaza, 13th Floor,
Oloo Street,
P.O. Box 2660- 30100,
Eldoret.

(g) Entity Contacts

Tel: 053-2063361/3 Fax 2063364
Email: info@kvda.go.ke
Website: www.kvda.go.ke

(h) Entity Bankers

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

(i) Independent Auditor

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 and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

3. The Board of Directors

Ref	Directors	Details	
1	 Mr. Mark Chesergon Chairman	Year of Birth	1982
		Appointed	28/10/2021
		<p>Mr. Chesergon is the Chairperson of the Board. He has served as Chief officer and Economic advisor to the Governor Elgeyo Marakwet County; has also worked as Manager in the Petroleum Industry and Financial Services sectors. He holds master's in business administration (MBA-Finance & Accounting)</p>	
2	 Mr. Dennis Wabwire Board Member	Year of Birth	1981
		Appointed	27/7/2020
		<p>Mr. Wabwire Works with State Law Office and has been a Legal Practitioner for over 10 years and is a member of Law Society of Kenya (LSK). He holds Both Master's and Bachelors degree in law; Diploma, Kenya school of law.</p> <p>Denis is Senior Counsel and Alternate Director to Attorney General.</p>	
3	 Mr. David Komen Board Member	Year of Birth	1965
		Appointed	5/5/2021
		<p>Mr. Komen is an Economist Ministry of Planning with expansive knowledge in Finance and economic planning and has served in the National Treasury for over 20 years. He Holds MSc. University of Brandford United Kingdom, BA Economics UoN, S. A. he has served as Director KEMRI,</p> <p>He is the Alt. Director, P.S. The National Treasury.</p>	
4		Year of Birth	1965
		Appointed	2/2/2021
		<p>Mr. Odek is an Economist and has a wealth of experience spanning over 20 years in corporate governance and strategic management. He holds MBA and B.ED.</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements




For the year ended June 30, 2024.

	 <p>Mr. Isaac Omondi Odek Board Member</p>	<p>Mr.Odek is Alt representative to the inspectorate of State corporations.</p>	
5	 <p>Hon. Jeremiah K Sang Board Member</p>	<p>Year of Birth</p>	<p>1969</p>
		<p>Appointed</p>	<p>03/11/2023</p>
		<p>Hon. Sang has over 20 years experience in administration and policy development. He has served in various institutions including being Board Member at Turbo Technical and Vocational Education and Training (Uasin Gishu); Member of County County Assembly (Uasin Gishu); Vice Chair of Eldoret North Constituency Development Fund; served in various capacities at the Kenya National Assurance Company Limited and Unilever (k) Ltd formerly known as East Africa Industries.</p> <p>Hon. Sang holds Diploma in Public Administration and is an Independent Director He is an independent director.</p>	
6	 <p>Ms. Jostine Chepnyango Board Member</p>	<p>Year of Birth</p>	<p>1969</p>
		<p>Appointed</p>	<p>26/05/2023</p>
		<p>Hon. Chepnyango holds Diploma in Business Management from Moi University. Has experience in leadership and community empowerment. Has worked in the education sector as Board member in various schools.</p> <p>Hon. Chepnyango is an independent director.</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements



For the year ended June 30, 2024.

7	 <p>Mr. John Lepi Lanyasunya, MBS Board Member</p>	Year of Birth	1955
		Appointed	26/05/2023
		<p>Amb. John L. Lanyasunya is a Diplomat with wide experience. He has served as Kenyan Ambassador to the Federal Republic of Germany Austria, Romania and Bulgaria; High Commissioner to the Commonwealth of Australia, Zealand and Canada; Dean of the African Diplomatic Corps in Australia; served as Director of the Asia and Australasia directorate in the Ministry of Foreign Affairs and International Trade; coordinator of the Intergovernmental Authority on Development (IGAD's) Somalia peace process; served for many years at the Kenya Utalii College in Various Managerial roles. He holds Masters degree in Economic/Linguistics.</p> <p>Amb. Lanyasunya is an independent director and Chair Development Committee</p>	
8	 <p>Ms. Christine Jepkoech Board Member</p>	Year of Birth	1978
		Appointed	26/05/2023
		<p>Ms. Christine has a wealth of experience in administration, Strategic leadership as well as human resources management. She holds bachelor's in human resource management and is an independent director.</p>	
9	 <p>Mr. Reuben Chepsongol Board Member</p>	Year of Birth	1969
		Appointed	26/05/2023
		<p>Hon. Chepsongol is the UDA Party Whip, Rift Valley and has served as MCA and Majority Whip in Baringo County Assembly. He contested for Member of Parliament for Baringo North. He has also served in the Ministry of Interior and National Coordination as an Administrator.</p> <p>He holds certificate in Administration & Disaster management. and is an independent director.</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements




For the year ended June 30, 2024.

10	 Ms. Rosemary Nchenyei Paringiro Board Member	Year of Birth	1978
		Appointed	26/05/2023
		<p>Ms. Rosemary is a trained media professional who has work experience spanning over 15 years in the main stream media, corporate organizations and government. She holds Master’s degree in Journalism/Communications from Cardiff University(United Kingdom) and currently pursuing PhD at Walden University in the USA.</p> <p>She has served in the Truth, Justice and Reconciliation Commission as the Senior Public Communications Expert; the defunct Judges and Magistrates’ Vetting Board as the Head of the Communications Department; she also worked for Turkana County Government for ten years as Director of Communications and Chief Officer.</p> <p>She also served in the Board of Directors for the National Drought and Management Authority where she was the Chairperson for the Audit Committee.</p> <p>Ms Paringiro is an independent director and Chair Finance Committee.</p>	
11	 Mr. Shadrack Kiptugen Board Member	Year of Birth	1965
		Appointed	9/06/2023
		<p>Mr. Shadrack has a wealth of experience in Strategic Leadership, Oversight, Stakeholder engagement, Planning and Corporate social responsibilities. Previously worked as farm manager, Rift Valley Hatcheries, and Animal health assistant in the Ministry of Livestock Development. He holds Diploma in Livestock Management</p> <p>Mr. Kiptugen is an independent director and Chair HR Committee</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements



For the year ended June 30, 2024.

12	 Mr. Simon Kalekem Board Member	Year of Birth	1962
		Appointed	9/06/2023
		<p>Mr Kalekem is a passionate Teacher and has wide experience in education matters, Motivation and Business Administration. He has served as member of County assembly and has vied for the position for Member of Parliament. He holds Bachelors Degree in Business Administration</p> <p>Hon Kalekem is an independent director.</p>	
13	 Ms. Mirriam Chebungei Board Member	Year of Birth	1986
		Appointed	18/01/2024
		<p>Ms. Chebungei has over 10 years work experience in policy formulation, research, programmes development and coordination; expert in natural resource management and mainstreaming of environmental management, climate change actions.</p> <p>Holds master's in integrated water resource. Management; First Level Masters in Irrigation Water Use Management for Developing Countries; Bachelor of Environmental Studies (Community Development)</p>	
14	 Captain Augustine Lekitela Board Member	Year of Birth	1982
		Appointed	01/09/2023
		<p>A Governance, Peace and Security expert with deep academic and professional training. Possesses Seventeen (17) years of hands-on experience gained from working in County and National Government, Corporate and Humanitarian Sectors in Kenya and Eastern Africa Region. Formerly a County Chief Officer; Acting Chief of Staff/Head of Strategy Delivery Unit; Senior Advisor for Peace, Security and Borderlands Initiatives in Turkana County. Capt. Ekitela is an Independent Director.</p> <p>Currently Pursuing PHD in International Relations, MSc (Governance) BSc(Military Science); Dip, in International Security.</p>	


KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

15	 <p>Hon. Noah Lokamar Board Member</p>	Year of Birth	1978
		Appointed	03/11/2023
		<p>Hon. Lokamar has over 15 years of experience in various fields. Has been Safety Nets Officer (Mercy Corps Kenya) Program Officer, SBCC (MoH); Social Performance Advisor-Grievance Management and Stakeholder Engagement Tullow Kenya BV; Project Officer (World Vision Kenya); Program Officer(Paralegal and access to Justice: Catholic Diocese of Lodwar; Social Community Mobilizer: (Merlin International)</p> <p>Hon. Lokamar is an Independent Director Holds Bachelor’s degree in Development Studies; Diploma in Community Development; Diploma in Business Administration</p>	
16	 <p>Mr. Sammy Naporos Managing Director</p>	Year of Birth	1974
		Appointed	3/02/2020
		<p>Holds a PHD in Development Studies; Masters (Project Planning Management) and BBA</p> <p>He is the Managing Director, KVDA</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements
For the year ended June 30, 2024.




17	 Ms. Gertrude Mabele Deputy Director- Legal Services	Year of Birth	1983
		Appointed	2/2/2021
		<p>Gertrude holds a Bachelor of Laws(LLB), Post Graduate Diploma In Law; Advocate and member of the Law Society of Kenya.</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.




4. Key Management Team

Ref	Management	Details	
1	 Mr. Sammy Naporos Managing Director	Year of Birth	1974
		<p>Holds a PHD in Development Studies; Masters (Project Planning Management) and BBA</p> <p>He is the Managing Director, KVDA</p>	
2	 Ms. Gertrude Mabele Deputy Director	Year of Birth	1983
		Head of	Legal Services
<p>Holds a Bachelor of Laws(LLB), Post Graduate Diploma In Law; Advocate</p> <p>Legal services</p>			
3	 Mr. David Onyango Director	Year of Birth	1966
		Director	Planning Research & Development.
<p>Holds MBA (Project Management) and BA(Economics) .</p>			

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

4	 <p>Mr. John Kangogoi Director</p>	Year of Birth	1963
		Director	Business Development & Investment Promotion.
		Holds MBA, B.com, CPA(K), CPS(K) and other short Management courses.	
5	 <p>Eng. Daniel Kimutai Ag. Director</p>	Year of Birth	1974
		Ag Director	Technical Services
		Holds MSC (Biosystems), Bsc, Member IEK	
6	 <p>CPA Moses Kipchumba Director</p>	Year of Birth	1975
		Director	Finance & Administration
		Holds MBA (Finance), Bcom, Financial Analyst (FA)	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

7	 Mr. William Maina Deputy Director	Year of Birth	1968
		Deputy Director	Supplies Chain Management
		<p>Holds master's in business administration (Finance) B. CoM; Member of KISM</p>	
8	 Ms. Carolyne J. Chemitei Deputy Director	Year of Birth	1974
		Deputy Director	Corporate Communication
		<p>Holds Masters in Communication Studies, Bachelors of Communication & Public Relations..</p>	
9	 Mr. Peter Kurui Deputy Director	Year of Birth	1974
		Deputy Director	Internal Audit
		<p>Holds Bachelor of Business Management, CPA III, Member IIA</p>	

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

5. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Kerio Valley Development Authority's Accounts for 2023/2024 financial year. Kerio Valley Development Authority's delivers its services in line with the Government focus to transform lives through the Bottom-Up Economic Transformation Agenda (BETA). In doing this, the Authority has undertaken promotion of sustainable integrated development programmes through implementation of drought mitigation programmes, Conservation and community livelihood programmes. The annual report and financial statements for the year ending 30th June 2024 has is therefore based on the aspiration of achieving above mentioned initiatives.

The implementation of projects and programmes cover the KVDA area of jurisdiction which includes the Counties of Turkana, West Pokot, Elgey-Marakwet, Baringo, Samburu and parts of Nakuru and Marsabit

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

- Revision of the Authority's Strategic Plan to be in line with Government planning cycles. The strategic plan 2021-2025 was revised to 2023-2027. The revision was also informed by the need to undertake planning for transform the region's economy through sustainable exploitation of natural resources. The Plan was guided by the GOK Vision 2030, Integrated Regional Development Master Plan 2012-2033 and SDG goals among others
- Promotion of food security initiatives through development and maintenance of irrigation projects. Notable irrigation projects include the Weiwei, Napuu and Lomut irrigation schemes.
- Initiation of settlement agreement to allow the resumption of the Arror and Kimwarer Multipurpose Dam Projects.
- Continuous collaboration with the County governments and various partners and stakeholders.
- Resource mobilization through active engagements with the National Treasury and development partners aimed at progressing implementation of projects/programs of the Authority
- Enhanced the production of assorted fruit and tree nurseries to support the live-hoods of the people within the basin and conservation of the basin.
- Supported the farmer communities through the uptake of harvested honey and mango fruits in line with the strategic goal of supporting sustainable livelihoods.
- Actively supporting conservation by working with communities and public institutions in environmental conservation activities through planting tree/fruit seedlings.
- Initiated processes of enhancing automation of the Mango Juice factory through automation of the refiller unit.

In conclusion, the Board looks forward to continuous engagements of all stakeholders in undertaking development initiatives within the region.



Mr. Mark Chesergon
Chairman of the Board

Date: 06/09/2024

6. REPORT OF THE CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

It is my honour to present the Financial Statement for the year ending **30th June 2024**. During the period, the Authority received enhanced resources from the National treasury compared to the previous year. The support from Government was in furtherance of deliberate action of enhancing environmental conservation and protection in addition to improving livelihoods of the communities within the KVDA area of operation.

To supplement the Government support, the Authority also enhanced income generation activities in line with the goal of sustaining community livelihoods as well as conserving the environment. Following this, implementation of business growth strategies were undertaken that realized an upward increase of A-I-A from 138 million previously to 161 million.

We will continue focusing on enhancing production and marketing strategies to promote products and build on the already laid down foundation for sustainability through expansion of revenue streams, enhancing operational efficiency with the long term goal of making the Authority self-reliant.

Overall, the Authority reported a surplus of **Kshs 1,143.02 million** compared to a surplus of **Ksh 227.4 million** in the previous year. The strong performance was attributed to increased receipt of government grants during the supplementary budgetary allocation. The funds were received towards the end of the financial year and will be fully absorbed in the 2024/2025 financial year.

The government grants are being used to implement the strategic projects and programmes as planned. Intervention areas targeted include drought mitigation, climate change resilience, environmental conservation and sustainable livelihoods. During the reporting period, the Authority managed to initiate/ implement over 70 projects with the aim of enhancing community access to water and mitigate on effects of climate change. We also managed to raise close to 3 million tree / fruit seedlings for environmental conservation.

Going forward, the Authority is determined to pursue both short term and long term goals with the aim of contributing to Government development agenda.

Short Term Measures

- Enhance rental income from KVDA Plaza to a projected level above **Kshs. 120 million** per annum
- Purchasing and refining 150 tons of semi-processed honey and marketing honey products so as to raise **Kshs 80 million** per annum.
- Enhancement of operationalization of Mango factory in Tot, Elgeyo Marakwet County to increase revenues from mango product line.
- Undertake resource mobilization of funds from development partners.

Long Term Measures:

- Upscale mango seed production business through prudent management of existing farms and expansion of irrigable land to achieve at least 3,000 hectares in the next five years.
- Unlocking of the Aror and Kimwarer multipurpose dam development projects.
- Implement development at Turkwel downstream irrigation project to put an additional 30,000 ha of land under irrigation to enhance national food security and peace within the Region.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

- Expansion of existing revenue base to support operating activities and create sustainability in our area of jurisdiction.
- Development of pasture and pasture related products for sustainable livelihoods in the semi arid lands

In conclusion, the Management is grateful to our Ministry of East Africa Community, the ASALs and Regional Development; Stakeholders, the entire KVDA Board of Directors and Staff for their contributions towards the achievements made during the year.



Mr. Sammy Naporos

Managing Director

Date: 06/09/2024

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2023/2024-1

During the financial year 2023/2024, the Authority focused on maintenance of on-going irrigation schemes, value addition programmes, conservation, drought mitigation and rehabilitation of Turkwel Dam project. The planned projects for the year were undertaken within the period however some are still ongoing, the ongoing projects will be completed in FY 2024/2025.

Progress of planned activities and the achievements as at 30th June 2024

S/ N	Project	Planned Activities	Achievements
1	Wei Wei Phase III	Capacity building and Supply	Contractor procured equipment awaiting shipment
			Repair of broken water pipes were undertaken
			Phase III was ploughed and planted with crops which realized 834 tons for both farmers and KVDA.
			i. 200No. farmers were trained on best practices
			Repair and maintenance of irrigation pipeline works have been advertised. Rehabilitation of ESP intake have been awarded. Work is ongoing.
2	Napuu/Lomut/Lower Turkwel Irrigation Projects	Napuu Irrigation Scheme	Operation and maintenance of the Centre pivot irrigation system. 22 tons of water melon produced.
		Lomut Irrigation Scheme	Technical assistance to farmers. 220 tons of maize produced
		Lower Turkwel Irrigation Scheme and dam monitoring	Dam monitoring activities was done PPE-Safety boots were provided
			52No. Fish farmers trained in Kalokol
3	Mango Value Chain Project	Propagation of seedlings; capacity building of farmers; Maintenance of Tot Mango Factory; Mango juice/puree production activities	Mango seedlings were raised Capacity building of mango farmers is ongoing
			Electrical repairs for the processing machine was done.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

		Plant	74,000 Litres of puree produced. Procurement process for automation filler machine ongoing
4.	Cherangany Watershed Conservation project	Raising of assorted tree and fruit seedlings.	A total of 2,871,654 assorted tree/fruit seedlings were raised (1,350,000 assorted fruit seedlings & 1,521,654 assorted tree seedlings)
		Tree Planting activities	A total of 17 tree planting activities was undertaken in various institutions and catchment areas.
		Environmental Compliance through undertaking EIA/EA on Authority's projects	EIA was undertaken for 20 projects which include boreholes, water pans and small dams
		Establishment of new nurseries	4 tree nurseries were established
		Support and participation in stakeholder's forums and exhibitions.	Participated during the ASK Eldoret show 2024, attaining second place in Environmental quality standards showcased. Supported farmers in Yokot, Emsoo and Turkwel with assorted tree/fruit seedlings
		Pasture Seed Development	Target was not achieved. It has been planned for this FY
		Development of Strategic Plan 2023-2027	This was achieved
		PC activities	PC targets were achieved
5	Construction of Yokot-Kapteren phase II Etio Dam works	<ul style="list-style-type: none"> – Desilting of Dam Reservoir – Embankment Earthworks – Construction of Spillway – Off-take works for gravity pipeline – Rising main pipelines – Laying of Water Distribution pipelines (6km) – Solar pumping system – EIA report – Construction of 150m³ masonry tank – Fencing – Distribution of water to Iten town 	Construction is ongoing and will be completed the FY 2024/25.
6	Drilling of Kabuswo dam	<ul style="list-style-type: none"> – Desilting of Dam Reservoir – Embankment Earthworks – Construction of Spillway 	Construction is ongoing and will be completed the FY2024/25.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

		<ul style="list-style-type: none"> — Off-take works for gravity pipeline — Rising main pipelines — Solar pumping system — EIA report — Construction of 150m³ masonry tank — Fencing 	
7	Dams for domestic water supply Emsoo (EMC)	<ul style="list-style-type: none"> — Desilting of Dam Reservoir — Embankment Earthworks — Construction of Spillway — Off-take works for gravity pipeline — Rising main pipelines — Laying of Water Distribution pipelines — Solar pumping system — EIA report — Construction of 100m³ masonry tank — Fencing 	Construction of dams for domestic water supply is ongoing to be completed in the FY 2024/25.
		<ul style="list-style-type: none"> — Installation of Drip irrigation infrastructure on 100 acres of land in Napuu — Re-Design of Kamsiwet Irrigation scheme — Rehabilitation of Irrigation infrastructure in Kamsiwet — Development of additional 200 acres of land under Irrigation — Construction of storage facility at Kamsiwet — ISO Certification — Rehabilitate guest houses at Kamsiwet 	The projects have been tendered and will be completed FY 2024/25.
9	Small holder Irrigation scheme Arror and Chepkum	<ul style="list-style-type: none"> — Rehabilitation of Kabonon/Kapkamak irrigation scheme in Arror — Rehabilitation of Chepkum small holder irrigation scheme — Public participation — Capacity Building 	The projects have been tendered and will be completed FY 2024/25.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

		<ul style="list-style-type: none"> — Repair of Aror Nursery road — Repair of office and storage building — Environmental conservation activities — Fencing 	
10	Drought Mitigation programmes and rehabilitation of strategic water structures in 5 counties ;Turkana, Samburu,Elgeyo-Marakwet,West Pokot and Baringo	Drilling,rehabilitation and equipping of boreholes	<p>Implementation status;</p> <p>Completed boreholes</p> <p>i) Boreholes in Samburu county Nkutoto Arus primary and Garma boreholes,Mpatmpat and Iltiil matebes boreholes</p> <p>ii) Boreholes in Baringo County Seretion and kalabata boreholes</p> <p>iii) Boreholes in west pokot Ammuto Masol and Riwo boreholes,kasitot and kalas boreholes</p> <p>iv) Boreholes in Elgeyomarakwet county kibekaa and Cherebes boreholes, Kapkayo market and Kokwao Kocholwo,Sego and Kokwop sitet boreholes</p> <p>Ongoing</p> <p>i) Boreholes in Samburu county Loorgarooj, Lomeyena, Soit Nanyokie, Pirar and Ilmisigiyo</p> <p>ii) Boreholes in Baringo county Birokwonin,Loruko/Chemura,Kasitoi and cheploch boreholes</p> <p>iii) Boreholes in West Pokot county Sigor market borehole, Kalas Kodich, kimayech, kopotarit, kapunia, Lorach, Pamba, Kapenguria, Chepserum, murkekai school dispensary, Dungdung, kamanau, kaywongole, Roso, kosholoi, Nasolot, kakou and Iria/lami nyeusi boreholes</p> <p>iv)Boreholes in Turkana county</p>

		<p>Amereth, Nkaabakan, Loyapat, Naurien primary, Lorach/Natirae-Loima, Nayanae and Netwel boreholes, Ekabuuru community borehole, Ekapalengleng and Eliye/kapelmanwa boreholes</p> <p>v) Boreholes in Elgeyomarakwet county Muskut primary, koibirir and Barsumbat boreholes</p>
	Construction of water pans	<p>Construction is at different stages;</p> <p>Completed Cheparkulei in west pokot county, Barkitiew and Mogotio in Baringo County</p> <p>Ongoing Miskwony, Rukri, Adurkoit, kitelarengen, Lokwiapuo, Chepserum, kapurkong, kariamam and Kopotarit water pans in west pokot, katikit and Chemorongion in Baringo county, Chemugul in Elgeyo Marakwet county, Noolturuka in Samburu county and Kadengoi in Turkana county</p>
	Construction of small dams	<p>Construction works are at different stages;</p> <p>Completed Kabuswa in baringo, Yokot- Kapteren dam, Kuber dam and yokot water distribution in Elgeyo Marakwet county</p> <p>Ongoing Etiyo, kabuswa in elgeyomarakwet, Emsoo and Chebagon small dams</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

		EIA Report Environmental Conservation activities Project Vehicle	Environmental assessment was completed
11	Lotongot waterpan and extension of Lomut irrigation.	<ul style="list-style-type: none"> — Feasibility study for Lotongot Dam — Detailed Design for Lotongot Dam — Development of Lotongot Dam — Water supply infrastructure — Review of Design for Lomut Irrigation scheme — Extension of Lomut irrigation scheme — Support to farmers and capacity building — Public Participation — M & E — Project Vehicle 	Contruction of Lotongot waterpan and rehabilitation of Lomut irrigation scheme has been done and completed.

8. CORPORATE GOVERNANCE STATEMENT

Kerio Valley Development Authority underscores the importance of corporate governance. It believes in setting the tone at the top in order to have an organization wide culture that fosters good corporate governance. This ensures implementation of collective processes, policies, structures and relationships to control and direct the institution to uphold good and desirable practices.

In doing so, and being a public institution; we are guided by the Constitution of Kenya and the relevant laws and regulations. This is in order to emphasise on the rule of law, responsible leadership, following best practices, embracing of sustainable growth and transparency in carrying out of Company affairs.

8.1 Board meetings

The Authority holds its meeting as per the approved Board Almanac. During the financial year, the Board sat four times. All the meetings convened were well attended by members with only few instances of apologies recorded.

8.2 Succession Plan

Appointment of Board members is structured in a way to allow successive continuity and avoid situations where there is complete new membership. This ensures preservation of Institutional memory as far as Board matters are concerned.

8.3 Board Charter

The Authority has an approved board charter describing the roles, responsibilities, and processes of the board of directors. This applies to both individual member and the Board as a whole

8.4 Appointment and removal of directors

Directors are appointed by the Parent Ministry responsibly for management of the Authority as constituted from time to time while the Chairman is appointed by the President. KVDA falls under the Ministry of East African Community, the ASALs and Regional Development Authority.

The Authority has 11 independent Directors and five (5) Alternate Directors drawn from different State Departments.

The Board of Directors has been appointed in line with the KVDA act cap 449 of the laws of Kenya.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

8.5 Roles and Functions of the Board

The Board is composed of the Chair and Board Members with the MD being the Secretary to the Board. The Board chairs is responsible for providing overall leadership and is not a member of any Board Committee. The Board has established four (4) committees with specific mandates and roles. The Board has appointed Independent Directors to chair the respective committees.

8.6 induction, training and development

New board members will want to contribute to the organisation as soon as they are appointed. Board members are inducted and trained in line with the Government policy from time to time and the Mwingozo code of conduct. All the Board members have received internal and external induction.

8.7 Board and Member Performance

The Board conducts evaluation once every year to measure the performance of individual members and the Board as a whole. The evaluation are guided by State Corporations Advisory Committee (SCAC)

8.8 Conflict of Interest

A conflict of interest occurs when an entity or individual becomes unreliable because of a clash between personal interests and professional duties or responsibilities. When such a situation arises, the party with the conflict of interest is usually asked to remove themselves or can be legally required to recuse themselves.

Declaration of interest is a mandatory agenda in all Board sittings and members are require to register any or non-existence of interest.

8.9 Board Remuneration

The Board members are remunerated as per government circulars issued from time to time. The remuneration include a sitting allowance, and reimbursements for accommodation, mileage and Lunch. In addition to this remuneration, the Chair is entitled to a monthly honoraria and airtime.

8.10 Ethics, Conduct and Governance Audit

The Audit and Risk Management committee of the Board is responsible for evaluating the Ethical conduct and governance of the institution from time to time.

8.11 Whistle Blowing and communication policy

Whistle-blowing means making a disclosure of improper conduct. The Authority has internal mechanism of facilitating whistleblowing while protecting the providers of information. Likewise an internal communication policy is in place to cover communication between the Board management and employees.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The Authority was created by the Act of Parliament Chapter 441 laws of Kenya with the mandate to plan, execute, co-ordinate, and implement development projects within its area of jurisdiction. The projects include: Irrigation projects, Conservation Projects, Multipurpose projects, Value Addition projects among others.

No	Project Name	County	Project Objective	Project Output
1	Wei Wei Phase 3 Integrated Project	West Pokot	<ul style="list-style-type: none"> ■ The project was developed in three phases: ■ Phase I: 70Ha was completed in 1990 of which 50ha was set aside for research and demonstration. ■ Phase II: 205ha was completed in 1992 benefited 205 households ■ Phase III: 325ha implementation ongoing to benefit 325 households. ■ Phase III of this project was started in 2016 as an extension of the project with additional 325 ha to a total of 600 ha. ■ Building capacity of 1000 farmers annually ■ Maintain irrigation infrastructure for Phase 1&2. 	<ul style="list-style-type: none"> ■ 325 ha of land developed under irrigation ■ 1050 farmers trained ■ Irrigation system maintained ■ Korrellach catchment conserved. ■ Bush clearing done.

			<ul style="list-style-type: none"> ■ Korrellach catchment area conservation ■ Bush Clearing of block 9 equivalent to 117 ha 	
2	Napuu Centre Pivot Project	Turkana	<ul style="list-style-type: none"> ■ Establish 2 centre pivot systems to irrigate 150 acres for food security ■ Drilling of Boreholes. ■ Crop Production. 	<ul style="list-style-type: none"> ■ 2No.Centre pivot irrigation infrastructure developed on 150 acres using both electricity and solar power. ■ 3 boreholes that were constructed were operationalized. ■ 30 tons of watermelon produced.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

3	Lomut Irrigation Project	West Pokot	Develop 200 acres for crop production.	<ul style="list-style-type: none"> ■ Lomut farmers produced various subsistence crops, they managed to extend the crop land to 150 acres.
4	Mango Factory	Elgeiyo Marakwet	Operationalize Mango factory by processing 1.54 million litres of mango juice.	<ul style="list-style-type: none"> ■ Purchased 125,911 kgs of fruits. ■ Produced 40,880 kg of puree ■ Processed 26,563.1 litres of tropical RTD juice and 47,069.7 litres of mango RTD juice.
5	Pasture seed Development	Baringo, Elgeiyo Marakwet & West Pokot	Production of pasture seed	400 bales of pasture seed produced.
6	Honey Value Chain	Elgeiyo Marakwet	Processing of 80 tons of honey	<ul style="list-style-type: none"> ■ Purchased 94,143.4 kgs of semi processed honey. ■ Processed 97,385.4 kg of honey
8	Cherangany Water Shed Conservation	All counties under KVDA	Cherangany conserved	<ul style="list-style-type: none"> ■ 1,521,654 tree seedlings raised for conservation of Cherangany.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

9	Drought mitigation programme.	All counties under KVDA	Construction of boreholes and water pans in the regions	<ul style="list-style-type: none">■ Drilled and equipped Boreholes■ Developed Water pans in the region.
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During the year under review, implementation of Napuu Centre Pivot project was progressed. Area residents have already reaped the benefits from the project.

The Authority has played a critical role in ensuring Cherangany catchment is conserved by providing and planting tree seedlings which have been a great achievement by KVDA and the local community.

The Authority constructed the Tot Mango processing factory for value addition. The plant is currently operational and has a capacity to process 1.54 million litres of puree/juice per year. Optimal operationalization of the factory remains a challenge due insecurity and low market uptake of the juice product.

Sigor Weiwei integrated development project is one of the vision 2030 flag-ship projects for food security with a total of 600 hectares developed in phases. Phases I and II are currently operational with 275 hectares. Land development and supply of water to farm modules on the 325ha under phase III was completed in 2018/19 FY. Supply of irrigation laterals, sprinklers, machinery and capacity building for phase III is being addressed under the final contract referred to as Capacity Building and supply of equipment contract.

The contractor delivered the first batch of tractors and implements in May 2023, they are in the process of procuring other machinery and equipment for the project. A demonstration farm of 5 acres under various crops has been set up for capacity building of farmers.

The major challenges faced by the Authority included inadequate resource allocation by the National Treasury and tax assessments which led to further constraining of available financial resources.

It is worthy to note that despite the challenges mentioned above, the Authority complied in paying all its statutory requirements.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The 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.

10.1 Sustainability strategy and profile

The Authority will focus on projects and programmes that will ensure sustainability of its activities by effectively utilizing the available resources while at the same time enhancing collaborative efforts with relevant stakeholders.

10.2 Environmental Performance

Increase forest and tree cover to at least 10% in the areas of operation:

This will be accomplished through promoting and sensitizing communities on the available opportunities on tree-based enterprises, creating awareness and building communities' capacities on forest management, identifying possible partners or collaborators for tree planting campaigns and establishing linkages with KEFRI on appropriate trees to propagate at specific sites.

10.3 Conservation of key water catchment areas.

The Authority shall formulate proposals and source for financial support to implement the conservation of one of Kenya's Key water tower of Cherangany water catchment. It will sensitize and mobilize communities living within this water catchment area to undertake conservation & management activities and promote on-farm woodlots establishments to minimize forest encroachment and encourage rehabilitation of degraded forest area.

10.4 Support effective implementation of Forests policies and legislations.

This will be achieved through establishing close partnership with other organizations, for example, Kenya Forest Service (KFS), with a view to implementing certain policies on watershed management. The Authority will domesticate forest policies and legislations in areas where it operates.

10.5 Support appropriate forest-based development mechanisms in the emerging carbon markets

This will be done through building the capacity of local communities to enable them adapt to the adverse impacts of climate change and enhance partnerships with KFS and other stakeholders so as to benefit from opportunities granted by the Reduced Emissions from Deforestation and Degradation (REDD) with a view to trading in carbon markets.

10.6 Fresh water and Wetland Ecosystem.

The Authority shall promote rehabilitation and restoration of degraded wetlands, riverbanks and lakeshores through conservation of the ecologically sensitive areas. It shall promote alternative sources of livelihoods for the communities and collaborate with other stakeholders in the establishment of wetlands and catchment management plans. Community Based Organizations, groups, associations will be actively involved in the management of wetlands for the achievement of this target.

10.7 Conservation of Mountain Ecosystems.

The Authority will accomplish this through: Identifying key stakeholders to build synergies for conservation initiatives, Promotion of integrated watershed management and alternative livelihood opportunities to enhance community participation in the conservation and management of mountain ecosystems and enhancing the adoption of appropriate land use planning and watershed management practices for sustainable development of mountain ecosystems by the local communities

10.8 Promote integrated natural resource management in ASALs.

The Authority shall promote the planting of high value dry land tree species in Arid and Semi-Arid Lands (ASALs) (e.g., Baringo, West Pokot, Elgeyo-Marakwet, Samburu and Turkana) coupled with the sensitization of local communities on conservation of ASALs. It will also promote projects in these areas, such as water harvesting through construction of water pans, weirs, boreholes, sand dams, check dams. Disasters, for instance floods, are common in these areas and mitigation measures will involve the construction of flood protection structures along the river banks such as dykes, trenches, gabions etc. KVDA will promote alternative livelihood for the local communities in these areas. For instance, it will promote beekeeping for income diversification. It will also promote livestock improvement through the introduction of new breeds that are resistant to drought and diseases.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

10.9 Land Resource Management.

The Authority shall encourage; best farming practices such as agroforestry, mixed farming, support soil and water conservation techniques, such as, construction of terraces, support drip irrigation technology, encourage organic farming and greenhouse technology. It shall also identify and conserve environmentally significant areas such as; eco-tourism sites, hilltops, riparian areas, springs, wetlands. It shall encourage the rehabilitation of degraded areas and strengthen stakeholders' participation and partnerships in the management of land resources.

10.10 Soil conservation.

The institution shall promote eco-friendly farming practices and enhance soil conservation through the use of structures such as; terraces, retention ditches and biological methods in areas prone to gully erosion, for example, Baringo, Kongelai in West Pokot, among other areas along the Kerio Valley.

10.11 Wildlife Resources KVDA will:

- Support community conservancy initiatives.
- Facilitate development of eco-tourism facilities.
- Embark on community sensitization exercises.
- Establish partnerships and linkages for funding of ecotourism activities.

10.12 Promotion of sustainable management and utilization of fishery resources

The authority will also establish fish farming demonstration farms to support community based fish farming initiatives as a way of promoting alternative livelihood.

10.13 Climate change adaptation

The Authority shall:

- Identify and promote climate change adaptation technologies
- Promote environmental awareness programmes on the effects of climate change
- Promote climate change adaptation and mitigation initiatives such as energy saving, reducing Green House Gas emissions and water harvesting
- Create awareness on opportunities for carbon markets and support development of carbon credit programs in its area of operation.

10.14 Partnerships and Stakeholder Involvement.

The Authority shall build Partnerships with Stakeholders on various environmental and development issues in order to foster Sustainable Development and achieve desired goals namely:

10.15 Reducing energy, water and paper intensity of office and field-based operations.

This will be accomplished through the use of renewable energy, for instance the use of gravity flow of water to supply water to irrigation farms and tree nurseries. There is a need to reduce water wastage by enhancing water storage through construction of dams. The conventional channel irrigation is wasteful as most of the water is lost through seepage and evaporation. Piping of water from the source will be necessary so that water is sufficient for intended purpose. The use of solar energy will be embraced in field offices to provide energy. The Authority will ensure all staff is computer literate in order to embrace e-technology in communication. e.g, circulating memoranda via e-mail rather than printing them on paper.

10.16 Reducing the amount of waste produced, and maximizing the amount Reused and Recycled.

The Authority will ensure that waste generated in its activities adheres to the rule of 3R's. That is; Reduce, Re-use and Recycle. This will ensure maximum utilization of raw materials, thereby reducing cost involved in the purchase of raw materials and disposal of wastes. These measures will reduce environmental degradation (Pollution). Separation of office waste into reusable, recyclable, compost and true waste components will be done in the course of day-day activities. Wastes will be disposed off in accordance with the Waste Disposal Guidelines stipulated by NEMA. Staff will be sensitized on the 3R's so that the culture of efficient utilization of input materials is adopted.

10.17 Reducing greenhouse gas emissions and excess noise associated with vehicles and Machinery

This will be achieved through frequent maintenance of vehicles and machinery. For instance, changing engine oil from time to time. Machinery during construction works, e.g. dam construction should be operated during the day so that noise and excessive vibration does not cause nuisance to the public.

Trees will be planted in order to absorb noise and carbon dioxide generated in a site where processing activities takes place.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

10.18 Ensuring all new capital works programs incorporate comprehensive Environmental Sustainability principles.

This entails carrying out Environmental Impact Assessment prior to the start of major projects and instituting annual Environmental Audits on such projects so as to enhance Environmental Sustainability of these projects and at the same time complying with the regulations stipulated in the Environmental Management and Co-ordination Act, 1999 and (EMCA AMENDED ACT 2015).

10.20 Making environmentally-sound purchasing decisions for capital items and consumables.

The Authority will ensure quality items are procured. Decisions governing quality of products will be based on how durable the item is, how efficient the item to be procured is and how the item will enhance environmental quality. i.e, the item will not result in environmental pollution when it is put into use.

10.21 Adopting a pollution prevention approach to our activities

The Authority will employ the precautionary principle in its undertakings so as to mitigate any adverse impact to the environment, e.g, pollution. Mitigation measures should be put in place in advance through the use of tools, such as, Environmental Impact Assessment, feasibility study, among others. This will prevent the organization from incurring losses in the event that it causes pollution to the environment or to third parties and the Polluter Pays Principle is exercised.

10.22 Communicating environmental performance through regular reporting.

The Authority shall submit quarterly environmental sustainability reports to the National Environmental Management Authority (NEMA), regarding environmental performance Guidelines. The Authority is no exception in complying with this regulation.

10.23 Striving for continual improvement in environmental performance.

The Authority will achieve this by investing in Income Generating Projects that are environmentally friendly. Production of assorted tree/fruit seedlings will be promoted so as to plant more trees in many of degraded areas especially in Cherang`any water catchment. Sensitization of community groups on environmental conservation through tree planting will be done to accomplish this goal. New technologies

will be adopted provided it brings positive environmental change. Partnerships with other stakeholders will be embraced in so far as development and environmental conservation is concerned.

10.24 Domesticating the Environmental Policy

This will be accomplished through cascading of the formulated policy to all departments, divisions, sections, for easy reference and guidance. Staff will be sensitized on Environmental Management and will be reminded that each individual has a responsibility of conserving his/her immediate environment. Sensitization of staff on Environmental Health and Safety will be done in order to mitigate Occupational Health Hazards.

10.25 Employee welfare

The authority has four HR tools which are used in hiring process, these are:-

- Human Resource policies and procedure manual
- Grading and structure
- Staffing establishment
- Career progression

The above policies have incorporated provisions of the constitution 2010, the labour Laws, PSC Act 2017, the Public Service Human Resource Manual 2016 and other relevant legal statutes. The Authority during recruitment is guided by provisions of Article 10 and 232 of the constitution of Kenya, which provides that organization should practice inclusiveness, fair labour practices and offering equal opportunities.

The current HR tools were approved in 2018, the Authority has embarked on reviewing the same to be in line with the current policy and regulatory frameworks to respond effectively to emerging issues.

The Authority has put in place OSHA which is used to implement policies and programs that ensure protection of both employees and clients from such hazards and disasters. It also maintains healthy and safe working conditions to ensure there is no personal injury caused by accidents.

10.26 Market place practices

Our markets are constantly changing owing to environmental factors and demographics and this has given us an impetus to improve on service delivery and constant customer engagement. It has necessitated us to become innovative and by using the point of sale and till number, this has gone a long way in improving our efficiency and effectiveness as well.

10.27 Responsible competition practice

On responsible competition our focus remains to serve the society by making a positive impact in the regions we cover, thanks to our policies which expressively highlights our mandate and our scope of operation. We have always endeavoured to create new generation of profitable products and business processes underpinned by rules that support societies, broader social, environmental and economic aims. We continue to demonstrate high level of accountability to the board of management by ensuring that our business operations are transparent and operating at the confines of our service charter.

10.28 Responsible Supply Chain and supplier relations

We have made a milestone in ensuring that our clients are satisfied by addressing their complains promptly, supplying them with our products whenever they need and offering them after sales and services and through this we have been able to generate value to our esteemed shareholders.

We have also crafted strategies that embrace the principles and practices of responsible competitiveness by recognizing our clients and appreciating them for partnering and doing business with us.

10.30 Responsible marketing and advertisement.

We have remained truthful to our exceptional brand by not misleading the public on our nutritional labels. We have also ensured that our products and services are affordable to our clients. We have also been on the forefront by ensuring that we adhere to production, customer care or quality control procedures in conformity with the Kenya Bureau of Standards requirements.

We have also remained steadfast in ensuring that we pay taxes through the use of ETR machine and documenting sales on the cash sales receipt book.

10.31 Corporate Social Responsibility / Community Engagements.

The Authority area of operation covers Counties of Turkana, West Pokot, Elegeyo Marakwet, Baringo, Samburu, parts of Nakuru and Marsabit. These are the arid and semi-arid areas where the communities rely on the Authority on development programs and support on other challenges associated with the terrains. In implementing the conservation of these areas, the authority donated 1,540,500 249,492 tree and Fruit seedlings respectively to the local schools and farmers for environmental protection and conservation.

11. REPORT OF THE DIRECTORS

The Board of Directors submit their report together with Financial Statements for the year ended 30th June, 2024 showing the state of KVDA's affairs.

i. Principal activities:

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

ii. Results.

The results of the entity for the year ended 30th June, 2024 are set out on pages 1 to 44

iii. Directors.

The members of the Board of Directors who served during the year are shown on page vii-xxiii

iv. Surplus remission.

There were no remissions due during the financial year under review.

v. Auditors

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

By Order of the Board

Gertrude Mabele (Ms)

Secretary to the Board

Signature 

Date: 06/09/2024

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

12. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the KVDA's financial statements, which give a true and fair view of the state of affairs of KVDA for and as at the end of the financial year (period) ended on June 30, 2024.

These responsibilities include:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of KVDA;
- (v) Selecting and applying appropriate accounting policies.
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

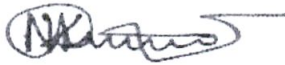
For the year ended June 30, 2024.

The Directors further confirms the completeness of the accounting records maintained for KVDA, which have been relied upon in the preparation of the KVDA'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 Entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial statements

The KVDA's financial statements were approved by the Board on **06/09/2024** and signed on its behalf by:



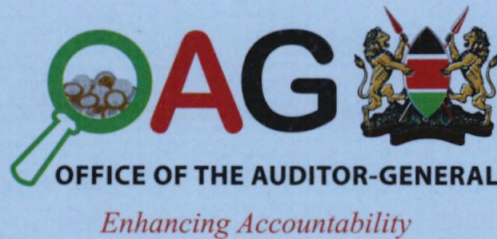
Mr. Mark Chesergon
Chairman of the Board



Mr. Sammy Naporos
Managing Director

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 KERIO VALLEY 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.
- 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 Kerio Valley Development Authority set out on pages 1 to 54 which comprise of the statement of financial position

Report of the Auditor-General on Kerio Valley Development Authority for the year ended 30 June, 2024

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

In my opinion, except for the effects of the 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 Kerio Valley 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 Kerio valley Development Authority Act, cap 441 of 1979 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Property Plant and Equipment

As reported previously, the statement of financial position reflects property, plant and equipment balance of Kshs.4,041,307,800 and Investment Property of Ksh.1,093,860,404 both totalling to Kshs.5,135,168,204 as disclosed in Note 23 and 24 to the financial statements. However, examination of the fixed asset register and the assets movement schedule revealed that the Authority's assets have not been revalued over time contrary to Paragraph 44 of IPSAS 17 which states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

In the circumstances, the accuracy and completeness of property, plant and equipment and investment property balances of Kshs.4,041,307,800 and Kshs.1,093,860,404 respectively could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kerio Valley 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.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects an actual expenditure of Kshs.968,841,837 against an approved budget of Kshs.2,629,123,422 resulting into an under-expenditure of 1,660,281,585 or 63% of the budget.

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

My opinion is not modified in respect of this matter.

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 matter 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 paragraphs were raised under the Report of the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, Report on Effectiveness of Internal Controls, Risk Management and Governance, Emphasis of Matter and Other Matter. Even though Management has provided explanation on the progress made on the recommendations made by the auditors, the issues have remained unresolved as the relevant Parliamentary Committee had not discussed them.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report, including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above, provide the basis for my audit opinion on the accompanying financial statements.

Other Information

The Management is responsible for the other information set out on page (x) to (xlili) which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance

Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

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 effects 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. Trade and Other Payables

The statement of financial position reflects trade and other payables balance of kshs.112,159,202 which as disclosed in Note 27 to the financial statements, included creditors and National Industrial Training Authority balances of Kshs.43,300,822 and Kshs.9,041,800 respectively. Review of the creditors ageing analysis revealed that the creditors balance of Kshs.43,300,822 includes a balance of Kshs.33,624,717 or approximately 30% which has been outstanding for more than ninety days. The outstanding balance of Kshs.9,041,800 due to the National Industrial Training Authority has also been outstanding for more than ninety days. This is contrary to Section 53(8) of the Public Procurement and Assets Disposal Act, 2015 and section 10.1.1 of the Kerio Valley Development Authority Financial Management Policy in which the latter states that the purpose of the creditors and accruals system is to ensure that all liabilities of KVDA are recognized as and when they are incurred, and all liabilities are reviewed monthly to ensure that KVDA can honor its obligations as and when they fall due.

In the circumstances, Management was in breach of Law and of its own Financial Management Policies.

2. Non-Compliance with Law on Ethnic Composition

As previously reported, review of the Human Resource data revealed that the Authority had a total of two hundred and thirty-one (231) employees (excluding casual workers). However, of all the two hundred and thirty-one (231) staff, one hundred & seventy-two (172) are from one dominant community representing 74% of staff population contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In addition, the Authority recruited a total of seventy-seven (77) staff during the financial year, however, no breakdown was provided on the ethnic composition of the recruited staff.

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

3. Excessive Deductions on Staff Pay

During the year under review, fifty-five (55) employees from the month of June, 2024 payroll were paid net salaries that were less than a third (1/3) of their respective basic pay. In allowing the excessive deductions, Management contravened provisions of Section 19(3) of the Employment Act, 2007 which prohibit employers from making deductions in excess of two thirds of their employees' basic salary.

In the circumstances, Management was in breach of the law

4. Rental Revenue from Facilities and Equipment - Turkwel Multi-purpose Dam

During the year under review, the statement of financial performance indicates revenue from exchange transactions of Kshs.161,063,845 out of which Kshs.94,886,423 is rental revenue from facilities and equipment. Included in this amount, is Kshs.45,000,000 disclosed under note 8 to the financial statements as revenue from Kenya Electricity Generating Company (Kengen). However, it was observed that Kengen has been remitting Kshs.45,000,000 annually to KVDA for purposes of conservation of the dam and its catchment area since 1995 against the current conservation costs amounting to Kshs.120,000,000. KVDA has not been able to enforce the increase of dam conservation costs to Kshs.120,000,000 or USD 1.75 million negotiated fees as recommended by an inter-ministerial steering committee. In addition, the Authority does not have ownership rights of the Dam.

In the circumstances, the ownership of the dam could not be confirmed.

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, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis of Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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 the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Kerio Valley Development Authority 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 Kerio Valley Development Authority 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 for 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 ISSAIs) 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

31 December, 2024

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 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 entities	6	1,945,469,998	708,467,206
Arror kimwarer restricted liability	16 (b)	41,380,050	-
		1,986,850,048	708,467,206
Revenue from exchange transactions			
Sale of goods	7	56,596,801	35,993,058
Rental revenue from facilities and equipment	8	94,886,423	85,696,931
Finance income	9	9,580,621	15,938,298
		161,063,845	137,628,287
Total revenue		2,147,913,892	846,095,493
Expenses			
Use of goods and services	10	68,923,983	87,728,555
Employee costs	11	243,436,165	229,594,202
Board Expenses	12	29,065,144	21,616,539
Depreciation and amortization expense	13	113,981,697	111,077,305
Repairs and maintenance	14	5,808,172	13,078,867
KRA Assessments	15	-	7,998,298
Grants and subsidies	16	503,268,329	147,575,919
Arror kimwarer restricted liability	16 (b)	41,380,050	-
Total expenses		1,005,863,541	618,669,685
Other gains/losses			
Gain/Loss on sale of assets	17	965,907	-
Surplus/ (deficit)before tax		1,143,016,259	227,425,809

The notes set out on pages from 7 to 44 forms an integral part of these Financial Statements. The Financial Statements set out in pages 1 to 4 were signed on behalf of the Board of Directors by:



Accounting Officer
Name: Sammy Naporos

Date:06/09/2024



Head of Finance
Name: Moses Kipchumba
ICPAK Member No: 11872

Date:06/09/2024



Chairman of the Board
Name: Mark Chesergon

Date:06/09/2024

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 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	18	1,189,225,133	995,512,065
Receivables from Exchange Transactions	19	34,218,468	37,161,866
Receivables from Non-Exchange Transactions	20	912,424,996	5,536,702
Inventories	21	93,236,775	55,289,294
Advance Payments multi-purpose Projects	22	7,778,151,688	7,778,151,688
Total Current Assets		10,007,257,060	8,871,651,615
Non-Current Assets			
Property, Plant and Equipment	23	4,041,307,800	4,095,843,888
Investment Property	24	1,093,860,404	1,116,184,085
Biological Assets	25	8,183,995	8,236,550
Total Non- Current Assets		5,143,352,199	5,220,264,523
Total Assets (A)		15,150,609,259	14,091,916,138
Liabilities			
Current Liabilities			
Restricted Liability-Arror	26	497,507,493	538,887,543
Trade and Other Payables	27	112,159,202	117,750,132
Refundable Deposits from Customers	28	1,972,120	1,054,045
Audit Fees	29	4,872,000	4,060,000
Total Current Liabilities		616,510,815	661,751,720
Non-Current Liabilities			
Domestic Borrowings	30	173,302,301	214,783,729
Total Non- Current Liabilities		173,302,301	214,783,729
Total Liabilities(B)		789,813,116	876,535,449
Total Net Assets(A-B)		14,360,796,144	13,215,380,690
Represented by:			
Capital Reserves		7,711,158,268	7,708,759,073
Revenue Reserves		6,649,637,876	5,506,621,617
Net Assets		14,360,796,144	13,215,380,690

The financial statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



Accounting Officer

Name: Sammy Naporos

Date:06/09/2024



Head of Finance

Name: Moses Kipchumba

ICPAK Member No: 11872

Date:06/09/2024



Chairman of the Board

Name: Mark Chesergon

Date:06/09/2024

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

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

Description	Capital Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs
As at July 1, 2022	7,696,199,073.00	5,279,195,808.00	12,975,394,881.00
Surplus/ deficit for the year	-	227,425,809.00	227,425,809.00
Changes in Equity	12,560,000.00	-	12,560,000.00
As at June 30, 2023	7,708,759,073.00	5,506,621,617.00	13,215,380,690.00
As at July 1, 2023	7,708,759,073.00	5,506,621,617.00	13,215,380,690.00
Surplus/ (deficit) for the year	-	1,143,016,258.57	1,143,016,258.57
Changes in Equity	2,399,195.00	-	2,399,195.00
As at June 30, 2024	7,711,158,268.00	6,649,637,875.57	14,360,796,143.57

Note: Amount on changes of equity of Kes 2,399,195 represents valuation of assets

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2024.****17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024**

	Notes	2023-2024 Kshs	2022-2023 Kshs
Cashflows from operating activities			
Receipts			
Transfers from other governments entities	6	1,038,581,704	703,810,500
AIA received		156,252,539	137,628,287
Total receipts		1,194,834,243	841,438,787
Payments			
Use of goods and services	10	66,619,024	87,728,555
Employee costs	12	243,965,198	219,147,164
Board Expenses	13	28,908,144	21,616,539
Repairs and maintenance	14	4,656,703	13,078,867
kra fines	15	2,290,852	2,000,000
Grants and subsidies	16	538,297,307	126,359,076
Arror kimwarer restricted liability	16(b)	41,380,050	-
Total payments		926,117,278	469,930,201
Netcashflowsfrom/ (used in) operating activities		268,716,965	371,508,586
Cash flows from investing activities			
Purchase of PPE and Intangible assets		(35,444,318)	(2,969,305)
Proceeds from sale of PPE		1,921,850	-
Purchase of investments			
Sales of investments			-
Net cash flows from/ (used in) investing activities		(33,522,468)	(2,969,305)
Cashflows from financing activities			
Proceeds from borrowings			-
Repayment of borrowings(loop)		(41,481,428)	(40,387,502)
Proceeds from issue of shares			-
Net cash flows from financing Activities		(41,481,428)	(40,387,502)
Net increase/(decrease)in cash equivalents		193,713,069	328,151,779
Cash and cash equivalents on 1 July 2023	18	995,512,064	667,360,285
Cashandcashequivalentsat30 June2024	18	1,189,225,133	995,512,064

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

	Original budget	Adjustments	Adjustments	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from Other Governments entities	1,825,470,000	120,000,000	1,945,470,000	1,033,924,998	911,545,003	53%
Sale of Goods	52,350,000	-	52,350,000	56,596,801	(4,246,801)	108%
Rental Revenue from Facilities and Equipment	142,650,000	-	142,650,000	104,467,044	38,182,956	73%
Arro kimwarer restricted liability	41,380,050	-	41,380,050	41,380,050		100%
Balance B/F 2022-23	447,273,372		447,273,372	447,273,372	-	100%
Total Income	2,509,123,422	120,000,000	2,629,123,422	1,683,642,264	945,481,158	64%
Expenditure:						
Recurrent						
Use of Goods and Services	111,981,455	(4,630,000)	107,351,455	68,923,983	38,427,472	64%
Employee costs	227,364,200	6,000,000	233,364,200	243,436,165	(10,071,965)	104%
Remuneration of Directors	26,020,000	3,630,000	29,650,000	29,065,144	584,856	98%
Repairs and Maintenance	26,500,000	(5,000,000)	21,500,000	5,808,172	15,691,828	27%
	391,865,655	-	391,865,655	347,233,465	44,632,190	89%
Development						
Weiwei Integrated Development Project Phase III - GoK Component	14,000,000	-	14,000,000	9,919,490	4,080,510	71%
Mango Value Chain Project	78,000,000	-	78,000,000	43,490,018	34,509,982	56%
Napuu, Lomut and Lower Turkwel Irrigation Projects	15,000,000	-	15,000,000	9,764,958	5,235,042	65%
Cherangany Watershed Conservation Programme	64,090,000	(5,000,000)	59,090,000	37,866,696	21,223,304	64%
Drought Mitigation-Turkana, W. Pokot, Samburu, Elgeyo-Marakwet and Baringo	350,000,000	64,000,000	414,000,000	10,488,833	403,511,167	3%
Upper Yokot Kapteren Dam	140,000,000	-	140,000,000	789,450	139,210,550	1%
Kabuswo dam	75,000,000	-	75,000,000	26,600	74,973,400	0%

Development of Emsoo Dam	75,000,000	-	75,000,000	3,531,380	71,468,620	5%
Small holder Irrigation scheme Napuu and Kamsiwet	52,500,000	-	52,500,000	21,597,919	30,902,081	41%
Small holder Irrigation scheme Aror and Chepkum	60,000,000	-	60,000,000	12,113,940	47,886,060	20%
Turkweil Multi-Purpose Dam Infrastructure	186,000,000	(15,000,000)	171,000,000	19,885,245	151,114,755	12%
Rehabilitation of strategic water structures	30,000,000	-	30,000,000	-	30,000,000	0%
Lotongot dam and Lomut irrigation	130,000,000	-	130,000,000	23,870,233	106,129,767	18%
BETA Priorities and Flood Control	278,000,000	-	278,000,000	519,689	277,480,311	0%
Weiwei Irrigation Scheme Improvement	-	76,000,000	76,000,000	-	76,000,000	0%
Balance B/F 2022-23	447,273,372		447,273,372	309,403,877	137,869,495	69%
	1,994,863,372	120,000,000	2,114,863,372	503,268,329	1,611,595,043	24%
Capital Expenditure						
Loan repayment	41,514,345	-	41,514,345	41,515,675	(1,330)	100%
Use of Goods and Services	4,000,000		4,000,000	3,588,603	411,397	90%
Cherangany Watershed Conservation Programme	16,000,000	-	16,000,000	16,840,000	(840,000)	105%
Small holder Irrigation scheme Napuu and Kamsiwet	7,500,000	-	7,500,000	7,507,858	(7,858)	100%
BETA Priorities and Flood Control	12,000,000	-	12,000,000	7,507,858	4,492,142	63%
Aror kimwarer restricted liability	41,380,050	-	41,380,050	41,380,050	-	100%
	122,394,395	-	122,394,395	118,340,044	4,054,351	97%
Total Expenditure	2,509,123,422	120,000,000	2,629,123,422	968,841,837	1,660,281,585	37%
Surplus for the period	-	-	-	714,800,427	(714,800,427)	

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kerio Valley Development Authority is established by and derives its authority and accountability from an Act of Parliament Chapter 441. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activity is to plan and coordinate the implementation of development projects in the Kerio and Turkwel catchment areas.

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 Entity's 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 KVDA. 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.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

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>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>State the expected impact of the standard to the Entity if relevant</p>
IPSAS 45-Property Plant and Equipment	<p>Applicable 1st January 2025</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</p>

Standard	Effective date and impact:
	<p>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>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</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. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>State the expected impact of the standard to the Entity if relevant</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</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>State the expected impact of the standard to the Entity if relevant</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Standard	Effective date and impact:
IPSAS 48- Transfer Expenses	Applicable 1st January 2026 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. State the expected impact of the standard to the Entity if relevant
IPSAS 49- Retirement Benefit Plans	Applicable 1st January 2026 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. State the expected impact of the standard to the Entity if relevant

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The 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.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

Dividends

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets

against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes 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 period or investment property is measured at fair value with gains and losses recognized through surplus or deficit. Investment properties are de-recognized 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.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

The 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.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

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

a) Financial assets

Classification of financial assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

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

j) Inventories

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

l) Social Benefits

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

m) Contingent liabilities

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

n) Contingent assets

The Entity 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.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Entity 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. (the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

r) 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) 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.

t) Related parties

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

u) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) 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.

w) Comparative figures

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

x) 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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. IPSAS 1.140

Useful lives and residual value

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

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

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

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

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

6. a) Transfers from Other Government entities

	2023-2024	2022-2023
	KShs	KShs
Unconditional Grants		
Operational Grant	242,379,998	227,880,000
Development grants	1,703,090,000	480,587,206
Total Unconditional Grants	1,945,469,998	708,467,206

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

Name of The Entity Sending the Grant	Total transfers as per the statement of performance	
	(2023-2024)	(2022-2023)
	KShs	KShs
Ministry of East Africa Community	242,379,998	227,880,000.00
Ministry of East Africa Community	1,703,090,000	480,587,206.00
Total	1,945,469,998	708,467,206.00

7. Sale of Goods

	2023-2024	2022-2023
	Kshs	Kshs
Sale of goods		
Beekeeping & Beehives	16,473,973	15,001,037
Sale of Farm Produce	2,794,668	156,964
Sale of Mango Juices	61,367	42,412
sale of Tree and Fruits Seedlings	32,577,593	19,203,355
Pasture Seeds & Livestock	4,689,200	1,589,290
Total revenue from the sale of goods	56,596,801	35,993,058

8. Rental Revenue from Facilities and Equipment

Description	2023-2024	2022-2023
	Kshs	Kshs
Rental income	43,817,840.54	37,839,031
Kenya Electricity Generating Co. Ltd (Kengen)	45,000,000.00	45,000,000
Contingent Rentals*	6,068,582.33	2,857,900
Total Rentals	94,886,422.87	85,696,931

Contingent rentals include hire of tractor, Auditorium, & kitchen

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**9. Finance Income**

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest in Income on Deposits	9,580,621	15,938,298
Total finance income	9,580,621	15,938,298

10. Use of goods

Description	2023-2024	2022-2023
	Kshs	Kshs
Electricity	1,534,254.40	1,117,040
Water	141,232.25	590,377
Professional Services	188,010.00	189,460
Subscriptions	468,345.00	51,900
NITA	181,150.00	113,300
Advertising(Sales& Marketing	2,877,775.00	2,511,050
Audit Fees	812,000.00	812,000
Hospitality	8,085,345.00	6,848,970
Fuel and Oil	2,970,054.00	4,887,581
Insurance	1,743,236.00	20,754,303
Legal Expenses	12,100.00	1,245,325
Benevolent Expense	732,407.00	582,000
Provision for Bad Debts	-	827,277
Purchase of workshop tools	253,438.00	299,513
Printing and Stationery	3,544,745.65	2,313,704
Livestock Vet	41,600.00	202,025
Rent expenses	602,148.00	8,633,866
Uniforms & Safety Measures	123,991.00	123,009
Purchase of Protective Clothing	470,163.00	27,200
Employee satisfaction	61,590.00	185,250
Telecommunication	3,990,075.00	4,415,624
Training	14,913,358.00	4,927,752
Travel, Subsistence & Other Allowances*	20,980,325.00	18,411,427
Work Environment	196,624.00	159,675
Rewards	580,198.00	545,210
HIV& AIDS	272,500.00	199,400
ISO, PC ,M&E & strategic plan	1,230,040.00	5,517,299
Detergents & Cleaning Materials	448,261.50	87,331
ICT (Internet Services	1,469,017.47	1,149,687
Total	68,923,983.27	87,728,555

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**11. Employee Costs**

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	187,350,194	177,898,338
Employer contribution to health insurance schemes	5,071,438	
Employer contribution to pension schemes	6,680,804	6,027,253
Housing benefits and allowances	31,025,099	35,742,700
Social contributions	3,610,456	1,066,130
Gratuity	6,048,669	8,859,781
Housing Levy (AHL)	3,649,505	-
Employee costs	243,436,165	229,594,202

12. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000	1,020,000
Sitting Allowances	8,580,000	5,780,000
Board medical cover	324,089	
Induction and Training	2,671,355	2,489,940
Travel and Accommodation	16,469,700	12,326,599
Total	29,065,144	21,616,539

13. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	113,981,697	111,077,305
Total depreciation and amortization	113,981,697	111,077,305

14. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property and equipment(Maintenance of assets)	2,350,260	8,007,232
Vehicles	2,956,247	4,500,518
Computers and Accessories	501,666	571,117
Total Repairs and Maintenance	5,808,172	13,078,867

15. KRA Assesments

Description	2023-2024	2022-2023
	Kshs	Kshs
KRA Tax Assesments	5,998,298	7,998,298
Payment	(2,290,852)	(2,000,000)
Total KRA Assesments	3,707,446.00	5,998,298

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**16. (a) Grants and Subsidies**

Description	2023-2024	2022-2023
	Kshs	Kshs
Pasture & Livestock Development		4,733,739
Honey Value Chain Project	11,467,956	7,113,491
Lower Turkwel	1,424,298	1,075,564
Napuu Irrigation Project	8,046,261	3,501,712
Arror/ Kimwarer Project	6,895,040	5,303,224
Drought Mitigation	306,204,685	103,840,265
Weiwei Phase III	9,919,490	4,069,767
Mango Value Chain	32,022,062	8,976,075
Cherengany Watershed Conservation Project	37,866,696	8,962,083
Upper Yokot Kapteren Dam	789,450	-
Kabuswo Dam	26,600	-
Development of Boreholes	4,713,905	
Lomut Irrigation	294,400	
Development of Water pans	2,079,080	
Development of Emsoo	3,531,380	-
Small Holder Irrigation Scheme Napuu Kamsiwet	21,597,919	-
Small Holder Irrigation Scheme Arror & Chepkum	12,113,940	-
Turkwel Multipurpose Dam Infrastructure	19,885,245	-
Lotongot Dam	23,870,233	-
BETA Priorities and Flood Control	519,689	-
Total Grants and Subsidies	503,268,329	147,575,919

(b) Restricted Liability

Description	2023-2024	2022-2023
	Kshs	Kshs
Arror Kimwarer restricted liability	41,380,050	-
Total	41,380,050	-

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**17. Gains on Sale of Assets**

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	965,907	-
Total gain on sale of assets	965,907	-

18. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	1,188,525,263.33	994,673,201.00
Others (Specify)- Mpesa Balances & Cash In Hand	699,869.55	838,864.00
Total Cash and Cash Equivalents	1,189,225,132.88	995,512,065.00

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
KVDA Premises A/C	1169785719	29,730,670	9,499,351
KVDA Development A/C	1169784720	1,090,345,537	929,730,392
KVDA Recurrent A/C	1169784984	14,978,903	19,119,330
KVDA Turkwel A/C	1169785344	8,063,755	107,883
KVDA Depreciation A/C	1169786111	252,862	258,450
KVDA Farm Produce & Other Business A/C	1133480969	3,543,341	10,219,067
KVDA Service Charge A/C	1133481035	2,349,618	177,432
KVDA Honey & Other Business A/C	1146518099	4,024,338	3,223,268
KVDA Retention A/C	1181606381	28,782,455	14,431,763
Economic Stimulus Project	1169785492	126,785	132,012
National Water Harvesting & Storage Program A/C	1169783589	6,327,001	7,774,253
Sub- Total		1,188,525,263	994,673,201
Mpesa Balances & Cash in Hand			
Weiwei		-	816,744
Eldoret		-	14,000
Nairobi		-	8,120
Cash in Hand Recurrent		69,447	
Cash in Hand Development		630,423	
		699,870	838,864
Grand Total		1,189,225,133	995,512,065

Notes to the Financial Statements (Continued)

19. a) Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Receivables		
Trade debtors- Tenants	23,397,811	28,582,957
Trade debtors- Other Clients	10,165,757	7,610,432
Salary Advances	-	827,277
Staff Debts	654,900	141,200
Total Current Receivables	34,218,468	37,161,866

(b) Ageing analysis for Receivables from exchange transactions

Description	2023-2024		2022-2023	
	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	34,218,468.26	100%	37,161,866.00	100%
Total (a+b)	34,218,468.26	100%	37,161,866.00	100%

20. Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Wambwa Musembi, Chebii & Co. Advocates	879,996	879,996
Development grants	911,545,000	4,656,706
Total receivables from non- exchange transactions	912,424,996	5,536,702

Ageing Analysis- Receivables from non-exchange transactions	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	911,545,000	100%	4,656,706	84%
Between 1-2 years	-	0%	-	0%
Over 3 years	879,996	100%	879,996	16%
Total	12,424,996	100%	5,536,702	100%

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2024.****Notes to the Financial Statements (Continued)****21. Inventories**

Description	2023-2024	2022-2023
	Kshs	Kshs
Processed Honey	12,280,955	19,315,505
Semi processed Honey	3,275,195	479,220
Building, plumbing & Electrical Materials		2,179,335
	1,659,787	
Spare parts	51,060	70,846
Beehive & Honey Equipment		196,548
	104,950	
Tools & Equipment		270,100
	731,627	
Farm Inputs		653,928
	515,130	
Office Stationery	1,640,330	1,395,133
Pasture seed & Haybales	448,500	971,500
Agrovet Livestock	98,300	68,160
General Stores	559,878	602,047
Packaging Materials		3,420,107
	3,756,957	
Industrial Chemicals	1,990,056	1,191,040
Mango Puree	120,000	593,000
Mango Juice	458,930	274,025
Mature Seedlings	65,545,120	23,608,800
Total inventories at the lower of cost and netrealizable value	93,236,775	55,289,294

22. Aror/Kimwarer Multipurpose Dam

Description	2023-2024	2022-2023
	Kshs	Kshs
Bal b/f	7,778,151,688	7,778,151,688
Aror Multipurpose project prior year advance	-	-
Kimwarer Multipurpose project Advance	-	-
Bal c/d	7,778,151,688	7,778,151,688

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

23. (a) Property, Plant and Equipment

Cost	Land	Survey & Drawing Equipment	Buildings-semi permanent	Buildings-Permanent	Plant, Machinery & Equipment	Office Machinery	Motor vehicles & Lorries	Tractors & Dozers	Office Furniture and fittings	House Furniture & Fittings	Loose Tools & Equipment	Turkweil Gorge Project	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 July 2022	87,879,950	7,161,701	9,855,151	1,437,774,610	15,883,019	26,382,006	71,543,241	29,463,384	15,196,860	1,983,566	3,440,459	7,001,309,300	64,061,768	8,771,935,015
Additions			1,327,600	123,473	84,309	1,353,948			79,975			-		2,969,305
Valuation							12,560,000							12,560,000
Disposals									-			-		-
Transfers/Adjustments				64,061,768									(64,061,768)	-
As at 30 th June 2023	87,879,950	7,161,701	11,182,751	1,501,959,851	15,967,328	27,735,954	84,103,241	29,463,384	15,276,835	1,983,566	3,440,459	7,001,309,300	-	8,787,464,320
Additions					85,000	1,431,054	33,725,715		2,072,549					37,314,318
Disposals					(650,000)		(3,579,650)	(5,450,649)						(9,680,299)
Transfer/Adjustments														-
As at 30 th June 2024	87,879,950	7,161,701	11,182,751	1,501,959,851	15,402,328	29,167,008	114,249,306	24,012,735	17,349,384	1,983,566	3,440,459	7,001,309,300	-	8,815,098,339
Depreciation And Impairment														-
As at 1 July 2022	-	6,323,699	9,512,890	362,996,498	15,437,632	18,733,284	68,251,931	26,666,763	8,610,639	1,876,594	2,641,389	2,943,307,721		3,464,359,042
Depreciation	-	104,750	166,986	22,779,267	132,424	1,125,334	3,962,827	699,155	833,274	13,371	99,884	81,160,032		111,077,305
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 th June 2023	-	6,428,449	9,679,876	385,775,765	15,570,056	19,858,618	72,214,758	27,365,918	9,443,913	1,889,965	2,741,273	3,024,467,753	-	3,575,436,347
Depreciation	-	91,657	150,288	22,323,682	(41,932)	1,163,549	10,508,637	(838,296)	988,184	11,700	87,398	79,536,831	-	113,981,697
Disposals	-	-	-	-	(649,985.00)	-	(3,569,812)	(5,268,109)	-	-	-	-	-	(9,487,906)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 th June 2024	-	6,520,106	9,830,164	408,099,447	14,878,139	21,022,167	79,153,583	21,259,513	10,432,097	1,901,665	2,828,671	3,104,004,584	-	3,679,930,138
Net Book Values														
As at 30 th June 2023	87,879,950	733,252	1,502,875	1,116,184,085	397,272	7,877,337	11,888,482	2,097,466	5,832,921	93,600	699,186	3,976,841,547	-	5,212,027,973
As at 30 th June 2024	87,879,950	641,596	1,352,588	1,093,860,404	524,189	8,144,841	35,095,723	2,753,222	6,917,287	81,901	611,788	3,897,304,716	-	5,135,168,204

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**(b) Property, Plant and Equipment**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	87,879,950	-	87,879,950
Survey & Drawing Equipment	7,161,701	6,520,106	641,596
Buildings Semi- permanent	11,182,751	9,830,164	1,352,588
Buildings Permanent	1,501,959,851	408,099,447	1,093,860,404
Plant, Machinery & Equipment	15,402,328	14,878,139	524,189
Office Machinery	29,167,008	21,022,167	8,144,841
Motor Vehicles & Lorries	114,249,306	79,153,583	35,095,723
Tractors & Dozers	24,012,735	21,259,513	2,753,222
Office Furniture & Fittings	17,349,384	10,432,097	6,917,287
House Furniture & Fittings	1,983,566	1,901,665	81,901
Loose Tools & Equipments	3,440,459	2,828,671	611,788
Turkwel Gorge Project	7,001,309,300	3,104,004,584	3,897,304,716
Total	8,815,098,339	3,679,930,135	5,135,168,204

24. Investment Property

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	1,501,959,851	1,437,774,610
Additions	-	64,185,241
Disposal during the year	-	-
Depreciation	408,099,447	385,775,766
Impairment	-	-
Gain/loss) in fair value (if fair value is elected)	-	-
At end of the year	1,093,860,404	1,116,184,085

25. Biological Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Animal Goats	326,100	416,400
Orchards	4,727,000	4,516,150
Animal Sahiwal Cattle	3,130,895	3,304,000
Total	8,183,995	8,236,550

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements**

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)**26. Restricted Liability - Arrear**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bal b/f	538,887,543	538,887,543
Expenditure	41,380,050	-
Bal c/f	497,507,493	538,887,543

27. Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Creditors	43,300,822	63,652,983
National Industrial Training Authority	9,041,800	9,041,800
Accrued VAT	3,764,900	3,563,460
Salary Clearances Payable	6,262,782	8,265,351
Staff Debts Payable/ Accrued Wages	4,316,886	2,180,887
Retention-Water-pans & Others)	35,505,674	18,688,462
Tax Assessments	8,043,294	10,334,146
Whole Life Insurance	1,923,044	2,023,044
Total trade and other Payables	112,159,202	117,750,132

Ageing analysis: (Trade and other payables)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	50,613,371	45%	57,354,752	49%
1-2 years	4,284,859	4%	19,243,897	16%
2-3 years	23,636,255	21%	11,664,924	10%
Over 3 years	33,624,266	30%	29,486,559	25%
Total (tie to above total)	112,158,751	100%	117,750,132	100%

28. Refundable Deposits and Prepayments from Customers

Description	2023-2024	2022-2023
	Kshs	Kshs
Customer deposits		
Prepayments	1,972,120	1,054,045
Total deposits	1,972,120	1,054,045

KERIO VALLEY DEVELOPMENT AUTHORITY**Annual Report and Financial Statements****For the year ended June 30, 2024.****Notes to the Financial Statements (Continued)**

Ageing analysis: (Refundable deposits)	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	1,972,120	100%	1,054,045	100%
Total	1,972,120	100%	1,054,045	100%

29. Audit Fees

Description	2023-2024	2022-2023
	Kshs	Kshs
Bal b/f	4,060,000	3,248,000
Current Year	812,000	812,000
	4,872,000	4,060,000
Less Paid	-	-
Amount Payable	4,872,000	4,060,000

30. Borrowings

Description	2023-2024	2022-2023
	Kshs	Kshs
a) Domestic borrowings		
Balance b/f	214,783,729	255,171,231
Repayments during the year	(41,481,428)	(40,387,502)
Balance c/f	173,302,301	214,783,729

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

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 cent of its surplus funds reported in the audited financial statements after the end of each financial year. In line with this legal requirement the Authority reported a surplus of **1,143.01 million**. A strong performance was attributed to increased receipt of government grants during the supplementary budget allocation. The same amount shall be utilized in the next Financial Year.

32. Cash Generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	1,143,016,259	227,425,809
Adjusted for:		
Depreciation	113,981,697	111,077,305
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	(965,907)	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	(37,947,481)	5,034,571
Increase in receivables	(904,126,697)	(8,568,310)
Increase in deferred income	-	-
Increase in payables	(45,240,905)	36,539,211
Net cash flow from operating activities	268,716,965	371,508,586

33. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The 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 Entity's financial risk management objectives and policies are detailed below:

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterpart 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.

Financial Risk Management

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:

Description	Total Amount	Fully Performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Receivables from exchange transactions	34,218,468	34,218,468	-	-
Receivables from non-exchange transactions	912,424,906	912,424,906	-	-
Bank balances	1,189,225,133	1,189,225,133	-	-
Total	2,135,868,507	2,135,868,507	-	-
As at 30 June 2023				
Receivables from exchange transactions	37,161,866	36,334,589	-	827,277
Receivables from non-exchange transactions	5,536,702	5,536,702	-	-
Bank balances	995,512,065	995,512,065	-	-
Total	1,038,210,633	1,037,383,356	-	827,277

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for non collectable 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 Entity'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 Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2024				
Trade payables	542,793	2,382,283	40,375,746	43,300,822
Current portion of borrowings	-	-	173,302,301	173,302,301
Provisions	-	-	812,000	812,000
Deferred income	-	1,972,120	-	1,972,120
Employee benefit obligation	-	-	-	-
Total	542,793	4,354,403	214,490,047	219,387,243
As at 30th June 2023				
Trade payables	9,076,132	17,588,277	36,988,574	63,652,983
Current portion of borrowings	-	-	214,783,729	214,783,729
Provisions	-	-	812,000	812,000
Deferred income	-	1,054,045	-	1,054,045
Employee benefit obligation	-	-	-	-
Total	9,076,132	18,642,322	252,584,303	280,302,757

KERIO VALLEY DEVELOPMENT AUTHORITY
Annual Report and Financial Statements
For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

iii) Market risk

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity'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 way it manages and measures the risk.

a) Foreign currency risk

The Entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The Entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

Financial Risk Management

The carrying amount of the Entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period have not been reported.

b) Interest rate risk

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

Management of interest rate risk

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

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Entity considers relevant and observable market prices in its valuations where possible.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Financial Risk Management (Continued)

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

There were no transfers during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

The objective of the Entity's capital risk management is to safeguard the Entity's ability to continue as a going concern. The Entity capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Ksh	Ksh
Revaluation Reserve	2,399,195	12,560,000
Retained Earnings	6,649,637,876	5,506,621,616
Capital Reserve	7,708,759,073	7,696,199,073
Total Funds	14,360,796,144	13,215,380,690
Total Borrowings	173,302,301	214,783,729
Less: Cash and Bank Balances	1,189,225,133	995,512,065
Net Debt/ (Excess Cash And Cash Equivalents)	(1,015,922,832)	(780,728,336)
Gearing %	1%	2%

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

34. 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 the Entity, holding 100% of the Entity'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 Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of directors.

35. Segment Information

Description	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	70,245,075	50,042,007
Total	70,245,075	50,042,007
B) purchases from related parties		
Electricity purchases from KPLC	12,630,123	10,585,456
Purchase of water from govt service providers	2,549,614	2,428,717
Training and conference fees paid to govt. Agencies	-	141,700
Total	15,179,737	13,155,873
C) Grants /transfers from the government		
Grants from national govt	1,945,469,998	708,467,206
Total	1,945,469,998	708,467,206
D) Key management compensation		
Directors' emoluments	29,065,144	21,616,539
Compensation to key management	43,834,685	35,489,406
Total	29,065,144	57,105,945

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

36. Contingent Assets and Contingent Liabilities

Included in the exchange transactions is a receivable deposited by the Authority to enable it make an appeal in a Court 96 of 2013 Kshs. 875,996. This money was deposited as a result of a court order to enable the Authority to make appeal.

The former Managing Director was awarded Kshs. 23.4 Million by the court for wrongful termination. This matter has since been appealed by the Authority.

There is an

37. Capital Commitments

The Authority has carried forward capital commitment of **Ksh 1.6 Billion** as presented in the budget report (Item No. 18)

38. Program for Results (PforR) Disclosure

This disclosure note is for entities implementing Programs for Results (PforR). Implementing entities are required to make disclosures in accordance with their respective financing agreements. The disclosure should capture the program's goal and expenditures designated in the expenditure framework.

39. Events after the Reporting Period

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

40. Ultimate And Holding Entity

The Authority is a state corporation under the Ministry of East Africa Community and Regional Development. Its ultimate parent is the Government of Kenya.

41. Currency

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

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

20. Appendices

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
1. Staff Advances	<p>As reported previously, the statement of financial position reflects receivables balance of Kshs.42,698,568, which includes staff salary advances of Kshs.827,277 as disclosed in Note 18 to the financial statements. However, the advances have been outstanding since 1998 and most of the staff members are no longer in service. Management has not provided measures put in place to recover the funds from respective Staff members and has not made provision for doubtful debts.</p> <p>In the circumstances, the accuracy and recoverability of salary advances balance of Kshs.827,277 could not be confirmed.</p>	<p>It is true that the outstanding receivables have not been recovered; this is due to difficulty in tracing the departed members of staff. Management will consider writing off the debts since the chance of recovering them is remote. The Audit observation is noted and the Authority will ensure that the amounts are written off in the subsequent financial year.</p> <p>In the meantime, management has provided for doubtful debts at a rate of 50% as shown in the financial statements note 18(c)</p>
2. Property, Plant and Equipment	<p>As reported previously, the statement of financial position reflects property, plant and equipment balance of Kshs.4,095,843,888 and Investment property of Kshs.1,118,184,085 both totaling to Kshs.5,212,027,973 as disclosed in</p>	<p>The Authority has not managed to revalue its assets over time due to budgetary constraints. However, the Authority wrote to the Principal secretary, State department for ASALs and Regional Development for</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	<p>Note 16 to the financial statements. However, examination of the fixed asset register and the assets movement schedule revealed that the Authority's assets have not been revalued over time contrary to Paragraph 44 of IPSAS 17 which states that after recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.</p> <p>In the circumstances, the accuracy and completeness of property, plant and equipment and investment property balances of Kshs.4,095,843,888 and Kshs.1,116,184,085 respectively could not be confirmed.</p>	<p>assistance in getting technical support in the valuation of Turkwel Dam from the state department for public works. Currently Public Works is progressing with the valuation of the Dam. Attached are the correspondences for your information.(see the attached letter and communications therein – Appendix Q2)</p>
Emphasis of matter		
	<p>The statement of comparative budget and actual amounts reflects an actual expenditure of</p>	<p>Management has noted the observations, and adjusted the statement of comparison of</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
Budgetary Control and Performance	<p>Kshs.607,542,022 against an approved budget of Kshs.1,005,533,623 resulting into an under-expenditure of Kshs.397,991,601 or 40% of the budget.</p> <p>In addition, the statement of comparison of budget and actual amounts reflects final budgeted revenue and expenditure budget of Kshs.1,005,533,623 which is at variance with the approved budget amount for both revenue and expenditure of Kshs.1,053,467,206. The recurrent and development final expenditure budget amounts of Kshs.381,446,077 and Kshs.624,087,546 respectively are also at variance with approved budget amounts of Kshs.422,880,000 for recurrent and Kshs.630,587,206 for development. No plausible explanation was given for the variances in the budget amounts. The under-funding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p> <p>My opinion is not modified in respect of this matter.</p>	budget and actual amounts as per the recommendations, in the adjusted financial statements

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
Unresolved Prior Year Matters	In the audit report of the previous year, several paragraphs were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Even though Management has provided explanation on the progress made on the recommendations made by the auditors, the issues have remained unresolved as the relevant Parliamentary committee had not discussed them.	Management provided responses on the issues although some issues remain unresolved due factors beyond the Authority's control. The authority has presented the issues before Parliamentary Committee and shall be guided by the recommendations once the report is released
1. Kenya Revenue Authority (KRA) Tax Assessment	As reported previously, the statement of financial performance reflects KRA tax assessments expenditure of Kshs.7,998,298 as disclosed in Note 15 (a) to the financial statements. This expenditure relates to tax assessment done on the Authority relating to withholding taxes dating back to the year 2019 which were not remitted to Kenya Revenue Authority contrary to Regulation 23(2)(a) of the Public Finance Management (National Government) Regulation, 2015 which requires an Accounting Officer of a National Government entity to comply with any tax, levy, duty, pension, commitments and audit	The management has noted the observation; the Authority is in liaison with KRA to resolve the issue since there are some areas on the assessment matter yet to be agreed between the Authority and KRA.

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	<p>commitments as may be provided for by legislation.</p> <p>In the circumstances, Management was in breach of the law.</p>	
<p>2. Trade and Other Receivables</p>	<p>The statement of financial position reflects receivables of Kshs.42,698,568 which includes trade debtors-tenants and trade debtors-other clients amounts of Kshs.28,582,957 and Kshs.7,610,432 respectively as disclosed in Note 18 to the financial statements. Review of the aging analysis revealed that trade debtors-tenants had outstanding debts of over 90 days amounting to Kshs.12,006,596 and trade debtors-other clients had outstanding debts of over 30 days amounting to Kshs.7,610,432 which had fallen due. Although the Management provided evidence of demand notices on rent -debtors, no confirmation has been made on the amounts recovered. The debts have remained outstanding contrary to Kerio Valley Development Authority Financial Management Policy Clause 6.3 on recoverability of debts which states that Kerio Valley Development Authority shall allow up to thirty (30) days moratorium before payment for monthly fees and any other amount due on contractual obligations</p>	<p>The Authority effort to engaged the tenants in arrears was by way of demand letters and actions of closing some offices. This resulted in the Tenants proposing payment plans on the arrears. The payment plans enabled the management to collect Kshs 2,700,000 as at 25th January 2024 and the remaining balances are being followed up. Most of the affected tenants pleaded for more time consideration citing reason of hard economic times. In addition, a large amount in arrears were attributed to government institutions who pleaded for time since hey were yet to receive GoK disbursements.</p> <p>Attached are the copies of demand letters and bank statements for your verification (See appendix Q7)</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	In the circumstances, Management was in breach of the law	
3. Trade and Other Payables	<p>The statement of financial position reflects trade and other payables balance of Kshs.117,750,132 which as disclosed in Note 22(a) to the financial, statements, includes creditors and National Industrial Training Authority balances of Kshs.63,652,983 and Kshs.9,041,800 respectively. Review of the creditors ageing analysis revealed that the creditors balance of Kshs.63,652,983 includes a balance of Kshs.27,699,819 or approximately 44% which has been outstanding for more than ninety days. The outstanding balance of Kshs.9,041,800 due to the National Industrial Training Authority has also been outstanding for more than ninety days. This is contrary to section 10.1.1 of the Kerio Valley Development Authority Financial Management Policy which states that the purpose of the Creditors and Accruals system is to ensure that all liabilities of KVDA are recognized as and when they are incurred, and all liabilities are reviewed monthly to ensure that KVDA can honour its obligations as and when they fall due.</p>	<p>Trade Payables increase was largely due to budget cuts which was beyond the control of the Authority. However, a total of Kshs.32,028,094 had been paid by the time of Audit. Management is already in discussions with NITA on a payment plan to settle the principal amount and seek for waiver on the penalties. KVDA will continue with resource mobilizations to settle all the bills. As and when they fall due.</p> <p>Attached is the list of creditors which were subsequently paid for your verification. (See appendix Q8)</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	In the circumstances, Management was in breach of its own financial management policies.	
4. Non - Compliance with Law on Ethnic Composition	<p>As reported previously, review of human resource data revealed that the Authority had a total of one hundred and fifty-four (154) employees (excluding casual workers). However, of all the one hundred and fifty-four (154) staff, eighty-four (84) are from one dominant community representing 54.5% of staff population 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.</p> <p>In the circumstances, Management was in breach of the law</p>	<p>The Authority was established in 1979 under cap 441 of the laws of Kenya. Its area of operation covers the counties of west Pokot, Elgeyo-Marakwet, Baringo, Turkana and Samburu. To undertake projects/activities such as catchment conservation, crop production, livestock upgrading, water development and hydro-power generation among others. The above-mentioned projects/activities are performed in farms given to the Authority by the communities residing in the mentioned counties with an agreement that the Authority will engage the community members to undertake implementation of the projects. This contributed to the status where majority of staff are from the surrounding communities</p> <p>o address this, the Authority is planning to achieve National cohesion in the establishment through future recruitment</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
		by giving employment opportunities to underrepresented communities. This approach will go on progressively until representation of all communities is achieved
5. Irregular Payments of Acting Allowance	<p>Review of Payroll data revealed that one officer had been in acting position for twelve {12} months. This implies that the officer had irregularly earned acting allowance at a rate of Kshs.24,244 for six (6) months amounting to Kshs.145,466, over and above the regulated 6 months contrary to section 4.5.8 of Kerio Valley Development Authority Human Resource and Policy Manual which states that acting period shall be limited to a continuous period of six (6) months</p> <p>In the circumstances, Management was in breach of its own human resource policies.</p>	<p>The officer’s acting allowance was extended pending competitive recruitment and filling of the position. By the time of the Audit, the process of recruitment was on going. Currently the position has been filled. Attached is the copy of Employment offer for your information. (copy of the Appointment letter, APPENDIX Q10)</p>
6. Advance Payments on Error and kimwarer Multi-Purpose Projects	<p>As previously reported, the statement of financial position reflects advance payments on multi-purpose projects amount of Kshs.7,778,151,688 as disclosed under Note 20 to the financial statements. The payments were made to the contractors towards construction of Arror and Kimwarer Dams which was to be recovered by the</p>	<p>The advance payments of Kshs 7,778,151,688 were in line with the contract signed between KVDA and CMC Di-Ravena. There has been an ongoing investigation and subsequently court case and arbitration on the project. A disclosure of contingent liability on these projects has</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	<p>Authority from subsequent payments of certified works. According to Management representation made during the audit, the contractor had not moved to the site and the works had not been started as at the time of audit. Though the matter is pending before the International Court of Arbitration, the Management has not made any provision for doubtful debts in respect to the advance payment of Kshs.7,778,151,688.</p> <p>In the circumstances, value for money has not been realized on the advance payments on the multipurpose projects of Kshs.7,778,151,688.</p>	<p>been made in the notes (note 26) in the financial statements. No certificate and invoices have been made by the contractor after the payment of the first advance payment, the provision for doubtful debt had not been made due to the fact that this amount is secured by guarantees.</p>
<p>Lack of Adequate Staff for Internal Audit</p>	<p>Review of payroll and other supporting records revealed that the Authority had two internal audit staff while the approved staff establishment provides for seven internal audit staff. This resulted to a staff shortfall of five (5). This is contrary to Regulation 155(2)(a) of the Public Finance Management Regulations, 2015, which states that an Accounting Officer shall ensure that the organizational structure of the internal audit unit facilitates the entity to accomplish its internal audit responsibilities</p>	<p>The Authority has been unable to recruit over the years because of the government freeze on employment. This in turn affected the staffing levels of various cadres including that of internal audit. Following the lifting of the freeze, Management is currently reviewing its HR instruments with a view of seeking for approval to recruit and fill the existing gaps in the internal Audit and other areas as per staff establishment. In the meantime, Management enhanced the capacity of internal Audit by posting two additional</p>

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments
	In the circumstances, the effectiveness of the internal control processes could not be confirmed.	staff on contract and one permanent bringing the total workforce to 5. This has doubled the human resource capacity in the division.

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report.
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your Entity responsible for the implementation of each issue.
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.



Managing Director

Date: 06/09/2024

KERIO VALLEY DEVELOPMENT AUTHORITY

Annual Report and Financial Statements

For the year ended June 30, 2024.

Appendix V- Inter-Entity Confirmation Letter


Name of Transferring entity: EAC- ASAL & REGIONAL DEVELOPMENT

Name of Beneficiary entity: Kerio Valley Development Authority

Confirmation of amounts received by KVDA as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Inward SWIFT Pa STATE DEPT FOR /REC/000000101	14-Aug-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000000291	11-Sep-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000000687	16-Oct-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000000734	1-Nov-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000000937	6-Dec-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000001107	29-Dec-23	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000001504	8-Feb-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000001895	12-Mar-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000002135	15-Apr-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000002358	16-May-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000002978	14-Jun-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /REC/000003365	27-Jun-24	20,198,333		20,198,333	
Inward SWIFT Pa STATE DEPT FOR /ROC/0010000032	21-Dec-23		395,772,500	395,772,500	
Inward SWIFT Pa STATE DEPT FOR /ROC/0010000048	29-Feb-24		395,772,500	395,772,500	
Total		242,379,998	791,545,000	1,033,924,998	

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

Head of Accounts Department - Beneficiary Entity:

Name: Mr. Moses Kipchumba Sign:  Date: 06/09/2024