

REPUBLIC OF KENYA



Enhancing Accountability

REPORT	
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 15 MAR 2023	DAY:
TABLED BY:	Hon. Samuel Chapkonga, MP OF On behalf of Majority Leader
CLERK-AT THE TABLE:	Christine Odinyi

THE AUDITOR-GENERAL

ON

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

**FOR THE YEAR ENDED
30 JUNE, 2021**



EWASO NG'IRO NORTH
RIVER BASIN DEV. AUTHORITY

EWASO NG'IRO NORTH RIVER DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2021**

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Table of Contents	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT	ii
2. THE BOARD OF DIRECTORS	iv
3. MANAGEMENT TEAM	ix
4. CHAIRMAN'S STATEMENT	xii
5. REPORT OF THE CHIEF EXECUTIVE OFFICER	xiii
6. STATEMENT OF ENNDA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020-2021	xvi
7. CORPORATE GOVERNANCE STATEMENT	xviii
8. MANAGEMENT DISCUSSION AND ANALYSIS	xxii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING	xxvii
10. REPORT OF THE DIRECTORS	xxxvii
11. STATEMENT OF DIRECTORS' RESPONSIBILITIES	xxxix
12. REPORT OF THE INDEPENDENT AUDITORS ON EWASO NGIRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY	xl
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021	1
14. STATEMENT OF FINANCIAL POSITIONAS AT 30 JUNE 2021	3
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019	5
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2021	7
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENING 30 JUNE 2021	9
18. NOTES TO THE FINANCIAL STATEMENTS	10
APPENDIX	40

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

1. KEY ENTITY INFORMATION AND MANAGEMENT

Ewaso Ng'iro North River Development Authority

(a) Background information

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

(b) Principal Activities

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

(c) Key Management

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

- Board of Directors
- Managing Director
- Senior Managers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Managing Director/Chief Executive Officer	Eng. Ali Ibrahim Hassan, PhD
2.	Director, Infrastructure & Natural Resource Development	Mr. Josiah W Mulwa, HSC
3.	Director, Planning, Business Development and Investments	Mr. John Mwaniki Njoka
4.	Director, Corporate Services	Mr. Abdirizak M. Abdille
5.	Manager, Business Development, Investments & Enterprise Management	Ms. Lucy W. Wamaru
6.	Manager, Regional Coordination	Ms. Esther K. Rimeria
7.	Manager, Finance and Accounts	Ms. Fouzia Hared Abdi
8.	Manager, Supplies Chain Management	Ms. Fatuma Ali Jillo
9.	Asst. Manager, Planning, Business Development & Investments	Mr. Kiptisia K. David
10.	Asst. Manager, Administration	Mr. Garat Kassim
11.	Regional Manager, Upper Eastern Region	Mr. Abdullahi Wario Mio
12.	Regional Manager, North Eastern Region	Mr. Ahmed M. Abdi
13.	Desk Officer, Garissa Regional Office	Ms. Maimuna Mohamud
14.	Desk Officer, Samburu Region	Mr. Abdullahi Jarso Guyo
15.	Desk Officer, Isiolo Regional Office	Mr. James A. Boru Konso

(e) Fiduciary Oversight Arrangements

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

(f) Authority Headquarters

REGISTERED OFFICE:

Ewaso Ng'iro North River Basin Development Authority
P.O. Box 203-60300
ISIOLO.
Tel.064 – 5352002/5352507/08
Email:ewasonorth14@hotmail.com
ewasonorth14@gmail.com

(g) Authority Contacts:

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

(h) Authority Bankers:

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

(i) Independent Auditors

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


(j) Principal Legal Adviser

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




Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

2. THE BOARD OF DIRECTORS

The Board is composed of twenty six (26) members, with twelve of them being drawn from the private sector, twelve representatives from the public sector and an Executive Managing Director including the Chairman, who is non-executive and appointed by the President from the private sector, and serves for a maximum of two 3-years term. The members of the Board who held office during the year are as follows:-

Director's passport-size photo and name	Director's date of birth, key qualifications and work experience
 <p>Mohamed Liban Chairman</p>	<p>He was born in 1961 and was appointed as the Chairman of the Board on 3rd May 2019.</p> <p>Qualifications: Masters of Public Health and Epidemiology from Kenyatta University in 2005 with Higher Diploma in Cataract Surgery (Intra-ocular lens implant Surgery), International Diploma in Community Eye Health from London University, Higher Diploma in Ophthalmology, Diploma in Clinical Medicine and Surgery, and Certificate in Refraction.</p> <p>Work Experience: Currently he is the Proprietor, Isiolo Vision Centre providing comprehensive eye care services.</p> <p>2015 to 2017: Regional Elections Coordinator for Upper Eastern Region.(IEBC) 2011 to 2015: Regional Elections Coordinator for Upper North Eastern [Wajir and Mandera Region](IEBC) 2009 to 2011: Regional Elections Coordinator for Upper Eastern Region(IIEC) 2008 to 2009: Regional Manager for Upper Eastern Region for the Kenya Red Cross Society(KRCS) 1984 to 2007: Ministry of Health</p>
 <p>Eng. Ali Ibrahim Hassan, PhD Managing Director/CEO</p>	<p>Date of birth:1965</p> <p>Qualifications: Senior-Level Executive - Corporate Strategy, Development & Implementation. Holder of Degrees of Doctor of Philosophy (PhD) in Project Management, Master of Science in Project Management (MSc), Masters in Business Administration (MBA) and Bachelor of Science in Civil Engineering (BSc).</p> <p>Work Experience: 31 years experience (1989-2020) in Construction Projects Management, Financial Management and Human Resources Management and Administration in the public sector.</p> <p>1st October, 2019 to date: Ewaso Ng'iro North Development Authority Position: Managing Director</p> <p>3rd April, 2017 to 29th March, 2018: National Water Conservation & Pipeline Corporation Position: Acting Managing Director</p> <p>4th January, 2016 to 3rd September, 2019: National Water Conservation & Pipeline Corporation Position: General Manager, Construction & Electro - Mechanical Department</p>




Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Director's passport-size photo and name	Director's date of birth, key qualifications and work experience
	<p>18th February, 2009 to 31st December, 2015: Kenya Rural Roads Authority Position: Manager/ Regional Manager:</p> <p>2nd April, 1998 to 17th February 2009: Ministry of Roads and Public Works Position: District works officer/District Roads Engineer:</p> <p>19th December, 1989 to 1st April, 1998: Ministry of Agriculture Position: Soil and Water Conservation Officer</p>
 Paul Rushdie Russo Director and Chairman Finance & Administration Committee	<p>Mr. Russo joined the Board on 8th February 2019.</p> <p>Qualifications: Paul holds a Bachelor of Arts (Business Management) (Hons) from Moi University Kenya; a Higher Diploma in Human Resource Management from Institute of Human Resource Management, Kenya; and an MBA from Strathmore Business School Strathmore University, Kenya</p> <p>Paul is currently the Managing Director, CEO and Executive Director at National Bank of Kenya.</p> <p>He has progressive Senior and Executive Human Resources Management experience with extensive involvement in enterprise service delivery, organizational design, human capital optimization, employee relations, people transformation and change. He has held national and regional roles in Kenya, Tanzania, South Africa and African Regional Management Offices. He has worked for Barclays, PricewaterhouseCoopers, K-Rep Bank, Unga Holdings Limited and East African Breweries Limited. He was also the Receiver Manager at Chase Bank Limited (In Receivership) on behalf of KCB Bank Kenya Limited.</p>
 Abdalla Hassan Abdalla— Director	<p>Mr. Abdalla was born in 1986 and joined the Board on 2nd October 2015. He was further re-appointed to the Board on 8th February 2019.</p> <p>Qualifications: He holds a Bachelor degree in Commerce (Procurement & Supply chain Mgt option). He has 10 years' experience in Civil Engineering Contractor, Entrepreneur & Civil Engineering Consultancy.</p>
 Isaack Kara Boru— Director and Chairman Audit Committee	<p>Mr. Isaack Kara was born in 1958 and joined the Board on 8th February 2019.</p> <p>Qualifications: Diploma in School Administration He has wide experience in public service for a period spanning over 37 years, this being his second appointment to the Board. He served in the same capacity from 1994 to 2000 in the ENNDA Board. 1992 to 2002: Executive Secretary KNUT(CO) Isiolo Branch</p> <p>He is currently the Chairman Practical Solutions (CBO)</p>



Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Director's passport-size photo and name	Director's date of birth, key qualifications and work experience
 <p>Thomas Leremore- Director</p>	<p>Thomas Leremore joined the Board on 8th February 2019.</p> <p>Qualifications:</p> <ul style="list-style-type: none"> • MA in International Conflict Management, University of Nairobi, 2013 • BA in Political Science and Sociology, University of Nairobi, 2006 • Diploma in Natural Resource Management, University of Nairobi, 2002 <p>2018-Date: Currently serving as the Chief Executive Officer of Peace and Development Network (PeaceNet – Kenya). PeaceNet is a national network established to consolidate a broad based national coalition of peace actors (NGOs, CBOs, FBOs and Practitioners) in Kenya. PeaceNet has been the taskforce leader of the United Nation's Cluster for Early Recovery and Food Security and has continued membership in Education, Humanitarian, and Protection clusters.</p> <p>January 2018 -to date: Visiting lecture, Presbyterian University of East Africa</p> <p>2007-2010: Director, Peace and Justice Commission, Presbyterian Church of East Africa (PCEA).</p> <p>February 2016- to date: Director, Go Energy Limited. Go Energy is private limited Company dealing with import and export of petroleum products</p> <p>May 2010: On behalf of Japan Centre for Conflict Prevention, he undertook consultancy work on country profiles and security situation analysis in the Great Lake Region and Horn of Africa.</p> <p>7th – 25th June 2010: On behalf of the Japan Centre for Conflict Prevention, facilitated three training workshops for 20 community-based organizations in Nairobi, Naivasha and Nakuru on formation of peace agents to help in post-election resettlement.</p> <p>2009-2010: Reformed Church of America consultant for a one-year program sponsored by RCA on reconciliation in Rift valley province. The work involved bringing together communities that were involved in 2007/2008 post electoral violence in Eldoret, Kitale, Kericho, Molo and Kuresoi</p> <p>2013-2014: Undertook a one-year consultancy for the Evangelical Lutheran Church in Kenya and helped to establish peace department and peace programs for Evangelical Lutheran Church in Kenya</p>
 <p>Hon. Nasra Ibren Ibrahim- Director</p>	<p>Hon. Nasra Ibrahim joined the Board on 8th February 2019</p> <p>Qualifications</p> <p>2014-2015: United State international university-Africa Global Executive Masters in Business Administration (GeMBA) Nairobi, Kenya.</p> <p>2005-2007: Khartoum International Institute of Arabic language Masters in teaching Arabic language as a second language. Khartoum, Sudan.</p> <p>2004: International University of Africa Certificate in teaching – primary and secondary Levels. Khartoum, Sudan</p> <p>2001-2004: International University of Africa Bachelor of Education, Arabic language. Khartoum, Sudan.</p> <p>2001-2002: High institute of Islamic studies Diploma in Islamic studies. Khartoum, Sudan.</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Director's passport-size photo and name	Director's date of birth, key qualifications and work experience
	<p>2018 to date:Executive Director, Maragua Muslim Girls secondary school.- Muranga county.</p> <p>2013 – 2017:Member of the National Assembly (MP), Marsabit County.</p> <p>2010-2012: Principal (Headmistress) Maragua Muslim Girls secondary school. Muranga – Kenya.</p> <p>2010: Deputy Principal. Maragua Muslim girls sec school Muranga-Kenya.</p>
 Ahmed Mohamed Abdi Ogle– Director	Mohamed Ogle joined the Board on 8 th February 2019. Qualifications: MBA(Project Management) from the University of Wales-UK He has vast experience in project planning and management, financial management monitoring and evaluation and quality control. Currently he is the Project Manager at Ogle Construction Company.
 Margaret Mumbi Mwago– Director	Margaret Mumbi joined the Board on 8 th February 2019. Qualifications: PhD Project Planning and Management from University of Nairobi Master of Arts(Project Management) from University of Nairobi She has led at the Policy making level in various institutions such as Athi Water Services Board, AMREF flying Doctors and has immense knowledge in developing Corporate strategy,Performance Management and executing projects. Currently she is a Board Director for Athi Water Services Board.
 Farah Abdikadir Mohamed– Director	Farah Abdikadir joined the Board on 8 th February 2019. Qualifications Diploma in Community Development February 2011 – July 2011: Deport Administrative Manager, Hass Petroleum Uganda May 2010 – January 2011: Area Manager (Bunia and Ariwara), Hass Petroleum Eastern Congo, DRC January – November 2009: Logistics/Program Officer, Mercy Corps Somalia November 1995 – January 2009: Clerk, Al-Maaruf Company Limited
 Christopher Ndegwa, HSC- Director	Christopher Ndegwa was born in 1958 and joined the Board on 8 th February 2019. Qualifications: B.Ed-Science(Hon) from the University Of Nairobi. Current Status: Chairman- Board of Directors Yetu Sacco, Managing Director-Nkubu Heritage Hotel He has a long history in the Public Service spanning over 35 years.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021






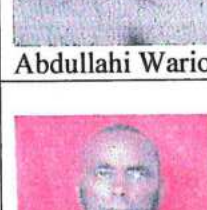
Director's passport-size photo and name	Director's date of birth, key qualifications and work experience
 <p>Ahmed Ibrahim Hajj-Director</p>	<p>Ahmed Hajj was born in 1968 and joined the Board on 8th February 2019.</p> <p>Qualifications: Bachelor of Commerce (Business Administration option) - (Second Class Honours) 2011 to 2016: General Manager, Pyramid Construction Company Ltd 2005 to 2011: Managing Director, Fast Trucks Limited 1995 to 2005: Commission Agent, SME (A Sole Proprietorship in the petroleum and transport industry)</p>
 <p>Robert Lemerketo-Director</p>	<p>Robert Lemerketo joined the Board on 8th February 2019.</p> <p>Qualifications: Master of Business Administration- Kenya Methodist University Master of Financial Services- Anamalai University Tamil Nadu India Successfully completed coursework in self-directed, self-paced learning environment. Bachelor Of Commerce- Jabalpur University India Jabalpur 2014 – 2017: Lecturer Marist International College 2011 – 2012: Nyayo House Headquarters 2006 - 2010: Immigration Office Jomo Kenyatta International Airport 2005 – 2006: Immigration office Suam Border point</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021



3. MANAGEMENT TEAM

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
1.	 Eng. Ali Ibrahim Hassan, PhD Managing Director	Managing Director Manager Area of responsibility Managing the Affairs of the Authority
2.	 Josiah W. Mulwa, HSC	Director, Infrastructure & Natural Resource Development - B.Sc (Agric. Eng), M.Sc. (S & W/Eng.) Area of responsibility In charge of Technical Services and Operations in the Authority
3.	 Abdirizak M. Abdille	Director, Corporate Services -BCom, CPA II Area of responsibility Audit Section
4.	 John N. Mwaniki	Director, Planning, Business Development and Investments- MSc(Reg. Dev. Planning) Area of responsibility Planning Department
5.	 Lucy Wamaru	Manager, Business Development, Investments & Enterprise Management - BBA (Accounting option) Area of responsibility Business Development, Investments department
6.	 Esther K. Rimberia	Manager, Regional coordination - BSc., Msc (Business Adm. & Project Mgt) Area of responsibility Coordination of Regional offices

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
7.	 Fouzia Hared Abdi	Manager, Finance and Accounts- BBA (Accounting option) Area of responsibility Finance and Accounts Department
8.	 Fatuma Ali Jillo	Manager, Supplies Chain Management - Bcom Finance Opt Area of responsibility Procurement Department
9.	 Kiptisia K. David	Asst. Manager, Planning, Business Development and Investments - Bsc. (Statistics/Chem.) Area of responsibility Planning
10.	 Garat Kassim Adow	Asst. Manager, Administration Area of responsibility Transport Operations in the Authority
11.	 Abdullahi Wario Mio	Regional Manager - Bsc (Community Development), MA (Community Development) Area of responsibility Upper Eastern Regional Office
12.	 Ahmed M. Abdi	Regional Manager Area of responsibility North Eastern Regional office

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
13.	 <p>Maimuna Mohamud</p>	<p>Desk Officer - Bsc., Msc(Project Planning)</p> <p>Area of responsibility Garissa Desk office</p>
14.	 <p>Abdullahi Jarso Guyo</p>	<p>Desk Officer - BCom (Economics)</p> <p>Area of responsibility Samburu Desk office</p>
15.	 <p>J.A. Boru Konso</p>	<p>Desk Officer</p> <p>Area of responsibility Isiolo Desk office</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

4. CHAIRMAN'S STATEMENT



“Improvement of service delivery at the Authority and reforms of the enabling Act will result to improved efficiency, increase in productivity and development coordination in the Ewaso Ng'iro North River Basin”

It gives me pleasure to present the Ewaso Ng'iro North River Basin Development Authority's Annual Report and Financial Statements on behalf of the Board of Directors for the year ended 30th June 2021. The Authority delivered few projects and programmes owing to limited funding during the year under review.

CORPORATE SOCIAL RESPONSIBILITY

As the Authority continues to achieve the set strategic objectives, it considers Corporate Social Responsibility as an integral part of its core values. The Authority cares for its staff, the communities around, and is sensitive to the environment in which it operates.

During the year 2020/2021, the Authority was involved in various Corporate Social Responsibility initiatives aimed at impacting positively on the lives of respective communities. The Authority's Corporate Social Responsibility activities focused on response to distress calls by undertaking water trucking in Isiolo and Garissa counties and training of local youths on entrepreneurial skills among others. Construction and rehabilitation of one water pan in Luqoon Wajir South where the Authority only provided the machinery and skilled operators and the community met the cost of fueling the machinery, transportation and mobilization cost to the site. Further, test pumping of twenty two boreholes in Mandera North and Mandera East in Mandera County was carried out by providing only the machinery and the expertise while the community catered for the rest. The allowances paid to this staff members are included in the travelling and subsistence allowance. Also the Authority assisted communities neighboring its headquarters with tap water. These efforts will be spread to other parts of the basin in future wherever resources allow.

FUTURE OUTLOOK

The Authority has been focusing on developments driven by key factors, major amongst them stakeholder participation, multi-sectoral and integrated projects and programmes and most importantly aligning all the projects and programmes to the Big Four Agenda. Value addition to available products for the improvement of the living standards of the Basin's communities which has been at the centre stage for service delivery by the Authority. Private Public Partnership (PPP) is viewed as the way forward for future growth of the Authority and the entire region. Development of large scale water reservoirs, exploration of solar and wind for development will be integral in projects to be implemented by the Authority.

I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership in the organization over the past year. Their commitment contributed immensely to our performance in the year just ended. I commend the Management and staff for working tirelessly to achieve the level of projects delivery experienced during the years. I am confident that they shall spare no effort to surpass the targets we have set for the new financial year and according to our 2018-2022 Draft Strategic Plan, being reviewed and guided by the Integrated Regional Development Plan 2010-2040 prepared by the Authority.

In conclusion, I thank our customers, the community and other business partners for supporting our organization in various ways. We are confident that with your support we shall make the Authority the leading agency in Regional Planning and Development.

Thanks and God Bless you.



Mohamed Liban.
CHAIRMAN

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



“We continue to make remarkable strides in our quest to transform the lives of communities of Kenya generally and those of the ENNR Basin particularly”

I am delighted to present the Authority's Annual Review in line with our commitment in keeping our customers and other stakeholders aware of the Authority's performance and development, during the financial year that ended 30th June 2021.

The core activities of the Authority are planning, coordination, and implementation of integrated multi-sectoral projects and programmes based on its four main Programme areas of: Development of River banks, water bodies and catchment areas; Regional Development planning; Integrated Basin Based Development; and Community Empowerment Support programmes. During the reporting period, the

Authority had aligned its projects and programmes to the Big four and endeavoured to tapping opportunities for employment creation in the Manufacturing Sector through its Gum Arabic and Resins development project in Wajir, Planting of fruit trees in community farms for food and nutrition security, development of hygienic water supply structures for enhanced health of the communities and is expected to enhance these efforts in the coming years.

OPERATIONAL PERFORMANCE

During the year under review, the Authority has been able to successfully carry out the following under the three project areas:

- (i) Ewaso Ng'iro North Catchment Conservation, riparian protection and rehabilitation: developed and constructing four (4) water pans and flood storage structure having a storage volume of 200,000m³, protected, and conserved spring in Ngilai are of Samburu East and developed a water supply scheme for public institutions, domestic and livestock use where more than 5000 households and 10,000 livestock benefited. Additionally, under this component, the Authority rehabilitated three(3) water pans through desilting and provision required auxiliary facilities for use, with total storage of 60,000m³; Further, the Authority developed two (2) tree nurseries for propagating tree seedlings to be planted in the basin during the wet season; Under non consumptive forest conservation, the Authority procured and supplied 120 beehives and honey harvesting kits to youth and women groups within the basin in Wajir North (Wajir County), Igembe North and Buuri (Meru County) Constituencies to encourage forest conservation.
- (ii) Large Water harvesting Reservoirs; under the drought mitigation programme, the Authority managed to secure funding for development of four (4) mega dams in the basin to supply water for domestic, livestock and irrigation to enhance food security and nutrition. These projects are at different levels of completion and expected to be completed in the first half of the subsequent financial year.
- (iii) During the year the Authority embarked on the operational of the Gums and Resins factory in Wajir County. Two processing lines were constructed, installed and operationalized. These two lines are; the Essential oil plant and the resins plant. It also embarked on mapping the gums and Resins resources to facilitate location of collection centres to supply raw materials to the factory.
- (iv) Community Empowerment and support: Community Empowerment and Support Programme during this period included mapping of gums and Resins resources in Wajir County for value addition to the gums and resins abundantly available in the basin, award of a contract for the development of a second line of the factory to process gums and resins. This will lead to creation of employment in addition to providing alternative income source for the local community. The project is ongoing and due for commissioning in the next financial year.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Investments

Though the Authority's development has been hampered by reduced funding and poor rainfall during the reporting year, nonetheless, The Authority has been able to undertake elaborate review of the guiding document: the Strategic Plan, and Human resources Management tools which provides the path ahead for development.

The Strategic Plan

During the year, the Authority continued implementing projects and programmes as planned in the Strategic Plan 2018-2022. The Strategic Plan recognizes progressive changes and national transformation strategies that have been embedded in government policy documents and operations including the "Big Four" Agenda.

The Plan focuses on high productivity and efficiency; modern infrastructure and facilitative projects that are aimed at transforming the Basin's communities living standards by alleviating poverty through retarding catchment degradation, provision of adequate water in both quantities and quality. It aligns all the Authority development projects to the 'Big Four' and thus envisages food security through promotion of affordable irrigation development, construction of a modern camel milk processing factory while provision of modern affordable housing through production of stabilizes soil bricks, and production of heavy clay building materials is anticipated. On the manufacturing sub-sector, the plan envisages operationalization of the Gums and Resins factory, implementation of the meat processing plant (abattoir) is prominent in the plan. The Strategic Plan therefore strives to put the Authority at the forefront in sustainable resources development across all sectors and subsectors, in line with vision 2030 goals.

The Human Resource Tools

During the reporting period, the Authority managed to finalize on the Human Resource Tools, and enabled the organization to be upgraded from scale E1 to E2 in the Parastatal classification used in Kenya. The tools provide clear pathways for management, career development and enhance will aid in service delivery of the Authority.

Risk Management

We continue to work towards a strong risk management framework. This framework will enable among other things to identify and manage significant risks in our operations and constantly monitor the risk profile in relation to our operations

Service Delivery

In line with the Authority's core values of excellence, integrity, team work and social responsibility, the Authority operates in a corruption free environment where the respect of all, equitable development and delivery of community demanded projects and programmes. The outputs from Authority are made to ensure delivery of quality and competitive services that exceed customer expectations.

We have embraced on information technology as a way of enhancing efficiency in our service delivery, by computerizing the Authority payroll, Human resource records and regularly updating our GIS database among others. This has improved transparency, accountability and flow of financial transactions.

Safety, Health and Environment

The maintenance of appropriate fire-fighting equipment and other safety standards remains a key responsibility of all employees and the Authority is committed to the proactive management of safety risks associated with operations. Our objective is to identify, reduce and control material risks relating to fires, accidents or injuries to employees and customers. Both internal and out of office work environment is given due regard to ensure ergonomics on employees.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Appreciation

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


Eng. Ali Ibrahim Hassan, PhD
MANAGING DIRECTOR.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

6. STATEMENT OF ENNDA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020-2021

Introduction

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

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

Below we provide the progress on attaining the stated objectives:

Program	Strategic Objective	Outcome	Indicator	Performance
The Ewaso Ng'iro North integrated water, drought and food security.	To achieve food security and improved nutrition	Increased availability and accessibility water through increased volumes created Increased livestock production system Increased standard of living through livelihood Increased nutritional status through subsistence garden farms	Increased household income through sales of vegetable from the gardens Increased water storage volumes by 1, 781,100m ³ Reduced incidences of diseases by 10%	Increased access to potable water by 30% through construction of Chaffa Chachane, EressaTeno, Boji Garse and Malalba Earth Fill Embankment dams
Ewaso Ng'iro North Gums and Resins Processing Factory in Wajir	To increased local income through value addition and employment creation	Increased household income at production level in Wajir, Mandera, Samburu, Isiolo and Marsabit Counties	Increased food security status	The Completion and operationalization of Wajir Gums and resins Factory have increased household income of non-timber products farmers by 20%
Ewaso Ng'iro North River Catchment	To promote conservation and	Increased conservation	10kilometres of riparian areas of	Planted 10,000trees seedlings in

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Program	Strategic Objective	Outcome	Indicator	Performance
Conservation & Rehabilitation Programme	rehabilitation of catchments and riparian areas within the basin	awareness Increased vegetation cover through tree planting and growing exercises	Isiolo River and Ewaso Ng'iro North River protected through planting and growing of trees	contributions towards 10% target of forest cover by planting trees along Ewaso Ng'iro North River and Isiolo River.
	Water Resources Development, Conservation and Management Projects	Increased availability and accessibility to palatable domestic water	Increased food security status through support of subsistence	Increased water storage volume by 50% i.e., increased additional volume of 45,000m ³ through construction of Walensu Water pan

7. CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensuring that the Authority is run in a professional, transparent, just and equitable manner so as to protect and enhance that the communities and our valued shareholders interest and value are satisfied with our service delivery. The principles and standards adhered to by the board have been developed with close reference to guidelines on corporate governance issued by the Centre for Corporate Governance, State Corporation Advisory Committee (SCAC), and the Government for Government State Corporations.

The Board Size, Composition and Independence

The Board consists of twenty-five (24) directors out of whom thirteen (12) are independent non-executive directors including the Chairman, Executive Managing Director and twelve(12) Alternate directors representing various government institutions. The Board composition draws a good mix of skills, experience and proficiencies in various fields bringing together a broad array of leadership and management skills into the Authority.

The non-executive Directors and the alternate directors are independent of Management. Their role is to advise, constructively challenge and monitor the success of Management in delivering the agreed strategy within the risk appetite and control frame set by the board. They only involve themselves in giving guidance and direction to the Management.

Board Responsibility

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

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

A summary of the Board responsibilities are as follows:

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Chairman and Managing Director

The roles of the Chairman of the Board and the Managing Director remain distinct and separate. The Chairman gives overall leadership to the Board without limiting the principles of collective responsibility for the Board decisions. The Managing Director is responsible to the Board and takes responsibility for the effective and efficient running of the Authority on day-to-day basis.

Board Remunerations

The non-Executive Board members are paid sitting allowances for every meeting attended, including travelling and accommodation allowance to and from the meeting to their home county. The chairman is also paid a monthly honorarium and telephone expenses as determined by the government from time to time.

Board and Strategy/Committee Meetings and Trainings/Induction courses

The Board and its committees meet regularly in accordance with business requirements. All directors participate in discussing strategy, performance, financial and risk management of the Authority. Meetings of the board are structured to allow sufficient time for consideration of the matters to be discussed.

The board work plan together with the calendar (Almanac) of meetings for 2020/2021 were fixed in advance and provided to all the directors. However, the last half of the financial year was adversely affected by the advent of the Coronavirus pandemic and thus most of the planned meetings were not held as scheduled. In this regard, the authority management managed to organize the normal eight meeting as required by the charter where some were through virtual meetings through zoom where necessary approvals were sourced.

The board has ownership over the Authority's strategic direction. It regularly reviews reports on progress toward the target of the approved work plan, progress against financial objectives and projects and programmes development. The chairpersons of board committees report at each meeting of the board on the activities of the committee since the previous Board meeting. The board receives regular reports from the Managing Director on all matters related to the general running of the Organization, and particularly on projects completion rates, operations environment, strategy, challenges to projects and programmes implementation and budgetary releases and utilization as to gauge the general performance of the Authority.

The Board gets regular reports on the Authority risk appetite profile, top and emerging risks, risk management, liquidity, litigations, compliance and any emerging issues. Departmental heads and Regional Managers are regularly invited to attend board and committee meetings as required to make presentations that give directors an insight into specific technical business areas.

During the Financial Year under review no trainings or induction courses were scheduled due to the Covid 19 pandemic.

Directors' External Activities and Conflict of Interest

Directors have a statutory duty to avoid situations in which they have interest which may conflict with the interest of the Authority.

Board Structure

The Board operates under a comprehensive structure made up of committees established to assist in discharging its responsibilities and obligations. These committees assist the board in carrying out its functions and ensuring that there is independent oversight of internal controls and risk management.

The Board has determined the purpose and the number of committees required to support it in carrying out its duties and responsibilities and in guiding Management. These committees have been established with specific terms of reference, which are continually reviewed and up dated. The appointment of members to

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

these committees draws on the skills and experience of individual directors. The role played by board committees forms the principal point of contact between the Directors and Management.

The board committees are namely; Finance and Administration, Planning & Development and Audit Committees. The members of the respective committees are shown in this report.

All the committees have at least three (3) independent directors as members. The chair of the committees must be an Independent director. The chairman does not sit in any of the committees.

At every meeting of the full board the chair of each committee presents a report on its activities, decisions and recommendations of their respective committees since the date of the previous meeting for further consideration and approval where necessary.

Details of the committees are given below:

Finance and Administration Committee

The core functions of the Finance and Administration Committee shall be to ensure that the undertakings of the Authority are operated efficiently, according to sound Management principles in accordance with Finance Management Act 2012 and ENNDA Act CAP 448 of 1989 and reviewed in 2012.

The committee also is mandated to make reviews of the Human Resources policies and procedures and ensures that they support the strategy of the Authority. It ensures that the Authority maintains a policy of providing remuneration packages that fairly reward staff for their contribution to the operations of the Authority, whilst considering the need to attract, retain and motivate staff of the highest calibre. The committee also ensures successions plans are in place for senior managers of the Authority.

Planning and Development Committee

The Committee focuses on ensuring that productivity is maintained according to international standards. It also identifies obstacles that may hamper smooth operations and formulates policies on improvement of Authority performance in projects and programmes delivery.

A significant factor in the Authority's success is the strength of this Committee. Members of the committee bring together vital leadership, planning, monitoring, evaluation and development skills and extensive operational experiences from both local and international exposure. To harness their strength, the Managing Director has established the technical and operations committee. This committee meets regularly and at least quarterly to discuss strategy formulation and implementation, policy matters and financial performance of all ongoing projects and programmes. It is also responsible of ensuring compliance with the regulatory frame work and guideline and adherence to the Authority's policies and procedures. The committee also serves as the link between the board and management in terms of Strategic Planning, projects implementation and performance. The Managing Director has also nominated the head of technical services and operations including the Head of planning and special programs to this committee to support it in realization of its objectives. The committee may from time to time co-opt other departmental or section heads for some specialised information such a GIS and other development related matters including Information Technology among others.

Audit Committee.

The committee plays a vital role in ensuring the integrity of financial statements prior to their review and approval by the board. To this end, the committee reviews the accounting policies financial reporting and regulatory compliance of the Authority. The committee also continually evaluates the effectiveness of risk management programs.

The committee receives reports of the Internal and External Auditors and management's corrective response to the findings. The committee also reviews the overall scope, annual plans for the internal audit function's

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

activities and oversees the alignment of risk management programs and internal audit activities. The committee reviews all key internal audit reports and has regular direct access to the Head of Internal Audit

Membership of Board Committees

S/no	Name	Classification of Directors	Committees		
			Planning & Development	Finance & Administration	Audit
1.	Mohamed Liban	Independent/Chairman	-	-	-
2.	Eng. Ali Ibrahim Hassan, PhD	Managing Director	-	-	-
3.	Abdalla Hassan Abdalla	Independent		√	
4.	Margaret Mumbi Mwago	Independent		√	
5.	Robert Lemer keto	Independent		√	
6.	Farah Abdikadir Mohamed	Independent		√	
7.	Thomas Leremore	Independent			√
8.	Ahmed Ibrahim Hajj	Independent	Chairman		
9.	Isaack Kara Boru	Independent			Chairman
10.	Hon. Nasra Ibrahim Ibren	Independent	√		
11.	Paul Rushdie Russo	Independent		Chairman	
12.	Christopher Ndegwa	Independent			√
13.	Ahmed Mohamed Abdi Ogle	Independent			√
14.	Benson Kinyua	Alternate		√	
15.	Eng. Richard Kanui	Alternate	√		
16.	Joseph Onyango	Alternate		√	√
17.	Patrick Mugo	Alternate		√	
18.	Eng. Samson Peter Gongi	Alternate			√
19.	Dan K. Marangu	Alternate	√		
20.	Daniel Nyameti	Alternate			√
21.	Parnwell Gitongah	Alternate	√		
22.	Michael Odulwa	Alternate	√		
23.	Munyembo Mwachala	Alternate	√		
24.	H. M. Shambi	Alternate			√
25.	James K. Wang'ombe	Alternate		√	

8. MANAGEMENT DISCUSSION AND ANALYSIS

“We have continued to make remarkable strides in our quest to transform the lives of communities of the ENNR Basin particularly and Kenya generally”



I am delighted to present the Authority's Management Discussion and Analysis of performance for the period 2018/19 to 2020/2021 in line with our commitment in keeping our customers, the Shareholders (Government) and other stakeholders aware of the Authority's performance and development, during the review period ending 30th June 2021.

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

The core activities of the Authority are planning, coordination, and implementation of integrated multi-sectoral projects and programmes based on its four main Programme areas of: Development of River banks, water bodies and catchment areas; Regional Development planning; Integrated Basin Based Development; and Community Empowerment and Support Programme.

OPERATIONAL PERFORMANCE

During the Year under Review, the Authority embarked on three (3) Projects, namely *Ewaso Ng'iro North Integrated Catchment Conservation and riparian protection and rehabilitation Project*, Drought mitigation programme and *Gums Resins and Gums Arabic Development Programme*. The Authority has been able to successfully carry out the following activities under the three Programme/Project areas:

Investments, Programmes and Projects

The Authority's development has been on track, with the following investment projects and programmes achieved during the year:

a) Ewaso Ng'iro North Integrated Catchment Conservation and riparian protection and rehabilitation Project.

Under this programme, Planted 114,000 assorted trees seedlings and 50,000 fruit trees, nine (9) boreholes were drilled successfully and equipped with solar pumping system, one (1) was drilled but unsuccessful, seven (7) water pans and retention structures constructed/rehabilitated making an additional water storage of 260,000m³ in the basin, 120 beehives and honey harvesting kits provided to local youth and women groups. The Authority further protected one (1) spring in Ngilai and constructed a water supply scheme by incorporating solar pumping and provision of distribution networks. Further, the Authority developed two (2) tree nurseries for propagating tree seedlings to be planted in the basin during the wet season. The outputs and achievements are outlined in the matrix below.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

S. No	Activities	Indicators	Planned Target			Total	Achieved Target			Total	Progress
			2018/19	2019/20	2020/21		2018/19	2019/20	2020/21		
1	Purchasing and planting of tree seedlings from existing nurseries in the region	No	100,000	0	0	100,000	114,000	0	0	114,000	114%
2	Propagation of bamboo and Gums and Resins seedlings	No.	50,000	0	0	50,000	50,000	0	0	50,000	100%
3	Construction and rehabilitation of dams and water pans	No	6	8	0	14	6	7	0	13	93%
4	Drilling of boreholes and equipping them with solar power system	No	4	11	0	15	2	9	0	11	73%
5	Protection of water springs and development of water intakes and piping of water for domestic, irrigation conservation and livestock	No.	0	1	0	1	0	1	0	1	100%
6	No. of people sensitized on Catchment conservation	No	0	5,000	0	5,000	0	5,000	0	5,000	100%
7	Establishment of tree nurseries	No	0	2	0	2	0	2	0	2	100%

b) Gums Resins and Gums Arabic Development Programme

Under this project, the Authority Undertook the constructed 3,000m perimeter fence at the Wajir factory, Constructed of VIP toilets, Undertook mapping of gum resources in Wajir, installation of 2 processing lines, supply and installation of laboratory and quality control equipment at the Wajir factory, Modification of the factory building, Construction of a sorting yard, construction of 2 collection centers, construction of solvent storage and boiler house, construction of waste management plant and also purchased 8 tons of gums for testing. The outputs and achievements are outlined in the matrix below.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

S. No.	Activities	Key Performance Indicators	Planned Target			Total	Achieved Target			Total	Progress %	
			2018/19	2019/20	2020/21		2018/19	2019/20	2020/21			
1	Survey and titling of factory land	%	20	40	0	60	20	20	0	40	67%	
2	Construction of perimeter fence for the factory	Meters	3000	0	0	3000	0	3000	0	3000	100%	
3	Construction of VIP toilets	%	1	0	0	1	1	0	0	1	100%	
4	Development of water pans	No	2	0	0	2	2	0	0	2	100%	
5	Construction of water supply for the factory	%	100	0	0	100	10	0	0	10	10%	
6	Installation of processing lines	No	0	2	0	2	0	1	1	2	100%	
7	Modification of the factory building	%	0	100	0	100	0	100	0	100	100%	
8	Construction of a sorting yard	%	0	100	0	100	0	100	0	100	100%	
9	Construction of collection centers	No	0	2	0	2	0	2	0	2	100%	
10	Construction of solvent storage and boiler house	%	0	100	0	100	0	100	0	100	100%	
11	Construction of waste management plant	%	0	100	0	100	0	100	0	100	100%	
12	Supply and installation of laboratory and quality control equipment at the Wajir factory	%	0	100	0	100	0	0	0	0	0%	
13	Purchase of gums for testing	No of tons	0	0	10	10	0	0	8	8	80%	

c) Drought Mitigation Programme

Under this programme, four (4) Mega dams were surveyed, designed and funding sourced from the government of Kenya. These reservoirs two(2) have storage capacities of 500,000m³ each and the other two (2) have storage capacities of 200,000m³ each all giving a total of 1.4 million m³ of additional water storage when completed and provide enough water for domestic, livestock and agriculture in the concerned areas. This will bring positive impact towards alleviation of food insecurity and improved nutrition. The outputs and achievements are outlined in the matrix below.

S. No.	Activities	Key Performance Indicators	Planned Target			Total	Achieved Target			Total	Progress
			2018/19	2019/20	2020/21		2018/19	2019/20	2020/21		
1	Construction of boji Garse water pan	%	0	100		100	0	20	80	100	100%
2	Construction of Irresteno water pan	%	0	100		100	0	20	80	100	100%
3	Construction of Chaffa Chachane Earth Fill dam	%	0	100		100	0	20	80	100	100%
4	Construction of Malarba water pan	%	0	100		100	0	20	80	100	100%

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Risk Management

We continue to work towards a strong risk management framework. This framework will enable among other things to identify and manage significant risks in our operations and constantly monitor the risk profile in relation to our operations

Service Delivery

In line with our core values of excellence, integrity, team work and social responsibility, the Authority operates in a corruption free environment where the respect of all, equitable development and delivery of community demanded projects and programmes. The outputs from Authority are made to ensure delivery of quality and competitive services that exceed customer expectations.

We have embraced on information technology as a way of enhancing efficiency in our service delivery, by computerizing the Authority's payroll, Human resource records and regularly updating our GIS database among others. This has improved transparency, accountability and flow of financial transactions.

Safety, Health and Environment

The maintenance of appropriate firefighting equipment and other safety standards remains a key responsibility of all employees and the Authority is committed to the proactive management of safety risks associated with operations. Our objective is to identify, reduce and control material risks relating to fires, accidents or injuries to employees and customers. Both internal and out of office work environment is given due regard to ensure ergonomics on employees.

FINANCIAL PERFORMANCE

This section presents an analysis of the approved budget against the Actual Expenditure Amounts in Kshs Millions

Analysis of Recurrent Approved Budget Vs Actual Expenditure Amounts in Kshs Millions

	Approved Budget			Actual Expenditure		
	FY2018/19	FY2019/20	FY2020/21	FY2018/19	FY2019/20	FY2020/21
AIA-Internal Generated Revenue	-	15	15	9.56	6.3	16.6
Exchequer	193.88	235.4	235.4	193.88	231.8	235.4
Total Recurrent	193.88	231.8	250.4	193.88	231.8	252

Analysis of Development Approved Budget Vs Actual Expenditure Amounts in Kshs.

Description	Approved Budget Allocation			Actual Expenditure		
	FY2018/19	FY2019/20	FY2020/21	FY2018/19	FY2019/20	FY2020/21
Ewaso Ng'iro North Integrated Catchment Conservation and riparian protection and rehabilitation Project.	90,000,000	251,400,000	11,287,000	82,839,704	144,858,185	159,340,181
Gums Resins and Gums Arabic Development Programme	42,500,000	85,000,000	40,631,000	33,387,600	43,327,972	73,775,928
Drought Mitigation Programme	-	700,000,000	-	-	-	578,924,138

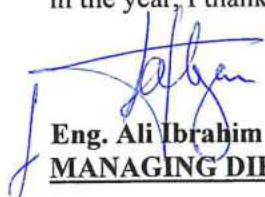
Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Drought and Floods Emergency intervention	-	-	50,000,000	-	-	-
Reytab Alam Dam	-	-	45,000,000	-	-	-
Mega Water Pans Project	-	-	450,000,000	-	-	-
Total Development	132,500,000	1,036,400,000	1,046,918,000	116,227,304	188,186,157	812,040,247

Appreciation

I take this opportunity to thank all our dedicated and talented staff of the Authority, our service providers, the County Governments under the jurisdiction of the Authority and all other stakeholders for their contribution during the year. Worthy of mentioning here is the Board of Directors for supporting me in providing leadership over the business in the year that has past. Their commitment contributed immensely to our performance in the year that has just ended. In particular, I want to commend the management staff for working tirelessly to achieve the level of project implementation that we witnessed during the year despite the myriads challenges that the organization faced. I am confident that they shall spare no effort to attain and surpass the targets we have set for the new financial year and according to the Strategic Plan, now under review.

In conclusion, I thank our customers, the community and other business partners for supporting our business in various ways. We are confident that with your support we shall make the Authority a leading organization in provision of integrated, sustainable development for the welfare of all living in the Ewaso Ng'iro North River Basin. I sincerely pay serious gratitude to the Chairman, the Board, and all Staff of ENNDA for their dedication towards achieving the successes and making the forward leaps that the organization has witnessed in the year, I thank you all.


Eng. Ali Ibrahim Hassan, PhD
MANAGING DIRECTOR

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

The Authority has to manage and sustain the fragile ecosystem and the scarce natural resource base. The basin faces diverse environmental challenges that include; desertification, soil erosion, and loss of biodiversity, water scarcity and resource base use conflict. The effect of climate change is a stressor that influence sustainability in the region.

To enhance sustainability, the Authority, in its mandate in executions projects, all water projects undergo screening where this identifies all the possible negative impacts. This determines if the project will undergo Environmental and Social Impact Assessment (ESIA). The Environmental and Social Impact Assessment (ESIA) report entails public participation and seek opinion from the lead agencies, identify possible negative and positive impacts of the proposed project and propose mitigation measure while it enhance the positive ones.

The reports are submitted to the National Environmental Management Authority (NEMA). The NEMA reviews and on satisfaction issues license with conditions that the project be implemented and monitored accordingly. This process is an integral part of the project planning and implementation.

Some of the programs implemented are geared towards conservation of forest, riparian land, degraded land and water. This will enhance environmental sustainability. Involvement of the communities (beneficiaries) in all stages of project planning and implementation instill sense of ownership hence sustainability achieved.

The Authority has developed a climate changes policy that is anchored onto the National Climate Change Policy.

ii) Environmental performance

Implementation of the Environmental management plans that identifies and propose mitigation measures is geared towards enhanced environmental performance. Growing tress at household level through "Adapt a tree" model enhances environmental performance.

The Authority's Annual Camel Caravan enhances partnership and promote resources conservation strategies among pastoral Counties living in ENNDA Basin has impacted greatly in Environmental Performance.

The Annual Camel Caravan 2021 with a theme "Saving the Ewaso Ng'iro River Restoration of the Eco-system through climate change action, intergenerational conversation on conservation and promotion of peace co-existence". The peace camel caravan majors on conservation and promotion of peace among the communities residing along the River Basin.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

The celebration of International Day of Peace to disseminate and create awareness with the theme to promote knowledge on cultural expressions in Ewaso Ng'iro North Basin conservation strengthening food system and promoting peaceful co-existence.

The activity is envisaged to enhance conservation of Ewaso Ng'iro North River Basin ecosystem and promote peaceful co-existence as the population that share the scarce resources. This effort will prevent, reduce and resolve resource use conflict within the Basin.

iii) Employee welfare

The Authority has developed a Human Resource manual through the guidance of SRC that has been approved by the Parent Ministry. Hiring and promotion of staff is guided by the Human Resource Manual and their procedures. This is done through the Board of Directors which the supreme organ governing the Authority. Article 10 of Kenya Constitution Sessional Paper No. 9 of 2013 No. 8 of 2013 are implemented to the latter to promote national cohesion values and good governance.

The Authority carries out capacity building and training need assessment from time to time with the view to enhance and fill the gaps

The Authority is in the process of developing succession plan to promote sustainable framework in the event of death or retirement of staff. The staff appraisal is done annually and actions taken. The Authority has put in place efforts to curb the spread of Covid-19 by providing mask, sanitizers and other measures advocated by the Ministry of Health. In project implementation sites especially water facilities PPE's and other safety measures are adhered to as per Occupational Safety and Health Act of 2007, (OSHA).

iv) Market place practices-

a) Responsible Competition Practice

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

b) Responsible Political Involvement

The Authority operates in a non-partisan matter in relations to its stakeholders while advocating for free political environment.

c) Fair Competition Systems

The laid down standard operating procedures are strictly adhered to in Authority service delivery mission. This is by ensuring fair enabling environment to all its competitors and its actors.

**Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021**

v) Corporate Social Responsibility Statement/Community Engagements

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

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



Test pumping of borehole at Rhamu Dimtu in Mandera County



Drilling Community boreholes in Nyandarua County



Provision of drinking water for Wajir community



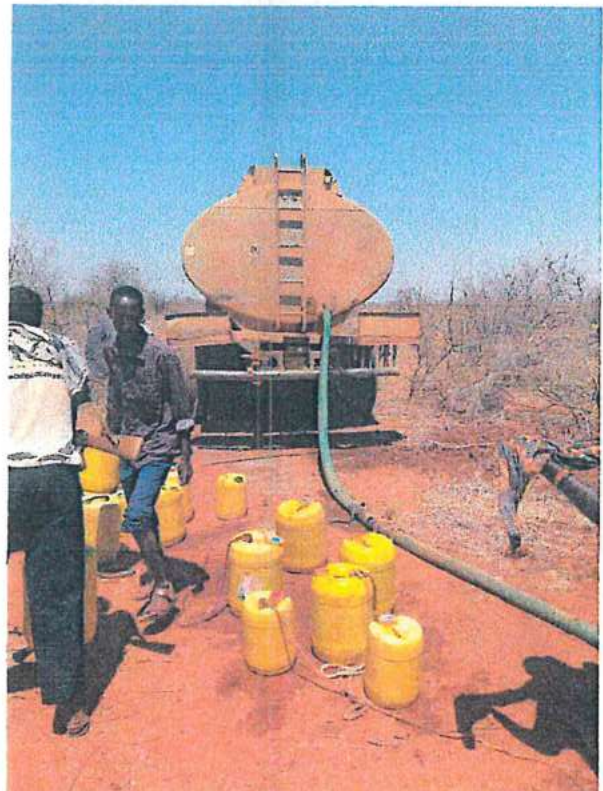
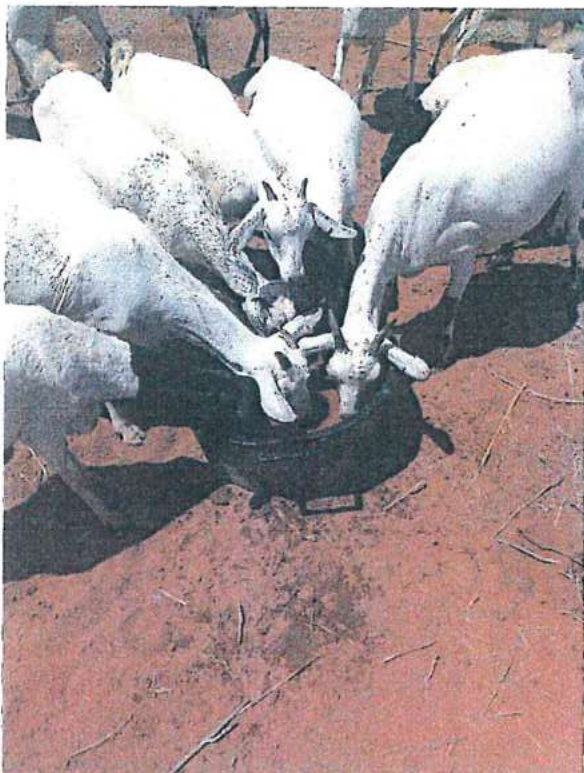
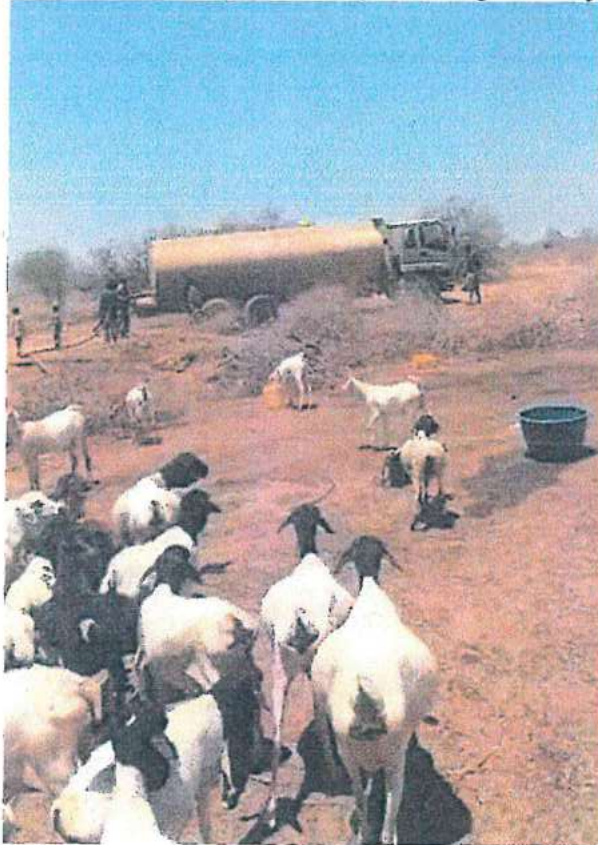
Pastoralist community in Qofole in Wajir County watering their livestock

Water Trucking Exercise within the Basin



**Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021**

Livestock drinking water in Qofole, Wajir County.



ENNDA Water browser delivering water to Bulesa community in Isiolo County during the drought period.

1. FOOD SECURITY

- 1.1) Provision of farm machineries in Nyandarua County
- 1.2) Capacity building on water users association on food security



Fishing in Kiangok dam constructed by ENNDA in Samburu County

2. ENVIRONMENTAL CONSERVATION



Farmers extension services along Isiolo River by ENNDA



Tree planting exercise at Gafarsa primary school, Isiolo

**Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021**

LOW COST HOUSING

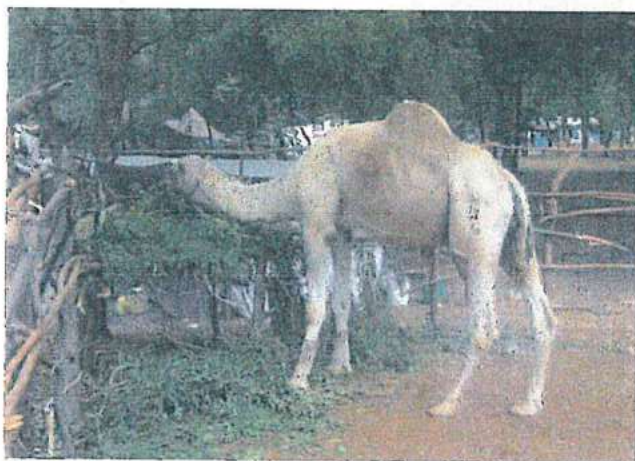
2.1) Supported group with bricks making machine to Taibotu Youth group



Training of youths in bricks making at Taiboto Garba Tulla, Isiolo County

3. LIVESTOCK

3.1) Camel bull breeding for one year



ENNDA camel male bull at show ground



Livestock extension services by ENNDA

4. YOUTH EMPOWERMENT

- 4.1) Training of 30 youth and women groups on entrepreneurship skills in collaboration with National Counter Terror Centre (NCTC)
- 4.2) Empowering women and youth groups on water resource management in Samburu County.



Training women and youth groups in Samburu



Training of women in Isiolo by ENNDA of entrepreneurship skills

**Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021**



ENNDA camel caravan involved in awareness creation on importance of River Ewaso Ng'iro

SUSTAINABILITY STATEMENT

Health and Safety at Work

The maintenance of appropriate health and safety standards remains a key responsibility of all employees and ENNDA is committed to proactively managing all health and safety risks associated with operations. Our objective is to identify, reduce and control materials risks relating to fires, accidents or injuries to employees and customers.

It is the policy of the Authority to provide working conditions which ensure health and safety of all the employees. The Authority ensures that the policy is carried out and at the same time all members of staff are made aware of their individual responsibilities for their own health and safety, that of their colleagues, customers and any other persons who may be affected by their activities at work

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

**ANNEX 5 – LIST OF PROJECTS IMPLEMENTED BY THE ENTITY EWASO NG'IRO
NORTHDEVELOPMENT AUTHORITY**

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements (yes/no)
1.	Chaffa Chachane Earth Fill Embankment Dam	Construction of 700,000m ³ capacity Earth Fill Dam	Managing Director	Yes
2.	Eressa Teno Earth Fill Embankment Dam	Construction of 254,000m ³ capacity Earth Fill Dam	Managing Director	Yes
3.	Boji Garse Earth Fill Embankment Dam	Construction of 582,000m ³ capacity Earth Fill Dam	Managing Director	Yes
4.	Malalba Earth Fill Embankment Dam	Construction of 200,000m ³ capacity Earth Fill Dam	Managing Director	Yes
5.	Walensu water pan	Construction of 45,000m ³ capacity water pan	Managing Director	Yes
6.	Ewaso camel caravan	Sensitizing and mobilising communities towards restoration of Ewaso Ng'iro North River Planting and growing of 10,000 tree seedlings Peace building and conflict prevention	Managing Director	Yes

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

10. REPORT OF THE DIRECTORS

The Director's hereby submit their report with the financial statements for the year ended 30th June 2021.

Principal activities

The principal activities of the Authority are:-

(1) Development Planning and Coordination

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

(2) Generation of Strategic Data and Information

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

(3) Monitoring, Evaluation and Implementation of Projects

- 1) To effect a program of both monitoring and evaluation performance of the projects within the area so as to improve such performance and establish responsibility thereof, and to improve future planning.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

- 2) To cause and effect the construction of any works deemed necessary for the protection and utilization of water and soil in the area;

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

Results

The results of the entity for the year ended June 30, 2021 are set out on the Balance Sheet page.

Directors

The Board of Directors who held office during the year is shown on pages iv to viii. In accordance with the ENNDA Act CAP 448, 'the Chairman and members of the Board, other than unofficial members shall hold office for a period of three years from the date of appointment but shall be eligible for re-appointment for one further term of a period not exceeding three years.'

Auditors

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

By order of the Board,



Eng. Ali Ibrahim Hassan, PhD

MANAGING DIRECTOR & SECRETARY TO THE BOARD

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and Ewaso Ng'iro North River Basin Development Authority Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2021, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

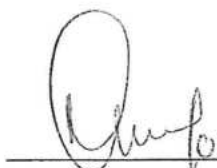
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Authority's financial statements were approved by the Board on 22nd September 2021 and signed on its behalf by:



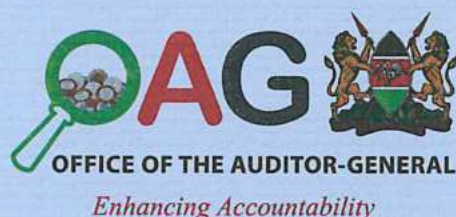
Mohamed Liban
Chairman BOD



Director

REPUBLIC OF KENYA

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Ewaso Ng'iro North River Basin Development Authority set out on pages 1 to 40, which comprise the statement of financial

position as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Ewaso Ng'iro North River Basin Development Authority as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), the Public Finance Management Act, 2012 and comply with the Ewaso Ng'iro North River Basin Development Authority Act, Cap 448.

Basis for Qualified Opinion

1. Presentation of the Financial Statements

Several anomalies were noted in relation to presentation of the financial statements, as described below:

1.1 Miscellaneous Anomalies

The financial statements reflect the following anomalies;

- i. The reporting template issued by Public Sector Accounting Standards Board (PSASB) in June, 2021 requires the Head of Finance in the reporting entity to disclose their his/her name and Institute of Chartered Accountants of Kenya (ICPAK) membership number. However, the disclosure has not been made in these financial statements.
- ii. The PSASB reporting template requires balances reported in the financial statements to be rounded off to the nearest whole numbers. However, the balances reported under Note 9 and Note 12 to the financial statements , and Appendix III of the financial statements have not been rounded off to the nearest whole numbers.
- iii. The financial statements denote the name of the Authority as "Ewaso Ng'iro North River Development Authority" instead of its statutory name; "Ewaso Ng'iro North River Basin Development Authority".
- iv. The Statement of financial performance does not explicitly reflect the net operating loss for the year as Kshs.(679,127,982). Further, the statement of changes in net assets reflects a loss for the year totalling to Kshs.(14,005,735) instead of Kshs.(679,127,982).

In the circumstances, the financial statements for the year ended 30 June, 2021 do not comply with the reporting format prescribed by the PSASB.

1.2 Statement of Changes in Net Assets

As similarly reported in the previous year, the statement of changes in net assets for the year under review contains several anomalies:

- i. The reporting requirements set by the PSAB provide that the statement of changes in net assets should disclose in a columnar format information relating to revaluation reserves, retained earnings and capital development grants, among other disclosures. Further, among the valid items that the statement should reflect include asset revaluation gains, operating surplus/deficit, and capital development grants for the year under review, among others. However, the statement for the year under review reflects adjusting items including stale cheques totalling Kshs.1,716,938.
- ii. The heading of the statement is indicated as 'statement of changes in net assets for the year ended "30 June 2019" instead of "30 June, 2021".
- iii. The statement reflects a closing balance of Kshs.871,226,065 as at 30 June, 2020. However, re-computation of the balances for the year yielded Kshs.887,986,065 resulting in a variance of Kshs.16,760,000. Management explained the difference as having resulted from capital reserves that had not been adjusted as at 30 June, 2021.
- iv. The statement reflects balances totalling Kshs.1,004,138,329 as at 30 June, 2021 against Kshs.1,020,898,329 arrived at after re-computation of the year's balances resulting in an unexplained variance of Kshs.16,760,000.
- v. As previously reported, the statement reflects stale cheques totalling Kshs.1,716,938 erroneously brought forward from previous years. No explanation was provided why the stale cheques were reflected in the statement contrary to Paragraph 94(f) of the International Public Sector Accounting Standards (IPSAS) 1. The Standard requires components of net assets or equity to be disaggregated into contributed capital, accumulated surplus and deficits and reserves.
- vi. The sources and analysis for the balance totalling Kshs.28,725,000 reflected in the statement under the heading "ENNCRP" has not been disclosed in the financial statement.

In view of these anomalies the accuracy and presentation of the statement of changes in net assets for the year ended 30 June, 2021 could not be confirmed.

2.0 Unconfirmed Balances

Several balances reflected in the financial statements were not supported with sufficient appropriate evidence, as explained in the following paragraphs:

2.0.1 Transfers from Ministries and Departments

The statement of financial performance reflects Kshs.382,358,000 in relation to transfers from ministries and departments, as further disclosed in Note 5 to the financial statements.

However, Appendix III of the financial statements on inter-entity transfers reflects Kshs.596,918,000 in respect to the account resulting to a variance of Kshs.214,560,000. In addition, the balance includes development grants transfers totalling Kshs.450,000,000 disbursed to the Authority on 13 July, 2021 after the close of the financial year under review. Therefore, the belated transfers belong to the 2021/22 financial year.

In the circumstance, the accuracy and fair statement of the transfers from the Ministry, Departments and Agencies could not be confirmed.

2.0.2 Development Expenses

The statement of financial performance reflects development expenses totalling Kshs.812,040,247 being government grants received for implementation of community projects under the Resources Catchment Conservation Programme (Kshs.159,340,181), Flood and Drought Mitigation Programme (Kshs.578,924,138) and Gums and Raisins Programme (Kshs.73,775,928).

However, records on the boreholes drilled under the programmes were not provided for audit. The missing records included the Director's authorizations, evidence of public participation, hydro-geological survey reports, Water Resource Authority (WRA) permits and Environmental Impact Assessment (EIA) reports. Others were National Environment Management Authority (NEMA) permits, pumping test reports, procurement records on drilling services and works completion reports.

In view of the missing information, the measurement and validity of the development expenses totalling Kshs.812,040,247 incurred in the year under review could not be confirmed. Further, no report was provided for audit to confirm whether the planned outputs of the three programmes had been met.

2.0.3 Property, Plant and Equipment

2.0.3.1 Land Without Ownership Documents

The statement of financial position reflects property plant and equipment totalling Kshs.238,145,732, as further disclosed in Note 17 to the financial statements. However, as reported in the previous year, the property, plant and equipment balance totalling Kshs.238,045,732 includes four (4) parcels of land of undetermined value as detailed below.

Location / Plot Number	Area(Hectares)	Location
ISL/117/01/3A	1.40	Isiolo Town
ISL/117/2003/2	0.35	Isiolo Town
ISL/117/2001/3B	2.00	Isiolo Town
Swara Area	4.05	Ngerimara Town

However, ownership documents for the four (4) parcels of land were not provided for audit verification. As a result, the valuation of the land, and its ownership by the Authority could not be confirmed.

2.0.3.2 Vandalized Plant and Machinery

The property plant and equipment balance further includes a road-roller vehicle and an excavator with a historical costs of Kshs.13,340,000 and Kshs.28,500,000 respectively , all totalling Kshs.41,840,000 ; and two lorries with net book values of Kshs.700,000 and Kshs.9,00,000. Records provided for audit review revealed the following unsatisfactory issues in relation to these assets:

i) Road- Roller Machine

In 2019, a contractor hired the Authority's road-roller for road works in Murang'a County. However, the machine, registration number KBN 971E model IVM110 JCB valued at Kshs.13,340,000, was reported to have broken down while in use by the contractor.

Officers of the Authority reportedly inspected the machine on 18 September, 2019 and noted that it was left unattended on the roadside. Further several of its mechanical components and the ignition keys, could not be traced. At the time of the audit , the matter had not been reported to the police for investigation and no inspection report was provided for audit review and as a result, the status of the vehicle could not be confirmed.

ii) Excavator Machine

Records provided for audit indicated that the Authority's Excavator registration number KBN 972E, of JCB Model JS240 valued at Kshs.28,500,000 was, similarly, vandalized after it was hired out to a private contractor in Bomet County. The excavator was hired in November, 2017 . However, it was held by the contractor without any follow-up by the Authority until 15 April, 2021 when an investigating team from the Isiolo office of the Directorate of Criminal Investigations(DCI) was dispatched to Tumoi in Bomet County to search for it.

The team found the excavator dumped along a riverbank unattended. In addition, several of its components had been vandalized. These included the hydraulic system, lifting equipment, engine parts, cabin, windows and tractor bucket.

The DCI recommended that the excavator be brought back to the Authority's yard in Isiolo. The case was to be referred to the Office of Director of Public Prosecutions (ODPP) for prosecution on completion of the investigations which however, was not done.

The Authority's records further indicated that prior to the contract in Bomet County , the excavator had been hired out to another company for gypsum mining and excavation works at Hambares, Tana River County. However, the Isiolo DCI Office reported that the respective contract was fraudulent as its terms and signatories may have been falsely altered in favor of the company.

(iii) Motor Vehicles

As reported in the previous financial year, two (2) lorries owned by the Authority, registration number GK A521R and GK A616R valued at Kshs.700,000 and Kshs.900,000 respectively, were vandalized at the parking yard between April, 2018 and August, 2018. Further, a report issued by the Ministry of Transport and Infrastructure on 23 August, 2018 estimated the damage on the two (2) motor vehicles at Kshs.1,047,352 and Kshs.865,376 respectively, or Kshs.1,912,728 in aggregate. Two (2) security guards were arrested and

arraigned in court, but the case was thereafter withdrawn under unclear circumstances after which the two guards were reinstated to their jobs. However, the loss totalling Kshs.1,912,728 had not been recovered as at 30 June, 2021 and was not recognized in the financial statements for the year under review.

In view of their vandalized state, the fair value of the assets and their valuations in the financial statements as at 30 June 2021 could not be confirmed. Further, Management did not explain why the assets were not secured in an effective way, and why the reported losses were not recovered from the responsible parties.

2.0.3.3 Failure to Update Assets Register

Examination of asset records indicated that the Authority did not update its fixed assets register as necessary. Further, the register did not provide key data on assets including serial numbers, purchase costs, categories and models, locations and condition.

In the circumstance, the valuation, ownership, existence, completeness, location and security of the property, plant and equipment with a balance of Kshs.238,145,732 could not be confirmed.

2.0.4 Trade Creditors and Other Payables

The statement of financial position reflects trade creditors and other payables totalling Kshs.224,503,697, as further disclosed in Note 18 of the financial statements. However, the Authority did not maintain creditors' records including a creditors' ledger and register. In addition, records on the creditors indicated that some were more than ten (10) years old.

The delay in paying the creditors may have caused penalties and interest to accrue on the sums owed. As a result, the valuation of the trade creditors and other payables could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. There are no other key audit matters to report in the year under review.

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects revenue and expenditure budget totalling Kshs.847,358,000 and

Kshs.273,705,232 respectively, resulting to a surplus of Kshs.573,652,768. The surplus was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which requires the annual budget of each public entity to be balanced.

In the circumstance, the Authority was in breach of the law.

2. Prior Year Issues

The audit report for the year ended 30 June, 2020 highlighted several issues relating to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal control, risk management and Governance. However, Management had not resolved the issues as at 30 June, 2021. In addition, contrary to the reporting requirements set by the Public Sector Accounting Standards Board, the financial statements for the year under review do not include a report on the progress made in resolving the issues.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Non-Compliance with Salary Deductions Rule

Review of the payroll revealed that, contrary to Section C1(3) of the Human Resource Policies and Procedures Manual for the Public Service, twenty (20) employees earned net salaries that were less than one-third of their basic monthly pay. The provision , prohibits heads of human resource units from allowing public officers to over-commit their salaries beyond two thirds (2/3) of their basic salaries.

Management's failure to adhere to the requirement was irregular and may have exposed he staff to pecuniary embarrassment.

2. Failure to Repair or Board Unserviceable Motor Vehicles

Review of the motor vehicles inventory revealed that, contrary to Section 163 (1) of the Public Procurement and Asset Disposal Act, 2015, four (4) grounded and unserviceable

Report of the Auditor-General on Ewaso Ng'iro North River Basin Development Authority for the year ended 30 June, 2021

motor vehicles had not been repaired, or boarded for disposal. The provision requires, the Accounting Officer to establish a committee to manage disposal of unserviceable, obsolete, obsolescent, or surplus stores, equipment, or assets.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Information Communication Technology Policy

As reported in the previous financial year, the Authority did not have a documented Information Communication Technology (ICT) Policy with guidelines on data security and disaster recovery, among other prescriptions. Further, the Authority did not have an ICT Steering Committee or Strategic Committee to guide its investment in and use of ICT.

In the circumstances, the Authority's use of ICT may not be effective.

2. Lack of Risk Management Policy

Review of the Authority's risk management practices revealed that it did not have a risk management policy. In the circumstance, Management may have lacked objective means to manage operational and other risks faced by the Authority.

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

Responsibilities of Management and the Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does

not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2022

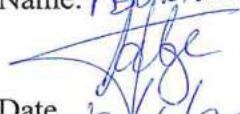
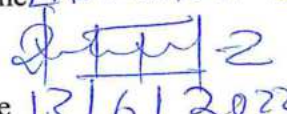
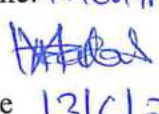
Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non- exchange transactions			
a) Transfers from Ministries & Department	5	382,358,000	1,279,169,281
Total		382,358,000	1,279,169,281
Other Income			
Rendering of Services-A in A	6	16,561,440	6,406,821
Total		16,561,440	6,406,821
TOTAL REVENUE		398,919,440	1,285,576,102
Expenses			
Use of goods	7	28,719,863	25,942,528
Employees cost	8	191,424,960	174,468,259
Board Expenses	9	11,734,866	18,710,011
Depreciation and Amortization Expense	10	23,578,901	21,243,166
Repairs and Maintenance	11	9,186,345	3,115,123
Contracted Services	12	4,634,240	5,348,888
Development Expenses		812,040,247	188,186,157
Total Expenses		1,081,319,422	437,014,132
Surplus Before Other Incomes		682,399,982	848,561,970
Other Gains /(Losses)			
Gain/Loss on Biological Assets		3,272,000	(1,362,000.00)
Surplus/Deficit for the period		679,127,982	847,199,969.52

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

The notes set out on pages 10 to 44 form an integral part of these Financial Statements.
The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:

Managing Director	Head of Finance	Chairman of the Board
Name: <i>ABDIRAZAK MOHAMMED</i>	Name: <i>LARIATTONI DAVU</i>	Name: <i>Mohamed hiban</i>
		
Date: <i>13/6/2022</i>	Date: <i>13/6/2022</i>	Date: <i>13/6/2022</i>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash Equivalent	14(b)	185,091,049	844,636,244
Stock /Inventories	15	125,000	125,000
Total Current Asset		185,216,049	844,761,244
Development Government Grant- Received in July 2020		-	82,228,050
Non -Current Assets			
Biological Assets	16	10,000,000	6,728,000
Property Plant and Equipment	17	238,145,732	237,045,377
Total Non-current Asset		248,145,732	243,773,377
Total Assets		433,361,781	1,170,762,672
Liabilities			
current Liabilities			
Trade Creditors and Other Payables	18	224,503,697	282,776,607
Bank Overdraft			
Total Liabilities		224,503,697	282,776,607
Net Assets			
Accumulates Funds		192,098,082	871,226,064
Capital Reserves		16,760,000	16,760,000
Total Accumulated Funds and capital Reserves		208,858,082	887,986,064
Total Net Assets and Liabilities		433,361,779	1,170,762,671

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:

f Managing Director

Name: *Aggrey*

Date

13/6/2022

Head of Finance

Name: *LATHA GITHONI DAVI*

Date

13/6/2022

Chairman of the Board

Name: *Mohamed Waban*

Date

13/6/2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2019

FOR THE YEAR ENDED 30TH JUNE 2019	ACCUMULATED	CAPITAL	ENNCRP	TOTAL
	SUPPLUS	RESERVES		
	Kshs	Kshs	Kshs	Kshs
Balance as at 30th June 2013	(899,218,830)	16,760,000	28,725,000	(853,733,830)
Surplus/(Deficit)for the year	138,900,768			138,900,768
Balance as at 30th June 2014	(760,318,062)	16,760,000	28,725,000	(714,833,062)
Surplus/(Deficit)for the year	830,653,053			830,653,053
Balance as at 30th June 2015	70,334,991	16,760,000	28,725,000	115,819,991
Surplus/(Deficit)for the Year	(48,551,476)			(48,551,476)
Stale cheques	7,850,024			7,850,024
Balance as at 30th June 2016	29,633,539	16,760,000	28,725,000	75,118,539
Surplus/(Deficit)for the Year	(102,215,573)			(102,215,573)
Balance as at 30th June 2017	(72,582,034)	16,760,000	28,725,000	(27,097,034)
Surplus/(Deficit)for the Year	60,048,476			60,048,476
Balance as at 30th June 2018	(12,533,558)	16,760,000	28,725,000	32,951,442
Balance as at 30th June 2018	(12,533,559)	16,760,000	28,725,000	32,951,441
Surplus/(Deficit)for the Year	6,117,716	6,117,716	6,117,716	6,117,716

For the year ending June 30, 2021

Stale cheques	1,716,938	1,716,938	1,716,938	1,716,938
Balance as at 30th June 2019	(4,698,905)	16,760,000	28,725,000	24,026,095
Surplus/(Deficit)for the Year	847,199,970	-	-	
Balance as at 30th June 2020	842,501,065	16,760,000	28,725,000	871,226,065
Surplus/(Deficit)for the Year	(14,005,735)	-	-	-
Development grant received	146,918,000			
Balance as at 30th June 2021	975,413,329	16,760,000	28,725,000	1,004,138,329

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Surplus/Deficit during the year		(679,127,982)	847,199,970
Add			
Depreciation		23,578,901	21,243,166
Working Capital Adjustments			
Less; (Increase)/Decrease in Biological Asset		(3,272,000)	1,362,000
Less; (Increase)/Decrease in Receivables		82,228,050	(82,228,050.00)
Less; (Increase)/Decrease in Inventory			
Less; (decrease)/Increase in creditors		(58,272,909)	311,099.00
Net cash flows from Operating Activities		(634,865,940)	787,888,185
Net cash flows Used in Investing Activities			
Purchase of property, plant, equipment& intangible assets		(24,679,256)	
Current Assets			-
Bank Overdraft		0	70
Proceeds from sale of property, plant and Equipment			
Net Increase/Decrease in Cash and Cash Equivalent		(659,545,196)	787,888,115
Net cash flows Used in Financing Activities			
Net cash flows Used in Financing Activities			
Cash and Cash Equivalent as at 1st July		844,636,244	56,748,129
Cash and Cash Equivalent as at 30th June		185,091,048	844,636,244

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

The Financial Statements set out on pages 1 to 44 were signed on behalf of the Board of Directors by:

Managing Director	Head of Finance	Chairman of the Board
Name: <i>ABDIRAZAK MOHAMED</i> for <i>[Signature]</i>	Name: <i>LASHIGITONI DAVIS</i> <i>[Signature]</i>	Name: <i>Mohamed hibon</i> <i>[Signature]</i>
Date: <i>13/6/2022</i>	Date: <i>13/6/2022</i>	Date: <i>13/6/2022</i>

Annual Reports and Financial Statements
For the year ending June 30, 2021

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue	A	b	C=(a + b)	d	e=(c-d)	F=d/c
Transfers from other governments entities	289,276,000	543,082,000.00	832,358,000	832,358,000	-	100
Other income	15,000,000	-	15,000,000	16,561,440	(1,561,440)	110
Total income	304,276,000	543,082,000.00	847,358,000	848,919,440	(1,561,440)	
Expenses						
Use of goods and services	29,654,110	-	29,654,110	28,845,466	808,644	97
Employee costs	197,803,963	-	197,803,963	191,424,960	-	97
Remuneration of directors	12,231,927	-	12,231,927	11,734,866	497,061	96
Depreciation and amortization expense	23,565,232	-	23,565,232	23,565,232	-	100
Repairs and maintenance	6,450,000	-	6,450,000	9,186,345	(2,736,345)	142
Contracted services	4,000,000	-	4,000,000	4,634,240	(634,240)	116
Grants and subsidies	-	-	-	-	-	
Total expenditure	273,705,232	-	273,705,232	269,159,109	(2,064,880)	
Surplus for the period	30,570,768	543,082,000.00	573,652,768	579,760,331	503,440	

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for re-valued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Standard	Effective date and impact:
	<p>general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Authority's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

iii. Early adoption of standards

The Authority did not early – adopt any new or amended standards in year 2020/2021.

Fees, taxes and fines

The Authority recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the 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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

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

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Dividends

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

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.

a) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on June 2020. 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 Authority recorded additional appropriations of Kshs.545, 000,000 on the 2020-2021 budget following the governing body's approval.

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

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

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

b) 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.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

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.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

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

d) 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.

e) Leases

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

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

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

f) 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.

g) 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.

h) Financial instruments

a) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Held-to-maturity.

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

Impairment of financial assets

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

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

b) Financial liabilities

Initial recognition and measurement

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

Loans and borrowing

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

i) 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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

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.

j) Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

k) Contingent liabilities

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

l) Contingent assets

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an 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.

p) 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.

q) 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.

r) Related parties

The Authority regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers.

s) Service concession arrangements

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

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

t) 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.

u) Comparative figures

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

v) 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, 2021.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in **Note 40**.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. Transfers from Other Government Entities

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

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund.	Total transfers 2020/21	Prior year 2019/2020
			Kshs	Kshs	Kshs
State Department for Regional and Northern Corridor- Recurrent Grant	235,440,000	-	-	235,440,000	231,879,281
State Department for Regional and Northern Corridor – Development Grant Received in July 2020	146,918,000	-	-	146,918,000	1,047,290,000
Total	382,358,000	-	-	382,358,000	1,279,169,281

6. Other Income

Description	2020-2021	2019-2020
	Kshs	Kshs
A-I-A	16,561,440	6,406,821
Total other income	16,561,440	6,406,821

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

7. Use of Goods and Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Electricity	790,099	323,061
Advertising	270,818	892,264
Conferences and delegations	705,190	1,438,783
Fuel and oil	4,496,761	5,032,179
Postage	735,664	700,345
Printing and stationery	1,732,718	1,766,020
Rental	1,050,000	710,000
Training	1,103,326	0
Travel, accommodation, subsistence and other allowances*	17,416,978	14,583,320
Other general expenses-Bank Charges	186,309	264,556
-Audit Fees	232,000	232,000
TOTALS	28,719,863.00	25,942,528.00

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. Employee Costs

	2020-2021	2019-2020
	Kshs	Kshs
Salaries and wages	101,469,002	93,419,308
Employer contribution to health insurance schemes	16,653,114	14,994,586
Employer contribution to pension schemes	14,403,757	12,505,701
Housing benefits and allowances	58,899,087	53,548,664
Employee costs	191,424,960	174,468,259

9. Board Expenses

Description	2020-2021	2019-2020
	Kshs	Kshs
Chairman/Directors' Honoraria	846,135.00	1,027,039.00
Sitting allowances	1,405,800.00	3,405,800.00
Travel and accommodation	1,811,596.00	3,217,625.00
Lunch Allowance	206,000.00	454,000.00
Per Diem	6,532,000	8,844,800.00
Other allowances	933,335.00	1,760,747.00
Total	11,734,866.00	18,710,011.00

10. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	Kshs	Kshs
Buildings	3,322,782	3,407,981
Plant and machinery	9,923,482	11,341,123
Motor vehicles, including motorcycles	6,511,260	5,105,613
Computers and related equipment	1,540,831	62,085
Office equipment, furniture, and fittings	2,280,546	1,326,365
Total depreciation and amortization	23,578,901	21,243,167

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

11. Repairs and Maintenance

Description	2020-2021	2019-2020
	Kshs	Kshs
Vehicles and Machinery	7,302,041	3,115,123
Furniture and fittings	-	-
Computers and accessories	18,700	-
Repair Others	1,865,604	-
Total repairs and maintenance	9,186,345	3,115,123.00

12. Contracted Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Outsourced Legal Services	545,720.00	2,544,100.00
WIBA	1,744,861.20	0
Asset Insurance	2,343,659.00	2,804,788.00
Total contracted services	4,634,240.20	5,348,888.00

13. Gain on Biological Assets

Description	2020-2021	2019-2020
	Kshs	Kshs
Balance B/D	6,728,000	8,090,000
Balance C/D	10,000,000	6,728,000
Total gain on Biological Asset	3,272,000	(1,362,000.00)

14. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	Kshs	Kshs
Current account	185,025,322	844,557,558
Savings account	65,727	78,687
Total cash and cash equivalents	185,091,049	844,636,245

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

14 (b) Detailed Analysis of the Cash and Cash Equivalents

		2020-2021	2019-2020
Financial institution	Account number	Kshs	Kshs
a) Current account			
ENNDA Current Account – Consolidated Isiolo	10111200000052	124,347,761	134,171,221
ENNDA Development A/C - Consolidated Isiolo	10111203000200	28,190,704	699,998,250
ENNDA Retention A/C - Consolidated Isiolo	1011120300201	31,567,983	6,441,955
ENNDA Enterprise Scheme-KCB	1142316661	36,497	3,946,132
ENNDA Development A/C –NBK	0142047448000	882,377	0
Sub- total		185,025,322	844,557,558
b) Savings account			
Kenya Commercial Bank- Garissa office (Saving)	1107430755	65,727	78,687
Sub- total		65,727	78,687
Grand total		185,091,049	844,636,245

15. Inventories

Description	2020-2021	2019-2020
	Kshs	Kshs
Bricks	125,000	125,000
Less: Allowance for impairment	0	0
Total inventories at the lower of cost and net realizable value	125,000	125,000

16. Biological Assets

Description	2020-2021	2019-2020
	Kshs	Kshs
Biological Assets	10,000,000	6,728,000
Total	10,000,000	6,728,000

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Property, Plant and Equipment

Non-current assets	Building Kshs.	Plant and Machinery Kshs.	Motor vehicles Kshs.	Computers Kshs.	Furniture, Fittings & Equip Kshs.	Total Kshs.
Cost						
N.B.V AT 30TH JUNE 2015-GOK	150,847,703	154,779,636	62,901,736	558,170	9,427,639	378,514,884
N.B.V AT 30TH JUNE 2015-ENNNRCP	-	-	2,281,724	303,757	8,674,119	11,259,599
N.B.V AT 30TH JUNE 2015-TOTAL	150,847,703	154,779,636	65,183,460	861,927	18,101,758	389,774,483
ACC. DEPRECIATION						-
1 July 2015 -GOK	9,108,991	136,113,611	199,019,871	10,240,136	43,914,894	398,397,502
Charge for year- GOK	3,771,193	19,347,455	15,725,434	167,451	1,178,455	40,189,987
	12,880,183	155,461,065	214,745,305	10,407,587	45,093,349	438,587,489
ACC. DEPRECIATION						
1 July 2015 -ENNNRCP	-	-	27,002,704	3,426,243	13,080,777	43,509,724
Charge for year- ENNNRCP	-	-	570,431	91,127	1,084,265	1,745,823
Total	-	-	27,573,134	3,517,370	14,165,042	45,255,547
TOTAL ACC. DEPRECIATION	12,880,183	155,461,065	242,318,439	13,924,957	59,258,391	483,843,036
Total charge for the year-June 2016	3,771,193	19,347,455	16,295,865	258,578	2,262,720	41,935,810

For the year ending June 30, 2021

							-
N.B.V AT 30TH JUNE 2016-GOK	147,076,510	135,432,182	47,176,302	390,719	8,249,184	338,324,897	
N.B.V AT 30TH JUNE 2016-ENNNRCP	-	-	1,711,293	212,630	7,589,854	9,513,776	
N.B.V AT 30TH JUNE 2016-TOTAL	147,076,510	135,432,182	48,887,595	603,349	15,839,038	347,838,674	
2017							
ACC. DEPRECIATION							
1 July 2016-GOK	12,880,183	155,461,065	214,745,305	10,407,587	45,093,349	438,587,489	
Charge for year- GOK	3,676,913	16,929,023	11,794,075.50	117,216	1,031,148	33,548,375	
	16,557,096	172,390,088	226,539,381	10,524,803	46,124,497	472,135,864	
ACC. DEPRECIATION							
1 July 2016 -ENNNRCP	-	-	27,573,134	3,517,370	14,165,042	45,255,547	
Charge for year- ENNNRCP	-	-	427,823.16	63,788.89	948,731.78	1,440,344	
	-	-	27,858,350	3,553,821	14,978,240	46,390,411	
TOTAL ACC. DEPRECIATION	16,557,096	172,390,088	254,397,730	14,078,624	61,102,737	518,526,275	
Total charge for the year-June 2017	3,676,913	16,929,023	12,221,899	181,005	1,979,880	34,988,718	
N.B.V AT 30TH JUNE 2017-GOK	143,399,598	118,503,159	35,382,227	273,503	7,218,036	304,776,522	
N.B.V AT 30TH JUNE 2017-ENNNRCP	-	-	1,283,469	148,841	6,641,122	8,073,433	
N.B.V AT 30TH JUNE 2017-TOTAL	143,399,598	118,503,159	36,665,696	422,344	13,859,159	312,849,955	

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

2018									
ACC. DEPRECIATION									
1 July 2017-GOK	16,557,096	172,390,088	226,539,381	10,524,803	46,124,497			472,135,864	
Charge for year- GOK	3,584,990	14,812,895	8,845,556.63	82,050.99	902,255			28,227,747	
total cumulative-GOK	20,142,086	187,202,983	235,384,937	10,606,854	47,026,751			500,363,611	
ACC. DEPRECIATION									
1 July 2017 -ENNNRCP	-	-	27,858,350	3,553,821	14,978,240			46,390,411	
Charge for year- ENNNRCP	-	-	320,867.37	44,652.22	830,140.31			1,195,660	
total cumulative-ENNNRCP	-	-	28,179,217	3,598,473	15,808,381			47,586,071	
TOTAL ACC. DEPRECIATION	20,142,086	187,202,983	263,564,154	14,205,327	62,835,132			547,949,682	
Total charge for the year-June 2018	3,584,990	14,812,895	9,166,424	126,703	1,732,395			29,423,407	
N.B.V AT 30TH JUNE 2018-GOK	139,814,608	103,690,264	26,536,670	191,452	6,315,782			276,548,775	
N.B.V AT 30TH JUNE 2018-ENNNRCP	-	-	962,602	104,189	5,810,982			6,877,773	
N.B.V AT 30TH JUNE 2018-TOTAL	139,814,608	103,690,264	27,499,272	295,641	12,126,764			283,426,548	
2019									
ACC. DEPRECIATION									
1 July 2018-GOK	20,142,086	187,202,983	235,384,937	10,606,854	47,026,751			500,363,611	
Charge for year- GOK	3,495,365	12,961,283	6,634,167.47	57,435.69	789,473			23,937,724	
Charge on disposal of motor vehicle			50,500						

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Charge for year- GOK	3,495,365	12,961,283	6,684,667	57,436	789,473	23,988,224
total cumulative-GOK	23,637,451	200,164,266	242,069,605	10,664,289	47,816,224	524,351,835
1 July 2018 –ENNNRCP	-	-	28,179,217	3,598,473	15,808,381	47,586,071
Charge for year- ENNNRCP	-	-	240,650.53	31,256.55	726,372.77	998,280
total cumulative-ENNNRCP	-	-	28,419,868	3,629,730	16,534,754	48,584,351
TOTAL ACC. DEPRECIATION	23,637,451	200,164,266	270,489,472	14,294,019	64,350,978	572,936,186
Total charge for the year-June 2019	3,495,365	12,961,283	6,925,318	88,692	1,515,845	24,986,504
N.B.V AT 30 TH JUNE 2019-GOK	136,319,243	90,728,981	19,852,002	134,017	5,526,309	252,560,551
NBV FOR THE DISPOSAL OF MOTOR VEHICLES			(202,000.0)			(202,000.0)
N.B.V AT 30 TH JUNE 2019-GOK	136,319,243	90,728,981	19,700,502	134,017	5,526,309	252,358,551
N.B.V AT 30 TH JUNE 2019-ENNNRCP	-	-	721,952	72,932	5,084,609	5,879,492.9
N.B.V AT 30 TH JUNE 2019-TOTAL	136,319,243	90,728,981	20,422,454	206,949	10,610,918	258,288,544
2020						
ACC. DEPRECIATION						
1 July 2019–GOK	23,637,451	200,164,266	242,069,605	10,664,289	47,816,224	524,351,835
Charge for year- GOK	3,407,981	11,341,123	4,925,125.60	40,204.99	690,789	20,405,223
total cumulative-GOK	27,045,432	211,505,388	246,994,730	10,704,494	48,507,013	544,757,058
1 July 2019 –ENNNRCP	-	-	28,419,868	3,629,730	16,534,754	48,584,351

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Charge for year- ENNNRCP	-	-	180,487.89	21,879.59	635,576.17	837,944
total cumulative-ENNNRCP	-	-	28,600,356	3,651,610	17,170,330	49,422,295
TOTALACC. DEPRECIATION 2020	27,045,432	211,505,388	275,595,086	14,356,104	65,677,342	594,179,353
TOTAL CHARGE FOR THE YEAR 2020	3,407,981	11,341,123	5,105,613	62,085	1,326,365	21,243,167
N.B.V AT 30 TH JUNE 2020-GOK	132,911,261	79,387,858	14,775,377	93,812	4,835,520	232,003,829
N.B.V AT 30 TH JUNE 2020-ENNNRCP	-	-	541,464	51,052	4,449,033	5,041,549
TOTAL N.B.V AT 30 TH JUNE 2020	132,911,261	79,387,858	15,316,840	144,864	9,284,553	237,045,378
2021						
N.B.V AT 30 TH JUNE 2020-GOK	132,911,261	79,387,858	14,775,377	93,812	4,835,520	232,003,829
Additional			10,728,200	4,991,240	8,959,816	24,679,256
Charge on disposal of motor vehicle						-
TOTAL FOR 2021 GOK	132,911,261	79,387,858	25,503,577	5,085,052	13,795,336	256,683,085
TOTAL FOR 2021 ENNNRCP	-	-	541,464	51,052	4,449,033	5,041,549
TOTAL N.B.V AT 30 TH JULY 2020	132,911,261	79,387,858	26,045,040	5,136,104	18,244,369	261,724,634
ACC. DEPRECIATION						
1 July 2020-GOK	27,045,432	211,505,388	246,994,730	10,704,494	48,507,013	544,757,058
Charge for year- GOK	3,322,782	9,923,482	6,375,894.20	1,525,515.49	1,724,417	22,872,091
Total cumulative-GOK	30,368,214	221,428,870	253,370,624	12,230,010	50,231,430	567,629,148

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

1 July 2019 – ENNNRCP	-	-	28,600,356	3,651,610	17,170,330	49,422,295
Charge for year- ENNNRCP	-		135,365.92	15,315.71	556,129.15	706,811
Total cumulative-ENNNRCP	-	-	28,735,722	3,666,925	17,726,459	50,129,106
TOTAL ACC. DEPRECIATION 2020	30,368,214	221,428,870	282,106,346	15,896,935	67,957,889	617,758,254
TOTAL CHARGE FOR THE YEAR 2020	3,322,782	9,923,482	6,511,260	1,540,831	2,280,546	23,578,901
N.B.V AT 30 TH JUNE 2021-GOK	129,588,480	69,464,376	19,127,683	3,559,536	12,070,919	233,810,994
			(8,940,000)			(8,940,000)
N.B.V AT 30 TH JUNE 2021-ENNNRCP	-	-	406,098	35,737	3,892,904	4,334,738
TOTAL N.B.V AT 30 TH JUNE 2021	129,588,480	69,464,376	19,533,780	3,595,273	15,963,823	238,145,732

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

18. Trade and Other Payables

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade payables	224,503,697	282,776,607
Total trade and other payables	224,503,697	282,776,607

19. Cash Generated from Operations

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the year before tax	(679,088,460)	847,199,970
Adjusted for:		
Depreciation	23,565,232	21,243,166
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	82,228,050	(82,228,050)
Increase in biological assets	(3,272,000)	1,362,000
Increase in payables	(58,298,832)	311,099
Net cash flow from operating activities	634,866,010	787,888,186

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. FINANCIAL RISK MANAGEMENT

The Authority's activities expose it to a variety of financial risks including credit and liquidity risks. The Authority's overall risk management policies are set out by the Board of Directors (BOD) and implemented by the Management and focus on the unpredictability of changes in Authority's environment and seek to minimise the potential adverse effects of such risks on the Authority's performance by setting acceptable levels of risk. The Authority's does not hedge any risks.

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

(i) Credit risk

The Authority has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from financial assets, and is managed on an Authority-wide basis. The Authority does not grade the credit quality of financial assets that are neither past due nor impaired.

Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Authority's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Liquidity risk is the risk that the Authority will encounter difficulty in meeting obligations associated with financial liabilities. The Board has developed a risk management framework for the management of the Authority's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due.

The Authority manages liquidity risk by ensuring that all contracts and goods purchased are depended on the actual funds available before any commitment can be done. This ensures that liabilities on services and goods supplied will be settled promptly when they fall due.

(iii) Market risk

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

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

The Authority's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Authority's exposure to market risks or the manner in which it manages and measures the risk.

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv. Operational Risk Management

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the corporation's processes, personnel, technology and infrastructure, external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The corporation's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the corporation's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the corporation.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management in the corporation's departments. This responsibility is supported by the development of overall corporation standards for the management of operational risks in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation and approval of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced by the Authority, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and implementation of the proposed remedial solutions and actions;
- Development of contingency plans;
- Training and professional development for its staff;
- Adherence to ethical and business standards; and
- Review of compliance with corporation standards is reviewed on an ongoing basis by senior management and the internal audit department.

iv) Capital Risk Management

The corporation's objectives when managing capital are:

- To match the profile of its assets and liabilities, taking account of the risks inherent in the business;
- To maintain financial strength to support business growth; and
- To safeguard the corporation's ability to continue as a going concern so that it can continue to carry out its mandate and provide requisite benefits the communities and all other relevant stakeholders.

The Authority has a number of sources of capital available to it and seeks to optimise its debt to equity structure in order to ensure that it can consistently maximise returns to Government. Capital adequacy is monitored regularly by the corporation's management and quarterly by the Board of Directors.

• Related Party Balances

a) Nature of related party relationships

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The entity is related to

- i) The National Government;
- ii) The Ministry of devolution;
- iii) Key management;
- iv) Board of directors;

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Purchases from related parties		
Purchases of electricity from KPLC	790,099	323,061
Training and conference fees paid to govt. agencies	1,980,133	-
Total	2,770,232	323,061
Grants /Transfers from the Government		
Grants from National Govt	832,358,000	1,279,169,281
Total	832,358,000	1,279,169,281
a) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	193,366,857	159,473,673
Payments for goods and services for xxx	31,185,744	31,059,416
Total	224,552,601	190,533,089
Key management compensation		
b) Directors' emoluments	10,971,282	18,710,011
Compensation to key management	22,492,132	-
Total	33,463,414	18,710,011

**Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Events after the Reporting Period

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

Ultimate and Holding Entity

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

Currency

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

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

The Authority has not received its Audited Financial Statements for the F.Y 2019-2020.


Managing Director/CEO

Date.....13/06/2022.....

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Ref	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Source of fund
1	Chaffa Chachane Earth Fill Embankment Dam	230,000,000	204,583,883	100	230,000,000	204,583,883	Gok
2	Eressa Teno Earth Fill Embankment Dam	94,000,000	89,763,369	100	94,000,000	89,763,369	Gok
3	Boji Garse Earth Fill Embankment Dam	222,000,000	214,532,699	100	222,000,000	214,532,699	Gok
4	Malalba Earth Fill Embankment Dam	88,000,000	36,480,902	85	88,000,000	36,480,902	Gok
5	Walensu water pan	18,000,000	17,229,499	100	18,000,000	17,229,499	Gok

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		EWASO NGIRO NORTH DEVELOPMENT AUTHORITY		
	Break down of Transfers from the State Department for Regional and Northern Corridor Development			
	FY 2020/2021			
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		27.08.2020	46,360,000.00	F.Y 2020-2021
		06.11.2020	46,360,000.00	F.Y 2020-2021
		03.02.2021	46,360,000.00	F.Y 2020-2021
		22.04.2021	46,360,000.00	F.Y 2020-2021
		05.05.2021	50,000,000.00	F.Y 2020-2021
		Total	235,440,000.00	
b.	Development Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		31.05.2021	50,000,000.00	F.Y 2020-2021
		25.06.2021	45,000,000.00	F.Y 2020-2021
		25.06.2021	51,918,000.00	F.Y 2020-2021
		13.07.2021	450,000,000.00	F.Y 2020-2021
		Total	596,918,000.00	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager

Ewaso Ng'iro North River Basin

Development Authority

Head of Accounting Unit

Ministry of East African Community

(EAC) and Regional Development

Sign

Sign-----

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/ Others	Total Amount- KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of East Africa and Regional Development	27.08.2020	Recurrent	46,360,000.00	✓	N/A	N/A	N/A	N/A	46,360,000.00
Ministry of East Africa and Regional Development	06.11.2020	Recurrent	46,360,000.00	✓	N/A	N/A	N/A	N/A	46,360,000.00
Ministry of East Africa and Regional Development	03.02.2021	Recurrent	46,360,000.00	✓	N/A	N/A	N/A	N/A	46,360,000.00
Ministry of East Africa and Regional Development	22.04.2021	Recurrent	46,360,000.00	✓	N/A	N/A	N/A	N/A	46,360,000.00
Ministry of East Africa and Regional Development	05.05.2021	Recurrent	50,000,000.00	✓	N/A	N/A	N/A	N/A	50,000,000.00

Ewaso Ng'iro North River Development Authority
Annual Reports and Financial Statements
For the year ending June 30, 2021

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/ Development/ Others	Total Amount- KES	Where Recorded/recognized						Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific		
Ministry of East Africa and Regional Development	31.05.2021	Development	50,000,000.00	✓	N/A	N/A	N/A	N/A	50,000,000.00	
Ministry of East Africa and Regional Development	25.06.2021	Development	45,000,000.00	✓	N/A	N/A	N/A	N/A	45,000,000.00	
Ministry of East Africa and Regional Development	25.06.2021	Development	51,918,000.00	✓	N/A	N/A	N/A	N/A	51,918,000.00	
Ministry of East Africa and Regional Development	13.07.2021	Development	450,000,000.00	✓	N/A	N/A	N/A	N/A	450,000,000.00	
Total			832,358,000.00	xxx	xxx	xxx	xxx	xxx	832,358,000.00	