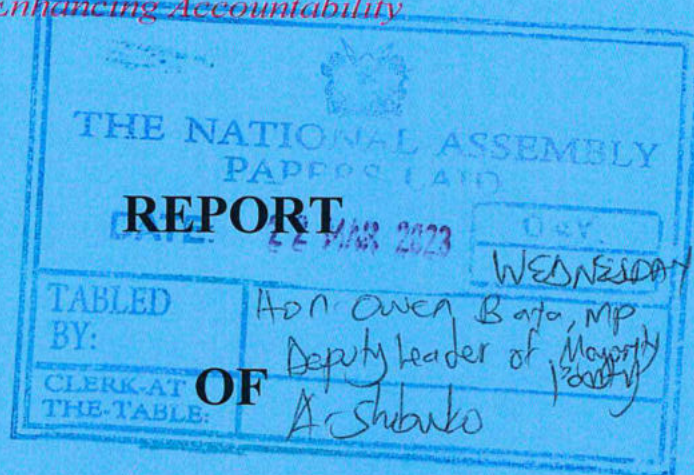


REPUBLIC OF KENYA



Enhancing Accountability



THE AUDITOR-GENERAL

ON

**TANA AND ATHI RIVERS DEVELOPMENT
AUTHORITY (TARDA)**

**FOR THE YEAR ENDED
30 JUNE, 2022**



TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR
THE FINANCIAL YEAR ENDED
JUNE 30, 2022**

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

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Abbreviations

AA	-	Appropriation in Aid
CEO	-	Chief Executive Officer
CSCEC	-	China State Construction Engineering Corporation
CSR	-	Corporate Social Responsibilities
EU	-	European Union
EP		Economic Stimulus Programme
GoK	-	Government of Kenya
HGF	-	High Grand Falls
ICS	-	Internal Control Systems
IPSAS	-	International Public Sector Accounting Standards
JICA	-	Japan International Co-operation Agency
LPO	-	Local Purchase Order
LSO	-	Local Service Order
OECF	-	Overseas Economic Co-operation Fund
TARDA	-	Tana and Athi Rivers Development Authority
TDIP	-	Tana Delta Irrigation Project

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

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Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Formation

TARDA was established by an Act of Parliament, Cap. 443 of 1974. It is responsible to the Government of Kenya through the Ministry of East African Community and Regional Development.

The Authority's areas of jurisdiction approximate coverage is 138,000km² and includes nineteen (19) current counties within the former Nairobi, Central, Eastern and parts of Coast, N/Eastern and Rift Valley provinces. The area has an estimated population of 15 million inhabitants based on 2009 census.

Governance Structure

The Authority has a governance structure consisting of seventeen (17) Board Members, including the Chairman appointed by the President and the MD as the Secretary to the Board.

(b) Principal Activities

Vision

"To be a leading self-sustaining river basin development Authority in natural resource conservation and development."

Mission

"To undertake integrated basin based natural resources conservation through planning and sustainable development".

Mandate

The Authority will contribute towards the achievement of 3rd Medium Term Plan of Vision 2030 and Big 4 Agenda.

Key objectives

This includes:

- Sustainable integrated regional planning and development;
- Development of multipurpose water reservoirs along the Tana and Athi Rivers;
- Conservation of water towers, river banks and water reservoirs;
- Community empowerment, support and employment.

Key Achievements by TARDA

(i) Construction of Integrated & Multi-Purpose Reservoirs

- *Masinga Reservoir (1982)*
- *Kiambere Reservoir (1988)*
- *High Grand Falls Multi-Purpose Reservoir (Initial stages of development done).*

The two water reservoirs positively affected the socio-economic development of this country in production of hydroelectric power for national grid and 152Kms tarmac roads network and water supplies across Counties of Machakos, Murang'a, Kitui and Embu in the region. Additionally, the reservoirs had fundamental positive impact especially in enhancing irrigated agriculture, food security, eco-tourism, fisheries, drought mitigation, river regulations and substantial flood controls along the Tana River system.

(ii) Specific Related projects to our development of Masinga and Kiambere Reservoirs:

- *Masinga Tourist Lodge*
- *Kiambere- Mwingi Water Supply*
- *Masinga - Kitui Water Supply*
- *Infrastructure Development*
- *80km of tarmac road from Kanyonyo to Embu.*
- *60km road from Kamburu to Kiambere market,*
- *12km road from Kaewa to Masinga Dam Resort.*
- *Two (2) air strips at Masinga and Kiambere.*
- *Two (2) Police station and Staff quarters at MDR.*
- *Kiambere school complex (Primary and Secondary)*

(iii) Other Development Programmes:

(a) Catchment Conservation Programmes

Over the years the Authority has constructed five (5) check dams, 102 water pans, established over 300 tree nurseries and planted over 10 million seedlings within the Upper and the Middle Catchment of the two river basins.

(b) Other Projects

- *Tana Delta Irrigation Project – Tana River County*
- *Kiangurwe Community Mini Hydro Power Station – Kirinyaga County*
- *Owns (2) two Prime Plots in Nairobi (Upper Hill and Industrial Area)*
- *Masinga Irrigation Project - Machakos County*

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

- Kiambere Irrigation Project – Embu County
- Emali Livestock Multiplication & Breeding Farm – Kajiado County
- Kibwezi Irrigation Project – Makueni County
- Kitui Honey Refinery – Kitui County

(c) Key Management:

The Authority's operational affairs and management is under the following key organs:

(i) Cabinet Secretary

Hon. Adan Mohamed, EGH

Ministry of EAC and Regional Development

(ii) Principal Secretary

Dr. Richard Belio Kipsang

State Department for Regional and Northern Corridor Development

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

NAME	DESIGNATION
1. Mr. Liban R. Duba	- Managing Director
2. Mr. David Kimaiyo	- Manager Finance and Accounts
3. Mr. Samuel Gitonga	- Director Conservation
4. Ms. Damaris Kiarie	- Director Corporate Services
5. Mr. Parmenas Mukeku	- Director Business Development & Investment
6. Ms. Irene Ndavi	- Director Resource Planning & Development
7. Eng. Henry Maina	- Manager Resource Planning
8. Mr. James Osano	- Internal Audit & Risk Manager
9. Mr. Wycliffe Sava	- Manager Supply Chain Management
10. Ms. Maureen Nyamai	- Senior Legal Officer
11. Mr. Samuel Wanyoike	- ICT Manager

(e) Fiduciary Oversight Arrangement

The Tana and Athi Rivers Development Authority (TARDA) Board of Directors is the body of appointed members as provided for in Section 4 of the TARDA Act CAP 443, laws of Kenya. The TARDA Board jointly oversee the activities of the organization. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment for the sustainable performance of the organization.

In general, Board members are required to act in the best interest of the organization and uphold their fiduciary responsibilities and duty of care. This involves to act in good faith of the organization, avoiding real and perceived conflicts of interest, and favoring the interests of the organization over other interests. The Board provides strategic direction, exercise control and remain accountable through effective leadership, enterprise, integrity and good judgment.

To effectively discharge its mandate, the Board has established committees with specific terms of reference. The Board remains collectively responsible for the decisions and actions taken by any committee. A committee may only perform the tasks delegated to it by the Board and may not exceed the authority or powers of the Board.

The Board has established the following standing committees: -

1. Governance, Audit and Risk Management Committee

The Governance Audit & Risk Management Committee formulates and oversee implementation of systems and process of accountability, risk management and internal controls, ethical practices and effective management of stakeholder interest. It also reviews reports on risk management, regulatory compliance, business resilience, contentious matters and other ad hoc reports covering such other matters relating to systems and process of accountability, risk management.

2. Finance and Supply Chain Committee

The Finance and Supply Chain Committee formulates and oversee the financial and procurement in all projects and plans including reviewing on behalf of the Full Board Financial performance on quarterly basis of the organization.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

3. The Planning & Natural Resources Conservation Committee

The Planning & Natural Resources Conservation Committee will formulate and oversee implementation of all projects, plans and policies regarding resource planning and conservation of natural resources being undertaken by the Authority.

4. Human Resource & Administration Committee

The Human Resource & Administration Committee formulates and oversees the human capital utilization and administration in all projects and plans. It also oversees formulation and monitors human resource policies for implementation being undertaken by the Authority.

(f) TARDA Headquarters

Tana and Athi Rivers Development Authority
P.O. Box 47309 - 00100
Queensway House 7th Floor-
Kaunda Street
Nairobi, KENYA

(g) Contacts

Telephone: (254) 020 341784/5/6
E-mail: info@tarda.co.ke
Website: www.tarda.go.ke

(h) Bankers

National Bank of Kenya Ltd
Harambee Avenue
P.O. Box 41862 - 00100
NAIROBI

Kenya Commercial Bank Ltd
Moi Avenue
P.O. Box 48400 - 00100
NAIROBI

Consolidated Bank of Kenya Ltd
Koinange Street
P.O. Box 51133-00200
NAIROBI

(i) Independent Auditors

The Auditor General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084- 00100
NAIROBI, KENYA

(j) Principal Legal Advisor



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


(k) Lawyers

- M Mulekyo & Co. Advocate
- Waweru Gatonye and Co. Advocate
- Kibe & Kinoti Co Advocate
- Muchoki Kangata Njenga & Co. Advocate
- Muthuri Riungu Company Advocate




Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

2. THE BOARD OF DIRECTORS


No	PASSPORT SIZE PHOTO	ACADEMIC & PROFESSIONAL QUALIFICATIONS	DATE OF BIRTH, KEY QUALIFICATIONS & WORK EXPERIENCE
1.	 <p>Hon. Capt. Joe Mutambu, MBS Chairperson of the TARDA Board of Directors</p>	<p>B.A. Kenya Methodist University</p>	<p>D.o.B: 19th July 1967</p> <p>Former MP Mwingi Central Constituency</p> <p>Former Chairman of Board of Directors Water Resources Authority (WRA).</p> <p>Former Chairman of Board of Directors Kenya Electricity Transmission Company Ltd. (KENTRACO).</p>
2.	 <p>Mr. Liban R. Duba Managing Director</p>	<p>Maastricht School of Management Master Degree – Business Administration</p> <p>University of Nairobi Bachelor of Arts – Economics</p> <p>Member-Institute of Directors, IOD(K)</p> <p>Full Member- IHRM (K)</p> <p>Certified Trustee – RBA</p>	<p>D.o.B: 30.09.1981</p> <p>Managing Director – TARDA</p> <p>Manager Industrial Training – National industrial Training Authority</p> <p>Managing Director – Burqa Holdings Ltd</p> <p>Director HR&A - TARDA</p> <p>Manager: Human Resources-ALGAK</p>

3.	 <p>Prof. Reuben Muasya Board member</p>	<ul style="list-style-type: none"> - Ph.D. Wageningen Agricultural University, Wageningen, The Netherlands (1997 – 2001). Thesis Title Crop physiological analysis of seed quality variation in common bean (<i>Phaseolus vulgaris</i> L.). - Master of Philosophy Moi University, Eldoret, Kenya (1993 – 1996) - B.Sc. Agric. (Hons) University of Eastern Africa Baraton, Kenya (1988 – 1992) - Certificate Agric. Eng. Eldoret Institute of Agriculture, Eldoret, Kenya (1983) 	<p>D.o.B: September 12, 1960</p> <ul style="list-style-type: none"> - Associate Professor, Crop and Seed Science - Deputy Vice Chancellor Finance, Planning and Development at South Eastern Kenya University - Acting Deputy Vice Chancellor (Academic), Kenyatta University (March 2010 to date) - Director, Grant Writing and Management Kenyatta University (February, 2009 to date) - Member Kenyatta University Senate (2009 to date) - Chairman, Department of Agricultural Science and Technology, Kenyatta University (January to December 2009) - External Examiner, Egerton University - External Examiner, Maseno University - Team Member, Moi University VLIR- OUS Agriculture and Biotechnology project - Team leader, Moi University VLIR- OUS Agriculture and Biotechnology project (2005-2008) - Dean, School of Agriculture and Biotechnology Moi University (2003- Dec. 2008)
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Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

4.	 <p>Mr. Robert Kabuta Murimi Board member</p>	<p>Business Administration Calvin Collage Grand Rapids Michigan, USA</p>	<p>D.o.B: 19 May 1961</p> <ul style="list-style-type: none"> - Hotel Manager , Alliance Hotels Limited - Director of Various Companies
5.	 <p>Mrs. Jane Cirindi Kithinji Board Member</p>	<p>Bachelor of Education, Kenyatta University</p>	<p>D.o.B: 1961</p> <ul style="list-style-type: none"> - Teacher, Chogoria Boys High School- 1987-1995 - Head Teacher- Makuri Girls High School 1995-2013 - County Executive Committee-2013-2017 - Chairlady- Kenya Secondary School Heads Association, Maara District 2008-2013 - Chairlady – Kenya Secondary School Heads Association, TharakaNithi County 2011-2013 - Chairlady- Nithi Constituency Bursary Fund (for the National Government) 2008-2013
6.	 <p>Dr. Michael Maero Wawire Board Member</p>	<p>Bsc, Msc, PhD- JKUAT</p>	<p>D.o.B: 1976</p> <p>Doctorate of philosophy Food science and post-harvest technology- JKUAT</p> <p>Laboratory and Food Technology- Katholieke Unibesiteit. Leuven, Belgium.</p> <p>Masters of Postharvest and Food Preservation Engineering Katholieke Unibesiteit. Leuven, Belgium.</p> <p>Bachelor of Science in Food Science and Postharvests Technology, JKUA</p>

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

7.	 <p>Dr. Muriithi WaKang'ara, OGW Board Member</p>	O Level	<p>D.O.B 1957</p> <p>Chairperson, Jubilee Party, Kirinyaga County</p> <p>Former Board Member, Tana Water Services Board</p> <p>Business Mogul</p>
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Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

ALTERNATE BOARD MEMBERS

- | | | |
|--------------------------------|---|--|
| 8. Mr. Emilio Mugo | - | Alternate Director to the Principal Secretary State Department for Regional and Northern Corridor Development
Ministry of East African Community & Regional Development |
| 9. Mr. John Olela Odira | - | Alternative Director to Principal Secretary
Ministry of Environment & Forestry |
| 10. Eng. Ndegwa uhwang'a | - | Alternative Director to Principal Secretary
Ministry of Water Irrigation and Sanitation |
| 11. Eng. Ali Abdulrazaq Adan | - | Non Executive Director - Kenya Power and Lighting Co. Ltd |
| 12. Mr. Ronald Inyang'ala, OGW | - | Alternate Director to The Principal Secretary
National Treasury |
| 13. Mr. Joseph Kirubi, | - | Alternate Director to the Principal Secretary, State Department for Crop Development and Agriculture Research,
Ministry of Agriculture Livestock Fisheries & Co-operatives |
| 14. Eng. Vincent Kabuti, OGW | - | Alternative Director to the General Manager
National Irrigation Authority |
| 15. Ms. Maureen Nyabochoa | - | Alternative Director to the Office of the
Attorney General and Department of Justice |

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022





3. MANAGEMENT TEAM

NO.	Name	Qualification	Designation / D.O.B
1.	 <p>Mr. Liban R. Duba</p>	<p>Maastricht School of Management Master Degree – Business Administration</p> <p>University of Nairobi Bachelor of Arts – Economics</p> <p>Member-Institute of Directors, IOD(K)</p> <p>Full Member- IHRM (K)</p> <p>Certified Trustee – RBA</p>	<p>D.o.B: 30.09.1981</p> <p>Managing Director – TARDA</p> <p>Manager Industrial Training – National industrial Training Authority</p> <p>Managing Director – Burqa Holdings Ltd</p> <p>Director HR&A - TARDA</p> <p>Manager: Human Resources-ALGAK</p>
2.	 <p>David Kimaiyo</p>	<p>MBA (Finance Option) – 2010</p> <p>BBA (Finance & Accounts Option) – 2008</p> <p>CPA</p> <p>KISM</p> <p>Certified Trustee – RBA</p>	<p>D.o.B: 1975</p> <p>Manager Finance and Accounts</p>
3.	 <p>Samuel Gitonga</p>	<p>Msc. (Water Resources Survey & Management)–1999</p> <p>MBA (Strategic Management) 2014</p> <p>BSc. (Geology) - 1989</p> <p>Member-Institute of Environmental Assessment Kenya (EIK)</p> <p>Hydrological Society of Kenya (HSK)</p>	<p>D.o.B: 1962</p> <p>Director Conservation</p>

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

4.	 <p>Parmenas Mukeku</p>	<p>BSc (Animal Production) – 1992</p>	<p>D.o.B: 1965</p> <p>Director Business Development and Investment</p>
5.	 <p>Irene Ndavi</p>	<p>MSC International Development Studies</p> <p>BA (Agricultural Education)</p>	<p>D.o.B: 1977</p> <p>Director Resource Planning & Development</p>
6.	 <p>Damarys Kiarie</p>	<p>BA (Social Sciences) - 1980</p>	<p>D.o.B: 1957</p> <p>Director Corporate Services</p>

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

7.	 <p>Eng. Henry Maina</p>	<p>BSc (Agriculture Engineering)- 1999</p> <p>Member - Institute of Engineers Kenya (MIEK).</p> <p>Engineers Board of Kenya (EBK)</p>	<p>D.o.B: 1974</p> <p>Manager Resource Planning</p>
8.	 <p>James A. Osano</p>	<p>MBA (Finance Option) – 2010</p> <p>B Com (Accounting Option) – 2006</p> <p>CPA (K) -1997</p> <p>CPS (K) – 2007</p>	<p>D.o.B: 1962</p> <p>Internal Audit and Risk Manager</p>
9.	 <p>Wycliffe Sava</p>	<p>MBA (Pro. & Supplies) - 2013</p> <p>B Com (Marketing) - 2005</p> <p>Member –Kenya Institute of Supplies Management (KISM)</p>	<p>D.o.B: 1979</p> <p>Manager Supply Chain Management</p>
10.	 <p>Maureen Nyamai</p>	<p>CPS (K)-2019</p> <p>Advocate-2014</p> <p>KSL. DIP 2013</p> <p>LLB – 2011</p>	<p>D.o.B: 1989</p> <p>Senior Legal Officer</p>

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

4. CHAIRPERSON'S STATEMENT

Assumption of Office

In Exercise of the powers conferred by section 4(1) of the Tana and Athi Rivers Development Authority Act Cap 443 of the Laws of Kenya, His Excellency the President, Uhuru Kenyatta appointed me to be the Chairman of Tana and Athi Rivers Development Authority (TARDA), for the period of three (3) years with effect from 14th April 2022.

Mandate of TARDA

TARDA's area of jurisdiction is wide, covering an area of approximately 138,000km² covering nineteen (19) counties namely; Nyeri, Kirinyaga, Nyandarua, Murang'a, Embu, Tharaka Nithi, Meru, Isiolo, Kiambu, Nairobi, Machakos, Kajiado, Makueni, Kitui, Garissa, Taita Taveta, Tana River, Lamu and Kilifi. The Region is inhabited by a diversity of communities and is endowed with natural resources and enabling infrastructure; all providing good opportunities for development.

Vision

The Board's vision for TARDA is to be a leading self-sustaining river basin development Authority in natural resources conservation and development. TARDA's overall goal is to facilitating the attainment of the 'Big 4 Agenda' Pillar on Food Security in line with the National Government's Vision 2030 and the Fourth Medium Term Plan (2022-2026) on advancing socio-economic development of our Nation. The Board has identified key initiatives for implementation to achieve equitable and sustainable development through implementation of integrated and multi-purpose programs and projects and promotion of resource-based investments in the Basins.

Performance Highlights:

During the year under review, TARDA engaged our partners and stakeholders in the Counties in activities with positive bearing on social and economic gains in catchment conservation activities, water conservation, and irrigation development among others. However, due to the impact of the COVID-19 pandemic that hit the country and the entire world, many of the activities the Authority was engaged in were greatly hampered. However, TARDA endeavors to provide excellent customer service through all delivery channels through continuous improvement of various processes and procedures.

Acknowledgement

I would like to thank the Members of the Board for their valuable guidance, support and prudent counsel. I also place on record our appreciation for the support from our stakeholders and most importantly, the dedicated employees for their consistent support and commitment to the Authority during the financial year despite all the challenges faced.



BOARD CHAIRMAN

5. REPORT OF THE MANAGING DIRECTOR

I was appointed as the Managing Director of Tana and Athi Rivers Development Authority on 16th January, 2022. I am delighted to report the 2021/22 Financial Statements of Tana and Athi Rivers Development Authority. The report highlights the operational performance, challenges and ongoing projects.

During the year under review, the Authority total revenue reflect an increase of 43% from Kshs.356 million in 2021 to Kshs.510 million in 2022 mainly due to revenue from non-exchange transactions and exchange transactions increase.

In the statement of changes in equity the capital fund in the year 2022 witnessed a 4% growth in capital from Kshs.5.09 billion in 2021 to Kshs.5.27 billion in 2022. This was due to development funds received in the year under review.

The overall deficit decreased by 19% Kshs.669 million in 2021 to Kshs.564 million in 2022 due to increase in revenue.

MAIN CHALLENGE

Going Concern

Before the power sector reorganization which was completed in the year 2000, the going concern of the Authority was very healthy and encouraging. The Authority did not rely on the Exchequer system for its operational sustainability because the Authority had sufficient revenue generated from commercialized projects mainly Masinga & Iambere multi-purpose reservoirs Kibwezi and Masinga farms and livestock and Honey enterprises among others.

The taking over of our facilities without recommended compensations has been causing the Authority unnecessary financial constraint to date due to legal claims emerging from land compensation, land rates, outstanding pensions among others which are directly related to reservoir assets and revenues.

Unless these claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring year after year despite the fact that it is not the inefficiency of TARDA but the effect of the power sector restructuring of the late 1990s.

ON GOING PROGRAMMES AND PROJECTS

1. TANA DELTA IRRIGATION PROJECT (TDIP)- KITERE INTAKE WORKS

a) Progress Report

The Farm continues to be an anchor project for the Authority, but has continued to be faced by a myriad of challenges; mainly a range between managing water shortages (from the destroyed water intake and irrigation infrastructure) and

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

flooding (being that it lies at the Tana River Delta and the protection dykes were breached in the rains experienced early 2021).

The main activities in FY 2021/2022 have been the rehabilitation of the farm geared towards the restoration of the infrastructure (flood protection dyke and water supply channels). The rehabilitation/Repairs of Tana Delta Main Canal (TDMC).

b) KIENI INTEGRATED IRRIGATION PROJECT

The project was a product of an earlier feasibility study done in 2013 by the Ministry of Water and Irrigation jointly with the National Irrigation Board to identify Irrigation potential in Kieni East and West in Nyeri County. The project covers seven (7) dams identified and out of these, two dams (Karemenu and Narumoru) and their irrigation infrastructures had been recommended to implement in Phase I under Engineering Procurement Contract-Finance (EPC-F) model through the Expression of Interest (EOI).

In the year under review the Authority constructed Three (3) Small Holder Irrigation Schemes in Kieniarea. The schemes opened 622 Ha of land and benefit 1,475 Households.

c) LOWER MURANG'A INTEGRATED IRRIGATION PROJECT

The Lower Murang'a Integrated Irrigation Project is being implemented as part of 1 million acre and funded through Ministry of Environment, Water and Natural Resources - State Department of Water under **"Water Use for Enhanced National Food and Water Security Project"**.

The project areas cover 3 sub-counties of Murang'a namely, Kiharu, Maragua and Gatanga sub-counties. The following locations will be targeted within the project area;

- i) Mirira location in Kiharu Sub-County
- ii) Maragua ridge location, Kamahuha location, Kambiti location and Makuyu location in Maragua sub-county
- iii) Ithanga location and Kakuzi location in Gatanga sub-county

The Authority and County Government of Murang'a commissioned project feasibility study and design for the development of 5,000ha irrigation scheme in the Lower Murang'a and a Mini-hydro power generation.

In the year under review, two (2) Small Holder Irrigation schemes were constructed which opened 500 acres and benefit 470 households.

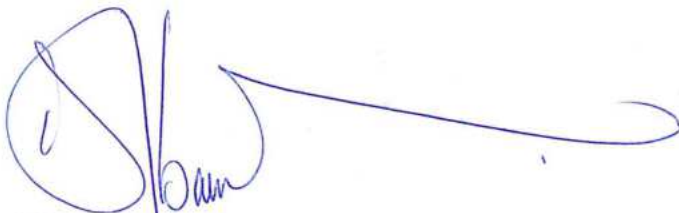
d) DROUGHT MITIGATION

Tharaka Nithi and Machakos Counties to benefit 1,250 households and put 10 acres under irrigation and rehabilitated one Borehole in Nyeri county to benefit 550 households. The Authority also constructed a water pan in Emali Makueni County to benefit 200 livestock and also supply of water to 2,000 traders in Kamukunji Nairobi County.

Appreciation

I extend my appreciation to the Government including The National Treasury and our Parent Ministry of East African Community (EAC) and Regional Development, State Department for Regional & Northern Corridor Development, TARDA Management and employees for their continued support and insights.

I would also like to thank the TARDA Board of Directors on matters of policy & corporate governance and guidance to the Management.



Liban R. Duba
MANAGING DIRECTOR

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/22

PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022				
Strategic Pillar/Theme/Issues	Objectives	Key Performance Indicators	Activities/ Projects	Achievements
Organizational Sustainability	SO 1: To strengthen the institutional human capital capacity for optimal service delivery			
		% implementation of career Progression Guidelines & JD's	Review and implement career progression guidelines and job descriptions	First draft done
		no of Training needs identified	Conduct a Training Needs Assessment (TNA)	1 TNA Report submitted
		% of Training needs identified	Implement recommendations of organizational Training Needs Assessment (TNA)	Ongoing
		% of review meetings on staff welfare held	Review and implement staff welfare, recognition and reward schemes	Draft Policy in place waiting Board approval
		Types of key skillsets identified	Identify, develop and operationalize key skillsets, managerial and knowledge areas	Ongoing
	SO 2: To enhance TARDA's financial stability	% of policy and strategy reviewed	Review Resource Mobilization Policy and strategy.	Policy document approved by board
		Proposal Unit established	Strengthen Project Proposal Development unit	Ongoing under the new organ structure
		No of commercialized enterprises and services in place	Commercialization and marketing of products and services including; enterprise, consultancy and investment promotion services	Tana basin-Masinga farm 1000 Ha leased to investor,contract signed. Athi Basin- Emali Livestock selection and breeding program, Tree nurseries in wote , Machakos and Kibwezi.
		No. of financial and procurement audits planned	Conduct annual financial and procurement audits	Exercise ongoing , to be completed by 30 th September 2022
		No. of corruption mitigation processes instituted	Implement Corruption detection and fraud protection systems	Continuous exercise
Sustainable Development	SO 3: To adopt the use of modern technology for operational efficiency in institutional processes, procedures and products	Review process planned	Review the ICT policy	ICT policy draft done
		No. of review sessions held	Review customer service delivery charter and PR code of conduct for staff	Done. Attached PR code of conduct
		Review process planned	Develop and implement an institutional M&E policy and framework	Draft Policy done
		No. of audits completed	Conduct annual Performance Management System audits	Continuous exercise. Done
		No. of integrated project plans developed	Detailed design, plan and implement integrated	Tana Basin-Small irrigation schemes done;3 Kieni,2

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

	SO 7: To develop broad consultative and collaborative framework with stakeholders for coordinated integrated development		development projects and programs	Murang'a.
		No. of sessions for preparation of climate change action plan	Develop climate change action plan for the Authority	On-Going
		No. of review sessions held	Review Regional Development Authorities Policy and TARDA Act	Draft Policy under review by parent ministry
		No of review sessions held	Develop a stakeholder engagement framework, database and communication policy	Stakeholder database developed

7. CORPORATE GOVERNANCE STATEMENT

The Tana and Athi Rivers Development Authority (TARDA) Act Chapter 443 of the Laws of Kenya is the main guideline on membership and procedure of the Authority. Section 4 (1) of the TARDA Act provides for a Board of Seventeen (17) Board Members, Including the Chairman appointed by the President and the Managing Director as the Secretary to the Board.

OVERVIEW

Corporate Governance refers to the principles, processes and practices by which an organization is operated, regulated and controlled so that it can set and fulfill its goals and objectives in a manner that adds value for the benefit of all stakeholders and its sustainability. It is concerned with systems and practices and procedures that govern the Authority. Good corporate governance entails provision of structures that establish relationships among company's board, shareholders, management and other stakeholders to ensure the Authority's business remains viable and sustainable.

Good Corporate Governance is necessary in order to:

- Attract investors – both local and foreign – and assure them that their investments will be secure and efficiently managed, and in a transparent and accountable process.
- Create competitive and efficient companies and business enterprises.
- Enhance the accountability and performance of those entrusted to manage corporations.
- Promote efficient and effective use of limited resources.

Without efficient operations of business enterprises, the country will not create wealth or employment. Without investment, companies will stagnate and collapse, if business enterprises do not prosper, there will be no economic growth, no employment, no taxes paid and invariably the country will not develop. The country needs well-governed and managed business enterprises that can attract investments, create jobs and wealth and remain viable, sustainable and competitive in the global market place.

Good corporate governance, therefore, becomes a prerequisite for national economic development.

The Authority regards good corporate governance as crucial to the success of the business and is steadfastly committed to practice it so that the Authority remains a sustainable and viable business of global stature. This statement sets out the main corporate governance practices and structures in Tana and Athi Rivers Development Authority.

COMPOSITION OF THE BOARD OF DIRECTORS

1. Membership of the Board

According to the TARDA Act CAP443, The Authority should consist a total of seventeen (17) members who include: -

- a) A chairman who shall be appointed by the President;
- b) Seven members who shall be the Permanent Secretaries of the scheduled Ministries;
- c) The General Manager of the National Irrigation Board appointed pursuant to section 11 of the Irrigation Act (Cap. 347);
- d) The chairman of the East African Power and Lighting Company Limited;
- e) The Director of the Water Department;
- f) Five other members, who shall not be members of the Government service, and who shall be appointed by the Minister in consultation with the President;
- g) The Managing Director.

In the period under review, the Board comprised of Thirteen (13) Members. The Chairperson of the Board, Four (4) are non-official members who are not members of the Government service, The Non- Executive Director, Kenya Power and Lighting Company, Five (5) of the members are were principal secretaries or alternate appointees, The alternate director to the General Manager of the National Irrigation Board and the Managing Director. The Board also had one (1) representative from the Inspectorate of State Corporations; however, the representative is not a member of the Board.

In the Period under Review, the Board experienced various vacancies and appointments as follows:-

The Following members **exited** the Board within the period under review

No.	Name	Particulars	Date of Appointment	Date of Exit from the Board	Remarks
1.	Hon. Jamleck Kamau, EGH	Chairman of the Board	3 rd May 2019	8 th February 2022	Resigned to pursue other ventures
2.	Dr. Michael Wawire's	Independent Board Member	7 th February	7 th February 2022.	2 nd Term expired on 8 th February 2022
3.	Mrs. Jane Cirindi Kithinji	Independent Board Member	24 th June 2019	8 th February 2022.	Resigned to pursue other ventures
4.	Dr. Muriithi Wa Kang'ara OGW	Independent Board Member	24 th June 2019	24 th June 2022	1 st Term expired on 23 rd June 2022

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

5.	Mr. Robert Muriimi	Independent Board Member	24 th June 2019	24 th June 2022	1 st Term expired on 23 rd June 2022
6.	Ms. Felister Nyacuru	The Alternate Director to the Attorney General	1 st July 2015	30 th August 2021.	proceeded for further studies outside the country
7.	Mr. Christopher Musumbu, OGW	the Alternate Director to the Principal Secretary State Department for Regional and Northern Corridor Development Ministry of East African Community & Regional Development	12 th March 2020	21 st February 2022	Exited the Board on 21 st February 2022
8.	Ms. Jane Ndungu	the Alternate Director to the Principal Secretary State Department for Crop Development and Agricultural Research, Ministry of Agriculture, Livestock Fisheries & Cooperatives,	12 th April 2021	7 th February 2022.	Exited following appointment as the Ag. CEO to Commodities Fund
9.	Eng. Alexandar Wainaina	Alternate Director to the General Manager National Irrigation Authority	14 th December 2016	7 th December 2021	Exited the Board on 7 th December 2021
10	Mr. Emilio Mugo	Ag. Managing Director	16 th September 2020	14 th January 2022	New Managing Director, Mr. Liban R. Duba, Was appointed on 16 th January 2022

In the Period under Review, the Board also experienced various appointments as follows:-

The following members **were appointed** to the Board within the period under review

No.	Name	Particulars	Date of Appointment	Date of Exit from the Board
1	Hon. Capt. Joe Mutambu, MBS	Chairman of the Board	14 th April 2022	14 th April 2025
2	Prof. Reuben Muasya	Independent Board Member	6 th October 2021	6 th October 2024
3	Ms. Maureen Nyabochoa	The Alternate Director to the Attorney General	4 th January 2022	N/A

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

4	Mr. Emilio Mugo	the Alternate Director to the Principal Secretary State Department for Regional and Northern Corridor Development Ministry of East African Community & Regional Development	22 nd February 2022	N/A
5	Ms. Joseph Kirubi	the Alternate Director to the Principal Secretary State Department for Crop Development and Agricultural Research, Ministry of Agriculture, Livestock Fisheries & Cooperatives,	8 th February 2022.	N/A
6	Eng. Vincent Kabuti	Alternate Director to the General Manager National Irrigation Authority	1 st December 2021	N/A

2. Functions of the Board are inter alia:

- a) Determine TARDA's mission, vision, purpose and core values.
- b) Set and oversee TRADA's overall strategy and approve significant policies
- c) Approve TARDA's organizational structure
- d) Approve the annual budget of TARDA
- e) Monitor TARDA's performance and ensure sustainability and regularly access the performance of top management.
- f) Enhance TARDA's corporate image of TARDA
- g) Ensure effective communication with stakeholders
- h) Regularly undertake overall board performance evaluation.

3. Role of the Chairman of the Board of Directors

The chairman inter alia:

- a) Provides overall leadership to the Board especially on area of policy development
- b) Conducts efficient Board meetings and guide the Board's decision –making process.
- c) Leads the Board evaluation process.
- d) Heads the Board Evaluation Process.
- e) Promotes a positive image of TARDA.

4. Conduct of Board's Business

The TARDA Act CAP 443 provides for the appointment of sub-committees whose main responsibilities are to engage management in providing detailed information and disclosure in readiness for subsequent full Board meetings. However, all decisions made by the sub-committees require confirmation and/or modifications during full Board meetings.

The current sub-committees' activities and their responsibilities are as follows;

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

1) Finance & Supply Chain Committee of the Board
Roles and Responsibility

The Board as per section 12 of the TARDA Act CAP 443 shall be responsible for the management of the affairs of a state corporation and shall be accountable for the moneys, the financial business and the management of a state corporation e.g. no corporation may incur expenditure for which provision was not made in an annual estimate prepared and submitted to the National Treasury before the end of February every year. Thus it is important for the Board to formulate work plan and meet regularly to ensure that the estimates are prepared and submitted in time.

This committee constitutes of the following members:

- | | | |
|----------------------------------|---|---|
| i) Mr. Robert Murimi | - | Chairperson (Exited on 24 th Feb 2022) |
| ii) Dr. Muriithiwa Kang'ara, OGW | - | Member (Exited on 24 th Feb 2022) |
| iii) Prof. Reuben Muasya | - | Member |
| iv) Mr. Ronald Inyangala | - | Member |
| v) Mr. Christopher Musumbu, OGW | - | Member (Exited on 21 st Feb 2022) |
| vi) Mr. Emilio Mugo | - | Member |
| vii) Eng. Ndegwa Muhwanga | - | Member |
| viii) Mr. John Odira Olela | - | Member |
| ix) Eng. Alexander Wainaina | - | Member (Exited on 7 th December 2021) |
| x) Eng. Vincent Kabuti | - | Member |

The Finance & Supply Chain committee held Four (4) regular meetings in the financial year 2021/2022.

2) Human Resource & Administration Committee of the Board

Roles and Responsibility:

Its role is to consider all matters associated with the policies and practices of the Authority in relation to its Human Resources & Administration.

This committee constitutes of the following members:

- | | | |
|------------------------------|---|---|
| i) Ms. Jane Cirindi Kithinji | - | Chairperson (Exited on 8 th February 2022) |
| ii) Prof. Reuben Muasya | - | Chairperson |
| iii) Ms. Felister Nyacuru | - | Member (Exited on 30 th August 2021) |
| iv) Ms. Maureen Nyabochoa | - | Member |
| v) Eng. Alexander Wainaina | - | Member (Exited on 7 th December 2021) |

- | | | | |
|-------|------------------------------|---|--------------------------------------|
| vi) | Eng. Vincent Kabuti | - | Member |
| vii) | Mr. Christopher Musumbu, OGW | - | Member(Exited on 21st February 2022) |
| viii) | Mr. Emilio Mugo | - | Member |
| ix) | Eng. Abdulrazaq Adan Ali | - | Member |

The HR Sub-Committee held Seven (7) regular meetings in the financial year 2021/2022. The Committee also had Two (2) Adhoc meetings in the said financial year.

3) Governance, Audit & Risk Management Committee of the Board Roles and Responsibility

The committee is responsible for a thorough and detailed review of Audit matters. It enables the non-executive directors to contribute an independent judgment and play a positive role in an area for which they are particularly fitted, and offers the auditors a direct link with the non-executive directors:

This committee constitutes of the following members:

- | | | | |
|------|-------------------------------|---|--|
| i) | Dr. Muriithi Wa Kang'ara, OGW | - | Chairperson (Exited on 24 th June 2022) |
| ii) | Eng. Abdulrazaq Ali Adan | - | Member |
| iii) | Dr. Wawire M. Michael | - | Member (Exited on 7 th February 2022) |
| iv) | Eng. Ndegwa Muhwanga | - | Member |
| v) | Mr. Ronal Inyangala | - | Member |

The Governance, Audit & Risk committee will:

- i) Review quarterly and annual financial statements before submission to the Board: -
- ii) Consider appointment, remuneration and the resignation or dismissal of external auditors.
- iii) Discuss with external auditors any reservations and problems arising in the course of audit and any audit management letters and management responses prior to the issuance of the audit certificate.

The Audit, Risk Management and Compliance Sub-Committee held Four (4) regular meetings in the Financial Year 2021/2022.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

**4) Planning & Natural Resources Conservation Committee of the Board
Roles and Responsibility**

The Planning Research and Development committee will:

- i) Formulate and oversee implementation of projects plans, research and development policies
- ii) Advise the Board on the overall strategy, directions and effectiveness of the Authority's planning, research and development programmes.
- iii) Evaluate the Authority progress and success in achieving its planning development.

This committee constitutes of the following members:

- | | | | |
|-------|-------------------------------|---|--|
| i) | Dr. Wawire M. Michael | - | Chairman (Exited on 7 th February 2022) |
| ii) | Dr. Muriithi Wa Kang'ara, OGW | - | Member (Exited on 24 th June 2022) |
| iii) | Jane Ndungu | - | Member (Exited on 7 th February 2022) |
| iv) | Ms. Felister Nyacuru, OGW | - | Member (Exited on 30 th August 2021) |
| v) | Mrs. Jane Cirindi Kithinji | - | Member (Exited 8 th February 2022) |
| vi) | Mr. Robert Murimi | - | Member (Exited 24 th June 2022) |
| vii) | Mr. Christopher Musumbu, OGW | - | Member (Exited on 21 st February 2022) |
| viii) | Mr. John Olela Odira | - | Member |
| ix) | Ms. Maureen Nyabochoa | - | Member |
| x) | Mr. Joseph Kirubi | - | Member |
| xi) | Mr. Emilio Mugo | - | Member |

The Planning & Natural Resources Conservation Sub-Committee held (4) regular meetings and One (1) special meeting in the Financial year 2021/2022.

5) ADHOC COMMITTEE OF THE BOARD FOR RESTORATION OF THE KITERE INTAKE WORKS AT TDIP

During the Full Board meeting of 10th August 2021, the Board resolved to form an Ad hoc with the aim of formulating a lasting solution with cost estimates to the Kitere intake water problem. The Adhoc committee would comprise Four (4) members namely:-

- | | | |
|------------------------------|---|---|
| i) Dr. Michael Wawire | - | Chairperson, Planning & Natural Resources Conservation Board Committee |
| ii) Eng. Alexander Wainaina | - | Alternate Director to the General Manager National Irrigation Authority |
| iii) Eng. Ndegwa Muhwanga | - | Alternate Director to the Principal Secretary, Ministry of Water, Sanitation and Irrigation |
| iv) Eng. Abdulrazaq Adan Ali | - | Non- Executive Director Kenya Power & Lighting Company Ltd |

The Adhoc Committee would have liberty to co-op any other expert within Government. A report from the Adhoc Committee would be presented to the Board in its next meeting. The Adhoc Committee held Five (5) meetings in the financial year 2021/2022.

DIRECTOR'S TRAINING AND DEVELOPMENT

The Authority recognizes the importance of having a well informed and fully empowered Board of Directors. In this regard, relevant training and capacity development opportunities are organized to equip directors with skills and knowledge necessary to effectively perform their responsibilities. Further, Board members are encouraged to attend training conducted by the State Corporations Advisory Committee (SCAC).

BOARD WORKPLAN AND MEETINGS

A work plan and schedule of meetings is prepared annually at the beginning of each financial year. The Board meets at least once every three months or more depending on the requirements of the business. Directors receive adequate notice for meetings and detailed papers on issues to be discussed before the meetings.

The Full Board held a total of Seven (7) full Board meetings during the year comprising of Two (2) special Full Board meetings on TARDA's Human resource matters on the revised staff establishment & recruitment of a Managing Director for TARDA, One (1) meeting for the Board evaluation 2021/2022 and Four (4) regular full Board meetings. The Authority sort necessary approval to hold all the Board meetings above the requisite number of Board meetings in a financial year.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Conduct of the Board Members

- a) **Disclosure-** In the conduct of the Board matters, any member who may have any interests in the matter being discussed is under mandatory obligation to declare such interest. In this case, the Board would decide whether the member may attend the meeting. If he does, then he cannot vote on the matter.
- b) **Attendance of Board meetings-** Board members shall not absent themselves from three (3) consecutive Board meetings with which they have reasonable notice.
- c) **Compliance with the constitution–** Each member of the Board to conduct himself in a manner that will not contravene Chapter Six of the Constitution of Kenya, 2010. Each member should ensure policies set by the Board are compliant with the letter and spirit of the Constitution. Members are also charged with monitoring of management to ensure effective institutional frameworks and administrative procedures are in place for the implementation of the Constitution.

NB: TARDA is governed by various circulars that give guidelines on the terms and conditions of service for members:

Members are entitled to a transport allowance where official transport is not provided for them to attend a meeting or an official function, which they are required to attend. A member will be reimbursed on the cost of travel by the most cost effective public transport means on production of receipted bills, or be reimbursed for actual mileage performed by the member or members spouse vehicle at the prevailing Automobile Association

8. MANAGEMENT DISCUSSION AND ANALYSIS

The financial year 2021/22 saw a marked improvement in financial performance as compared to the previous financial year with total revenues rising 43% from Kshs. 356 million to Kshs. 510 million.

This was a result of sustained appeals to the National Treasury for an additional allocation to solve TARDA's perennial recurrent funding shortage.

The Exchequer accepted the Authority's request and allocated an additional Kshs.123 million, from Kshs.287 million to Kshs409.5 million.

As a result TARDA was able to meet its financial obligations to staff and finance its core mandate activities leading to enhanced service delivery and increased investment in working capital.

Internally generated revenue increased on the back of higher investment in working capital from Kshs.122M to Kshs.168M.

The management acknowledges the need for further capital investment in the operating infrastructure at the commercial enterprises to boost productivity and financial performance and various measures are being put in place to secure funds for this purpose.

These include engaging investors within the Public Private Partnership and Public Procurement and Disposal frameworks.

This is expected to augment the funds received from the Exchequer and strengthen TARDA's capacity to achieve its strategic objectives.

TARDA was able to implement various intervention programmes in line with the Medium term plans II and III of the Vision 2030 and the Big four Agenda namely:

- The completion of 3 small holder irrigation schemes under the Kieni irrigation project opening up 622 acres for irrigation.
- The completion of 2 Small holder irrigation schemes under the Muranga integrated programme opening up 500 acres for irrigation.
- The continuation of rehabilitation works at the Tana Delta Irrigation project.
- The drilling and equipping of 11 boreholes under the drought mitigation programme.
- The propagation of x number of tree seedlings under the catchment conservation programme.
- The construction of water pans, boreholes

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Historical Financial Performance FY 2015/16-2020/21

TARDA has consistently recorded subpar performance since the energy sector reforms that caused the transfer of power generating and distribution functions and assets to KenGen and KPLC. The Authority lost its primary revenue stream and became dependent on Exchequer grants for sustenance.

This situation is further exacerbated by a substantial provision for depreciation that TARDA makes for the Masinga and Kiambere reservoirs, whose ownership it retains. This is in line with International Accounting Standards.

Without commensurate revenue from those assets, financial performance is likely to be disappointing.

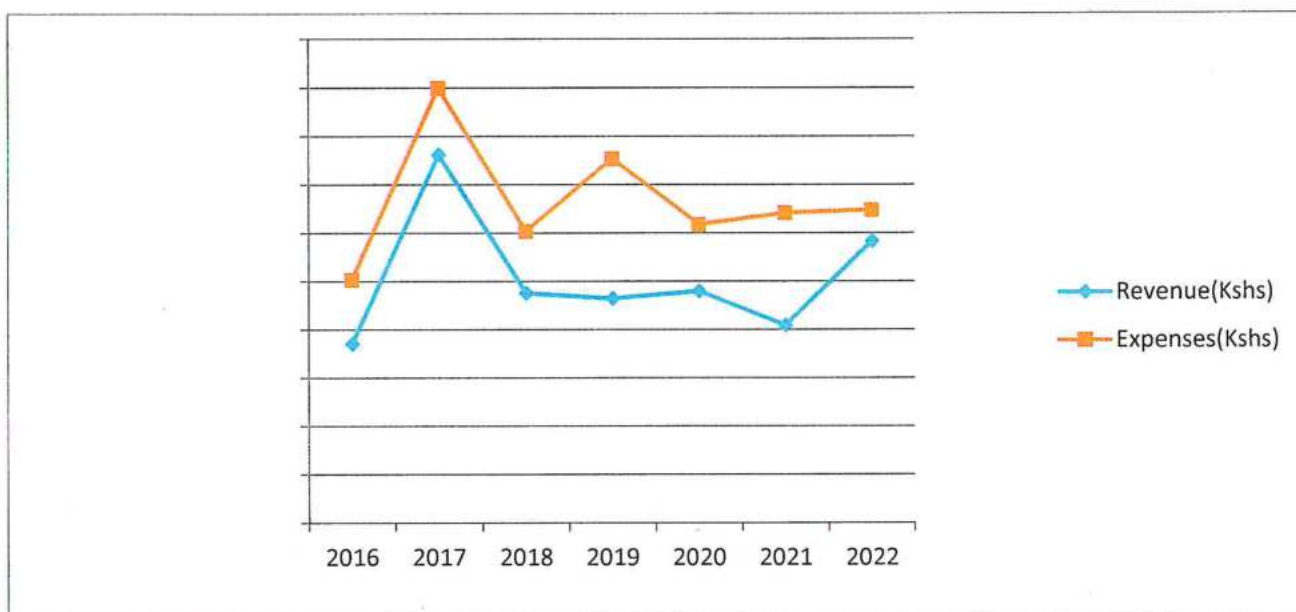
Notwithstanding these challenges, efforts to mobilize funding to fulfill core mandate were made in the period registering some success.

The Authority also sustained measures towards minimizing discretionary costs over the period

With aim of achieving value for money on funds spent.

The effect of these measures has been the gradual improvement of financial sustainability.

Financial performance FY 2015/16-2021/22



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

i) Sustainability Strategy and Profile

Over the years, population growth and rapid urbanization of the TARDA catchment areas has created new challenges in economic development and resource use in the due to the shared natural resources. This has hindered the resources utilization and sustainable development leading to degradation of the environment and resource based conflicts in the region. Hence, there is need to harness and manage shared resources through inter and intra-county coordination.

The Authority therefore seeks to address a myriad of development challenges by initiating interventions such as fact based resource planning; protecting the environment; aggressive resource mobilization; economic development in order to achieve the government's 'Big Four Agenda' and the Vision 2030. This will be achieved through strengthening collaborations with organizations and institutions in the implementation of identified programmes and projects; technological adoption and transfer; and enhanced capacity building for the Authority's human resource to deliver on its mandate.

The United Nations Sustainable Development Goals lay emphasis on poverty reduction by encouraging equitable socio-economic development. Similarly, Agenda 2063 of the African Union seeks to improve living standards, transformed, inclusive and sustained economies

ii) Environmental Sustainability

Environmental Sustainability involves making responsible decisions that reduce developmental actions' negative impact on the environment. Environmental sustainability forces organizations to look beyond making short term gains and look at the long term impact they are having on the Environment

In undertaking its mandate of undertaking integrated basin based natural resources conservation through panning and sustainable development TARDA is guided by the following principles;

- i) *Environmental Right*: Every person in Kenya has a right to a clean and healthy environment and a duty to safeguard and enhance the environment;
- ii) *Right to Development*: The right to development will be exercised taking into consideration sustainability, resource efficiency and economic, social and environmental needs;
- iii) *Ecosystem Approach*: An integrated ecosystem approach to conserving environmental resources will be adopted and enhanced to ensure that all ecosystems are managed in an integrated manner while also providing a range of benefits to the citizenry;
- iv) *Total Economic Value*: The benefits that ecosystems generate will be integrated into the national accounting system, programmes and projects;
- v) *Sustainable Resource Use*: Environmental resources will be utilized in a manner that does not compromise the quality and value of the resource or decrease the carrying capacity of supporting ecosystems;

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

- vi) *Equity*: The management of the environment and natural resources will ensure equitable access to resources for present and future generations;
- vii) *Precautionary principal*: It emphasizes on caution, pausing and review before leaping into new innovations that may prove environmentally disastrous;

To ensure environmental sustainability within Tana and Athi rivers' Basins, TARDA has a directorate of Natural Resources Conservation whose mandate inter-alia is to

- a) Maintaining and conserving the water catchments areas of Tana and Athi River Basins
- b) Restore, promote and conserve sustainable environmental services
- c) Spearhead climate change mitigation and adaptation initiatives
- d) Undertaking Strategic Social and Environmental Impact studies for proposed TARDA projects and programmes
- e) Undertaking Annual Projects Audit Reports for TARDA projects and programmes
- f) Undertaking Annual Projects Audit Reports for TARDA projects and programmes

iii) Employee Welfare

➤ **Policies guiding the hiring process and the gender ration.**

This is provided in TARDA Human Resource Policy and procedures manual August 2020 clauses 3.14 Recruitment Procedures.

➤ **Stakeholders engagement**

Recruitment of casuals is undertaken within the population adjacent to other projects.

Recruitment is either done through referrals or advertisement/local administrators.

Recruitment of casuals at times is guided by the skills an individual possess.

➤ **Improvement of skills and managing of careers.**

This is done through training.

We also undertake TNA.

Appraisal systems is usually undertaken as per guiding policy TARDA HR policy and procedures manual August 2020 clause 9.5

Reward is guided under clause 9.1.1.

➤ **Policy on safety and compliance**

This is provided for in TARDA HR and Procedural Manual section 15: Health and Safety.

iv) Market Place Practices – TARDA

TARDA has put in place a numbers of measures to ensure;- Responsible competition, responsible Supply Chain and Supplier relations, Responsible marketing and advertisements and Product stewardship.

a) Responsible competition practice

The Authority has appointed a permanent staff committee on anti-corruption which is mandated to the combat and prevent corruption in her operations by recommending

measure for action to the MD. These are preventive measures, education and promotion of standards and best practices on integrity.

On Responsible political involvement, TARDA has a management public private partnership committee which works hand in hand with PPP unit at the National Treasury to ensure there is fair competition on all investment opportunities.

On respect for competitors, the Authority has laid down procedures, with the legal department to ensure that every operation is legally carried out within the law. All contracts are within the Kenyan laws, duly signed and executed.

b) Responsible Supply Chain and Supplier relations

The Authority maintains a list of suppliers who are given contracts from time to time. The suppliers are paid after supply of goods and services in the shortest time period as per the procurement plan.

c) Responsible marketing and advertisements

- i) The Authority does not exaggerate information when selling its products and service especially Kiambere Honey Refinery and Hospitality goods and services at MDR
- ii) The marketing and advertisements activities and every information shared is anchored on TARDA's four core values of Integrity, Professionalism, accountability and teamwork.
- iii) All online platforms are controlled by the corporate communication department in TARDA to ensure responsibility and accountability.
- iv) No false information such as pictures, videos, etc. is shared on TARDA's website and other social media handles.

d) Product stewardship

One of TARDA's key function is Environmental conservation. Therefore, activities in her enterprises/ projects and programs are geared towards reducing negative environmental impacts.

- Pesticides to ensure good quality of produce. They must be environmentally safe.
- Planting of trees to reduce carbon emissions.
- Proposals to develop renewable energy supply such as solar energy in Masinga and Kiambere areas.
- Proper and safe methods of honey harvesting in Kiambere refinery to reduce bees mortality.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

v) Corporate Social Responsibility/ Community Engagements

TARDA's corporate Social Responsibility (CSR) program is an integration of business operations and values, whereby the interests of the stakeholders and the environment are reflected in the company's policies and actions.

TARDA recognizes that it has the potential to make significant impact on its staff, customers and business partners, the communities around it and largely on the environment. Our CSR programs are hinged on the belief that we can transform lives by supporting various programs and creating positive change in the community. This is achieved by building and maintaining strong relationships with our stakeholders, giving back to the communities within our jurisdiction and partnering with other likeminded organizations that strive to impact positively on their environment.

During the year under review, the Authority undertook a Construction of 1.6km pipeline & auxiliaries,(160mm), Intake structure construction Programme at Kibarani Smallholder Irrigation Project in Kigumo Constituency, Ruchu ward, Kiamirango village, Murang'a County in area of 250 acres with an aim of benefiting 220 household. Project was handed over to community in January, 2022.



TARDA MD with Technical team onsite inspection/meeting with Project Management (smallholder intake structure & pipeline at Kibarabari, Murang'a County)

The Authority also undertook National Water Harvesting and Storage Programme Smallholder Irrigation Project at Kieni, Lamuria in Nyeri County and constructed a water intake with an aim of benefiting 250 household in an area coverage of 68 acres.



Completed Intake structure (Kieni, Lamuria smallholder project)-

Implementation of the above projects has considerably improve the social economic status of the people in line with the economic stimulus programme in the regions besides contributing to the Big Four agenda mainly Food and Nutrition Security thereby contributing to the achievement of 15% GDP by 2022.

Key outputs will comprise the following: -

- Construction of small holder irrigation schemes in the regions
- Over 1,200 direct jobs created and over 2,400 jobs indirectly
- Provision of affordable drinking water Supply to over 5,000 households and over 20,000 livestock.
- Water storage for domestic/livestock use irrigation and river flow regulation hence cushion the communities downstream from impacts of floods.
- Provision of sustainable livelihood opportunities will enhance resilience and adaptation to climate change.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022



A Complete foot bridge at Marembo village



A Complete foot bridge at Kenyadu village in Ndera location

During the year under review, the Authority undertook a Construction of Foot Bridge at Marembo and Kenyadu village in Ndera location at TDIP along the TARDA channel. The foot bridge aids in providing faster, more reliable transportation routes to neighboring villages and market.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of Tana and Athi Rivers Development Authority's affairs.

(i) Principal activities

The principal activities of Tana and Athi Rivers Development Authority are to undertake integrated planning and development through maximization and utilization of water and land-based resources within the Tana and Athi River basins.

(ii) Results

The results of Tana and Athi Rivers Development Authority for the year ended June 30, 2022 are set out on page 1 – 28

(iii) Directors

The members of the Board of Directors who served during the year are shown on page ix-xiii

(iv) Surplus remission

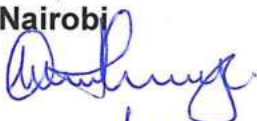
Tana and Athi Rivers Development Authority did not make any surplus during the year 2021/22 and hence no remittance to the consolidated fund.

Auditors

The Auditor General is responsible for the statutory audit of Tana and Athi Rivers Development Authority in accordance with Article 229(7) of the Constitution of Kenya and the Public Audit Act, 2015 which empowers the Auditor General to nominate other Auditor to carry out the Audit on his behalf.

"By order of the Board"

Corporate Secretary
Nairobi



Date 19/1/2023

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of Authority's financial statements, which give a true and fair view of the state of affairs TARDA for and as at the end of the financial year ended June 30, 2022. 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 Tana and Athi Rivers Development Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensure that they are free from material misstatement, whether due to error or fraud; (iv) safeguarding the assets of Tana and Athi Rivers Development Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for TARDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the State Corporations Act. The Directors are of the opinion that TARDA's financial statements give a true and fair view of the state of TARDA's transactions during the financial year ended June 30, 2022, and TARDA's financial position as at June 30, 2022. The Directors further confirm the completeness of the accounting records maintained for TARDA, which have been relied upon in the preparation of TARDA's financial statements as well as the adequacy of the systems of financial internal controls.

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

Approval of the Financial Statements

The Authority's financial statements were approved by the Board on 27th Sep 2022 and signed on its behalf by."

CHAIRMAN OF THE BOARD

Name Hon. CAPT. JOE MUMBU

Sign [Signature]

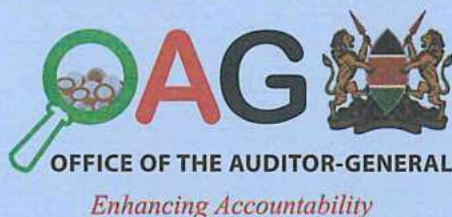
ACCOUNTING OFFICER

Name Liban Roba

Sign [Signature]

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY (TARDA) FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

- A. Report on the Financial Statements which considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations, which 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 Tana and Athi Rivers Development Authority (TARDA) set out on pages 1 to 27, which comprise of the

statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, the statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Tana and Athi Rivers Development Authority (TARDA) as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Tana and Athi Rivers Development Authority Act, Cap 443 of 1973 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Trade Receivables

The statement of financial position reflects trade receivables balance of Kshs.277,802,658 as further disclosed in Note 20 to the financial statements. This balance includes Kshs.10,000,000 deposited by the Authority as court security in respect of case No. 108 of 2001 filed in Embu High Court on 4 December, 2001 by residents of Mbondeni and Makina locations. As similarly reported in the previous years, the residents sued for compensation amounting to Kshs.100,000,000 for allegedly not having been adequately compensated when Masinga Dam was built in 1975.

Although the Authority lost the case, it filed an appeal in Nyeri High Court which ruled in its favor in October, 2013 and the security deposit was released to the Authority's lawyer thereafter. However, the lawyer did not remit the money to the Authority despite the Management having demanded for its return. Instead, the lawyer laid claim to a sum of Kshs.4,998,996 as legal fee which comprised of Kshs.1,919,389 charged for the legal services provided during the appeal and unexplained outstanding fee of Kshs.1,898,627. The matter had not been resolved as at 30 June, 2022.

In the circumstances, the accuracy and recoverability of Kshs.10,000,000 could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment totalling Kshs.8,237,125,298 as further disclosed in Note 23 to the financial statements. However, several anomalies were noted in relation to the following items included in the balance:

2.1 Land Without Ownership Documents

As previously reported, the statement of financial position reflects property, plant and equipment totalling Kshs.8,237,125,298, as further disclosed in Note 23 to the financial

statements. The balance includes the book value of land totalling Kshs.1,264,135,430 which includes a plot of land measuring 0.6 hectares in Kitui County valued at Kshs.1,539,000. However, ownership documents for the plot were not provided for audit verification. Further, the land balance includes Kshs.21,135,600 being the value of two plots of land measuring 929 hectares in aggregate located in Kibwezi and Emali in Makueni County. However, the respective leases had expired as at 30 June, 2022. In addition, the balance excludes land of undetermined value measuring 5,217 hectares in Lamu County.

In view of the discrepancies, the valuation and ownership status of the land included in the property, plant and equipment balance of Kshs.8,237,125,298 could not be confirmed.

2.2 Fully Depreciated Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.8,237,125,298, as further disclosed in Note 23 to the financial statements. As previously reported, the balance includes motor vehicles which, although fully depreciated, were still in use by the Authority as at 30 June, 2022. However, the Authority did not revalue these vehicles to reflect their fair values in the financial statements. This is contrary to the IPSAS 17 that requires entities to have documented policy on revaluation of fully depreciated assets.

In the circumstances, the validity and accuracy of the property, plant, and equipment balance totalling Kshs.8,237,125,298 could not be confirmed.

3. Unsupported Revaluation of Assets

The statement of financial position reflects a revaluation reserve of Kshs.19,697,833,221 as disclosed in Note 29 to the financial statements. However, as previously reported, no documentary evidence was provided for audit to support the revaluation reserve. Further, the last revaluation of the Authority's assets was done in the year 2006, contrary to International Public Sector Accounting Standard No. 17 which requires that revaluations be done with sufficient regularity such that the carrying amount of assets does not differ materially from that which would be determined using fair value at the reporting date.

In the circumstances, it was not possible to confirm whether the revaluation reserve balance of Kshs.19,697,833,221 was fairly stated.

4. Work In Progress

The statement of financial position reflects a balance of Kshs.234,152,289 under work in progress, as disclosed in Note 24 to the financial statements. As reported previously, the work in progress balance relates to construction works on staff houses, a school and a dispensary, initiated in 1990 under Tana Delta irrigation Project in Garsen, Tana River County. However, as previously reported, no documents were provided for audit verification in respect of the project. Management indicated that the structures were damaged by El Nino floods in 1997 and the Authority had recently drawn plans to rehabilitate some of the houses and convert them into guest houses.

In view of the long delay in their completion, the physical condition of the works has degenerated and therefore their carrying amounts in the financial statements may not be fairly stated. Further, delay in the completion of the projects implies that the services they were intended to provide to the region and value for money on the expenditure were not realized.

In the circumstances, the valuation of the work in progress totalling Kshs.234,152,289 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana and Athi Rivers Development Authority (TARDA) 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 audit of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Material Uncertainty Relating to Going Concern

The statement of financial performance indicates that, the Authority recorded a deficit totalling Kshs.564,151,370 (2021: Kshs.669,545,745) during the year under review raising the cumulative deficit to Kshs.16,430,005,271 (2021: Kshs.15,866,411,044). The Management mainly attributed the deficit to depreciation charges of Kshs.387,984,973 on Masinga and Kiambere hydro-power facilities and non-remittance of accrued revenue due from the Kenya Power and Lighting Company (KPLC) and the Kenya Electricity Generating Company (KenGen) following a Government directive that all revenue from hydro-electric power facilities be remitted to The National Treasury.

Management also cited the transfer of power generation and transmission assets to KPLC and KenGen in 1987/1988 without fair compensation to the Authority. Before the transfer of the assets, the Authority had signed a commercial lease agreement with KPLC whereby Kshs.258,000,000 was to be paid annually for bulk power sales. However, KPLC paid Kshs.238,333,000 to the Authority for the period between 1983 and 1999. The outstanding balance was Kshs.3,757,667,000, when KenGen took over the role of power generation from KPLC.

The Authority's financial statements have therefore been prepared on a going concern basis on the assumption of continued financial support from its bankers, creditors and the National Government.

Management has in Note 26 to the financial statements made reference to the financial risks facing the Authority as a result of these issues.

My opinion is not modified in respect of this matter.

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 were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has indicated that the issues have remained unresolved as Parliament has not met to deliberate on the same.

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. Excess Expenditure on Employee Costs

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects employee costs of Kshs.403,012,528. However, the Authority's total revenue for the year under review was Kshs.510,166,941. This means that the employee costs form 79% of the Authority's revenue, contrary to Regulation 26 of Public Finance Management (National Government) Regulations, 2015 which requires National Government expenditure on the compensation of employees (including benefits and allowances) not to exceed 35% of the total revenue for the respective year

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

2. Long Outstanding Payables

The statement of financial position and as disclosed in Note 26 to the financial statements reflects total current liabilities balance of Kshs.340,390,305 which includes Kshs.121,257,515; Kshs.123,720,478 and Kshs.69,193,586 for creditors, statutory deductions and employees' benefits obligations respectively all totalling Kshs.314,171,579 which relates to 2020/2021 and earlier financial years.

No plausible explanation was provided for non-payment of the outstanding payables before the end of the financial year. This is contrary to Regulation, 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states that debt

service payments shall be a first charge in the Consolidated Fund and the accounting officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 January, 2023

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

		Jun-22	Jun-21
	NOTE	KSHS	KSHS
Revenue from Non-Exchange transactions			
Transfer from the Ministry	6	409,500,000	287,000,000
Revenue From exchange transactions			
Rendering of Services	7	11,898,406	7,510,907
Sale of goods	8	8,713,086	6,238,593
Rental Revenue From facilities and equipment	9	49,471,982	44,404,602
Other income	10	98,362,971	64,291,192
Gross Revenue		168,446,445	122,445,294
Less- Cost of Production	11	(67,779,504)	(53,291,337)
Net Revenue from cost of sale		100,666,941	69,153,957
Total Revenue		510,166,941	356,153,957
EXPENSES			
Use of goods and Services	12	54,834,975	51,669,824
Employee costs	13	403,012,528	384,054,545
Remuneration of directors	14	12,216,996	10,251,858
Depreciation and Amortization	15	436,653,263	436,945,294
Repair and Maintenance	16	5,049,569	2,888,181
Grants and subsidies	17	161,964,294	139,364,724
Finance Costs	18	586,686	525,276
Total Expenses		1,074,318,311	1,025,699,702
NET DEFICIT		(564,151,370)	(669,545,745)

The notes set out on pages 7 to 28 form an integral part of these financial statements.

The Financial Statements set out on pages 1 to 28 were signed on behalf of Board of Directors by:

MANAGING DIRECTOR

Name..... *Leban Kibet*

Sign..... *[Signature]*

Date..... *19/01/2023*

HEAD OF FINANCE

Name..... *Diana Kimani*

Sign..... *[Signature]*

Date..... *19/01/2023*

CHAIRMAN OF THE BOARD

Name..... *Hon. Capt. Joe Ngunjiri MBS*

Sign..... *[Signature]*

Date..... *19/01/2023*

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	KSHS	KSHS
Assets			
Current Assets			
Cash and cash equivalents	19a/b	74,907,733	104,780,079
Trade Receivables	20	277,802,658	248,983,598
Inventories	21	20,353,523	21,735,878
Biological Assets	22	13,624,640	16,574,990
Total Current Assets		386,688,555	392,074,545
Non - Current Assets			
Property Plant and Equipment	23	8,237,125,298	8,671,873,326
Work in progress	24	234,152,289	234,152,289
Investments -Portfolio	25	24,500,000	24,500,000
Total Non - Current Assets		8,495,777,587	8,930,525,615
Total Assets		8,882,466,142	9,322,600,160
Liabilities			
Current Liabilities			
Trade and other Payables	26(a)	255,151,631	322,681,779
Employee Benefit obligations	(b)	79,410,824	76,062,823
Lease income received in Advance	(c)	5,827,850	-
Total Current Liabilities		340,390,305	398,744,602
Funds and Reserves			
Capital Fund	27	5,273,864,978	5,091,164,978
Climate Change Fund	28	382,909	1,268,403
Accumulated Deficit		(16,430,005,271)	(15,866,411,044)
Revaluation Reserve	29	19,697,833,221	19,697,833,221
Total funds and Reserves		8,542,075,837	8,923,855,558
Total Liabilities, funds and Reserves		8,882,466,142	9,322,600,160

The financial statements set out on pages 7– 28 were signed on behalf of the Board of Directors by:

MANAGING DIRECTOR

Name Liban Robson

Sign [Signature]

Date 19/01/2023

HEAD OF FINANCE

Name DAVID KIMAIYO

Sign [Signature]

Date 19/01/2023

CHAIRMAN OF THE BOARD

Name HON. CAPT. JOE NUTAMBY MBS

Sign [Signature]

Date 19/01/2023

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Capital Fund	Accumulated Deficit	Revaluation Reserve	Tourism Trust Fund	Climate Change	Total
As At 1st July 2020	<u>5,037,889,978</u>	<u>(15,196,941,944)</u>	<u>19,697,833,221</u>	<u>28,114</u>	<u>14,950,255</u>	<u>9,553,759,624</u>
Amount Received- Climate Change					4,131	4,131
Climate Change Expenses					(13,685,983)	(13,685,983)
GOK Capital Grants	53,275,000					53,275,000
Prior year adjustment No.17		76,646				76,646
Deficit for the year		(669,545,745)				(669,545,745)
Transfer to Unclaimed F.A Body				(28,114)		(28,114)
As At 30th June 2021	<u>5,091,164,978</u>	<u>(15,866,411,044)</u>	<u>19,697,833,221</u>	<u>-</u>	<u>1,268,403</u>	<u>8,923,855,559</u>
Climate Change Expenses					(885,494)	(885,494)
GOK Capital Grants	182,700,000					182,700,000
Prior year adjustment -JV		557,143				557,143
Deficit for the year		(564,151,370)				(564,151,370)
As At 30th June 2022	<u>5,273,864,978</u>	<u>(16,430,005,271)</u>	<u>19,697,833,221</u>	<u>-</u>	<u>382,909</u>	<u>8,542,075,837</u>

NB: Prior year adjustment relates to an overstatement of account payable and Account receivable offset against leave days in the year 2013/14. This has been correctly restated in the current year.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	Jun-22 Kshs	Jun-21 Kshs
Cash flows from operating activities			
Receipts			
Revenue From Non -Exchange Transactions	6	409,500,000	287,000,000
Rendering of Services	7	11,898,406	7,510,907
Sale Of Goods	8	8,713,086	6,238,593
Rental Revenue	9	49,471,982	44,404,602
Other Income	10	98,362,971	64,291,192
Cost Of Production	11	(67,779,504)	(53,291,337)
Revenue From Exchange Transactions		100,666,941	69,153,957
Total Receipts		510,166,941	356,153,957
Payments			
Use of goods and services	12	54,834,975	51,669,824
Employee costs	13	403,012,528	384,054,545
Remuneration of directors	14	12,216,996	10,251,858
Repair and Maintenance	16	5,049,569	2,888,181
Grants and subsidies	17	161,964,294	139,364,724
Finance Costs	18	586,686	525,276
Total payments		637,665,048	588,754,408
Net cash flows from operating activities		(127,498,107)	(232,600,451)
Cash flows from investing activities			
Prior year adjustment Vouchers		557,143	76,646
Increase in trade & other receivables	20	(28,819,060)	250,349,712
decrease in inventory	21	1,382,355	(214,992)
decrease in Biological Asset	22	2,950,350	(242,163)
Purchases for the year	23	(1,905,236)	(16,478,526)
MDR -Constructions(work in progress)	24	-	(2,211,030)
Increase in Trade Payables	26	(58,354,297)	34,535,225
Transfer to unclaimed Financial asset body		-	(28,114)
Net cash flows used in investing activities		(84,188,745)	265,786,758
Cash flows from financing activities			
Increase in Capital Funds- GOK Grants Development		182,700,000	53,275,000
Transfer to Climate Change Fund		(1,268,403)	-
Transfer from Climate Change Fund		382,909	-
Net cash flows used in financing activities		181,814,506	53,275,000
Net increase/(decrease) in cash and cash equivalents		(29,872,346)	86,461,307
Cash and cash equivalents at 1st July 2021		104,780,079	17,050,369
Cash and cash equivalents at 30 June 2022	19a/b	74,907,733	104,780,079

The Financial Statements set out on pages 1 to 28 were signed on behalf of Board of Directors by:

MANAGING DIRECTOR

Name: Liban Roba
 Sign: [Signature]
 Date: 19/01/2023

HEAD OF FINANCE CHAIRMAN OF THE BOARD

Name: DAVID KIMAYO
 Sign: [Signature]
 Date: 19/01/2023

Name: HON. CAPT. JOEL MUKIMBU MBS
 Sign: [Signature]
 Date: 19/01/2023

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

INCOME	Original Budget	Adjustments	Final Budget	Actual on comparable Basis	Performance Difference	% Of Utilization
Transfers from other GOK Entities Recurrent Revenue	409,500,000	0	409,500,000	409,500,000	-	100%
Rendering of services	25,952,869	-216,000	25,736,869	11,898,406	(13,838,463)	46%
Sale of Goods	19,224,352	0	19,224,352	8,713,086	(10,511,266)	45%
Property Taxes and Revenue	30,159,832	0	30,159,832	28,431,832	(1,728,000)	94%
Other Income	85,010,947	34,857,000	119,867,947	98,362,971	(21,504,976)	82%
Retained Earnings (Previous Year)	13,097,500	0	13,097,500	13,097,500	-	100%
Total	582,945,500	34,641,000	617,586,500	570,003,795	-47,582,705	92%
EXPENSES						
Employee Costs	411,200,000	1,900,000	413,100,000	403,012,528	(10,087,472)	98%
Use of Goods and Services	55,350,000	600,000	55,950,000	54,834,975	(1,115,025)	98%
Remuneration of directors	12,000,000	0	12,000,000	12,216,996	216,996	102%
Repairs and Maintenance	5,000,000	34,657,000	39,657,000	5,049,569	(34,607,431)	13%
Finance costs	400,000	200,000	600,000	586,686	(13,314)	98%
Cost of production	52,249,250	20,000,000	72,249,250	67,779,504	(4,469,746)	94%
Total Recurrent Expenditure	536,199,250	57,357,000	593,556,250	543,480,258	(50,075,992)	92%
Capital Funding						
Transfers from other GOK Entities Recurrent Revenue	132,700,000	50,000,000	182,700,000	182,700,000	-	100%
Retained Earnings (Previous Year)	40,177,500	0	40,177,500	40,177,500	-	100%
Total Capital Funding	172,877,500	50,000,000	222,877,500	222,877,500	-	100%
Total Capital Expenditure	172,877,500	47,300,000	220,177,500	163,298,530	(56,878,970)	74%
Grand Total Revenue	755,823,000	84,641,000	840,464,000	792,881,295	-47,582,705	94%
Grand Total Expenditure	709,076,750	104,657,000	813,733,750	706,778,788	-106,954,962	87%
Surplus	46,746,250	-20,016,000	26,730,250	86,102,507	59,372,257	322%

Note: The Authority planned to utilize the surplus to settle pending bills. The actual amount of pending bills settled in the period is Kshs26, 414,251.

The balance of the surplus is as explained in the notes below.

MATERIAL VARIANCE NOTES

Income

Rendering of Services- Adverse Variance 54%

Variance was caused by underperformance of the Masinga and Tana Delta Resorts resulting from depressed domestic tourism activity.

Sale of Goods – Adverse Variance 55%

Variance was caused by deterioration of TARDA Enterprises' operating infrastructure, stifling revenue generating activities.

Property Taxes and Revenue- Adverse Variance 6%

Variance is attributed to delay by CIC insurance company in remitting one June's lease fees to the Authority.

Other Income – Adverse Variance 18%

Variance is attributed to delay by Geminia Insurance in remitting balance of Compensation for MDR fire.

Expenses

Grants and Subsidies – Under Expenditure 26%

Variance is attributed to funds owed to contractors retained pending assessment and certification of works completed.

Repairs and maintenance – Under Expenditure 87%

The variance is attributed to delayed commencement of Masinga Dam Resort rehabilitation

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

TARDA was formed through an Act of Parliament Cap 443 in 1974 and was mandated to undertake long term integrated land and water based natural resources development planning of the Tana river Basin, initiate, regulate and coordinate all development activities and actors within the basin for optimal socio-economic welfare of the surrounding people and Kenya at large. Tana and Athi Rivers Development Authority (TARDA) is one of the six Regional Development Authorities (RDA) established under specific Parliamentary Acts in Kenya. TARDA IS responsible to the Government of Kenya through the Ministry of East African Community and Regional Development. The Authority has a governance structure consisting of Thirteen (13) Board Members, Including the Chairman appointed by the President and the MD as the Secretary to the Board

2. Statement of compliance and basis of preparation

TARDA has adopted the international Public Sector Accounting Standards for the first time in June 2014 and the financial statements have been prepared in accordance with and comply with IPSAS. The financial statements are presented in Kenya Shillings, which is the functional and reporting currency of TARDA.

The financial statements have been prepared on the basis of historical cost.

The Public Finance Management (PFM) Act 2012 Section 192 provided the setting up of the Public Sector Accounting Standards Board (PSASB). The Cabinet Secretary National Treasury, gazetted members of the Board through Gazette Notice No. 1199 of 28 February, 2014. Following the Board's approval on the adoption of the International Financial Reporting Standards (IFRS) for state organs operating as Commercial Business Entities and The International Public Sector Accounting Standards (IPSAS) for non-commercial entities, the entity has adopted the pronouncements made by the IPSAS board in preparation of its current year financial statements.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. New and amended standards and interpretations in issues effective in the year ended 30th June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issues but not yet effective in the year ended 30th June 2022.

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IPSAS 41: Financial instruments	Applicable: 1 st January 2023
IPSAS 42: Social benefit	Applicable: 1 st January 2023
IPSAS 43: Lease	Applicable: 1 st January 2025
IPSAS 44: Current Asset held for sale and discontinued operation	Applicable: 1 st January 2025
<ul style="list-style-type: none"> • Amendments to other IPSAS resulting from IPSAS 41, Financial Instrument. 	
- <i>Amendments to IPSAS 5</i>	Applicable: 1 st January 2023
- <i>Amendments to IPSAS 30</i>	Applicable: 1 st January 2023
- <i>Amendments to IPSAS 33</i>	Applicable: 1 st January 2023
<ul style="list-style-type: none"> • Other Improvement to IPSAS 	
- <i>Amendments to IPSAS 22</i>	Applicable: 1 st January 2023
- <i>Amendments to IPSAS 39</i>	Applicable: 1 st January 2023
- <i>Amendments to IPSAS 29</i>	Applicable: 1 st January 2023

iii. Early adoption of standards

The Entity did not early-adopt any new or amended standards in the year 2021/2022

4. Summary of significant Accounting Policies

a) Revenue Recognition

i) Revenue from non-exchange transactions

Transfers from other Government Entities

Revenues from non-exchange transactions with other Government entities are measured at fair value and recognized on obtaining control of the asset. 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.

ii) Revenue from exchange transactions

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Sale of goods

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

Revenue also comprises of the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of TARDA's activities.

Rendering of services

Revenue from rendering of services is recognized by reference to the stage of completion when the outcome of the transaction can be estimated reliably, and this is also in accordance with the terms specified by the Management of TARDA. (Prevailing rates at a particular time.)

Exchange transactions

Exchange transactions are recognized initially at fair value. They are then valued less any provision made. A provision for impairment of receivables is established when there is objective evidence that TARDA will not be able to collect all amounts due according to the original terms of the receivables.

Other Revenue

Other revenue consists of gains on disposal of property plant and equipment. Any gain on disposal is recognized immediately on sale and is determined by deducting the proceeds from the sale of the value of the asset.

b) Financial instruments

Equity

TARDA's equity comprises of cash funding from the government, grants etc.

All subsequent receipts of the same are recognized as revenues in the statement of financial performance.

c) Budget information

TARDA's budget is prepared on accrual basis using line based budget which capitalizes operation and maintenance, to underlying assets. The budgets are approved by the board of Directors on an annual basis.

d) Property Plant and Equipment

All property plant and Equipment are stated at cost less accumulated depreciation. Costs include expenditure that is directly attributable to the acquisition of the items.

When significant parts of property plant and Equipment require replacement at intervals, TARDA recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

TARDA recognizes items of property plant and Equipment upon disposal or if there are no significant future economic benefits expected from its continuity. The assets useful lives are reviewed and adjusted prospectively if appropriate at the end of 5 years.

Gains or losses arising from de-recognition of these assets are measured as the difference between the net disposal and the carrying amount of the asset and are recognized as surplus or deficit. All repairs and maintenance of the assets are expensed during the period incurred.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. They are carried at cost less any accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight-line method.

Software is amortized over a useful life of three years. Intangible assets are de-recognized if there is no future benefit that will arise from its continuity.

f) Inventory

Inventory is measured at cost upon initial recognition. After initial recognition, inventory is measured at the lower of cost and net realizable value.

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. The annual physical stocktaking is conducted at every end of financial year. Any obsolete stock values are deducted from the inventory total since they have a zero value.

g) Provisions

Provisions are recognized when the entity has a present obligation (Legal or Constructive) as a result of a past event; it's probable that an outflow of resources embodying economic benefit or service potential required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities

TARDA does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements.

Contingent Asset

At the end of the financial year 2021/22 TARDA had no contingent asset existing.

h) Nature and purpose of Reserves

TARDA creates and maintains reserves in terms of specific requirements.

Capital fund

The capital fund represents the resources that were availed in the inception of the Authority and also the loans paid on TARDAS behalf by the Government. GoK disbursement in respect of development outlay is also captured under the fund.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Revaluation Reserve

This represents capital reserves that arise as a result of Revaluation of TARDA's Assets.

Revenue Reserve

This is the accumulation of undistributed profit mainly for strengthening the financial position of TARDA and meeting future contingencies. The Reserve can be either a surplus or deficit depending on losses or profits carried over.

Climate Change Adaptation Programme

The National Government through MWENR, NEMA and TARDA is implementing the Climate Change Adaptation programme.

i) Employee Benefits

TARDA employs staff under three categories:

- Those who are on permanent employment, earn monthly salary till their exit from TARDA.
- Those on temporary basis earn salaries up to the end of their contracts.
- Those under casual employment earn casual wages for the agreed period.

Permanent employees also enjoy a yearly leave allowance, monthly medical allowance and sick offs.

Salary Advance

Salary Advances are provided to assist staff settle personal commitments. They are repayable within a period of 12 months and also adhering to the 1/3rd rule.

Pension Obligation

TARDA has post employee benefit whereby it makes pension contributions on behalf of its staff in accordance with the laws established by the parent Ministry. The contributions are treated as payments to a defined contribution pension plan.

A defined contribution is a pension plan under which fixed contributions are paid into a separate pension and entity fund. The contributions are recognized as employee benefit expense when they are due. TARDA also has short term employee benefits such as wages and salaries, leave allowance, sick offs, and medical allowance.

j) Cash and Cash equivalents

Cash and Cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at various commercial banks at the end of the financial year. Cash on hand is mainly petty cash and unbanked sales at the end of the financial year.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

k) Related Parties

TARDA regards a related party as a person or entity with the ability to exert control individually or jointly, or to exercise significant influence over TARDA. Members of key management are regarded as related parties and comprise of the Board of Directors, Chief Executive officer and the Chief Managers.

	2022	2021
Directors Allowances	12,216,996	10,251,858
CEO and senior Management salaries	81,597,627	51,839,718

l) Financial Risk Management Disclosures

- **Credit Risk**-Failure by KPLC/KenGen to repay the long outstanding debt which they owe TARDA, and subsequent nonpayment of Revenues generated through Masinga and Kiambere dams has negatively affected the financial position of the Authority.

TARDA is also exposed to credit risks on its debtor's accounts as most of its customers are external. However, it seeks to reduce the credit risk through setting limits for debtors and monitoring the existing ones.

Cash and bank Equivalents are held in banks with sovereign risks.

	22-Jun	21-Jun
Total debtors	1,539,179,861	1,510,101,432
Amount due from KPLC(1988)	1,179,215,376	1,179,215,376
Provision for bad debts	(1,261,377,834)	(1,261,117,834)
Net Debtors	277,802,658	248,983,598
Cash at Bank	74,524,824	103,511,676
Cash at Bank – Climate Change Programme	382,909	1,268,403

Liquidity Risk-TARDA has significant exposure to liquidity risk as it relies mostly on the Parent Ministry for both its development and Recurrent funds. The parent Ministry is not timely on its remittances and at times funds are remitted partly hence TARDA is not in a position to meet its obligations as they fall due.

Period	FY 2021- 2022	FY 2020- 2021
Over 30 days	32,451,268	52,120,500
Over 60 days	72,456,897	68,170,400
Over 90 days	87,456,321	70,140,200
Over 120 days	85,438,172	58,552,498
Total	<u>277,802,658</u>	<u>248,983,598</u>

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Market Risk

Any fall in prices in the market in relation to prices of Biological assets negatively affect our revenue of the Authority.

Forex exchange Risk

TARDA is exposed to Forex exchange risk if the exchange risk is adjusted upwards against the shilling when dealing with issues such as overseas procurements like spare parts, exchange of money for inland expenses while staffs are officially travelling overseas.

5. Significant judgments and sources of estimation and uncertainty.

The Management of TARDA, makes judgments, estimates and assumptions that affect the reported amounts of Revenues, expenses, Assets and Liabilities at the end of the reporting period.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following pre-determined depreciation rates.

Depreciation of assets is calculated using the straight line method to write down their cost or revalued amount to their residual values over the estimated useful life using the following annual Rates.

a) Assets	Rates (%)
i) Masinga Dam & Kiambere Power Station	
a) Civil Engineering Works	2.50
b) Electro-Mechanical Works	12.50
ii) Motor Vehicles	
a) Saloons and Light Trucks	25.00
b) Lorries and Tractors	33.30
iii) Equipment	10.00
iv) Computers and	20.00
v) Furniture and Fittings	7.50
vi) Buildings	2.50
Vii) Intangible	33.0

b. Biological Assets

Estimation of value for TARDA's Biological Assets is purely based on the market value of the asset during sale and this also becomes the carrying amount of the asset.

Inventory

Stocks are valued at cost price. Prices for Agricultural produce are determined based on the prevailing market prices.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

c. Subsequent events

There have been no events subsequent to the financial year end with significant impact on the financial statements for the year ended June 30, 2022.

6. Transfer from the Ministry

Name of the Entity Sending the grant	Amount recognized to statement of financial performance	Amount deferred under deferred income	Amount recognized in capital fund	Total Transfers 2021/22	Prior Year 2020/21
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of EAC and Regional Development-Salaries	409,500,000			409,500,000	287,000,000
Ministry of EAC and Regional Development-Capital	-		182,700,000	182,700,000	53,275,000
Totals	<u>409,500,000</u>	=	<u>182,700,000</u>	<u>592,200,000</u>	<u>340,275,000</u>

In the year under review, there was an improvement in budgetary provision from the exchequer support especially on recurrent to cater for the salary deficit and also Development to mitigate drought in our areas of jurisdiction.

7. Rendering of Services

	Jun-22	Jun-21
Tana delta Resort	1,420,325	1,510,830
Kiambere Guest House	1,455,669	645,816
Masinga Dam Resort	9,022,412	5,354,261
Total Revenue From the Rendering of Services	<u>11,898,406</u>	<u>7,510,907</u>

The revenue from Exchange transactions above relate to AIA KenGen for conservation and buffer zone protection while Sale of produce relates to Milk in Emali, Honey in Kiambere bufferzone, tree seedlings in Upper Athi and Tana Region. Desilting of Reservoir income relate to revenue generated from sale of desilted sand from Kiambere Dam while lease income relates to revenue rental and lease income from housing in Masinga, Kiambere and Upper Hill respectively. Collection of lease income of Kshs. 30M from TDIP is uncertain. Rendering Services income relate to income from Masinga Resort and Kiambere Guest House respectively.

8. Sale Of Goods

	Jun-22	Jun-21
Sale of Farm produce	6,674,340	4,441,015
Sale of tree seedlings	2,038,746	1,797,578
Total Revenue from the Sale of goods	<u>8,713,086</u>	<u>6,238,593</u>

The increase in sale of goods in the year under review is attributed to the sale of farm produce from our farms and tree seedlings from our catchment areas.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

9. Rental Revenue	Jun-22	Jun-21
Lease income - Tana Delta Irrigation Project	30,000,000	30,000,000
- upper hill	10,800,000	10,800,000
Rent - Kengen houses & Assets disposal	3,844,132	3,604,602
Others - Lease of Land	4,827,850	-
Total lease and rental revenue	<u>49,471,982</u>	<u>44,404,602</u>

The Authority registered increase in lease and rental revenue due to the lease of land at Masinga and Kiambere.

Tana Delta lease recoverability is uncertain.

10. Other Income	Jun-22	Jun-21
KENGEN -Rehabilitation Of Dam Catchment	62,000,000	55,799,992
Kiambere -Sale of Desilting of reservoir waste	10,429,291	8,491,200
Others income- Insurance Compensation	25,933,680	-
Total Other Income	<u>98,362,971</u>	<u>64,291,192</u>

The increase in other income is due to a windfall income for the insurance compensation in respect to Masinga Dam Resort after it burnt down in 2020.

11. Cost Of Production	Jun-22	Jun-21
Tana Delta Irrigation Farm	2,006,374	1,451,006
Tana Delta Resort	1,794,858	1,472,691
Kibwezi farm	-	1,796,839
Emali Farm	-	2,460,737
Kiambere Farm	-	1,718,940
Masinga Dam Resort	8,008,008	7,397,833
Lower Athi Region	6,521,275	795,155
Kitui Honey Refinery	-	476,400
Buffer zone Conservation-Sand Harvesting	9,722,247	4,768,487
Tana Region	1,512,101	39,016
UpperAthi Region	1,087,673	1,904,070
Masinga Irrigation Project	-	593,485
Masinga Afforestation	-	744,502
Tana Bridge	-	299,760
Machakos Tree Nursery	-	1,051,470
Wote Tree Nursery	-	311,966
Strategic Objective Activities	30,572,504	26,008,980
Catchment rehabilitation Tax	6,554,464	-
Total Cost Of Sales	<u>67,779,504</u>	<u>53,291,337</u>

This increment was as a result of funds being channeled to our projects with an aim of reviving them to be self-sufficiency.

12. Use Of Goods and Services	Jun-22	Jun-21
Insurances	2,054,297	3,547,295
Legal fees, Licenses and Subscriptions	430,000	741,061
Motor Running - Fuel and oil	2,715,628	1,999,440
Rent and Rates	19,273,314	19,673,665
Water and Electricity	661,730	523,144

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Security Expenses	2,040,280	1,167,624
Stationery Expenses	1,475,497	812,578
Printing and Publishing	163,234	31,401
Advertising and Publicity	1,946,035	1,251,702
Telephone and Internet	888,966	1,802,015
Postage Expenses	13,250	29,790
Hire of Transport	1,074,120	1,122,950
Subsistence and Accommodation	16,619,146	15,765,058
Library Expenses	25,920	20,900
Audit Fees	696,000	696,000
Bad debts	259,369	-
Training	1,334,019	260,820
Stock Taking	936,700	747,000
Uniform and clothing	246,914	163,649
Official Entertainment	227,014	112,458
Staff Welfare	1,753,542	1,201,274
Total Use Of Goods and Services	<u>54,834,975</u>	<u>51,669,824</u>

The major contributors are the high cost of fuel, thorough motor running, security expenses due squatters who invaded our land at Kiambere. The cost of squatter eviction exercise was high because of payment of staff involved. High cost of stationery and advertisement was for the new CEO who assumed office in January 2022. The Authority incurred more cost in training of staff and burial expenses on staff welfare for the staff and loved ones who have demised during that year.

13. Employee Costs	Jun-22	Jun-21
Medical Expenses	23,429,643	37,371,228
Leave Allowance	2,138,000	2,292,000
Casual Wages	3,081,621	7,269,058
Salaries	332,423,890	318,092,961
Pension and Gratuity	41,939,374	19,029,298
Total Employee Costs	<u>403,012,528</u>	<u>384,054,545</u>

There was an increase in employee cost due to alignment of salaries and house allowances in line with the Human Resource approved structure and also adopting the approved pension contribution from 5% to 7.5% employee and 10% to 15% employer contributions.

14. Remuneration of Directors	Jun-22	Jun-21
Sitting Allowance	6,300,000	5,900,000
Travelling and Accommodation	3,870,192	2,346,420
Mileage	716,716	504,459
Airtime	166,000	204,000
Printing , Stationery & Others	342,725	227,019
Training	-	49,960
Honoraria	821,363	1,020,000
Total Remuneration of Directors	<u>12,216,996</u>	<u>10,251,858</u>

More oversight on the activities of the Authority by the Director has made this cost to go up.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

15. Depreciation and Amortization	Jun-22	Jun-21
Property Plant and Equipment	436,653,263	436,945,294
Total Depreciation and Amortization	<u>436,653,263</u>	<u>436,945,294</u>
16. Repair and Maintenance	Jun-22	Jun-21
Computer Expenses	532,165	190,650
Motor Maintenance	3,043,961	1,562,793
Maintenance of Building and Stations	1,204,825	890,366
Office Equipment maintenance	268,618	244,372
Total Repair and Maintenance	<u>5,049,569</u>	<u>2,888,181</u>

The increase in repair and maintenance is majorly due to breakdown of the CEO's official vehicle which necessitated purchase of new gear box.

17. Grants and Subsidies	Jun-22	Jun-21
Community Development-Murang'a Integrated Project	32,290,605	28,077,293
Community Development -Kieni Integrated Project	25,934,188	73,804,480
Tana Delta Irrigation Project	71,757,961	37,482,951
Drought Mitigation	31,981,540	-
Total Grants and Subsidies	<u>161,964,294</u>	<u>139,364,724</u>

Major activities were carried in Murang'a, TDIP and under drought mitigation activities

18. Finance Cost	Jun-22	Jun-21
Bank Charges	586,686	525,276
Total Finance Cost	<u>586,686</u>	<u>525,276</u>

The Bank charges increased more than the previous year due to the number of transactions carried out in the year under review unlike the Covid period when there were restrictions

19. a Cash and Cash Equivalents	Jun-22	Jun-21
Current Account	74,524,579	98,221,307
Savings Account	-	5,290,056
Cash at Hand	245	313
	<u>74,524,824</u>	<u>103,511,676</u>
19. b Climate Change Programme-BANK	<u>382,909</u>	<u>1,268,403</u>

The Climate Change fund was for construction of checkdams in Murang'a, Nyeri, Embu and Makueni Counties. The Programme was funded by National Environment Management Authority (NEMA)

20. Trade Receivable	Jun-22	Jun-21
Staff Advances	266,641	314,623
Trade Receivables	1,528,648,220	1,499,521,809
Other Receivables	10,265,000	10,265,000
	<u>1,539,179,861</u>	<u>1,510,101,432</u>
Provision for bad debts	(1,261,377,203)	(1,261,117,834)
	<u>277,802,658</u>	<u>248,983,598</u>

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The increase in trade and other receivables is due to TDIP debtor of Kshs.30 million from Braken recognized in accounts. The recoverability of this debtor is uncertain.

21. Inventory	Jun-22	Jun-21
Stationery	1,008,591	969,893
Household Goods	58,177	55,324
Fertilizers	2,268,100	3,349,000
Spare Parts	9,643,016	8,723,348
Construction & Honey packing Materials	927,283	4,084,165
Refreshment and Beverages	138,166	246,800
Farm inputs-Chemicals,seeds,drugs	3,349,000	3,349,373
Fuel and Lubricants	304,460	43,141
Vets drugs & Vaccination	51,279	50,870
Honey	1,085,120	694,750
Food	116,492	19,215
Animal Feed - Bran & Hay	1,403,840	150,000
	<u>20,353,523</u>	<u>21,735,878</u>

The increase in inventory in the year under review is due to persistent drought in Emali that made the Authority source for animal feeds outside the farm.

22. Biological Assets	Jun-22	Jun-21
Emali/Kiambere/Masinga Livestock	2,009,600	6,475,500
Seedlings/Farm Produce	11,615,040	10,099,490
	<u>13,624,640</u>	<u>16,574,990</u>

Sale and natural attritions through death has contributed to the decline.

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NOTE 23: PROPERTY PLANT AND EQUIPMENT									
DETAILS	MOTOR VEHICLES	PLANT & EQUIP.	FURN. & FITTINGS	LAND	BUILDINGS	COMPUTERS	MASINGA HEP	KIAMBERE HEP	TOTAL
Cost As At 1st July 2020	335,528,349	1,914,216,105	73,067,959	1,264,135,430	1,779,406,458	25,542,725	6,134,385,600	9,385,013,300	20,911,295,926
Additions For the Year	-	12,425,000	3,566,076	-	28,457,584	487,450	-	-	44,936,110
Disposals/Loss by fire For the Year	(21,294,661)	-	(1,925,700)	-	-	-	-	-	(23,220,361)
Cost As At 30th June 2021	314,233,688	1,926,641,105	74,708,335	1,264,135,430	1,807,864,042	26,030,175	6,134,385,600	9,385,013,300	20,933,011,675
Additions For the Year	545,000	26,000	809,896	-	-	524,340	-	-	1,905,236
Disposals/Written off	(4,387,500)	-	-	-	-	-	-	-	(4,387,500)
Cost As At 30th June 2022	310,391,188	1,926,667,105	75,518,231	1,264,135,430	1,807,864,042	26,554,515	6,134,385,600	9,385,013,300	20,930,529,411
Accumulated Depreciation As At 1st July 2020	333,951,474	1,909,133,328	66,126,698	-	1,365,346,289	25,171,208	3,220,552,440	4,927,131,978	11,847,413,415
Charge for the Year	1,576,875	1,531,431	761,413	-	44,840,881	249,721	153,359,640	234,625,333	436,945,294
Provision for Depreciation on Disposal	(21,294,661)	-	(1,925,700)	-	-	-	-	-	(23,220,361)
Accumulated Depreciation As At 30th June 2021	314,233,688	1,910,664,759	64,962,411	-	1,410,187,170	25,420,929	3,373,912,080	5,161,757,311	12,261,138,348
Disposals/Written off	(4,387,500)	-	-	-	-	-	-	-	(4,387,500)
Charge for the Year	90,833	2,152,148	1,003,290	-	45,196,601	225,417	153,359,640	234,625,333	436,653,263
Accumulated Depreciation As At 30th June 2022	309,937,021	1,912,816,907	65,965,702	-	1,455,383,771	25,646,346	3,527,271,720	5,396,382,644	12,693,404,111
Net Book Value As At 30th June 2022	454,167	13,850,197	9,552,529	1,264,135,430	352,480,271	908,169	2,607,113,880	3,988,630,656	8,237,125,298
Net Book Value As At 30th June 2021	-	15,976,346	9,745,924	1,264,135,430	397,676,872	609,246	2,760,473,520	4,223,255,989	8,671,873,326

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NOTES TO THE FINANCIAL STATEMENTS

24	Work in Progress	Jun-22	Jun-21
	Tana Delta Irrigation Project	234,152,289	234,152,289
		<u>234,152,289</u>	<u>234,152,289</u>

The Work in Progress in Tana Delta Project relates to Structures which were destroyed by 1997 El Nino. The houses were neither Commissioned nor certificate of completion issued to TARDA. Plans are underway to rehabilitate some of these houses and convert them into guest houses.

25	Investment - Consolidated Bank	Jun-22	Jun-21
	265,000 Ordinary Shares@ 20.00 each	5,300,000	5,300,000
	960,000 4% Preference Shares @20.00 each	19,200,000	19,200,000
		<u>24,500,000</u>	<u>24,500,000</u>

These shares are held at Consolidated Bank and do not earn dividends, however listing of the bank at Nairobi Stock Exchange is at advanced stage.

26 (a)	Trade and Other Payables	Jun-22	Restated Jun-21	Jun-21
	Creditors Account	131,431,153	147,600,217	135,881,705
	Statutory Deductions & other Sundry Creditors	<u>123,720,478</u>	<u>175,081,562</u>	<u>251,144,385</u>
		<u>255,151,631</u>	<u>322,681,779</u>	<u>387,026,090</u>
	Retention Account			6,846,512
	Audit Fees Provision			4,872,000
(b)	Employee Benefit obligations	79,410,824	76,062,823	
(c)	Lease income received in advance	<u>5,827,850</u>	<u>-</u>	<u>-</u>
		<u>340,390,305</u>	<u>398,744,602</u>	<u>398,744,602</u>

The Authority made a payment plan to redeem long outstanding statutory deductions which has seen reduction in trade and other payables.

Tana and Athi Rivers Development Authority (TARDA) Reports and Financial Statements for the Year Ended June 30, 2022

Nature of KPLC debt

This debt relates to sale of bulk power to KPLC for periods prior to April 1988. The matter is being handled by Public Investment Committee (PIC).

Court Guarantee of Kshs.10 million relate to money deposited with the Court in relation to Masinga compensation case. The Authority is yet to receive the money from our lawyers

Financial Risk management disclosures

Credit Risk-Failure by KPLC/KenGen to repay the long outstanding debt which they owe the Authority and subsequent non repayments of revenues generated through Masinga and Kiambere Dams has negatively affected the financial position of the Authority.

TARDA is exposed to credit risks on its debtor Accounts as most of its debtors are external. However, it seeks to reduce the credit risk through setting credit limits for debtors and monitoring the existing debts.

TARDA is also exposed to credit risk since its operating budget is financed by the government.

Cash and bank equivalent are held in banks with sovereign risks which is very minimal.

	June 2022	June 2021
Amounts due from KPLC	1,179,215,376	1,179,215,376
Other receivables – Net	277,802,658	248,983,598

Liquidity Risk

The Authority has significant exposure to liquidity risk as it depends mostly on the Parent Ministry for both Development and Recurrent. The parent Ministry does not remit funds in time.

Any cash from its operations is restricted and banked intact hence liquidity risk.

Market Risk-A fall in prices in the market in relation to the prices of biological assets will reflect negatively on our sales and report.

27	Capital Fund	Jun-22	Jun-21
	Capital Fund b/f	5,091,164,978	5,037,889,978
	GOK Grants for the year	182,700,000	53,275,000
		<u>5,273,864,978</u>	<u>5,091,164,978</u>

This is where we charge all Capital fund received from the GoK. This fund has gone up by the amount of funds received from the exchequer.

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28	Climate Change Fund	Jun-22	Jun-21
		<u>382,909</u>	<u>1,268,403</u>
		<u><u>382,909</u></u>	<u><u>1,268,403</u></u>
29	Revaluation Reserves	Jun-22	Jun-21
	Balance B/F	<u>19,697,833,221</u>	<u>19,697,833,221</u>
		<u><u>19,697,833,221</u></u>	<u><u>19,697,833,221</u></u>

The Authority carried the revaluation of Asset in 2006

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19. APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 2017/18				
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)
1	Going Concern	TARDA has been insolvent since the day the generating and transmission assets were transferred to KENGEN and unless the claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring year after year.	Pending	Continuous
2	Trade and other payables Un-remitted Statutory Deductions	These are statutory deductions comprising of outstanding VAT, Pension, and PAYE. The amount will be paid once the financial position of the Authority improves. (A payment plan is already in place on how to clear the balances)	Pending	June 2023
3	Revaluation Reserve	The Management is planning to undertake revaluation of Assets once budget is allocated by exchequer	Pending	Continuous
4	Land without ownership Documents	The acquisition of the title deeds for Kibwezi, Emali and Kitui projects is in progress.	Pending	June 2024
5	Fully Depreciated Assets	The Management is seeking budgetary allocation to undertake revaluation. Currently the management is preparing a policy of the same.	Pending	June 2024
6	Understatement of buildings value	This was purely an error of entry which has been corrected	Resolved	June 2019
7	Biological Assets	The Management will incorporate the revaluation of the biological assets in the revaluation exercise of assets plan.	Pending	June 2024
8	Capital work in progress -TDIP Buildings (234,152,289)	Plans are underway to rehabilitate some of these houses and convert them into guest houses.	Pending	June 2024
9	Trade and other receivables	These are bad debts which the Authority is seeking approval through the Parent Ministry for write off.	Pending	June 2024

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10	Investments	The consolidated bank is not listed at the NSE and therefore the actual worth of these shares cannot be determined.	Pending	Continuous
Unresolved Prior year Audit matter 1.	European Union fund Grant	Treasury could not provide the required amount in the arrangement of funding and therefore EU cancelled the grant.	Resolved	June 2019
2.	Lease Income – Branken TDIP	The Management and Branken are currently in negotiation to bring to an end this matter	Pending	June 2023
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 2018/19				
1	Going Concern	TARDA has been insolvent since the day the generating and transmission assets were transferred to KENGEN and unless the claims are honoured, the going concern and balance sheet accounting of the Authority will continue to be negative and recurring year after year.	Pending	Continuous
2.1	Land without Ownership Documents	The Matter is being fast tract and it is at advanced stage (Kibwezi, Kitui, Lamu)	Pending	June 2023
2.2	Lease Expiry for Emali Farm	The Management is still in discussion with the Ministry of Agriculture -State Department of Livestock on renewals of the lease	Pending	June 2023
2.3	Fully Depreciated Assets	The Management is seeking budgetary allocation to undertake revaluation. Currently the management is preparing a policy of the same.	Pending	June 2024
2.4	Masinga & Kiambere Ownership Hydro station	KenGen took over generating and transmission assets while TARDA is in control of Reservoir assets	Pending	Continuous
3	Unsupported Revaluation received	One of the volume of this revaluation report got lost and the management efforts to get a placement from the company was hampered by the closure of the organization after liquidation.	Pending	Continuous
4	Unremitted statutory deduction taxes and unsupported payables	The management has put in place a payable plan depending on exchequer Support. Also a write off paper for unsupported payables is being prepared for relevant approvals.	Pending	June 2024
5	Trade and Other Receivables	The Authority has put in place vigorous strategy to recover her debts outstanding for a long time.	Pending	June 2023
6	Unsupported work in progress- TDIP	These were buildings that were left incomplete in 1997 due to El nino rains and		June 2024

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		the documents has in the process of time been displayed. The management plans to finish this projects once exchequer support is received and revaluation shall be done to incorporate in the books.	Pending	
7	Short term Lease Agreement at Queensway House Nairobi	The Management has signed a license to occupy the premises for 2 years from 1 st July 2021- 31 st December 2022	Pending	June 2023
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 2019/20				
1.	Un-refunded Court Deposit Security- 10M	The Management has appointed a committee to resolve the issue with the Lawyer who were dealing with this matter	Pending	June 2023
2.	Lease Income from Tana Delta Irrigation Project	The Management has appointed a committee to resolve the issue. The tenant has requested to have the lease transferred to three (3) different licenses under the original lease.	Pending	June 2023
3.	Revaluation of Assets	The Management is planning to undertake revaluation of Assets once budget is allocated by exchequer.	Pending	Continuous
4	Abandoned works at Tana Delta Irrigation Project(TDIP)	These were buildings that were left incomplete in 1997 due to El nino rains and the documents has in the process of time been displayed. The management plans to finish this projects once exchequer support is received and revaluation shall be done to incorporate in the books.	Pending	June 2024
5.1	Land without ownership Documents (Kitui, Kibwezi, Emali)	The acquisition of the title deeds for Kibwezi, Emali and Kitui projects is in progress.	Pending	June 2024
5.2	Fully Depreciated Assets	The Management is seeking budgetary allocation to undertake revaluation. Currently the management is preparing a policy of the same.	Pending	June 2024
5.3	Masinga & Kiambere Ownership Hydro station	KenGen took over generating and transmission assets while TARDA is in control of Reservoir assets	Pending	Continuous
5.4	Additional assets – Furniture and Fittings	The documents are were availed to the Auditors for verification.	Resolved	June 2022
Other Matters				
1	Budgetary Control and performance	The Authority shall continue to request Treasury for adequate budgetary support to meet her strategic objectives.	Pending	Continuous

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	Irregular Variation of Contract	This was not a variation of Contract in true sense but contracting an alternative supplier to carry out works which were not able to be carried out by the original supplier at no additional cost.	Resolved	
2.	Incomplete Contracts	Management uses standard tender documents as provided for on the website of the Public Procurement Regulatory Authority (PPRA).	Resolved	Resolved
3.	Staff Pension Scheme	Management is in consultation with the National Treasury to improve our budgetary allocation to settle the arrears	Pending	Continuous
4.	Staff on Acting position beyond six months	Management corrected this situation during the harmonization of Authority new staff structure.	Resolved	Resolved
Basis for conclusion	Manual Accounting Records	Management is in consultation with the national Treasury to improve our budgetary allocation to enable acquisition of accounting software	Pending	Continuous

PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS 2020/21

1.	Trade Receivables	The Management has appointed a committee to resolve the issue with the Lawyer who were dealing with this matter	Pending	2023
2.	Trade and other Payables	These are statutory deductions comprising of outstanding VAT, Pension, and PAYE. The amount will be paid once the financial position of the Authority improves. (A payment plan is already in place on how to clear the balances)	Pending	June 2023
3.1	Property, Plant and Equipment – Revaluation of Assets	One of the development of this revaluation report got lost and the management efforts to get a placement from the company was hampered by the closure of the organization after liquidation.	Pending	Continuous
3.2	Work in progress	These were buildings that were left incomplete in 1997 due to El nino rains and the documents has in the process of time been displayed. The management plans to finish this projects once exchequer support is received and revaluation shall be done to incorporate in the books.	Pending	June 2024
3.3	Land without ownership Documents	The acquisition of the title deeds for Kibwezi, Emali and Kitui projects is in progress.	Pending	June 2024
4	Delayed Remittance of	These are statutory deductions comprising	Pending	June 2023

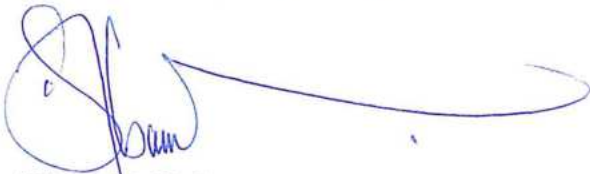
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	statutory deductions	of outstanding VAT, Pension, and PAYE. The amount will be paid once the financial position of the Authority improves. (A payment plan is already in place on how to clear the balances)		
Other Matters				
1	Unresolved prior year issues	The Management is currently undertaking and evaluation of every matter pointed out by the Auditor for resolution.	Pending	Continuous
2.2	Shortfall of Revenue and Under-Expenditure	The Management continue to request the exchequer for adequate budgetary Support	Pending	Continuous
2.2	Late Exchequer Release	The Management will continue to request the exchequer to release disbursement on time.	Pending	Continuous
Basis for conclusion				
1	Excess Expenditure on Employee Costs	Management is working on business strategies to improve our AIA as well as engage other revenue generating mechanisms.	Pending	June 2024
2	Irregular engagement of staff on internship	The Management will in future strictly follow the guidelines on hiring interns	Resolved	Resolved
3	Irregular payment of hardship allowance	The Management is engaging The National Treasury through Parent Ministry to improve on funding. Once funding are available all the eligible staff will receive the allowances as per recommended by SRC circular.	Pending	June 2023
3	Lack of ethnic diversity in staffing	The Management shall make sure future selection and recruitment will take into account ethnic balance thus adhering to national cohesion and integration Act 2008	Pending	Continuous

APPENDIX 2: PROJECTS IMPLEMENTED BY TARDA FUNDED BY NEEMA

1. Ajibika Small Earth Dam – Kigumo Constituency
2. Gakina Small Earth Dam – Othaya Constituency
3. Wanduli Small Earth Dam – Kibwezi West Constituency
4. Machanga Small Earth Dam – Embeare South Constituency

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A handwritten signature in blue ink, appearing to read 'Liban R. Duba', with a long horizontal flourish extending to the right.

Liban R. Duba
MANAGING DIRECTOR

Date.....19/01/2023

