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REPORT

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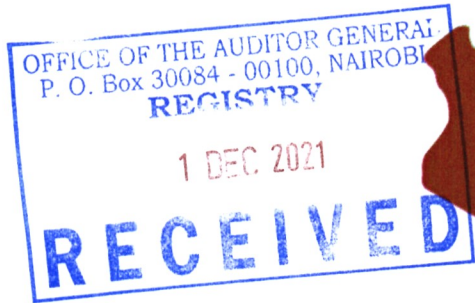
THE AUDITOR-GENERAL

ON

**MWEA IRRIGATION DEVELOPMENT
PROJECT (LOAN NO. KE-P27)**

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

NATIONAL IRRIGATION AUTHORITY



**National
Irrigation
Authority**

PROJECT NAME: MWEA IRRIGATION DEVELOPMENT PROJECT

IMPLEMENTING ENTITY: NATIONAL IRRIGATION AUTHORITY

PROJECT CREDIT NUMBER KE-P27

ANNUAL REPORTS AND FINANCIAL STATEMENTS

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

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

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1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Mwea Irrigation Development Project

Objective: The key objective of the project is to increase the productivity of rice and other crops by improvement of irrigation infrastructures and strengthening the operations and maintenance framework in Mwea Irrigation Settlement (MIS) scheme, thereby contributing to raising the farmers' livelihood in MIS scheme area and food security in Kenya.

Address: The project headquarters offices are in Nairobi Capital city, Nairobi County, Kenya.

The address of its registered office is:

National Irrigation Authority

P.O Box 30372-00100

Nairobi

The project also has office as follows:

- Mwea Site offices

Contacts: The following are the project contacts

Telephone: (254) -20-2711380/2711468

E-mail: ceo@irrigation.go.ke

Website: www.irrigation.go.ke

1.2 Project Information

Project Start Date:	13 th December 2010
Project End Date:	13 th December 2023
Project Manager:	Eng. Stephen Mutinda
Project Sponsor:	The project sponsor is JICA/GoK

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water & Sanitation and Irrigation.
Project number	KE-P27
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase rice production in MIS Scheme thus increasing food security in Kenya (ii) Increase the acreage under rice production in MIS Scheme.
Achievement of strategic goals	(i) The project management aims to achieve the goals through the following means: (ii) Construction of Thiba dam and its appurtenant structures (iii) Expansion of irrigation area.
Other important background information of the project.	The project has 3 major components i) Construction of Thiba dam being implemented by Strabag International GmbH ii) Construction of irrigation and drainage facilities being implement by Mutahi Engineering Limited and Joycott Limited. iii) Consultancy services for Engineering services for Mwea Irrigation Development Project by Nippon Koei Limited. iv) Resettlement of the PAPS by HAIDCO limited
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Frequent water shortages occasioned by unreliable rainfall thus leading to low rice yields per acre. (ii) Land lying furrow during short rain – the farmers will move from one cropping season to two cropping since per year. (iii) Expansion of acreage under production.
Project duration	The project started on 13 st December 2010 and is expected to run until 13th December 2023

1.4 Bankers

The following are the bankers for the current year:

- (i) NCBA Bank - Kenya

1.5 Auditors

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

The project is audited by Office of the Auditor General

1.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Gitonga Mugambi	Chief Executive Officer (CEO)	Over 20 years in development and management of irrigation schemes	Overall coordination of the project
Eng. Charles Muasya	Deputy General Manager (Infrastructure & Irrigation development services)	Over 30years experience in the development of Irrigation infrastructure	Coordination of Engineering matters on the project
Eng. Stephen Mutinda	Project Manager	Over 10 Years' experience in dams and irrigation infrastructure construction	Coordinating all technical matters of the project
Mr. Tirus Kabuthia	Project Accountant	Over 20 years in Financial management	Advising on project financial aspects.
M/s Grace Ndungu	Environmentalist	Over 7 years in handling of project environmental matters	Ensuring protection of the environment
M/s Patricia Siele	Procurement officer	Over 7 Years' experience on procurement matters	Advising on procurement matters on the Project
Yuji Yunoki	Team leader-Consultant	Over 35 years' experience on irrigation and dam construction	Responsible for day to day implementation of the Project
Keiji Tamura	Construction Engineer (Irr. & Drain.)	Over 20 years' experience in the construction of Irrigation and drainage facilities	Supervision of construction works for the irrigation and drainage systems.
Dorothy Kawira	M & E Officer	Over 15 years in project monitoring	Responsible for project monitoring and evaluation

*Mwea Irrigation Development Project
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For the financial year ended 30, June 2021*

1.7 Funding summary

The Project is for duration of Thirteen years from 2010 to 2023 with an approved budget of JPY 18,631,000,000 equivalent to KSh. 15,397,520,660 as highlighted in the table below:

Below is the funding summary:

A. Sources of Funds

Source of funds	Donor Commitment-		Amount received to date (30-06-2021)		Undrawn balance to date (30-06-2021)	
	Donor currency JPY (Million) (A)	KSh. (Million) (A')	Donor currency (B)	KSh. (Million) (B')	Donor currency (Million Yen) (A)-(B)	KSh. Million (A')-(B')
i) Grants						
There was no grants						
(ii) Loan						
JICA Fund	13,178	10,890.90	8,422.80	6,961.00	4,755.20	3,929.90
(iii) Counterpart funds						
Government of Kenya	5,453	4,506.60	4,605.00	3806.00	848.00	700.60
Total	18,631	15,397.50	13,027.80	10,767.00	5,603.20	4,630.50

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

B. Application of Funds

Source of funds	Amount received to date (30 th June 2021)		KSh. (Million)	Cumulative Amount paid to date (30 th June 2021)		Unutilised balance to date (30-06-2021)	
	Donor currency JPY (Million) (A)	KSh. (Million) (A')		Donor currency (B)	KSh. (Million) (B')	Donor currency (Million Yen) (A)-(B)	KSh. Million (A')-(B')
i) Grants							
No grant received							
(ii) Loan							
JICA Fund	8,422.80	6,961.00	8,419.96	6,958.65	2.85	2.35	
(iii) Counterpart funds							
Government of Kenya	4,605.00	3,806.00	4,605.00	3,806.00	-	-	
Total	13,027.80	10,767.00	13,024.96	10,764.65	2.85	2.35	

1.8 Summary of Overall Project Performance:-

- Budget performance against actual amounts for current year is 73 % and for cumulative to-date is 73 %.
- The physical progress is at 60%
- The absorption rate for each year since the commencement of the project has been at 100%.
- The only challenge experienced is budget cut by the treasury which we recommended that the money requested for be funded in full in order to keep the project on course.

1.9 Summary of Project Compliance:

- The project complied with all statutory requirements.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the *project's 2010-2023* plan is to increase the productivity of rice and other crops by improvement of irrigation facilities including stable supply of water and strengthening of the operations and maintenance framework in Mwea Irrigation Settlement (MIS) scheme, thereby contributing to raising the farmers' livelihood in MIS scheme area and food security in Kenya

Progress on attainment of Strategic development objective

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Mwea Irrigation Development Project.	To increase the productivity of rice and other crops.	Improvement of irrigation facilities.	Percentage increase in rice and other crops produced.	The Project is on-going and estimated level of progress is at 60%

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The project is implemented by National Irrigation Authority hence, does not carry its own separate Corporate Social Responsibility.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

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

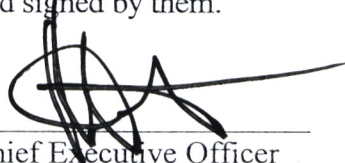
The *Chief Executive Officer*, National Irrigation Authority and the Project Manager for **Mwea Irrigation Development Project** accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for **Mwea Irrigation Development Project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended 30 June 2021, and of the Project's financial position as at that date. The Chief Executive Officer, National Irrigation Authority and the Project Manager for **Mwea Irrigation Development Project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

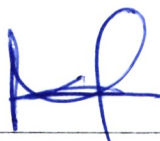
The *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for **Mwea Irrigation Development Project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by the *Chief Executive Officer*, National Irrigation Authority and the *Project Manager* for **Mwea Irrigation Development Project** on 30/09/2021 and signed by them.



Chief Executive Officer
Mr. Gitonga Mugambi



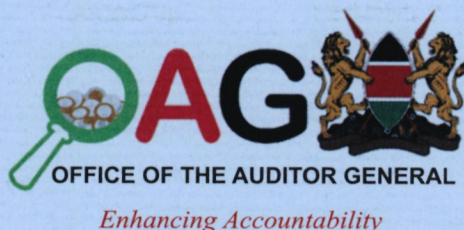
Project Manager
Eng. Stephen Mutinda



Project Accountant:
CPA. Tirus N. Kabuthia
ICPAK Member No.15039

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MWEA IRRIGATION DEVELOPMENT PROJECT (LOAN NO. KE-P27) FOR THE YEAR ENDED 30 JUNE, 2021-NATIONAL IRRIGATION AUTHORITY

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted 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 control, 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 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

Opinion

I have audited the accompanying financial statements of Mwea Irrigation Development Project set out on pages 1 to 29, which comprise the statement of financial assets as at 30 June, 2021, and the statement of receipts and payments, statement of cash flows and

Report of the Auditor-General on Mwea Irrigation Development Project (Loan NO. KE-P27) for the year ended 30 June, 2021

statement of comparative 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, the financial statements present fairly, in all material respects, the financial position of Mwea Irrigation Development Project as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with Loan Agreement No. KE-P27 dated 16 August, 2010 between the Japan International Cooperation Agency (JICA) and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.2,151,000,000 and Kshs.1,566,382,430 respectively resulting to a shortfall of Kshs.584,617,570 or 27% of the approved budget. Further, the statement reflects a final expenditure budget and actual on comparable basis of Kshs.2,151,000,000 and Kshs.1,566,382,430 respectively, resulting to underutilization of Kshs.584,617,570 or 27% of the approved budget. Management has attributed the shortfall in receipts to delay in disbursement of donor funds due to the termination of contract for civil works on irrigation and drainage facilities, on 22 January, 2020. The underfunding and underperformance affected the implementation of the Project's planned programmes and activities.

Other Information

The Program Management is responsible for the other information, which comprises Project Information and Overall Performance, Statement of Performance Against

Project's Predetermined Objectives, Corporate Social Responsibility Statement/ Sustainability Reporting and Statement of Project Management Responsibilities.

The other information does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance or conclusion thereon.

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 matter described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Delayed Implementation of Works for Existing Community Irrigation Schemes

Main contract for the project of construction of Thiba dam, appurtenant structures and expansion of irrigation area in Mwea, awarded in December, 2010 required the contractor to carry out improvement or protection works for existing community irrigation schemes at a sum of Kshs.166,373,039.52 as part of corporate social responsibility (CSR) activity. The project which commenced in December, 2010 is expected to end in March, 2022. The CSR works entail improvement and protection works for three (3) existing community Irrigation schemes namely Rukenya, Kimbithe and Komboini Irrigation Schemes. However, physical verification, of the project in October, 2021, revealed that rehabilitation at Rukenya scheme was ongoing and no works had started for Kimbithe and Komboini Irrigation Schemes, with only five (5) months left to end of contract period.

The Management attributed the delay in commencement of the works to the failure by the contractor to gain access to the site due to obstruction by the local community.

The Project Management has not provided measures being put in place to ensure completion of the three community irrigation schemes within the contract period.

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 complying, 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 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Loan Agreement No. KE-P27 between the Japan International Corporation Agency (JICA) and the Republic of Kenya, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash 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 governance.

In preparing the financial statements, Management is responsible for assessing the ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project 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.

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

Auditor-General's Responsibilities for the Audit

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 governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi


29 November, 2021

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30, June 2021*


**6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30
JUNE 2021**

	Note 11	2020/2021		Restated 2019/2020		Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Receipts and payment controlled by the entity	Payments made by third parties	
		KSh.	KSh.	KSh.	KSh.	KSh.
RECEIPTS						
Transfer from Government entities	1	333,198,287		*240,572,518.0	-	3,806,645,526.00
Loan from external development partners	3	-	1,223,851,530.00	-	1,660,781,923.00	6,961,057,229.00
Miscellaneous receipts	4	75,588.00				75,588.00
TOTAL RECEIPTS		333,273,875	1,223,851,530.00	240,572,518.00	1,660,781,923	10,767,778,343.00
PAYMENTS						
Compensation of employees	5	860,533.00		*828,993.00		1,689,526.00
Purchase of goods and services	6	172,110,469.00	99,648,493.00	*60,344,602.00		1,148,192,952.00
Acquisition of non- financial assets	8	167,681,335.00	1,124,203,037.00	342,932,875.00	1,660,781,923.00	9,612,413,752.00
Other grants and transfers and payments	10	1,878,563.00		6,120.00	-	3,122,947.00
TOTAL PAYMENTS		342,530,900.00	1,223,851,530.00	404,112,590	1,660,781,923.00	10,765,419,177
SURPLUS/(DEFI CIT)		-9,257,025.00	-	-163,540,072	-	2,359,166.00

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


Chief Executive Officer
Gitonga Mugambi


Project Manager
Stephen Mutinda

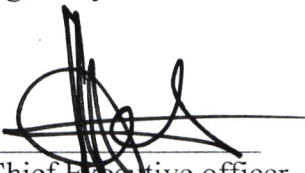

Project Accountant
Tirus Kabuthia
ICPAK Member No:15039

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

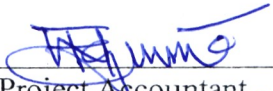
7. STATEMENT OF FINANCIAL ASSETS AS AT 30 JUNE 2021

	Note 11	2020-2021	2019-2020
		KSh.	KSh.
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11	2,359,166.00	11,616,191.00
Total Cash and Cash Equivalents		2,359,166.00	11,616,191.00
TOTAL FINANCIAL ASSETS		2,359,166.00	11,616,191.00
REPRESENTED BY			
Fund balance b/f	14	11,616,191.00	175,156,263.00
Surplus/(Deficit) for the year		(9,257,025.00)	(163,540,072.00)
NET FINANCIAL POSITION		2,359,166.00	11,616,191.00

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30/09/2021 and signed by:


Chief Executive officer
Date 25/11/2021


Project Manager
Date 25/11/2021

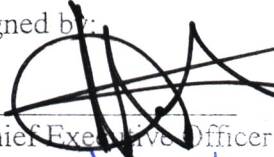

Project Accountant
Date 30/09/2021 25/11/2021
ICPAK Member No:15039


Mwea Irrigation Development Project
 Reports and Financial Statements
 For the financial year ended 30 June 2021

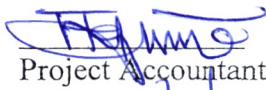
8. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	Restated 2019-2020
	Note	KSh.	KSh.
	11		
Receipts for operating activities			
Transfer from Government entities	1	333,198,287	*240,572,518.00
Miscellaneous receipts	4	75,588.00	-
Payments for operating activities			
Compensation of Employee	5	860,533.00	*-828,993.00
Purchase of goods and services	6	-271,758,962.00	*-60,344,602.00
Other grants and transfers	10	-1,878,563.00	(6,120)
Adjustments during the year			
Net cash flow from operating activities		58,775,817.00	179,392,803
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	7	-1,291,884,372.00	(2,003,714,798)
Net cash flows from Investing Activities		-1,291,884,372.00	(2,003,714,798)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	1,223,851,530.00	1,660,781,923
Net cash flow from financing activities		1,223,851,530.00	1,660,781,923
NET INCREASE IN CASH AND CASH EQUIVALENT			
Cash and cash equivalent at beginning of the year	14	11,616,191.00	175,156,263
Cash and cash equivalent at end of the year	11	2,359,166.00	11,616,191

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09/2021 and signed by:


 Chief Executive Officer
 Date 25/11/2021


 Project Manager
 Date 25/11/2021



 Project Accountant
 Date 25/11/2021
 ICPAK Member No:15039

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

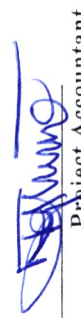
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	200,000,000.00	-	200,000,000.00	333,198,287	-133,198,287.00	1.67
Proceeds from borrowings	1,951,000,000.00	-	1,951,000,000.00	1,233,184,143.00	717,815,857.00	58%
Total Receipts	2,151,000,000.0	-	2,151,000,000.0	1,566,382,430	584,617,570.00	73%
Payments						
Compensation of employees	1,000,000.00	-	1,000,000.00	860,533.00	139,467.00	86%
Purchase of goods and services	397,000,000.00	-	397,000,000.00	271,758,962.00	125,241,038.00	68 %
Acquisition of non-financial assets	1,751,000,000.00	-	1,751,000,000.00	1,291,884,372.00	459,115,628.00	73%
Other grants and transfers	2,000,000.00	-	2,000,000.00	1,878,563.00	121,437.00	93.9
Total Payments	2,151,000,000.00	-	2,151,000,000.00	1,566,382,430.00	584,617,570.00	73%

Note: The significant budget utilisation/performance differences in the last column are explained in **Annex 1** to these financial statements.


Chief Executive Officer
Date 23/11/2021


Project Manager
Date 23/11/2021


Project Accountant
Date 23/11/2021
ICPAK MEMBER NO 15039

10. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

10.1. Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policies.

10.2. Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprest and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

10.3. Reporting Entity

The financial statements are for the Mwea Irrigation Development Project under National Irrigation Authority. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012 .

10.3.1 Reporting currency

The financial statements are presented in Kenya Shillings (KShs.), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

10.4. Significant Accounting Policies

a) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

i. Transfers from the Exchequer

Transfer from Exchequer is be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii. External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners.

iii. Other receipts

There no other receipts within the financial year 2020/21.

b) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

c) Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

d) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

e) Recognition of payments

The Project recognises all payments when the event occurs and the related cash has actually been paid out by the Project.

i. Compensation of employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii. Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii. Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

iv. Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v. Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

h) Accounts receivable

For the purposes of these financial statements, imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 5** of this financial statement is a register of the contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

j) Contingent Assets

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

k) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are

included in the statement of receipts and payments in the year in which the payments are made.

l) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognized as inter-entity transfers and are eliminated upon consolidation.

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

m) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year KShs. 1,223,851,530.00 being loan disbursements were received in form of direct payments from third parties.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

o) Comparative figures

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

p) Subsequent events

~~There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2020.~~

q) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. Restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

11. NOTES TO THE FINANCIAL STATEMENTS

1. RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

Description	2020/2021	Restated 2019/2020	Cumulative to-date(from inception)
	KSh.	KSh.	
Counterpart funding through Ministry			
Ministry of Water, Irrigation & Sanitation		240,572,518.00	
Quarter 1- 21/9/2020	50,000,000.00	240,572,518.00	
Quarter 4- 29/4/2021	150,000,000.00	-	
Other Transfers			
National Irrigation Authority	133,198,287.00		
Total	333,198,287.00	240,572,518.00	3,806,645,526.00

** Restated figure of Ksh 61,173,596.00 refers to:*

a) Ksh. 828,993. 00 for salary that had been omitted in the financial statements for the year ended 30 June 2020.

b) Ksh. 60.344, 602.00 for payments to Nippon Koei consultancy services that had been omitted in the financial statements for the year ended 30 June 2020.

Figure of Ksh. 133,198,287.00 refers to internal borrowings from National Irrigation Authority.

Figure of Ksh.240, 572,518.00 comprises of receipts of Ksh 179,398,923 and restated figure of Ksh. 61,173,596.00.

*Mwea Irrigation Development Project
Reports and Financial Statements
For the financial year ended 30 June 2021*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

N/B. There were no proceeds from domestic and foreign grants

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2021 we received funding from development partners in form of loans negotiated by the National Treasury donors as detailed in the table below:

	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount in Ksh	
			Ksh	Ksh	FY20/21	FY19/20
JICA	08-08-2019					107,689,409.00
	08-08-2019					138,779,333.00
	08-08-2019					82,766,840.00
	19-12-2019					498,743,573.00
	19-12-2019					45,738,149.00
	06-03-2020					131,722,143.00
	06-03-2020					172,453,853.00
	13-03-2020					95,097,779.00
	26-06-2020					166,860,055.00
	26-06-2020					105,900,593.00
	26-06-2020					115,030,197.00
	30/09/2020	114,118,258.35	-	94,312,610.20	94,312,610.20	-
	30/09/2020	276,024,447.90	-	228,119,378.40	228,119,378.40	-
	16/10/2020	118,348,852.80	-	97,808,969.25	97,808,969.25	-
	16/10/2020	185,240,764.30	-	153,091,540.75	153,091,540.75	-
	16/10/2020	142,068,893.70	-	117,412,308.80	117,412,308.80	-
	25/10/2020	15,570,505.00	-	12,868,185.95	12,868,185.95	-
	25/10/2020	8,637,330.00	-	7,138,289.25	7,138,289.25	-
	25/10/2020	15,598,624.00	-	12,891,424.80	12,891,424.80	-
	25/10/2020	9,984,051.10	-	8,251,282.60	8,251,282.60	-
	25/01/2021	13,151,812.00	-	10,869,266.10	10,869,266.10	-
	25/01/2021	17,367,772.00	-	14,353,530.55	14,353,530.55	-
	25/01/2021	18,165,222.00	-	15,012,580.15	15,012,580.15	-
	25/01/2021	22,099,359.99	-	18,263,933.85	18,263,933.85	-
	10/03/2021	100,321,515.10	-	82,910,343.05	82,910,343.05	-
	18/03/2021	96,325,973.85	-	79,608,242.80	79,608,242.80	-
	18/05/2021	107,472,116.30	-	88,819,930.80	88,819,930.80	-
	28/05/2021	116,943,359.25	-	96,647,404.35	96,647,404.35	-
	30/06/2021	103,421,492.50	-	85,472,307.80	85,472,307.80	-
Total		1,480,860,351.00	-	1,223,851,530.00	1,223,851,530.00	1,660,781,924.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. MISCELLANEOUS RECEIPTS

	2020/21		2019/2020		Cumulative to-date (from inception) KShs
	Receipts controlled by the entity in Cash KShs	Receipts controlled by third parties KShs	Total Receipts KShs	Total Receipts KShs	
Other receipts not classified elsewhere	75,588.10	-	75,588.00	7,001.00	82,589.00
Total	75,588.00	-	75,588.00	7,001.00	82,589.00

5. COMPENSATION OF EMPLOYEES

	2020/2021		2019/2020		Cumulative to-date KShs
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
-	-	-	-	-	-
Basic wages of temporary employees	610,012.00	-	610,012.00	579,384.00	1,189,396.00
Personal allowances paid as part of salary	248,121.00	-	248,121.00	247,209.00	495,330.00
Compulsory national social security schemes	2,400.00	-	2,400.00	2,400.00	4,800.00
Total	860,533.00	-	860,533.00	828,993.00	1,689,526.00

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6. PURCHASE OF GOODS AND SERVICES

	2020/2021		2019/2020		Cumulative to-date KShs
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
Utilities, supplies and services	2,387,509.00		2,387,509.00		3,926,847.00
Communication, supplies and services	80,000.00		80,000.00		80,000.00
Domestic travel and subsistence	3,082,300.00		3,082,300.00		159,031,945.00
Printing, advertising and information supplies	73,140.00		73,140.00		233,675.00
Other operating payments	166,421,485.00	99,648,493.00	266,069,978.00	*60,344,602.00	982,912,974.00
Routine maintenance – vehicles and other transport equipment	14,435.00		14,435.00		1,899,533.00
Routine maintenance- other assets	51,600.00		51,600.00		107,978.00
Total	172,110,469.00	99,648,493.00	271,758,962.00	*60,344,602.00	1,148,192,952.00

*Mwea Irrigation Development Project
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS.

There were no social security benefits.

8. ACQUISITION OF NON-FINANCIAL ASSETS

	2020/2021		2019/2020	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties		
	Ksh	Ksh	Ksh	Ksh
Construction of civil works	145,007,490.00	1,124,203,036.00	1,824,315,875.00	6,337,057,257.00
Acquisition of land	22,673,845.00	-	179,398,923.00	3,275,356,495.00
Total	167,681,336.00	1,124,203,036.00	2,003,714,798.00	9,612,413,752.00

Construction of civil works refers to payments made to the contractors who are constructing Thiba dam and the development of irrigation area

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

There were no transfers to other government entities.

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

	2020/2021			2019-2020	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	KSh.	KSh.	KSh.	KSh.	KSh.
Miscellaneous payments	1,878,563.00	-	1,878,563.00	6,120.00	3,122,947.00
Total	1,878,563.00	-	1,878,563.00	6,120.00	3,122,947.00

Other payments refer to bank charges and interest earned transfer to call account

11. CASH AND CASH EQUIVALENTS

	2020/21	2019/20
	KSh.	KSh.
Bank accounts	2,359,166.00	11,616,191.00
Total	2,359,166.00	11,616,191.00

The project has one number of project accounts spread within the project implementation area and none number of foreign currency designated accounts managed by the National Treasury as listed below:

*Mwea Irrigation Development Project
Reports and Financial Statements
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11.A. Bank Accounts

Project Bank Accounts

	2020/21	2019/20
	KSh.	KSh.
<u>Local Currency Accounts</u>		
NCBA BANK A/C NO.1000584588	2,359,166	11,616,191
Total local currency balances	2,359,166	11,616,191
Total bank account balances	2,359,166	11,616,191

Special Deposit Accounts

The project does not have a Special Deposit Account.

11.B.

The project does not have a cash account hence no cash certificate.

12. ACCOUNTS RECEIVABLES

There were no accounts receivable in the financial year 2020/21

13. ACCOUNTS PAYABLES

Description	2020-2021	2019-2020
	Kshs.	Kshs.
Retention	-	-
Deposits	-	-
Total	-	-

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14. FUND BALANCE BROUGHT FORWARD

Description	2020/2021	2019/2020
	KSh.	KSh.
Bank accounts	2,359,166.00	11,616,191.00
Total	2,359,166.00	11,616,191.00

15. RESTATEMENT

The prior figures were restated as a result of omitted transactions relating to the project but accounted in the NIA main account as follows

Accounts affected		2020/2021	2019/2020	
	Ksh	Ksh	Ksh	Comments
	DR	CR		
Compensation of project staff	828,933.00		-	Being salary to project staff paid by NIA but omitted in the project's financial statements
Other Operating expenses	60,344,602.00		-	Being payment for consultancy services for the project by NIA but omitted in the project's financial statements
Transfer from NIA main account		61,173,535		Being recognition of NIA funds used to settle project expenses.

16. CHANGES IN RECEIVABLE

Description of the error	2020-2021	2019-2020
	KShs	KShs
Opening Receivables as at 1 st July 2020	-	-
Closing account receivables as at 30 th June 2021	-	-
Change in Receivables	-	-

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17. CHANGES IN ACCOUNTS PAYABLE

Description of the error	2020-2021	2019-2020
Deposit and Retentions as at 1 st July 2020	-	-
Closing accounts payables as at 30 th June 2021	-	-
Change in payables	-	-

12. OTHER IMPORTANT DISCLOSURES

1. PENDING ACCOUNTS PAYABLE (See Annex 3 A)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	KSh.	KSh.	KSh.	KSh.
Construction of civil works	235,573,429.00	99,679,629.00	235,573,429.00	99,679,629.00
Land compensation	12,855,932.00	-	2,039,692.00	10,816,240.00
Supply of goods & services	-	106,914,195.00	-	106,914,195.00
Total	248,429,361.00	206,593,824.00	237,613,121.00	217,410,064.00

2. PENDING STAFF PAYABLE

There was no pending staff payables.

3. OTHER PENDING PAYABLES (See Annex 3C)

	Balance b/f FY 2019/2020	Additions for the period	Paid during the year	Balance c/f FY 2020/2021
Description	KSh.	KSh.	KSh.	KSh.
Amounts due to third parties	152,563,135	84,573,943	38,839,594	198,297,484
Total	152,563,135	84,573,943	38,839,594	198,297,484

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For the financial year ended 30 June 2021*

4. EXTERNAL ASSISTANCE

	FY 2020/2021	FY 2019/2020
Description	Kshs	Kshs
External assistance received as loans from JICA	1,223,851,530.00	1,660,781,923.00
Total	1,223,851,530.00	1,660,781,923.00

a. External assistance relating loans and grants

	FY 2021/2020	FY 2019/2020
Description		
External assistance received as loan from JICA	1,223,851,530.00	1,660,781,923.00
Total	1,223,851,530.00	1,660,781,923.00

b. Undrawn external assistance

	Purpose for which the undrawn external assistance may be used for	FY 2021/2020	FY 2019/2020
Description			
Undrawn external assistance -Loans	Payment of irrigation civil works associated consultancy.	3,929,900,000.00	5,153,000,000.00
Total		3,929,900,000.00	5,153,000,000.00

c. Classes of providers of external assistance

	FY 2021/2020	FY 2019/2020
Description		
Multilateral donors	1,223,851,530.00	1,660,781,923.00

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Total	1,223,851,530.00	1,660,781,923.00
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d. Purpose and use of external assistance

Payment made by third parties	FY 2021/2020	FY 2019/2020
Use of goods and services- Consultancy services	99,648,494.00	-
Acquisition of assets – Irrigation civil works.	1,124,203,036.00	1,660,781,923.00
Total	1,223,851,530.00	1,660,781,923.00

e. External Assistance paid by third parties on behalf of the entity by source


Payment made by third parties	FY 2021/2020	FY 2019/2020
Multilateral donors- Government of Japan	1,223,851,530.00	1,660,781,923.00
Total	1,223,851,530.00	1,660,781,923.00

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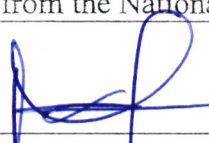
13. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

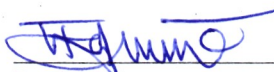
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Budget Performance	Delay in the issuance of specific tax exemptions by National Treasury affected the absorption of the funds by the project. This was resolved, since the National Treasury has issued the exemptions.	Eng. Stephen Mutinda, Project Manager	Resolved	
2.	Pending Bills	The pending bill totalling to Ksh. 248,429,361 refers to foreign component for Certificate No.12 payable to Strabag International. The documents for payment were forwarded to the Ministry of Water, Sanitation and Irrigation for processing and remittance to the National Treasury for onward transmission to JICA. However, the payment was made on 14 th September 2020 as per the information from the National Treasury.	Eng. Stephen Mutinda, Project Manager	Resolved	


Chief Executive officer

Date 23/11/2021


Project Manager

Date 23/11/2021


Project Accountant

Date 23/11/2021

ICPAK Member No: 15039

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14. ANNEX 1 - VARIANCE EXPLANATIONS - COMPARATIVE BUDGET AND ACTUAL AMOUNTS

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	200,000,000.00	333,198,287.0	-133,198,287.00	167	The over-expenditure was a balance from last year's budget.
Proceeds from borrowings	1,951,000,000.00	1,233,184,143.00	717,815,857.00	63	The underutilization was as a result of termination of contract for development of irrigation area.
Total Receipts	2,151,000,000.0	1,566,382,430	584,617,570.00	73	
Payments					
Compensation of employees	1,000,000.00	860,533.00	139,467.00	86	
Purchase of goods and services	397,000,000.00	271,758,962.00	125,241,038.00	68	The over-expenditure was a balance from last year's budget.
Acquisition of non-financial assets	1,751,000,000.00	1,291,884,372.00	459,115,628.00	73	The underutilization was as a result of termination of contract for development of irrigation area.
Other grants and transfers	2,000,000.00	1,878,563.00	121,437.00	93.9	
Total payments	2,151,000,000.00	1,566,382,430	584,617,570.00	73	

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ANNEX 2: RECONCILIATION OF INTER-ENTITY TRANSFERS

PROJECT NAME: MWEA IRRIGATION DEVELOPMENT PROJECT			
Break down of Transfers from the Ministry of Water, Irrigation & Sanitation			
a.	Government Counterpart		
	Funding		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	Treasury disbursement: Quarter 1	30/09/2020	50,000,000.00
	Treasury disbursement: Quarter 4	03/05/2021	150,000,000.00
	Total		200,000,000.00
b.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		-	-
c.	Others		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		-	-
		-	-
	TOTAL(a+b+c)		200,000,000.00

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

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ANNEX 3A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2021	Outstanding Balance 2020	Comments
	a	b	c	d=a-c		
Construction of civil works Strabag International	235,573,429.00	13-07-2017	135,893,800.0	99,679,629.00	235,573,429.00	Processed certificates but not yet paid by 30/6//21
Land Acquisition Land compensation (PAPs)- Canals& drains	12,855,932.00	26-08-2016	2,039,692.00	10,816,240.00	12,855,932.00	Paps not yet compensated as at 30/6/21
Supply of services Nippon Koei Invoice FC-55 to 59		18-02-2011	-	106,914,195.00	-	Processed certificates but not yet paid by 30/6//21
Grand Total	248,429,361.00		137,933,492.0	217,410,064.00	248,429,361.00	

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ANNEX 3B – There were no pending staff bills

ANNEX 3C – ANALYSIS OF OTHER PENDING PAYABLES

Name	Brief Transaction Description	Original Amount	Date Payable Contracted	Amount Paid To-Date	Outstanding Balance 2020	Outstanding Balance 2021	Comments
		a	b	c	d=a-c		
Amounts due to Third Parties							
1. Retention(Strabag International)	Cum. Retention upto IPC 22	113,723,541	13-07-2017	-	113,723,541	198,297,484	Cum. Retention to date
2. Retention(Sogea Satom)	Cum. Retention to date	38,839,594	26-08-2016	38,839,594	38,839,594	-	
Grand Total		152,563,135		38,839,594	152,563,135	198,297,484	

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ANNEX 4- SUMMARY OF FIXED ASSET REGISTER

Asset class	Opening Cost (KSh.) 2019/2020 (a)	*Purchases/Additions in the Year (KSh.) 2020/2021 (b)	**Disposals in the Year (KSh.) 2020/2021 (c)	Transfers in/(out) KSh. 2020/2021 (d)	Closing Cost (KSh.) 2021 (e)= (a)+ (b)-(c)+(-)d
Work in Progress	10,043,415,985.00	1,291,884,372.00	-	-	11,335,300,357.00
Total	10,043,415,985.00	1,291,884,372.00	-	-	11,335,300,357.00

ANNEX 5 – CONTINGENT LIABILITIES REGISTER

There were no contingent liabilities in the period.

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APPENDICES

- i. Statements of Expenditure – Donor Requirement
- ii. Bank Reconciliations
- iii. Certificate of bank balance



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