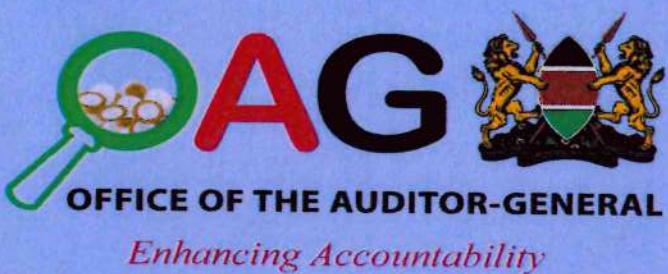


REPUBLIC OF KENYA



**REPORT
OF
THE AUDITOR-GENERAL
ON
NATIONAL IRRIGATION AUTHORITY
FOR THE YEAR ENDED
30 JUNE, 2022**



NATIONAL IRRIGATION AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2022**

National Irrigation Authority
Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Irrigation Act No. 14 of 2019 established the National Irrigation Authority (NIA), a successor institution of the National Irrigation Board, on August 16, 2019. This was after His Excellency the President assented to the Irrigation Bill of 2019 on July 29, 2019 paving way for its gazettement via Kenya Gazette Supplement No. 136 (Acts No. 14) of August 2, 2019. The object of the Act is “to provide for the development, management and regulation of Irrigation, to support sustainable food security and socioeconomic development in Kenya, and for connected purposes”.

The National Irrigation Authority vision of “water to every irrigable acre” is anchored on five key pillars namely: Sustainable Irrigation Development; Sustainable Irrigation Water Harvesting and Storage; Sustainable Irrigation Management; Irrigation Oriented Research and Governance & Institutional Capacity Development. The Authority’s functional departments are currently structured as follows: -

- i) Irrigation Infrastructure Development Services
- ii) Operations and Irrigation Management Services Department
- iii) Research Planning and Strategy Department
- iv) Corporate Services (Finance & Accounts, Procurement, Human Resources, Administration, ICT, Corporate Communication and Legal Services)

Notably, the Authority is currently managing seven (7) public Irrigation Schemes namely, Mwea, Perkerra, Hola, Ahero, West Kano, Bunyala and Bura. In these Schemes, the Authority undertakes the development, operation and maintenance of Irrigation infrastructure through which it conveys Irrigation water to the cropland. The Authority conducts operational research and has demonstration farms in its Research Stations including Mwea Irrigation Agricultural Development Centre (MIAD), Ahero Irrigation Research Station (AIRS), Hola Irrigation Research Station (HIRS) and Bura Irrigation Research Station (BIRS). The Authority runs two (2) subsidiary companies namely Mwea Rice Mills Ltd (MRM) and Western Kenya Rice Mills (WKRM) that serve as processing plants for milling and packaging rice bought from farmers in the respective schemes.

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(b) Principal Activities

The principal activity of the National Irrigation Authority is to provide water for sustainable farming through development, rehabilitation, modernization and promotion of Irrigation and drainage for improved livelihoods, food security and economic growth in Kenya. This is achieved through the Authority's vision of Water to every Irrigable Acre and a mission to provide and coordinate Sustainable Development and Management of Irrigation services in Kenya.

(c) Key Management

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

- i. Board of Directors
- ii. Chief Executive Officer/ General Manager
- iii. Senior Management

(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:

Designation	Name
1. - Chief Executive Officer -Ag. Chief Executive Officer	Mr. Gitonga Mugambi- 'EBS' Eng. Charles Muasya
2. Deputy General Manager – (Operations) and Ag. DGM Corporate Services	Mr. Daniel M. Atula
3. Deputy General Manager – (Research, Planning & Strategy)	Eng. Vincent N. Kabuti- 'OGW'
4. Ag. Deputy General Manager - (Infrastructure & Irrigation Development Services)	Eng. Loise W. Kahiga
6. Head of Finance	CPA. Jedidah N. Oduori
7. Head of Human Resource and Administration	Ms. Victoria A. Aloo
8. Head of Procurement	Ms Evaline Akoth
9. Head of Internal Audit	Mr. Joseph K. Kigotho
10 Head of ICT /Ag. Company Secretary	Ms Nancy Wambugu
11. Head of Corporate Communications	Mr. Daniel M. Nzonzo-'HSC'

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(e) Fiduciary Oversight Arrangements

The Board of Directors exercise the oversight role on the Authority. The Board of Directors who held office during the financial year ended 30th June 2022 were:

No.	Name	Board Position
1.	Hon. Eng. Joshua N. Toro	Chairman
2.	Mr. Mauricius Mutugi	Representative of the irrigation farmers Associations
3.	Ms. Fatma A. El-maawy	Representative of a Registered Association
4.	Aboud Moeva	Alternate, Principal Secretary State Department of Irrigation
5.	Eng. Laban Kiplagat	Alternate, Principal Secretary State Department of Crop Development
6.	Charles Kairu	Representative of The National Treasury
7.	Eng. Samuel O. Alima	Alternate, Principal Secretary State Department of Water and Sanitation
8.	Peter Waweru	Inspectorate of State Corporations
9.	Victor Momanyi	Alternate ,Inspectorate of State Corporations
10.	-Gitonga Mugambi, EBS -Eng. Charles Muasya	Chief Executive Officer Ag. Chief Executive Officer

Board of Directors

The following committees of the Board and Parliament provide fiduciary oversight to National Irrigation Authority.

1. Development and General Purpose Committee

This is a committee of the Board whose key responsibilities are to:

- i) Review, approve and/or recommend for Board's approval:
 - a) Financial policies and procedures.
 - b) Estimates of Receipts and expenditures including their revisions,
 - c) Re-allocation of Funds between budget heads,

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- d) Special funding proposals including borrowings and grants,
 - e) Proposals for opening bank accounts, and change of bank account signatories,
 - f) Proposals for investments and their returns,
 - g) Annual Corporate Social Responsibility activities.
- ii) The Committee also ensures that:
- a) Proper books accounts and records are maintained for Authority's transactions,
 - b) All expenditures are within the approved budget,
 - c) Proper records are maintained on property and material liabilities.

2. Audit and Risk Committee

This is a committee of the Board whose key responsibilities are to;

- i) Review, approve and/or recommend for Board's approval:
 - a) The external auditor's management letter and management's response to the external auditor's findings and recommendations
 - b) The Board's procedures for detecting fraud and to review the investigations and remediation of any alleged or suspected fraud,
 - c) At least annually, review the status of the enterprise risk management program
 - d) The annual internal audit work plan.
- ii) Ensure that:
 - a) Unsettled and unimplemented Public Investment Committee's (PIC) issues are resolved,
 - b) Clarity of disclosure in financial reporting and the presentation of a balanced and understandable assessment of the Authority's financial position.
 - c) Recommendations of the Auditor General are implemented.
 - d) Integrity of financial statements of the Board is maintained.
 - e) Disagreements between management and any auditor regarding Authority's financial reporting are resolved.
 - f) Special audit/ investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency are conducted.

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3. Public Investments Committee

The Public Investments Committee (PIC) is a parliamentary select committee charged with the responsibility of examining the activities of state agencies. It receives audit reports from the Clerk of the National Assembly who in turn would have received them from the Authority. Its key responsibilities as appertains to the Authority are to:

- i) Examine the reports of the Auditor General on the financial statements of the Authority,
- ii) Examine in the context of the autonomy and efficiency of the public investments, whether the affairs of the public investments are being managed in accordance with sound financial or business principles and prudent commercial practices.
- iii) Within three months after receiving the PIC report, Parliament shall debate and consider the report and take appropriate action.

(f) National Irrigation Authority Headquarters

P.O. Box 30372-00100
Unyonyizi House
Lenana Road
Nairobi, KENYA

(g) National Irrigation Authority Contacts

Telephone: (254) 711061000
E-mail: ceo@irrigation.go.ke and communication@irrigation.go.ke
Website: www.irrigation.go.ke

(h) National Irrigation Authority Bankers

Co-operative Bank of Kenya Ltd
Nairobi Business Centre Branch.
P.O. Box 19555-00202
Nairobi, Kenya

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Equity Bank Kenya Limited
Equity Centre, Hospital Road, Upper Hill
P.O. Box 75104-00200
Nairobi, Kenya

Kenya Commercial Bank Group Limited
Kencom House 6th Floor Moi Avenue
P.O. Box 48400-00100
Nairobi, Kenya

NIC Bank
ICEA Lion Centre
P.O. Box 45599-00100
Nairobi, Kenya

Absa Bank Kenya PLC
Absa HQS Level 4 Waiyaki Way
P. O Box 30120-00100
Nairobi Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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2. THE BOARD OF DIRECTORS

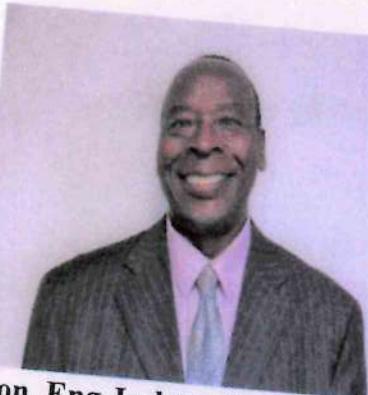
HON. ENG. JOSHUA TORO- CHAIRMAN

Hon. Eng. Joshua Ngugi Toro was born on 30/8/1952. He was appointed as the Chairman of NIA Board of Directors on May 3, 2019 via the Kenya Gazette special issue Vol. CXXI.56. He holds Bachelor of Science Degree in Mechanical Engineering from the University of Nairobi. He is a registered Engineer by Engineers Registration Board and a member of the Institution of Engineers of Kenya. His Engineering career started immediately after graduating in 1977 at Kenya Railways Corporation (KRC). While at KRC, he was seconded to the Union of African Railways Headquarters in Kinshasa, Democratic Republic of Congo as Head of Engineering between 1989 and 1992. The Union is a specialized agency of the African Union (AU) responsible for the promotion of railway network interconnection and transportation of goods and passengers within African Countries. As Head of Engineering he was responsible for research and feasibility studies, policy development for acquisition, design, renewal and standardization of rolling stock and equipment and evolution of maintenance standards for the members' railways. He was accorded Diplomatic status by the Government of Kenya during this period (1989 to 1992).

Hon. Eng. Toro served as a Member of Parliament for Kandara Constituency for ten (10) years from 1997 to 2007. H.E Mwai Kibaki, who was the Official Leader of Opposition then, appointed him shadow Minister for Roads, Public Works and Housing in parliament for five (5) years between 1997 and 2002. He also served as the vice chairman of the Parliamentary Committee for Labour, Health, Housing and Social Welfare between 1997 and 2002. He was appointed by the then President H.E Mwai Kibaki as an Assistant Minister for Roads, Public Works and Housing for five (5) years between 2003 and 2007. While in Parliament, he served as Member of African Parliamentarians Network Against Corruption (APNAC) which is affiliated to the Global Organization of Parliamentarians Against Corruption between 1997 and 2009.

Hon. Eng. Toro was one of the pioneer members of the Board of Directors of Kenya National Highways Authority (KeNHA) that established it from scratch to the current formidable organization it is today. He was a Board member at KeNHA for five (5) years between 2008 and 2012 where he also served as the chairman of the Board's Technical committee alongside being a member of the Audit and the Procurement Oversight Committees.

His background in Engineering and experience in the various leadership roles will help him lead NIB in implementing its mandate



Hon. Eng Joshua Toro

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	<p>so as to effect and promote the Government's Big4 Agenda on Food Security and Nutrition. He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya.</p>
	<p>MR.GITONGA MUGAMBI, EBS- CHIEF EXECUTIVE OFFICER</p> <p>Mr. Gitonga Mugambi was born on 24th Dec. 1967. He was appointed the General Manager of National Irrigation Authority on 1st August 2017 and exited on 30th November 2022. He holds Bachelor of Science degree in Agriculture from University of Nairobi and MBA in Strategic Management from Kenya Methodist University. Mr Gitonga Mugambi is a well accomplished agriculturist with experience of over 25 years in Planning and Strategy, Resource Mobilization, Formulation of Irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of National Irrigation Authority.</p>
	<p>ENG. CHARLES MUASYA – AG. CHIEF EXECUTIVE OFFICER.</p> <p>Eng. Charles Muasya was appointed the Ag. General Manager on November 6, 2022. He has a Masters in Civil Engineering from University of South Australia and B.Sc. Agricultural Engineering from Egerton University. He is a proficient Engineer with 19 years of experience in the Engineering field. Preceding his appointment as Ag. Deputy General Manager, Irrigation and Infrastructure Development Services, he was the Chief Engineer for Planning and Design at the Authority. He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya and JICA Ex-Participants.</p>

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Ms. Fatma A. El-Maawy

MS. FATMA A. EL-MAAWY

Ms. Fatma A. El-Maawy was born on 1/1/1961. She was appointed to the Board on August 28, 2020 as a representative of a registered association representing the largest number of entities in the private sector in Kenya. She holds a Master of Business Administration in Strategic Management (Minor in Entrepreneurship) and a Bachelor of Arts degrees from the University of Nairobi. She is a versatile management professional with extensive diverse experience.

Ms Fatma is currently the Managing Partner, Milestones Resource Solutions and has previously worked a Business Consultant & Managing Partner, Auto Village; Country Manager, Qatar Airways, Sales Manager – Indian Ocean, West and Central Africa, Emirates Nairobi among others.

She is the 2nd Vice President, Kenya National Chamber of Commerce & Industry (focuses on SME Growth); Member, Professional Trainers Association of Kenya; Advisory board member, World Youth Parliament – Kenya Chapter and a Member of the Gulf Banks' panel of experts for women entrepreneurs among others.



Mr. Mauricious Mutugi Maingi

MR. MAURICIOUS MUTUGI MAINGI

Mr. Mauricious Mutugi Maingi was born in 1946. He was appointed to the Board on August 28, 2020 as a representative of the irrigation farmers associations.

He graduated in 1969 with a certificate in Typing and Book Keeping from Thika Rebel College. He is a rice farmer with a wide knowledge in participatory irrigation management transfer and has acquired leadership skills through his potencies.

He has represented farmers as an advisor assisting the Scheme Manager in solving land disputes, plot allocation, solving conflicts among the farmers, and dissemination of information to the farmers from Scheme Manager and vice versa among others. Mr. Mutugi has also worked as the treasurer and subsequently Chairman of the Irrigation Water Users Association (IWUA) in Mwea Irrigation Scheme (Largest irrigation scheme in Kenya).

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Mr. Charles Kairu

MR. CHARLES KAIRU – ALTERNATE TO PRINCIPAL SECRETARY, NATIONAL TREASURY

Mr. Charles Kairu was born on 5/5/1959. He was appointed to the Board on 20th May 2020 as alternate Director to the Principal Secretary, National Treasury. He is holder of a Master Degree in Development Economics from Williams College, USA and a Bachelor's Degree in Economics from the University of Nairobi. He has over 30 years' experience in the Public Service and is currently serving as Deputy Director in the Public Debt Management Office at the National Treasury.



Eng. Laban Kiplagat

ENG. LABAN KIPLAGAT, ALTERNATE REPRESENTATIVE OF THE PRINCIPAL SECRETARY, STATE DEPARTMENT OF CROP DEVELOPMENT, MINISTRY OF AGRICULTURE LIVESTOCK FISHERIES AND IRRIGATION.

Eng. Kiplagat was born on 20/12/1966. He was appointed to the Board on 10th February 2020 as an alternate to the Principal Secretary State Department for Crop Development. He is currently the Director/ Chief Engineer, Agricultural Land and Environment Management. Eng. Kiplagat has a Bachelor's Degree in Agricultural Engineering from Egerton University and a Master's Degree in Project Planning and Management from the University of Nairobi and is currently pursuing a PhD in Project Management at Jomo Kenyatta University of Agriculture and Technology.

Eng. Kiplagat has attended several seminars and workshops both locally and internationally on Irrigation management and is a member of the Engineer's Board and Institution of Engineers of Kenya, Kenya Institute of Management as well as certified Monitoring and evaluation professional from the Kenya Institute of Management, Kenya. He has been in the Civil Service for over 29 years working in different stations and institution including NIB.



Mr Aboud Moeva

MR. ABOUD MOEVA, Alternate, Principal Secretary ,State Department of Irrigation

Mr. Moeva was born on 18/8/1963. He was appointed to the Board on April 22, 2020. He is a holder of a Master in Business Administration (MBA) Degree in Strategic Management and a Bachelor's Degree in General Agriculture both from the University of Nairobi. He possesses vast expertise in Agriculture and is an Agriculturalist/Community mobilizer. He has acquired an extensive professional profile of over 21 years' experience in management of Irrigation development. He

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has done several professional courses such as Irrigation Project Preparation Course, Ministry of Agriculture (1989), Farmers Organization and Development, Ministry of Agriculture (1989) and Smallholder Irrigation Promotion Course, Tsukuba International Center-Japan (1999) among others.

He currently holds office as the Irrigation Secretary and has previously held several responsibilities including: Head of Planning, Monitoring and Information Management-Ministry of Water and Irrigation, Head of Budget and Project Coordination Branch- Ministry of Agriculture, District Agricultural Officer-Lamu district among others.



Eng. Samuel O. Alima

ENG. SAMUEL O. ALIMA-ALTERNATE REPRESENTATIVE OF WATER ,SANITATION AND IRRIGATION.

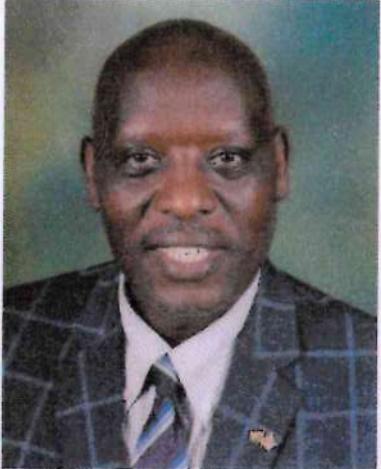
Eng. Samuel O. Alima was born on 15/12/1968. He was appointed to the Board on 22nd April 2020

He is a Civil Engineer by profession and holds Masters Degree in Civil Engineering, Masters Degree in Business Administration (MBA), Operations Management and Bachelor's Degree in Civil Engineering, all from University of Nairobi. He is currently undertaking a PHD in Project Planning and Management.

He currently holds the office as the Water Secretary and has previously worked as a Director of Water, Sewerage and Sanitation, Deputy Director Operations and Maintenance, Deputy Director Construction, Technical Manager, Water sector Trust Fund, Provincial Development Engineer, Central Province, Provincial Water Officer, Nyanza Province, Provincial Water Officer Rift Valley Province, District Water Officer, Koibatek and District Water Officer Taita/Taveta.

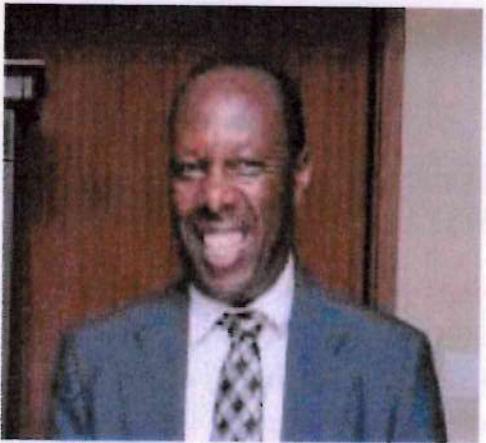
He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya.

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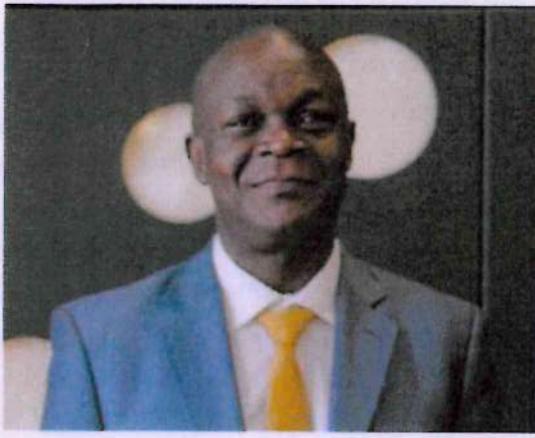
	<p>MR. VICTOR MOMANYI, ALTERNATE REPRESENTATIVE OF INSPECTOR GENERAL, STATE CORPORATIONS.</p> <p>Mr Victor Momanyi was appointed to the Board on 8th June 2022. He is a holder of Masters Degree in Public Sector Management from Africa University and Bachelor's Degree in Education from Kenyatta University. He currently holds the office as Deputy Inspector General (Investigations), Inspectorate of State Corporations ,Cabinet Affairs office. He is a member of Association of Public Administration and Management(APAM)(Kenyan Chapter).</p>
 Nancy M. Wambugu	<p>NANCY M. WAMBUGU, HEAD OF ICT AND AG, CORPORATION SECRETARY</p> <p>Nancy is currently the Head of ICT Services and Acting Corporation Secretary at National Irrigation Authority. She has over 13 years of experience in ICT Infrastructure operations, Information Security and Innovations both in private and public sectors. She is a holder of MSC Information Security from Strathmore University and BSC, in Computer Studies. She also holds a Diploma in Computer Studies, CCNP, A+ and N+ Certifications. Her immersive contribution in ICT Service delivery in the Public Service has seen her awarded a Certificate of Excellence in Public Sector Innovation, 2011 Edition, by the Head of Public Sector in Kenya. She has greatly contributed to the transformation of National Irrigation Authority in digitization and automation processes.</p>

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3. MANAGEMENT TEAM

 <p>Mr. Gitonga Mugambi, EBS</p>	<p>MR. GITONGA MUGAMBI, EBS – CHIEF EXECUTIVE OFFICER</p> <p>Mr. Gitonga Mugambi was appointed the CEO of National Irrigation Authority on 1st August 2017 and exited on 30th November 2022. He holds an MBA in Strategic Management from Kenya Methodist University and Bachelor of Science degree in Agriculture from University of Nairobi. Mr Gitonga Mugambi is a well accomplished agriculturist with experience of over 30 years in Planning and Strategy, Resource Mobilization, Formulation of Irrigation development programmes such as Economic Stimulus Programme. His experience is valuable in policy formulation, implementation and management of National Irrigation Authority.</p>
 <p>Eng. Charles Muasya</p>	<p>ENG. CHARLES MUASYA – Ag. CHIEF EXECUTIVE OFFICER.</p> <p>Eng. Charles Muasya was appointed the Ag. General Manager on November 6, 2022. He has a Masters in Civil Engineering from University of South Australia and B.Sc. Agricultural Engineering from Egerton University. He is a proficient Engineer with 19 years of experience in the Engineering field. Preceding his appointment as Ag. Deputy General Manager, Irrigation and Infrastructure Development Services, he was the Chief Engineer for Planning and Design at the Authority. He is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya and JICA Ex-Participants.</p>

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 <p>Mr. Daniel Atula Masatia</p>	<p>MR. DANIEL ATULA MASATIA - DEPUTY GENERAL MANAGER - OPERATION AND IRRIGATION MANAGEMENT SERVICES.</p> <p>Mr. Daniel Atula Masatia was appointed to the post of Deputy General Manager Operations of National Irrigation Authority on 1st February, 2018. He also acts on the position of Deputy General Manager (Corporate Services). He holds an MBA in Strategic Management and Bachelor of Science degree in Agriculture from University of Nairobi.</p> <p>He is an accomplished Agriculturalist and manager with experience of over 30 years in scheme, projects and research operations, planning and Strategy formulation and implementation, Resource Mobilization, Formulation and execution of Irrigation programmes ranging from development to operations. His experience and expertise is valuable in policy formulation and in the provision of Irrigation services.</p>
 <p>Eng. Vincent Kabuti, OGW</p>	<p>ENG. VINCENT KABUTI, OGW- DEPUTY GENERAL MANAGER RESEARCH, PLANNING AND STRATEGY</p> <p>Eng. Kabuti was appointed the Deputy General Manager (Research, Planning and Strategy) on 1st February 2018, He holds a MSc. Water Science and Engineering, Hydraulic Engineering, Land and Water Development with distinction from UNESCO-IHE, Delft, Netherlands and BSc Civil Engineering, Jomo Kenyatta University of Agriculture and Technology, Kenya.</p> <p>He has over 15 years' experience in strategy formulation, strategic planning and budgeting. He also has experience in performance contracting and monitoring and evaluation of Irrigation schemes performance and implementing of QMS system in ISO environment Irrigation projects identification, scoping, evaluation, Irrigation planning and design, project management and construction supervision, implementing participatory Irrigation management, operation and maintenance scheduling and implementation, farmers training and community mobilization.</p>

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Eng. Loise W. Kahiga



Nancy M. Wambugu

**ENG. LOISE W. KAHIGA - Ag. DEPUTY
GENERAL MANAGER (INFRASTRUCTURE &
IRRIGATION DEVELOPMENT SERVICES)**

Eng. Loise W. Kahiga was appointed the Ag. Deputy General Manager (Infrastructure & Irrigation Development Services) on February 2nd, 2023. She has a Masters degree in Project Planning & Management from The University of Nairobi and B.Sc. Civil Engineering from Jomo Kenyatta University of Agriculture & Technology. She is a proficient Engineer with 13 years of experience in the Engineering field. Preceding her appointment as Ag. Deputy General Manager, Irrigation and Infrastructure Development Services, she was the Chief Engineer (Planning and Design) in the department. She is a registered Engineer with Engineers Board of Kenya (EBK) and a Corporate Member of Institution of Engineers of Kenya.

**NANCY M. WAMBUGU, HEAD OF ICT AND AG,
CORPORATION SECRETARY**

Nancy is currently the Head of ICT Services and Acting Corporation Secretary at National Irrigation Authority. She has over 15 years of experience in ICT Infrastructure operations, Information Security and Innovations both in private and public sectors. She is a holder of MSC Information Security from Strathmore University and BSC, in Computer Studies. She also holds a Diploma in Computer Studies, CCNP, A+ and N+ Certifications. Her immersive contribution in ICT Service delivery in the Public Service has seen her awarded a Certificate of Excellence in Public Sector Innovation, 2011 Edition, by the Head of Public Sector in Kenya. She has greatly contributed to the transformation of National Irrigation Authority in digitization and automation processes.

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Jedidah N. Oduori



Victoria Aloo

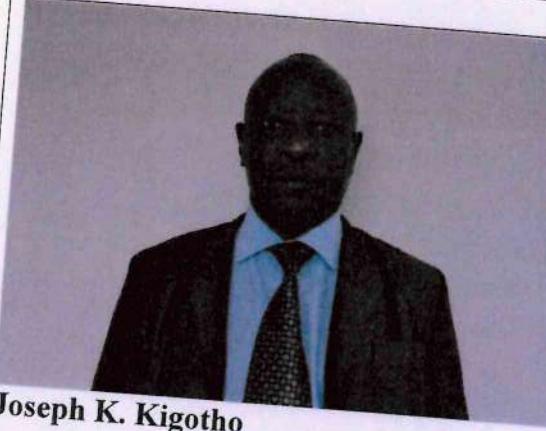
JEDIDAH N. ODUORI, HEAD OF FINANCE

Jedidah is currently the Head of Finance. Prior to this appointment, she had served in various capacities within the Finance and Audit departments of the Authority both at the Head Office and in the Western Kenya Schemes. She has a Master in Business Administration and Strategic Management degree from Daystar University, A Bachelor of Commerce (Accounting option) degree from Punjab University, India. She is also a CPA (K) holder. She has over 25 years of experience in audit and finance. Having diverse experience in the finance and audit sections, she brings in a lot of expertise to the Authority.

VICTORIA ALOO, HEAD OF HUMAN RESOURCE AND ADMINISTRATION

Victoria is the Chief Officer- HR & Administration. She joined the Authority in January 2009. Prior to joining the Authority, she worked in the private sector both in Manufacturing and Hospitality industries as a Human Resources practitioner before joining the Public sector. She is a holder of Bachelor of Arts in Social Development from Agra University – India and a Master of Science in HR Management from Jomo Kenyatta University of Agriculture and Technology. She has over 18 years' wealth of experience in Human capital management, performance management, reward management and Employee relations. She is a Full member of the Institute of Human Resource Management (IHRM).

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Joseph K. Kigotho

JOSEPH K. KIGOCHO, HEAD OF INTERNAL AUDIT

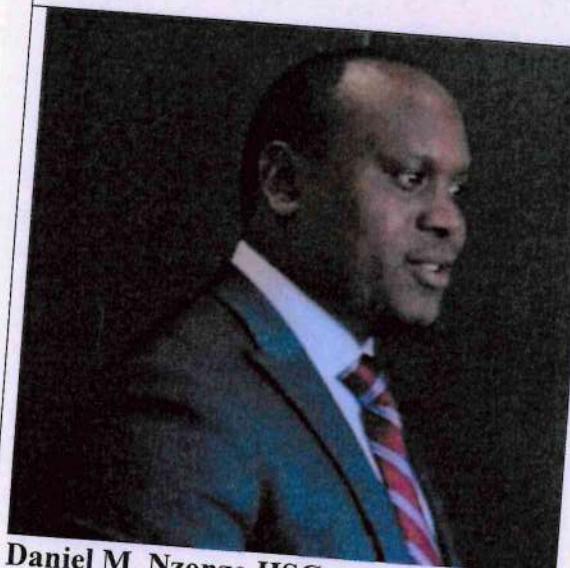
Mr. Kigotho was appointed as the Head of Internal Audit on December 7th, 2021. Before his appointment he was serving as a Senior Accountant in the Finance Division. He is a holder of Bachelor of Commerce (Accounting Option) degree. He is also a holder of CPA(K). He is a member of Institute of Internal Auditors and ICPAK. He has attended various management seminars, workshops, conferences and trainings locally. Owing to his wide experience in the field of Finance, Audit and Project Management, he brings in a wealth of expertise to the Authority.

He has over 25 years' experience in Finance. Prior to joining National Irrigation Authority, he served as an Auditor in an audit firm in the Private Sector.

DANIEL M. NZONZO, HSC- HEAD OF CORPORATE COMMUNICATION

Mr. Nzonzo re-joined the Authority as the Head of Corporate Communication on March 19, 2018. He was previously the Public Relations and Communication Officer at Brand Kenya Board and Communication Officer at the National Irrigation Authority. He is a Communication and Public Relations expert with more than six (6) years' experience in public service corporate communication. He has been involved in development and execution of Public Relations and Communication strategies, Campaigns, Media Management and monitoring, Events planning and execution among others.

Mr. Nzonzo holds a Master of Arts degree in Communication specializing in Public Relations and a Bachelor of Arts degree with a double major in Communication, Political science and Public Administration both from the University of Nairobi. He is a full member of the Public Relations Society of Kenya.



Daniel M. Nzonzo, HSC

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Evaline Akoth

EVALINE AKOTH, HEAD OF PROCUREMENT

Ms. Evaline Akoth was appointed the Head of Procurement function on June 2018. She holds a Bachelor of Commerce (Purchasing and Supplies option) from University of Nairobi, Kenya, Diploma in purchasing and supplies from Kenya institute of management, and a member of KISM.

She has over 10 years' experience in management of public procurement and asset disposal for the purpose of ensuring compliance with obligations such as timely delivery, quality and quantity inspection, acceptance, negotiation among others. Prior to her appointment she had been working as a Procurement Officer.

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5. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Authority plays a leading role in development of Irrigation across the country as espoused in the Big Four Agenda in the framework of Kenya Vision 2030. This is further expressed through its vision of providing “**Water to every irrigable acre**”. The overall goal of the National Irrigation Authority is best captured by the mission; “**Provide and coordinate Sustainable Development and Management of irrigation services in Kenya**” thus bestowing the responsibility of the lead role in Irrigation development and management in Kenya.

To deliver this, the Authority is implementing the following twelve (12) MTEF Programme Based Budget Irrigation development programmes: -

- 1) Mwea Irrigation Development Project
- 2) Bura Irrigation Rehabilitation Project
- 3) National Expanded Irrigation Programmes
- 4) Rwabura Irrigation Development Project
- 5) Turkana Irrigation Development Project
- 6) Lower Kuja Irrigation Scheme
- 7) Lower Sabor Irrigation Project
- 8) Household Irrigation Water Harvesting Project
- 9) Galana Kulalu Irrigation project
- 10) Spate Irrigation for Climate Resilience Project
- 11) Water Security and Climate Adaptation Project
- 12) Rehabilitation of Strategic Water Facilities

i. Mwea Irrigation Development Project (Thiba Dam and Irrigation Area)

The objective of the project is to improve the reliability of Irrigation water and increase area under Irrigation and Irrigation intensity for Mwea Irrigation scheme. The project is financed by JICA and Government of Kenya. The component of the project includes ICB Package I construction of the 11 Million cubic meters (MCM) Thiba dam, ICB Package II construction of Irrigation and drainage facilities in the expansion area (Mutithi section) covering 10,000 acres, procurement works of O&M equipment and resettlement of Project affected Persons (PAP) from the Dam area through community site development. Resettlement and land compensation has been concluded in the dam site. During the FY2021/2022, the The Authority fast-tracked fast-tracked the implementation of Mwea Irrigation Project registering a percentage completion rate of 99% against the targeted 90%. This involved the construction of the river diversion was completed; construction of integrated coffer dam and dam embankment were also completed as well as the spillway and sand trap dam. This will ensure reliable supply of irrigation water, increase the area under irrigation from the current 25,000 acres to 35,000 in a single season, and support double cropping in Mwea irrigation scheme putting 70,000 acres under irrigation in a year. The Authority completed construction of the dam, and has commenced on water

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impounding This will increase rice production from the current 114,000 MT to 200,000 MT in Mwea and thus inject more income in the local economy from the current Kshs.10 billion to Kshs. 16 billion annually, as well as create additional 100,000 jobs The overall progress of the project works was approximately 85% with ongoing works for the irrigation area in ICB Package II as at 30th June 2022.

ii. Bura Irrigation Settlement Scheme

The objective of the project is to change the water abstraction technology from diesel driven pumps to gravity intake as well as increase the area under Irrigation to 25,000 acres. The project components include construction of diversion facilities at Korakora site, river bank protection works and silting basin; construction and lining of 26 Km connecting canal with a discharge capacity of 11m³/sec; rehabilitation and lining of 64 Km existing main canal, secondary Irrigation canals and drainage infrastructure and rehabilitation of buildings, domestic water supply and electricity supply. The project estimated cost is Kes. 7,355,829,104 jointly financed by the Government of Kenya (GoK) at 70% (Kes 5,149,080,372.80) while 30% (Kes 2,206,748,731.20) is financed by Arab partners comprising of Kuwait Fund for International Development, Arab Bank for Economic Development in Africa (BADEA) and OPEC Fund for International Development (OFID).

The project is implemented in two lots namely: - Lot 1 and Lot 2 which comprises of sheet piling and associated Korakora intake works and construction of new main canal and associated intake works from Korakora to Naninghi. During the FY2021/2022, the Authority was able to realize 75.65% completion of Lot 1 and Lot 2 works for Bura Irrigation project against a target of 60% as a result of increased construction works in the main canal Korakora to Naninghi as well as diversion canal, head regulator and sedimentation basin. Lot 1 construction of Diversion canal, head regulator, sedimentation basin and site works realized a completion rate of 89.9% while Lot 2 construction of 75% of the new main canal Korakora to Nanighi realized 33.6% achievement.

iii. National Expanded Irrigation Programme

The Authority has made huge strides in Irrigation development in Kenya through this programme. It is entirely financed by GoK development funds and comprises of development of large scale and smallholder Irrigation projects some are under construction while others are under detailed investigations and designs; and the expansion and/or rehabilitation of public irrigation schemes. NIA has provided Irrigation infrastructure for all the regions in the country particularly the arid areas through the NEIP. Through these interventions, communities that have benefited have been shielded from the devastating effects of the current drought.

To date since the start of the programme in 2011, over 120,000 acres have been put under Irrigation benefitting over 400,000 farmers countrywide and generating an estimated annual revenue of Kes 8 billion. The Authority targets to roll out more projects under this programme to lessen the food security burden to many in the country. During the FY2021/2022, the acreage under irrigation achieved was

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23,321.58 acres. The Authority achieved 5,100 acres from expansion and rehabilitation of the public irrigation schemes, and completed 17 smallholder irrigation projects under this program thus realizing 18,291.2 acres.

iv. Rwabura Irrigation Development Project

Rwabura Irrigation development project is located in Gatundu South Constituency in Kiambu County, sourcing water from Rivers Rwabura and Thiririka. The Spanish government expressed interest in financing the implementation of the phase 1 of the project and consequently provided KES 750,831,193.2 towards the construction works covering 1500 acres.

During the FY2021/2022, the Authority progressed the completion of the intake works construction as well as 10% of the conveyance pipeline (4.8km of 11km pipeline). The overall progress of works is currently at 40% completion.

v. Turkana Irrigation Development Project

This programme was extracted from the National Expanded Irrigation Project to give the region a strategic approach with a view of empowering residents to embrace irrigated agriculture. The project aims at harnessing surface water that has the potential of irrigating up to 33,000 acres using both perennial rivers (R. Turkwel and R. Kerio) and extensive water harvesting for micro-Irrigation and also undertake the rehabilitation of existing Irrigation schemes to realise their full potentials notably Katilu scheme, Elelea, Morulem, Turkwel and others. The project also aims at utilizing the ground water in the discovered aquifers in the region through sinking of boreholes to be used for Irrigation development using water efficient Irrigation technologies of center pivots and drip to enhance food production. The Lotikipi aquifer alone has renewable water (slightly saline) amounting to 3.224BCM/year and can irrigate approximately 425,000 acres.

During the FY2021/2022, the Authority managed to carry out construction works and bush clearing for development of additional irrigation area. Wayleave issues from the community affected speedy project completion especially in Naipa. The Authority managed to expand existing irrigation projects in Turkana County to 2,120.00 acres for Naipa and Lotikipi and Lokapel Projects. A total of 120 acres were put under irrigation against a target of 150 acres in Lotikipi Nanam Phase 1 & 2. Naipa Lot 2 realized a total of 1,000 acres as well as Lokapel which was able to see an expansion of 1,000 acres under irrigation. Cropping is ongoing in 2,900 acres both in Lokubae and Katilu with farm inputs support from the WFP. Moving forward, the Authority will develop groundwater Irrigation using the numerous aquifers in Turkana region.

vi. Lower Kuja Irrigation Scheme

Lower Kuja is located in Nyatike sub county, Migori County close to the shores of Lake Victoria within the River Kuja Basin. The project aims to bring 19,292.5 acres to Irrigation on full development which

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was to be executed in 5 lots. A phased implementation plan was proposed due to its size and cost of construction. During the period under the review, the Authority resolved the land compensation issues, enhanced community mobilization and embarked on production. Currently, the project has realized 4,345 acres under irrigation and crop production is ongoing.

vii. Lower Sabor Irrigation Development Project

Lower Sabor Irrigation Development project is located in Tembelion Location Moiben sub- county, Eldoret East Sub- County in Uasin Gishu County in the Arid- Semi Arid zones of Soy. The project is targeting to develop Irrigation infrastructure on 2000 acres under gravity-fed sprinkler Irrigation system to benefit 750 farmers. The scope of implementation of this project entails intake works to off take 196l/s for irrigation of the entire scheme; main line; conveyance system for 4 No. sub branches; distribution system for 6No. distribution lines and infield system for 750 No. farmers. The project when completed is expected to impact on food security for the 1458 beneficiaries directly through creation of employment and value chain enhancement. The outcome of these benefits will be improved income levels, agricultural productivity and achievement of vision 2030. During FY2021/2022, the Authority completed civil works for the construction of this project.

viii. Household Irrigation Water Harvesting Project.

During FY2021/2022, the Authority continued with implementation of the water for household project in 32 counties. These program targets harvesting and storage of surface runoff at household level for supplementary Irrigation. The capacities of the targeted water pans range between 1000 to 3000 m³ which can irrigate at least 1 acre each. The proposed crops to be grown using the installed system include maize (green maize), tomatoes, onions, capsicums, bananas and watermelons. It is projected that productivity for all the other proposed crops will increase by more than 100%; with tomatoes being the highest at 240%. This has enabled the project to increase food security and access to water for the benefiting households, thus contributing to the “BIG FOUR” agenda of the government. During the FY 2021/22, the Authority was able to construct and rehabilitate water pans with a total capacity of 14,003,270 m³ against a target of 10,500,000m³. This has contributed towards increased area under irrigation by 13,483 acres.

ix. Galana Kulalu Food Security Irrigation Development Project

The Government initiated the implementation of the project to enhance food security in the country. The phased implementation of the project comprises of 10,000 acre model farm as phase I, followed by 400,000-acre pilot farm for phase II. Phase I is under implementation and entailed construction of Irrigation infrastructure for 10,000 acres.

The components include construction of 2 No. intakes, installation of pipelines, installation of 24 No. centre pivot Irrigation systems covering 4,735 acres, installation of drip Irrigation systems covering 5,265 acres and production of maize for two seasons.

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The implementation of the project is estimated at 85% with Irrigation infrastructure for 5,100 acres. After extension of the contract, the contractor was expected to complete all the pending activities by January 2018 but the contractor failed to complete. National Irrigation Authority resolved to disengage from the contractor, call on the performance bond and identify other contractors to complete the pending works. NIA procured a contractor to complete the 15% of the works which remained when the contract was terminated. The remaining works is to put additional 5,000 acres under irrigation and have been divided in two lots as summarized below:

1. LOT 1: Electro- Mechanical works involving modification of the intake works, installation of 6 No. of pumps and supply of Generator
2. LOT 2: Installation of 36 km pipeline of varying sizes (710 mm to 225 mm), 25 No. of centre Pivots each covering 200 acres and supply of 15 NO. (15 KVA Gensets) and 3 No. (1MVA) During the financial year, the Authority delivered and installed 17 No. out of 25 No. CPs for 3745 acres pending testing; and completed the installation of the main conveyance and distribution pipeline of 25Km out of 36.9 Km.

x. Spate Irrigation for Climate Resilience Project

The project intends to put additional 30,000 acres under irrigation in Samburu, Marsabit and Isiolo counties within five (5) years and to ultimately contribute to the achievement of the target of 1 million acres under irrigation by 2030 across the country. The project aims to increase food security in these counties as well as meet the water requirements for domestic and livestock needs.

It will also support production of rice (NERICA) with an expected 1000kg/ha, production of fodder and horticultural crops to supplement nutrition needs for communities contributing directly to the achievement of 100% food and nutrition agenda of the BIG FOUR. In addition, the project will enhance ground water recharge in the region that has numerous boreholes whose yield has been declining. The planned main project activities include construction and lining of water pans, Installation of drip irrigation systems and greenhouses, supply of storage tanks and pumps. During the period under review, the Authority was able to realize a irrigation water storage capacity of 523,430 cubic metres for an additional 348 acres under crop production.

xi. Water Security and Climate Adaptation Project

The project intends to put additional 20,000 acres under irrigation in Wajir and Mandera counties within five (5) years and to ultimately contribute to the achievement of the target of 1 million acres under irrigation by 2030 across the country. It aims at supporting institutional capacity in interventions addressing the impacts of climate change by supporting local approaches to climate change adaptation and enhancing resilience in the priority areas of water and food security, river erosion, and sustainable energy. The planned main project activities include construction and lining of water pans, installation of drip irrigation systems and greenhouses, supply of storage tanks and pumps. During the period under

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review, the project constructed water harvesting structures with total water storage capacity of 654,000 to put an additional 436 acres under irrigation.

xii. Rehabilitation of Strategic Water Facilities

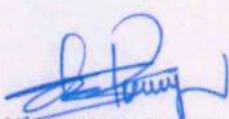
The project entails the rehabilitation of existing colonial dams and water pans to restore and increase access to water totalling 7.2M cubic metres for the communities that depend on them for their livelihood. The key expected output of this program is de-silted strategic water harvesting facilities. During the period under review, the Authority had targeted to rehabilitate strategic water facilities cumulating a capacity of 4.2M cubic metres. During the financial year, the Authority managed to rehabilitate water pans with irrigation water storage capacity of 11.0M cubic metres to put 7,336 acres under irrigation.

xiii. Operation and maintenance for public Irrigation schemes and provision of Irrigation management services in other schemes developed by NIA on request by farmers.

This involves operation and maintenance of the primary Irrigation and drainage infrastructure for the 7 public Irrigation schemes (Mwea, Ahero, Perkerra, Bura, Tana, Bunyala, West Kano and Katilu Irrigation Schemes) to ensure that the production is sustained. It entails, maintenance of canals, drains, water control structures and intakes (gravity or pump stations), cropping programme development and implementation, capacity building of farmers, extension services on irrigated agriculture and linkages for access to credit and market for products.

This is done through the Participatory Irrigation Management (PIM) and Irrigation Management Transfer (IMT) model. The services are also extended to other smallholder Irrigation schemes developed by the Authority and managed/owned by farmers on request by farmers.

In conclusion, investment in Irrigation remains vital in Kenya since it would increase the area under Irrigation and sustain the country's food production which is a guaranteed means of creating employment, improving the trade balance, spur growth of agro-industries and service sector, enhance internal security by minimizing conflicts between communities and minimizing radicalization. These are truly the key pillars of the Government under the Big 4 Agenda.



ENG. CHARLES MUASYA

Ag. CHIEF EXECUTIVE OFFICER

Date..... 17/05/2023

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6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR F/Y 2021/2022

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Entity's performance against predetermined objectives.

The National Irrigation Authority has five strategic pillars and objectives within its Strategic Plan covering the FY 2018/2019- 2022/2023 period. These strategic pillars are as follows:

- Pillar 1: Sustainable Irrigation Development
- Pillar 2: Sustainable Irrigation Water Harvesting and Storage
- Pillar 3: Sustainable Irrigation Management
- Pillar 4: Irrigation Oriented Research
- Pillar 5: Governance and Institutional Capacity Development

The Authority develops its annual work plans based on the above five pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2021/2022 period for its five strategic pillars, as indicated in the table below:

	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
1.	Sustainable Irrigation Development	Increase area under irrigation by 518,000 acres by 2023	No. of acres developed	Develop large scale irrigation projects	Ongoing. Implemented three large scale irrigation projects and expansion works in public schemes to completion progress of: 1. Mwea Thiba Dam- 99% progress dam construction and 45% progress irrigation area development. To command additional 10,000 acres once complete; 2. Bura Irrigation development project- 76% progress for phase 1 gravity canal. Project to increase area under irrigation to 15,000acres

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
					<p>3. 799.41 acres were cropped and harvested giving a total of 1598.82 tonnes of rice harvested in Lower Kuja. Overally 3,000 acres under production out of the targeted 19,000 acres</p> <p>4. Expanded additional 9381.80 acres across the country through the ENIP programme.</p>
			<p>No. of acres developed</p> <p>Acres under irrigation</p>	<p>Construction of new small scale irrigation projects</p> <p>Construction of household irrigation water pans</p>	<p>1. Implemented 21,437 acres through Household project and rehabilitation of water pans.</p> <p>2. Rehabilitated and expanded projects in Turkana increasing area under irrigation by 939.8 acres;</p> <p>Household water pans with a cumulative volume of 14.003 million cubic metres were constructed, commanding irrigation in 22,500 acres</p>
2.	Sustainable Irrigation Water Harvesting and Storage	Increase irrigation water storage holding capacity to 400million m ³ by 2023	<p>Volume of water potential to be harvested for irrigation</p> <p>Volume of water harvested for irrigation;</p>	<p>Carry out feasibility studies, detailed designs for household irrigation water pans</p> <p>Construction of household irrigation water pans</p>	<p>Feasibility studies, detailed designs were done prior to construction of all the household irrigation water pans constructed within the period.</p> <p>Additional household water pans with 22.5 million M³ water storage capacity</p>

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
			Acres under irrigation		constructed creating a total storage of 42.9 million M ³
			Volume of water stored	Rehabilitation and expansion of existing community water pans and small dams	Rehabilitated and expanded water pans with a capacity of 11,437,089 m ³
			Volume of water harvested for irrigation; Acres under irrigation	Construction of new community water pans/small dams	Constructed new water pans with a cumulative volume of 42.9 million M ³
3.	Sustainable Irrigation Management	Achieve at least 200% utilization in each of the irrigation schemes by 2023	No. of plans	Develop and implement scheme sustainability plans for public schemes including other schemes with NIA Offices	Sustainability plans to be developed in subsequent years; (7 No.) FY2021/22 crop intensification and annual work plans developed and implemented for 200% utilization of irrigation infrastructure in all schemes.
			No. of Manuals	Formulate water allocation and management plan within the schemes	Manuals to be developed in subsequent years; Monthly schemes water allocation programme maintained.
		Improve operation and maintenance service in irrigation schemes	% O&M Fees collected per Scheme	Collect 100% O&M fees for schemes under NIA Management	100% O&M fees for public schemes under NIA management were collected
			No. of O&M Manuals	Operate and maintain primary irrigation infrastructure including the main water storage facilities	Operation of the primary infrastructure within the schemes were done albeit twice due to the heavy rains experienced in quarter three and part of quarter four of the FY in most

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	Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
			No. of Interventions	Mitigate against environmental degradation out of operation of irrigation schemes	parts of the country which destroyed roads, filled canals and drains
			No. of cropping programs	Develop typical cropping programmes for identified value chain	Fruit tree seedlings were established in various schemes from which the Authority grafted 104,050 fruit tree of Hass avocado, coconut, cashew nuts and mangoes seedlings ready for transplanting as part of realizing 10% forest cover through tree planting.
4.	Irrigation Oriented Research	Domesticate guidelines on climate smart irrigation	Climate change Adaptation and Mitigation Mainstreaming Strategy Report	Develop Strategy for mainstreaming climate change adaptation and mitigation	Under development. Concept note developed and 2No. staff trained on green and circular economy
5.	Governance and Institutional Capacity Development	Operationalize Irrigation Act	Irrigation Act Audit report	Audit the Irrigation Act to ensure that there are no gaps	Irrigation Act audited and addendum submitted to the AG 's office
			Transition plan	Develop and implement a transition plan to the Irrigation Act	Roadmap for transition from NIB to NIA developed, approved and implementation ongoing.
			Revised functions in the organization structure	Review NIA organization structure and functions	NIA organization structure reviewed and approved by SCAC
				Review Institutional Policies	Presented to Full Board awaiting approval
				Review and implement Authority Service Charter	Procurement of services to review charter completed

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Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
	Enhance institutional capacity to improve efficiency	No of departmental/ business plans	Cascade implement strategic plan	and the Ongoing. Departmental plan Performance con aligned to Authority's Stra Plan
		Integrated Project Management guidelines developed	Develop and implement an integrated Project Management guidelines throughout the project lifecycle	Draft guidelines developed; Project management information sys developed, testing implementation ongoing
		Monitoring, evaluation and learning plan/ strategy/frame work developed	Develop and implement a comprehensive monitoring, evaluation and learning plan/strategy/framework for the institution	Draft monitoring and evaluation plan developed a being implemented
		M&E Unit established	Establish M&E Unit	M&E Unit established and officers posted. Completed
		Human Resource strategy developed	Develop and implement Human Resource strategy	
		Liaison and Resource Mobilization Unit established	Establish a Liaison and Resource Mobilization Unit	Resource Mobilization Unit established and officer posted.
		Resource mobilization strategy developed	Develop and implement resource mobilization strategy	Development completed. Implementation ongoing
	No. of financial reports	Streamline financial management processes and controls		Quarterly and annual reports submitted; Review of financial system budget module Completed. Implementation of

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Strategic Pillar	Objective	Key Performance Indicators	Activities FY2021/2022	Achievements FY2021/2022
				financial controls being implemented on programme and project budget basis.
			Communication Strategy developed	Develop and implement comprehensive communication Strategy
			All aspect of NIA rebranded	Rebranding of NIB to NIA
	Mainstreaming ICT in NIA processes	No. of automated systems	Develop Automated Budget, procurement plan and document management systems	Development of Automated budget module completed. Procurement processes integrated in ERP system.

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7. CORPORATE GOVERNANCE STATEMENT

The National Irrigation Authority was established on August 16, 2019 by the Irrigation Act No. 14 of 2019 as a successor institution of the National Irrigation Board. This was after His Excellency the President assented to the Irrigation Bill of 2019 on July 29, 2019, paving way for its gazettement via Kenya Gazette Supplement No. 136 (Acts No. 14) of August 2, 2019.

National Irrigation Authority has a membership of nine (9) members, comprising of five (4) directors representing the Government of Kenya and three (5) Independent Directors. During the year, the Board had seven (7) members and the appointment of two (2) Independent Directors to represent the Council of Governors had not been finalized.

The Chairman of the Board is an appointee of the president while the Cabinet Secretary in line with the irrigation Act No 14 of 2019 appoints independent board members. All the appointments /removal of the Board members were done via a Kenya Gazette notice.

The basic responsibility of the Board members is to exercise their best judgement and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the organization's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board:

- a) Determine the organization's mission, vision, purpose and core values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the organization;
- c) Review, evaluate and approve the organization's budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost effective and delivers value for money;
- f) Review and approve the operating and financial results of the organization;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the organization's operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;

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- i) Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the organization;
- k) Adopt, implement and monitor compliance with the organization's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the government of Kenya.
- m) Review periodically the Organization's strategic objectives and policies relating to sustainability and social responsibility/investment
- n) Protect the rights of shareholders and optimize shareholder value;
- o) Enhance the Organization's public image and ensure engagement with stakeholders through effective communication;
- p) Monitor compliance with the Constitution, all applicable laws, regulations and standards; and
- q) Review, monitor and ensure that the organization is effectively and consistently delivering on its mandate.

In order to effectively undertake the afore-mentioned roles, the Board of directors formed two (2) Committees namely;

- i) Development and General Purpose Committee whose main role is primarily to provide technical, financial and human capital management and general administration oversight of the organization.
- ii) Audit and Risk Committee whose main role is to oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

During the year, the Board transacted its business by holding six (6) committee meetings and four (4) full board meeting. Majority of the Board members participated in the meetings.

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The induction of the new Board members was conducted in line with the Mwongozo Code of Governance for State corporations, and the Authority did not conduct any Board training during the year under review.

During the year, there was no Conflict of Interest that recorded from any of the Board Members on the Agendas of the meeting, and all the Board meetings were conducted in line with the existing Board's Charter. Subsequently, members of the Board who attended any of the scheduled Board meetings were remunerated as stipulated in Circular reference no OP/SCAC.9/21.2 V1 (164) dated 25th April 2015 from the Office of the President.

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8. MANAGEMENT DISCUSSION AND ANALYSIS

1. Revenues

(i) Grants

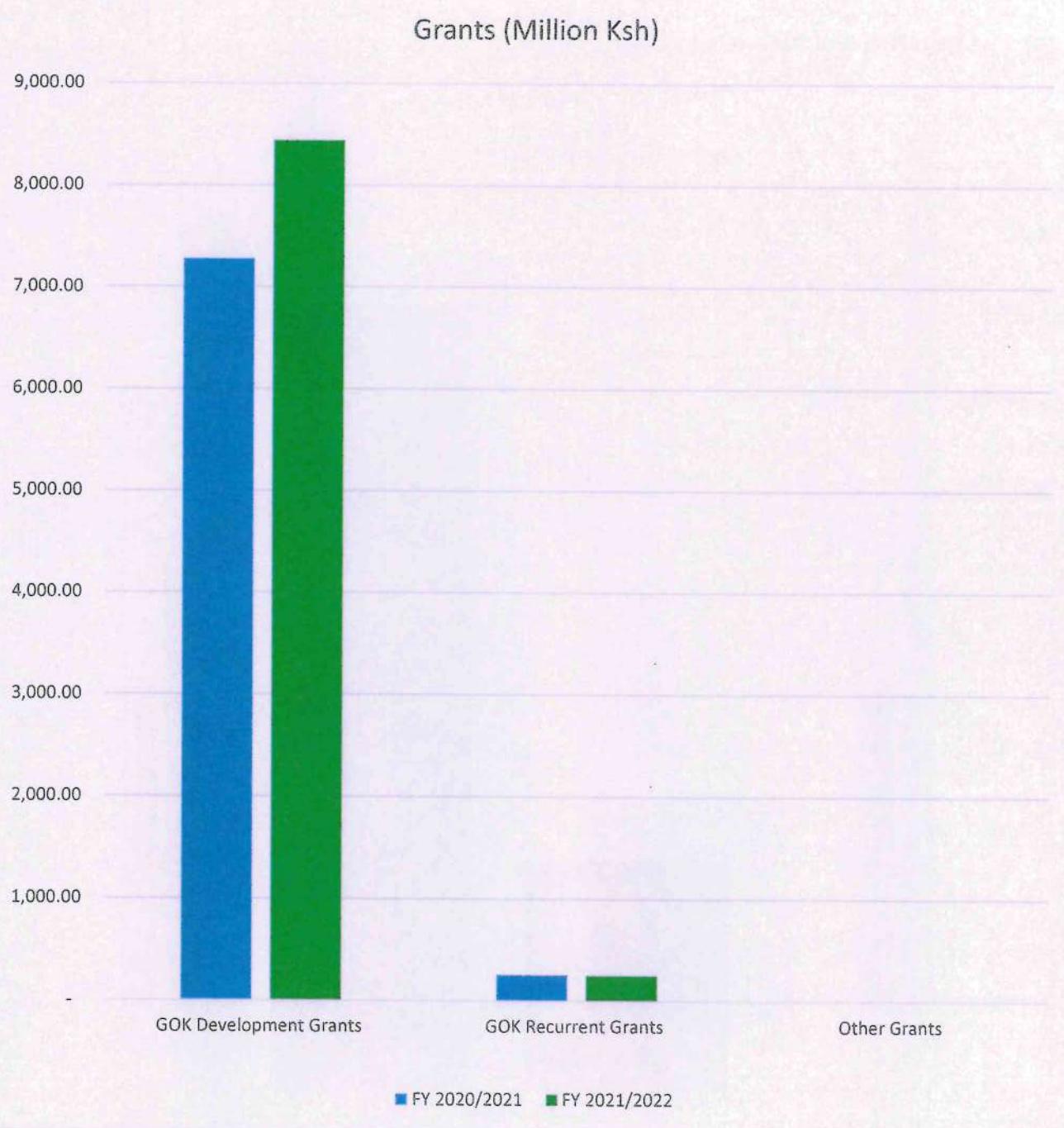
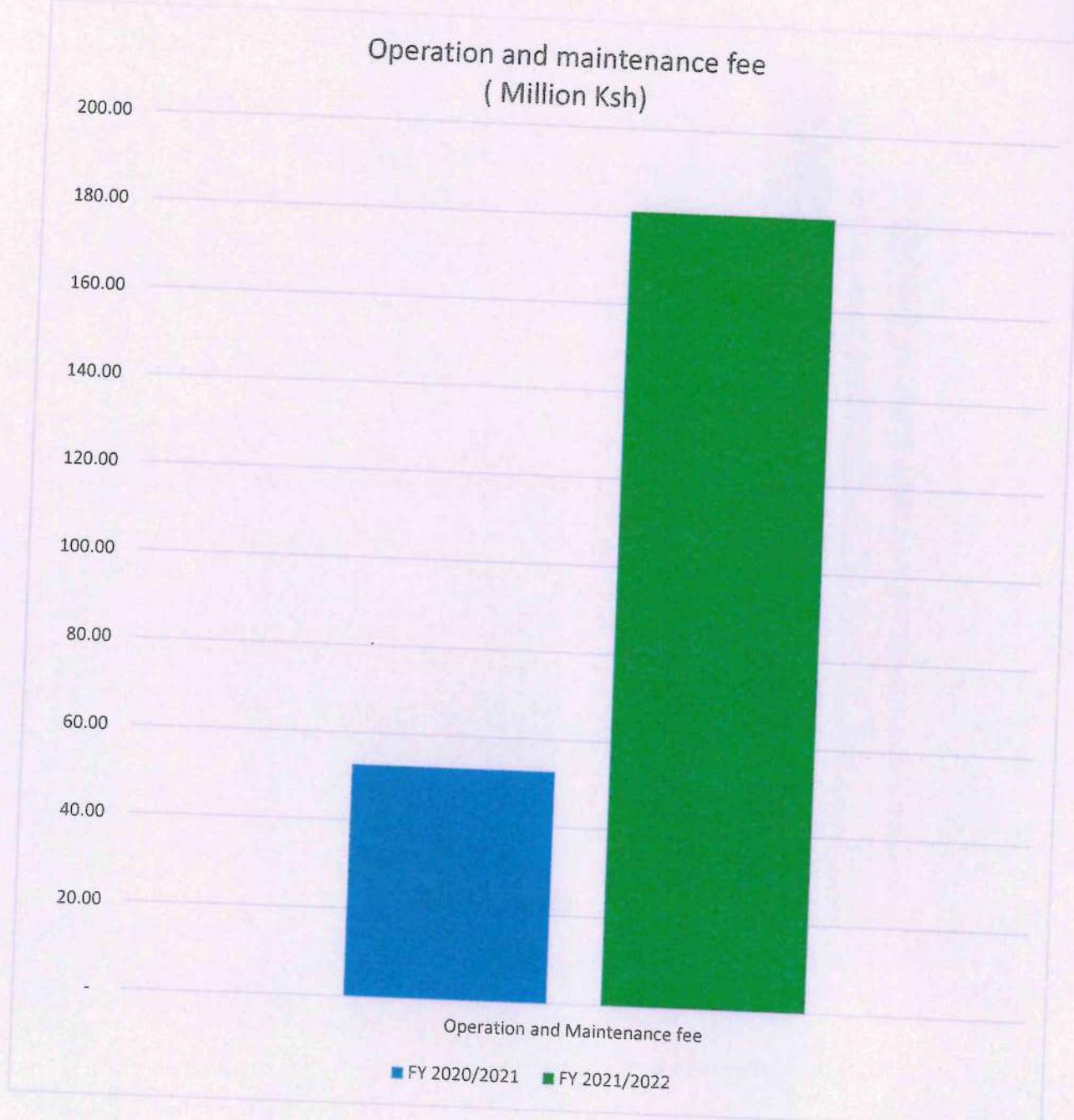


Chart 1: Revenue from Non-Exchange Transactions

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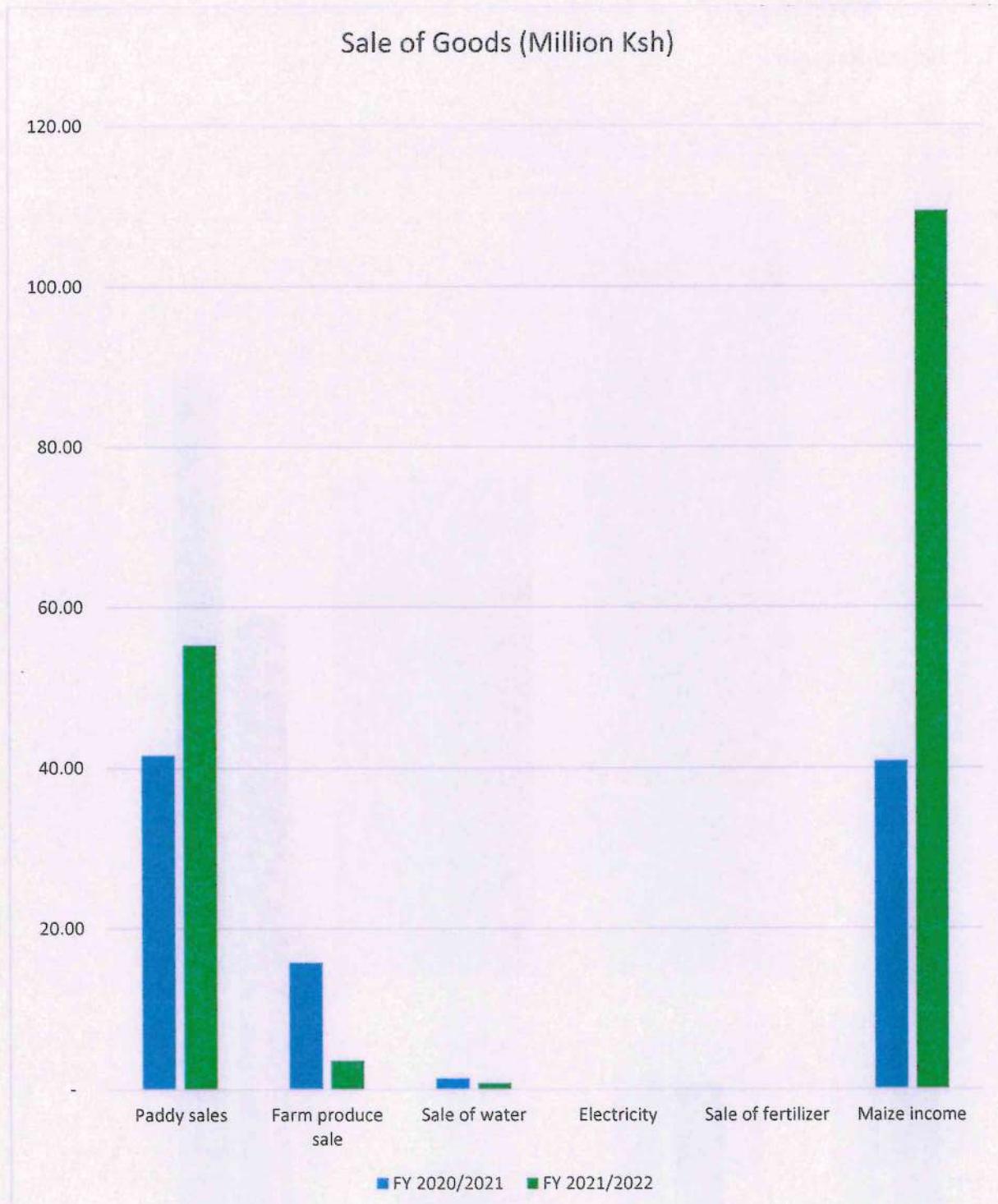
Rendering of Services

(ii) Operation and Maintenance fee



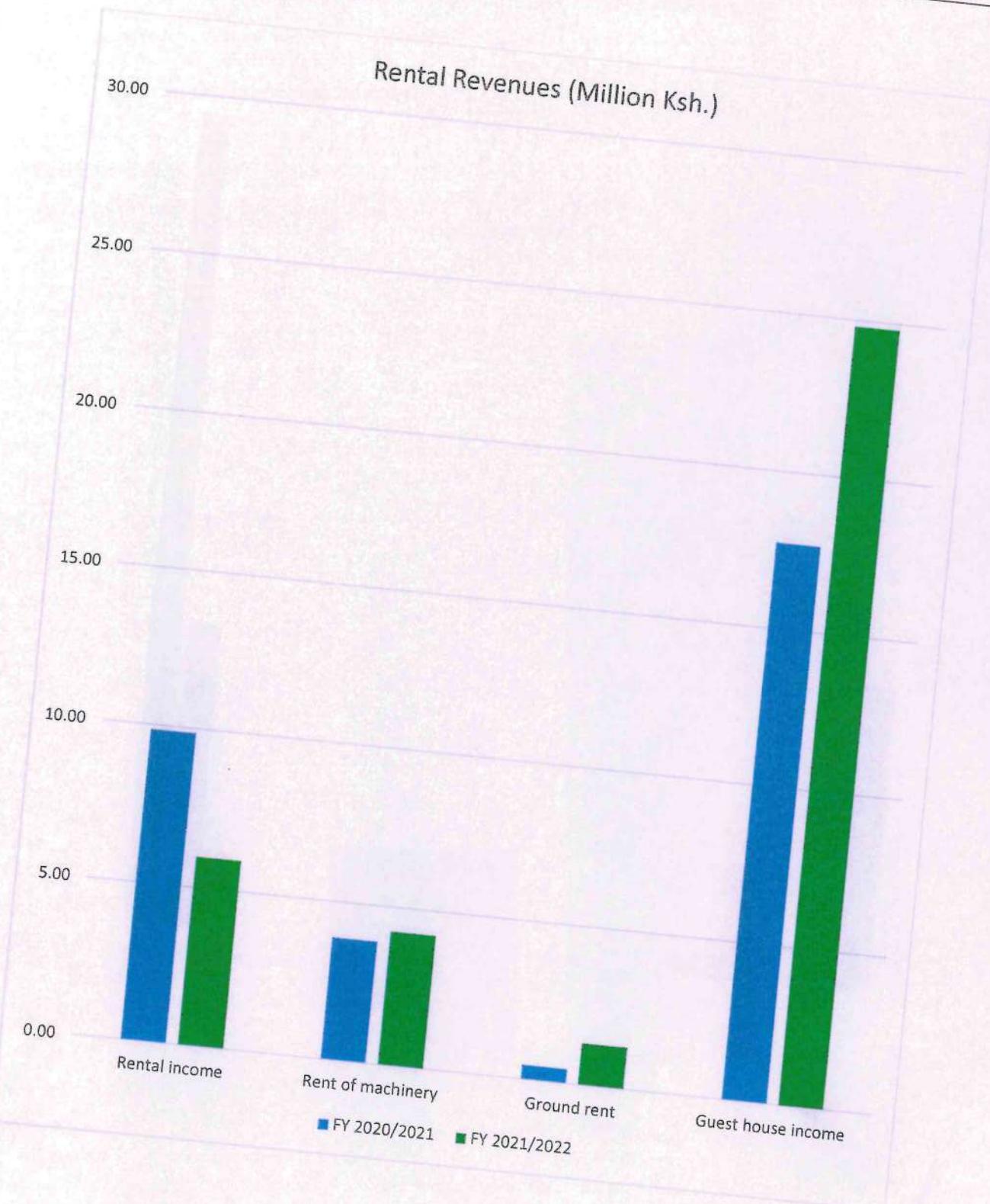
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(ii) Sale of goods



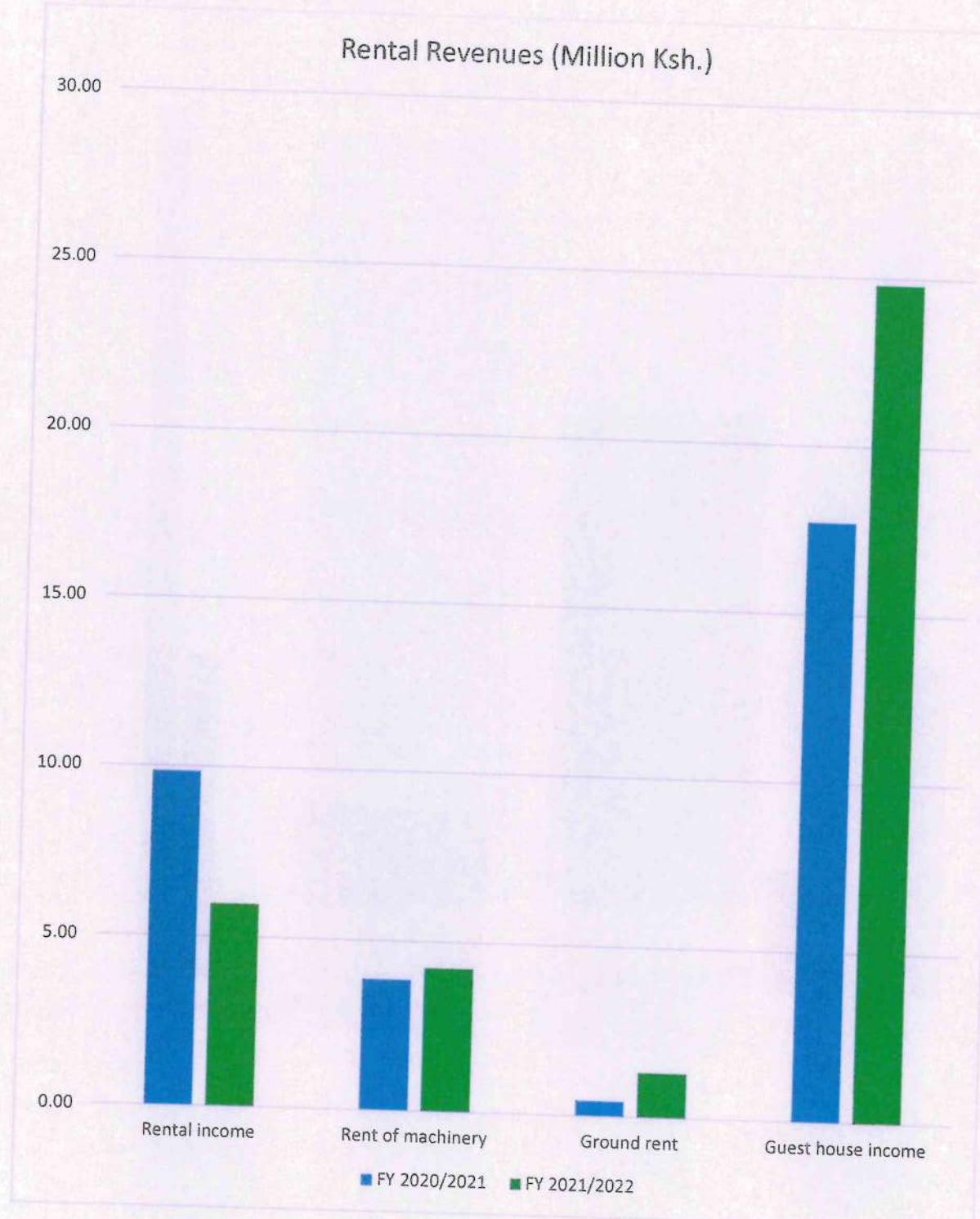
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(iv) Rental Revenues



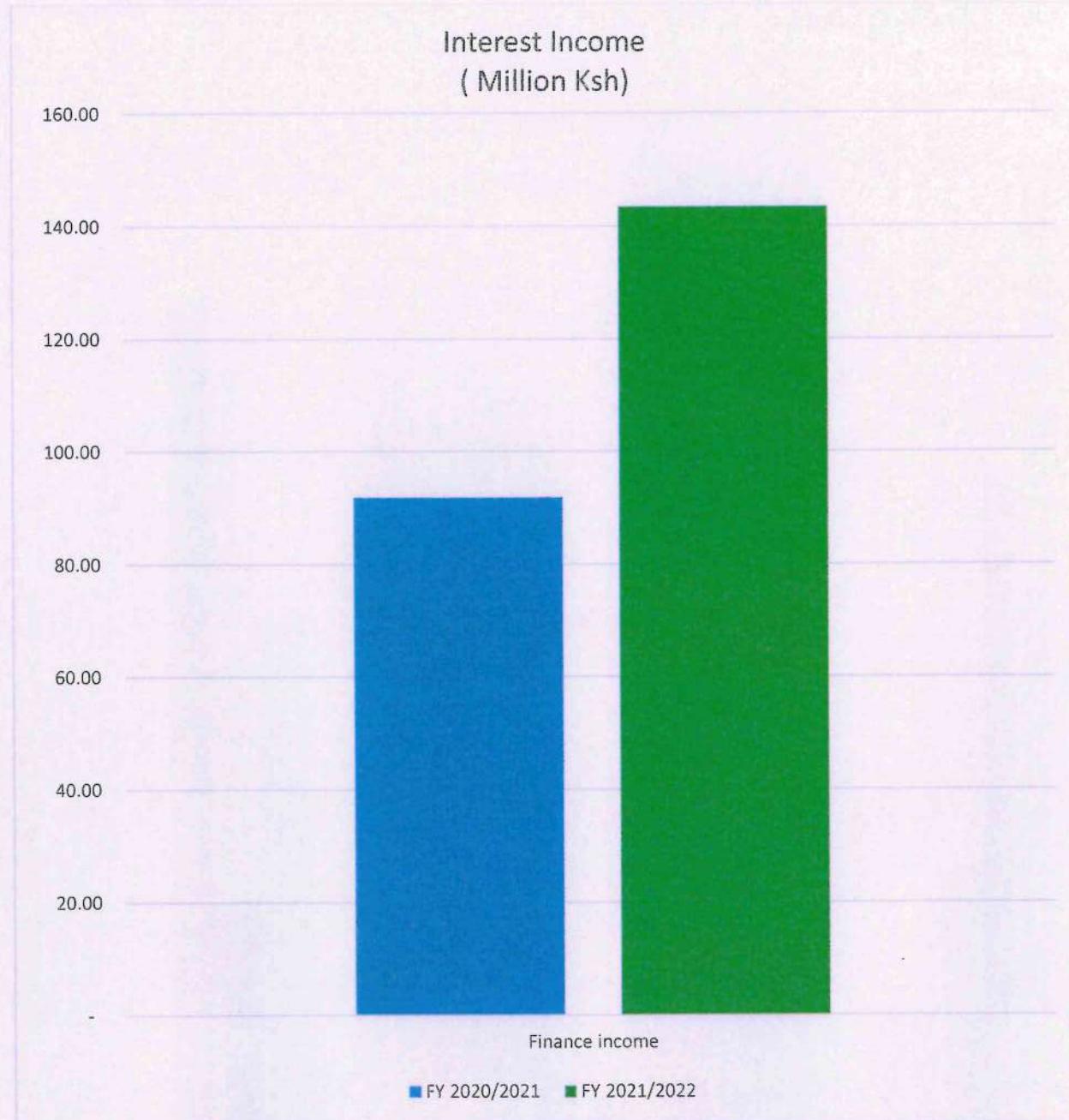
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(iv) Rental Revenues



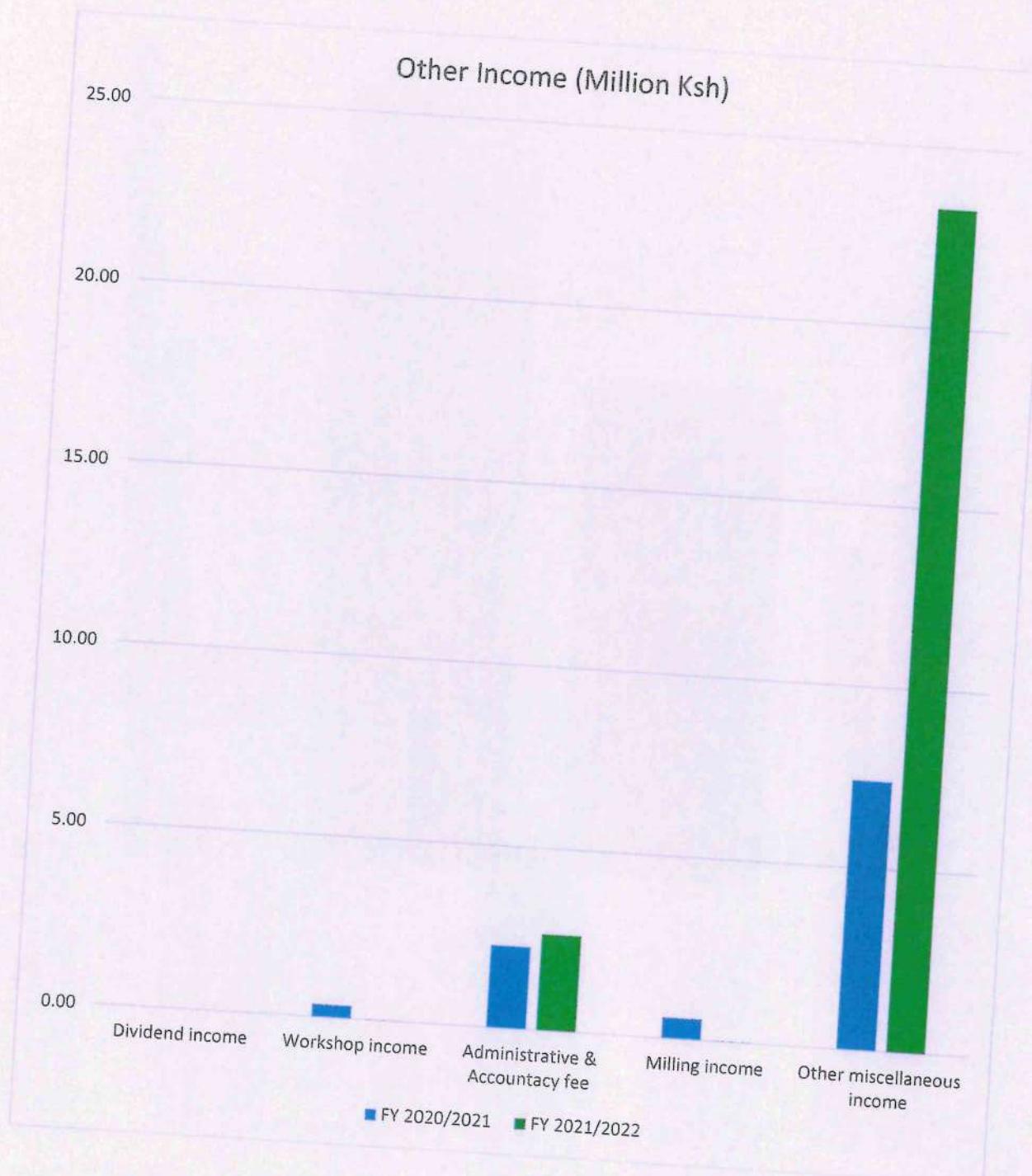
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(v) Finance Income



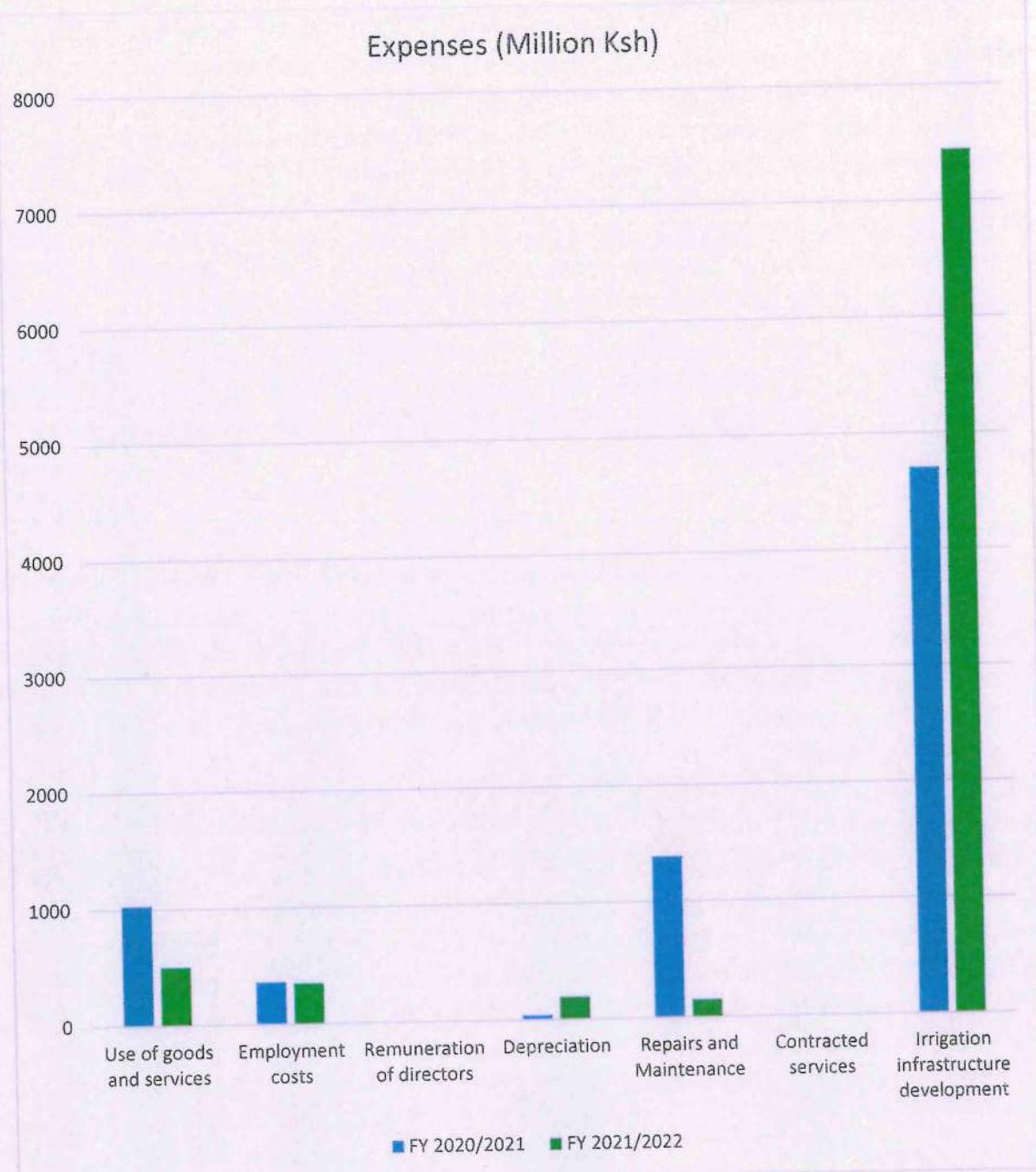
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(vi) Other Income



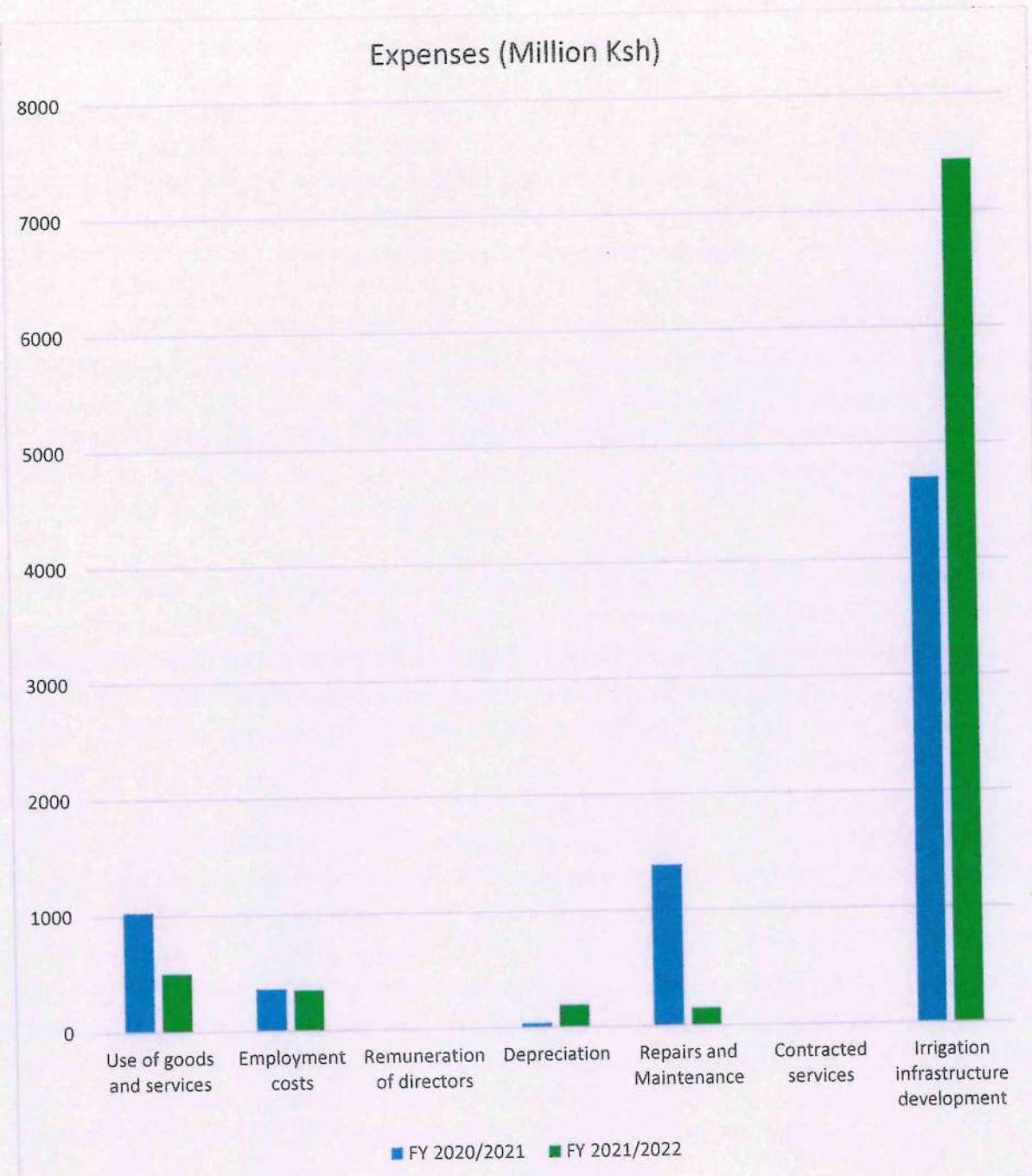
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(vii) Expenses



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(vii) Expenses



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Grants:

Chart i above indicates grants received by the institution both from the government and other development partners. Grants from GoK to the institution increased from Ksh. 7,522,999,996 in the financial year 2020-2021 to Ksh. 8,681,544,035 in the financial year 2021-22. This represents 15.4% increase when compared with the previous year. The increase was in development grants. Development grants grew by 15.98 % while recurrent grants decreased by 1.6 %.

Rendering of services:

Chart ii shows changes in operational income. The revenue in this category increased from Ksh 52.80 million in the year 2020-2021 to Ksh 179.72 million in the year 2021-2022. This translates to 240% increase. This was also attributed to enhanced collection of Operation and Maintenance fees from out growers in Mwea Scheme.

Sale of goods:

Chart iii shows the revenues collected from sale of goods and services. The main items of revenue in this category is paddy sales and sale of maize grown in Galana Kulalu Food Security Project. National Irrigation Authority took over the production of maize in the project, which brought in income of Ksh 40.8 million in the previous year while this year it increased to Ksh. 109.26 million. The overall increase in this category of income is 69.75%. The increase is attributed to sale of all the maize at Galana Kulalu Food Security Project.

Rental Revenues:

Chart iv shows the revenues collected from Rent of facilities and machinery and equipment. National irrigation Authority operates a guest house at Mwea Irrigation Scheme. It is one of the key sources of revenue in this category. Revenue from the guest house grew by Ksh 7.06 million from Ksh 17.75 million in 2020 to Ksh 24.81 million in 2022. This represented a 39.8% growth. The other major source of revenue in this category is house rent. The Authority has houses occupied by staff in all the major traditional Irrigation Schemes. Staff occupying these houses pay monthly rent. Overall revenue from this category of income increased by 13.83%.

Finance Income:

Chart v shows revenue from call deposit account. This is money held in the bank account to clear contractors retention money after the end of the defect liability period. This money has to be readily available and hence can only be put in such an arrangement otherwise if invested in treasury bills retiring the same might prove challenging since it may not coincide with the defect liability expiry period. The revenue in this category increased from Ksh 91.77 million to Ksh 143.35 million in 2022.

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Other Income:

Chart vi shows revenue from other miscellaneous sources of income. The overall revenue in this category increased by 145.68 % in the year 2022 as compared to 2021. The sources of this revenue do not form part of the key revenue sources and therefore can be erratic in nature. In the year 2022, there was a court award as taxable bill of cost for NIB Versus IVRCL amounting to 14 million.

Expenses

Chart vii shows the various categories of expenses. The overall expenses for the Authority increased from Ksh 7.52 billion in 2020 to Ksh 8.66 billion in 2022. This represents a 15.14% increase. The main items of expenditures that registered huge increase were irrigation infrastructure development these are projects undertaken by the National Irrigation Authority in line with its core mandate of providing and coordinating sustainable development and management of irrigation services in Kenya. These expenses are for water pans. Dams, and green houses for the communities.

The expenditure for employee cost decreased by 3.20%.

The remuneration of directors dropped by 2.15%.

Repairs and maintenance decreased by 87.44 % in 2022 as compared to 2021. When major repairs and maintenance are done to facilities and equipment in one year occasioning an increase in expenditure the expenses in the following year tend to decrease and the pattern continues.

The contracted services decreased by 89.27 % in 2022 as compared to 2021. This expenditure is for security services for equipment including machinery working in the field. When the equipment's are working near the main offices they are taken to the station where they don't require additional staff hence saving on security hire.

The other major component in the expenses for the institution is the irrigation infrastructure development. These are projects undertaken by the National Irrigation Authority in line with its core mandate of providing and coordinating sustainable development and management of irrigation services in Kenya. These expenses are for water pans. Dams, and green houses for the communities. In 2022, all the development expenses are captured under irrigation infrastructure development hence the reduction in use of goods and services and repairs and maintenance.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

National Irrigation Authority (NIA) exists to transform lives. This is our purpose; the driving force behind everything we do by putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of the sustainability activities conducted in the year:

1. Sustainability strategy and profile

National Irrigation Authority (NIA) has invested in strategic re-orientation towards climate-related risk management and adaptation by developing environmentally sustainable irrigated agricultural systems, services and modernizing management systems. The institution appreciates sustainable agriculture is fundamental to our shared future and is imperative to fulfilling our purpose. Together, the team leverages on our diversity and promote inclusion creating an environment that unlocks innovation and employee creativity to prioritize on agriculture solutions that help farmers produce more while conserving natural resources with less environmental impact.

2. Environmental performance

National Irrigation Authority recognizes that provision, coordination, development and management of irrigation services may result in disturbance to the environment if not well managed. To curb environmental degradation, NIA ensures all projects being implemented by the institution undergo Environmental Impact Assessment (EIA) in keeping with the requirements of EMCA 1999. This identifies possible negative impacts and seeks to put in place mitigation measures to address them. Further, the institution undertakes periodic Environmental Audits (EA) in its projects which helps in identifying noncompliance issues thus allowing us the chance to initiate corrective actions before there is further detrimental effects to the environment whilst enhancing environmental protection and conservation. An environmental audit also increases awareness of environmental standards and assigns responsibilities to different actors in the particular projects.

However, the advent of climate change is posing serious challenges to the irrigation sector and to Kenya's sustainable development objectives. Noting the one immediate impact of climate change is

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prolonged drought events that dent the adequacy of water for irrigation and severe flood events that destroy crops and infrastructural investments in irrigation. Thus, NIA also seeks to integrate climate change adaptation and mitigation strategies in its areas of operation. NIA acknowledges several opportunities that exist as response towards effects of climate change in its mandate.

NIA has actively intervened in climate change adaptation measures such as rainwater harvesting through surface runoffs for community dams, encouraging pastoralists to embrace irrigated agriculture as a means to cushion them from effects of drought and household water harvesting programme

In addition, the Authority has put in place several measures or activities that seek to mitigate against the adverse effects of climate change. These include measures such as implementing Adoption of Zero/Minimum Tillage at Galana Kulalu, Use of renewable energy sources such as the use of solar pumping techniques and a shift from diesel powered conveyance system to a gravity system at Bura Irrigation Scheme and Establishment of fruit tree nurseries that strategically contribute to an increase in carbon sinks of Greenhouse gases while at the same time providing key source of livelihood to community members.

To further improve on its Environmental Performance, NIA has an environmental policy and a waste management policy that guides the Authority on matters environment and outlines measures that the Authority takes to ensure its activities do not lead to environmental degradation. With the establishment of the Sustainable Waste Management Act, the Authority also trained some of its staff members on Circular Economy with a view of ensuring the elimination of waste by reusing, recycling and renovation of equipment, products, machinery and infrastructure to ensure they are utilized for a longer duration. The Authority is already reusing waste or drain water as a resource and an input into the irrigation process.

3. Employee welfare

The Authority is an ‘equal opportunity employer’ and thus committed to fair recruitment and selection practices underpinned by principles of merit, equity and its core values. It is therefore the policy of NIA to attract, retain and develop staff of the highest quality consistent with diversity principles in

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terms of gender, age, and national character; ensure fair and equitable treatment to its staff; and provide opportunities for professional growth and development.

The Authority is committed to continuous development and professional growth of its staff through a systematic and structured approach to training in order to attract and retain highly knowledgeable, skilled and competent employees who are productive, efficient and effective in service delivery. The Authority ensures that its employees build the requisite professional competence through a systematic process of continued learning and that they are fairly treated and appropriately rewarded within the constraints of its budgetary allocation.

The Authority has in place a Performance Management System in order to promote productivity and motivate employees for performance. The PMS contains strategies for setting performance targets, monitoring and evaluating achievements, identifying and solving performance gaps including requisite programs to support those with performance challenges.

The Authority has established a Performance Specific Rewards and Sanctions Framework, which establishes a basis for rewarding exemplary performance and administering sanctions for under-performance whilst motivating employees to have positive attitude towards work and for enhancing productivity in the Authority.

The Authority considers Health and Safety to be an integral part of responsible management. Therefore, the Authority is committed to the provision of a safe and healthy work place for all employees and stakeholders. The Authority has undertaken to inculcate a safety and health-oriented culture, which emphasizes attitude change and employee participation in establishing and observing safe working practices.

The primary objectives of the Authority's safety policy are:

- (i) Ensure compliance with all legal and statutory obligations
- (ii) Ensure quality employee health and safety at work
- (iii) Educate employees on their roles and responsibilities and equip them with adequate knowledge and resources to carry out their duties
- (iv) Implement and continuously improve Health and Safety performance in the Authority in accordance with appropriate health and safety standards.
- (v) Involve all the employees, customers, contractors, suppliers and other strategic partners in improving Health and Safety standards at the work place.

(vi) Ensure periodic audit in achieving Health and Safety objectives

4. Market place practices

a) Responsible competition practice.

National Irrigation Authority (NIA) promotes competitive procurement to the maximum extent practicable. The Authority maintains and continuously update lists of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. The selection of suppliers, contractors and consultants is done based on objective criteria such as quality, technical excellence, cost/price, schedule/delivery, services and maintenance of adequate sources of supply.

The standard tender documents used and issued by a procuring entity contains sufficient information to allow fairness, equitability, transparency, cost-effectiveness and competition among interested and participating tenderers. Specific requirements relating to the goods, works or services being procured are clear and give a correct and complete description of what is to be procured thus allow for fair and open competition among those who may wish to participate.

Due diligence is also conducted on firms to be awarded contracts prior to contract award to ensure that there is no misrepresentation of facts in order to influence a procurement or disposal process and to assure of free and open competition.

NIA continually works with different government agencies and regulatory bodies that monitor assess and review the public procurement and asset disposal system to ensure that they respect the national values, enforce any standards developed, provide advice and technical support and to investigate and act on complaints received on procurement and asset disposal proceedings.

b) Responsible Supply chain and supplier relations

As stakeholders are becoming increasingly interested in business affairs, NIA continually ensures that, their partners conduct themselves in a socially responsible manner. This is done through sensitization on government procurement opportunities in the Authority's all schemes/stations to

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ensure that the public is aware of the available opportunities and how to participate for free, fair, transparent and competitive procurement process.

National Irrigation Authority (NIA) advertises its tenders in My GOV, publication of Government Advertising Agency (GAA) that is distributed by the local newspapers and has nationwide circulation and the Authority's website ensuring the interested tenderers have access to information and can freely seek clarifications through various channels of communication provided.

c) Responsible marketing and advertisement

National Irrigation Authority (NIA) is required to advertise the invitation to tender in Kenya's dedicated tenders portal or one or more English-language newspapers or other publications that, together, have sufficient circulation outside Kenya to allow effective competition for the procurement. This is done through Government Advertising Agency through MY GOV publication distributed by local newspapers.

d) Product stewardship

National Irrigation Authority (NIA) conducts environmental impact assessment on all its projects prior to implementation to ensure that all projects are evaluated on their economic, environmental and social impact thus promoting environmentally sound and sustainable development through the identification of appropriate alternatives and mitigation measures. NIA conduct public participation prior to commencement of mega projects to ensure that the public who are the ultimate users accept the project. The notice for public participation is usually conducted through Kenya Gazette which is accessible to the public and opinions for the public is received, evaluated.

5. Corporate Social Responsibility/ Community Engagements

i. Distribution of fruit tree seedlings

In 2018, His Excellency the President Uhuru Kenyatta, C.G.H gave a directive that all parastatals to set aside 10% of their Corporate Social Responsibility budget towards tree planting in the effort to increase forest cover from 7% to 10%. The Authority decided to set up assorted fruit tree nurseries in MIAD

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Centre, Tana, Bura, Perkerra and Ahero irrigation schemes as well as Katilu Irrigation to provide a variety of fruit trees to meet the set objective.

During the Financial Year 2021/2022, the Authority distributed 100,050 seedlings under the fruit seedlings initiative to different farmers across the country with the aim of increasing the forest cover from 7% to 10% as shown in the table below:

No.	County	Type of fruit tree seedlings	No distributed
1.	Kitui	Mango	5,000
2.	Machakos	Hass Avocado	10,000
		Cashew nuts	6,000
3.	West Pokot	Mango	3,000
		Hass Avocado	2,000
4.	Kirinyaga	Hass Avocado	5,400
		Macadamia	450
5.	Tana River	Cashew nuts	1,350
		Macadamia Coconut	1,350
6.	Nyeri	Hass Avocado	5,000
7.	Galana Kulalu Food Security: Model farm	Mango	500
		Coconut seedlings	2,000
8.	Laikipia	Hass Avocado	3,000
9.	Nyandarua	Hass Avocado	26,000
10.	Kisii	Hass Avocado	12,000
		Mango seedlings	1,000
11.	Murang'a	Hass Avocado	6,000
12.	Meru	Hass Avocado	10,000
Total			100,050

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ii. Distribution of firewood

Due to the ongoing development construction at the Head Office, several trees were cut down to provide for space. A committee was formed to spearhead the clearance of the cut trees from the compound. The committee comprised of;

- | | | | |
|----|-----------------|---|-------------|
| a) | Victoria Aloo | - | Chairperson |
| b) | Boaz Akello | - | Member |
| c) | Naomi Kimani | - | Member |
| d) | Brendah Rajwayi | - | Secretary |

The committee met on February 2, 2022 to deliberate on the clearance of the trees from the compound. Several institutions were suggested after which the secretary was tasked to do due diligence and note which of the institutions were in need of the firewood and if they could organize for transportation. Guided by the provisions in the CSR Policy and Strategy, the committee proposed donation of the trees in form of firewood to one primary school, one home for the old and three children's homes. Out of these, three institutions had their own means of transport while the Authority provided transport for the other two.

The final list of beneficiaries included:

No.	Institution	Contact	Location	No. of pick-ups
1.	Moi Avenue Primary School	0731700316	University Way	1
2.	Nyumba ya Wazee	0721425670	Kasarani	2
3.	Makimei Children's Home	0720294207	Wayiaki Way	1
4.	Imani Children's Home	0716630900	Masimba Road	1
5.	A Place of Grace Community Centre	0715639504	Donholm	2

iii. Drilling of Boreholes and Rehabilitation of Community Spring

The Authority through Ahero Irrigation Scheme drilled three (3) boreholes and rehabilitated a community spring for the people of Kisumu County with an aim of providing safe water for communities and enhancing hygiene especially during the COVID 19 pandemic, which required maintenance of hygiene as a means of preventing its spread. This was done in different constituencies, in Kisumu County as in the table below:

No.	Name of Village/ Institution	Subcounty	Scope

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1.	Drilling and equipping of borehole at Wandega Village	Kisumu West	Borehole, Equipping, Elevated Storage and Water Kiosk
2.	Drilling and equipping of borehole at Riat Ngege Village	Kisumu West	Borehole, Equipping, Elevated Storage and Water Kiosk
3.	Drilling and equipping of borehole at Urudi Village	Nyakach	Borehole, Equipping, Elevated Storage and Water Kiosk
4.	Rehabilitation of spring at Kogonyi Holo Village	Kisumu West	Rehabilitation of spring including erosion protection works

iv. Providing water to Kenya Forest Service in Tana River County

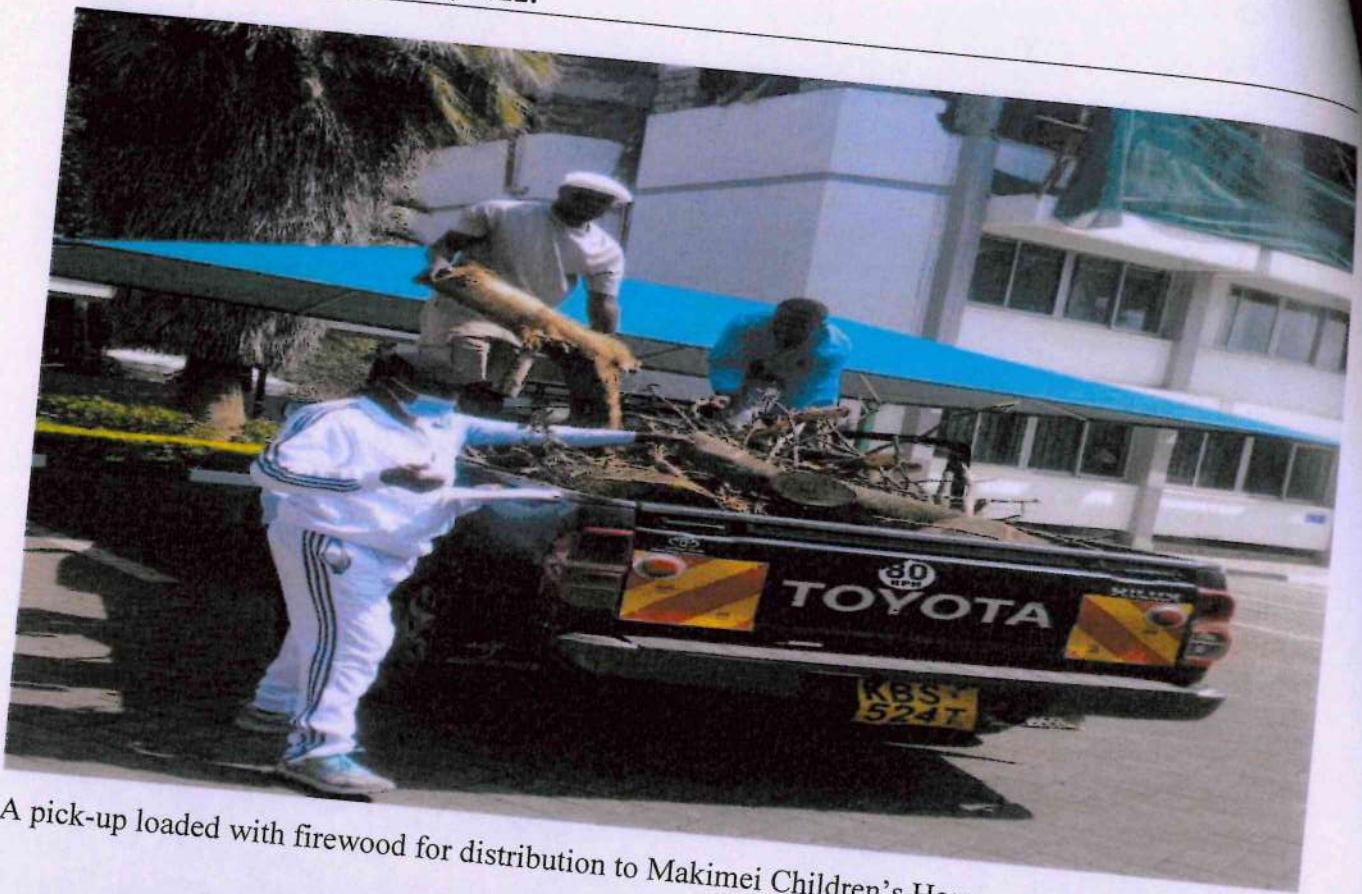
National Irrigation Authority through Tana Irrigation Scheme provided irrigation water to Kenya Forest Service in Tana River County to help them grow seedlings for distribution in the County.

Photos:



Loading of firewood for distribution to Nyumba ya Wazee, home for the old.

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A pick-up loaded with firewood for distribution to Makime Children's Home



Firewood delivered to A Place of Grace Community Centre in Donholm

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Loading firewood for delivery to Imani Children's Home in Ngong'

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Loading of fruit tree seedlings for distribution in Murang'a County.



Lorries distributing assorted fruit tree seedlings to farmers in different counties

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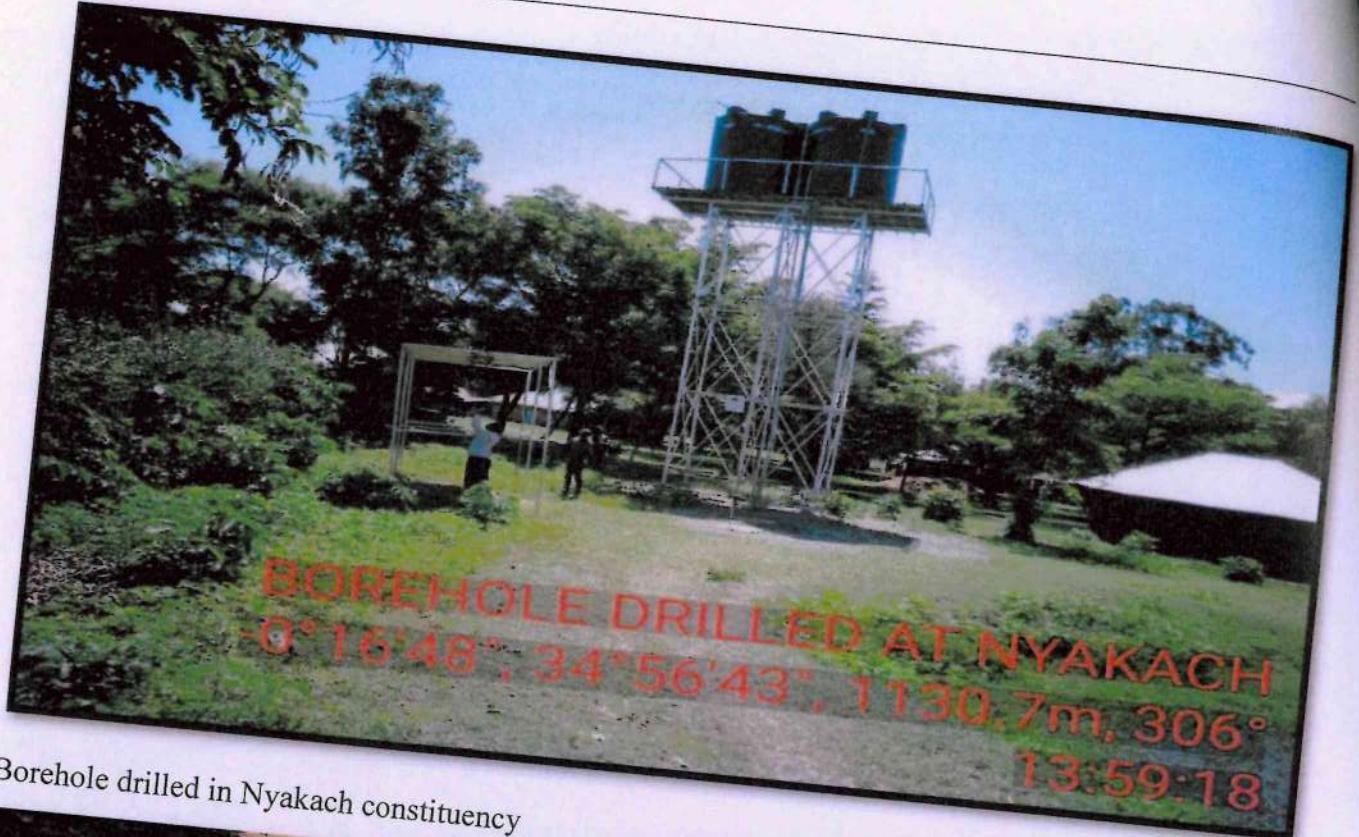


Farmers offloading fruit tree seedlings in Kisii County.

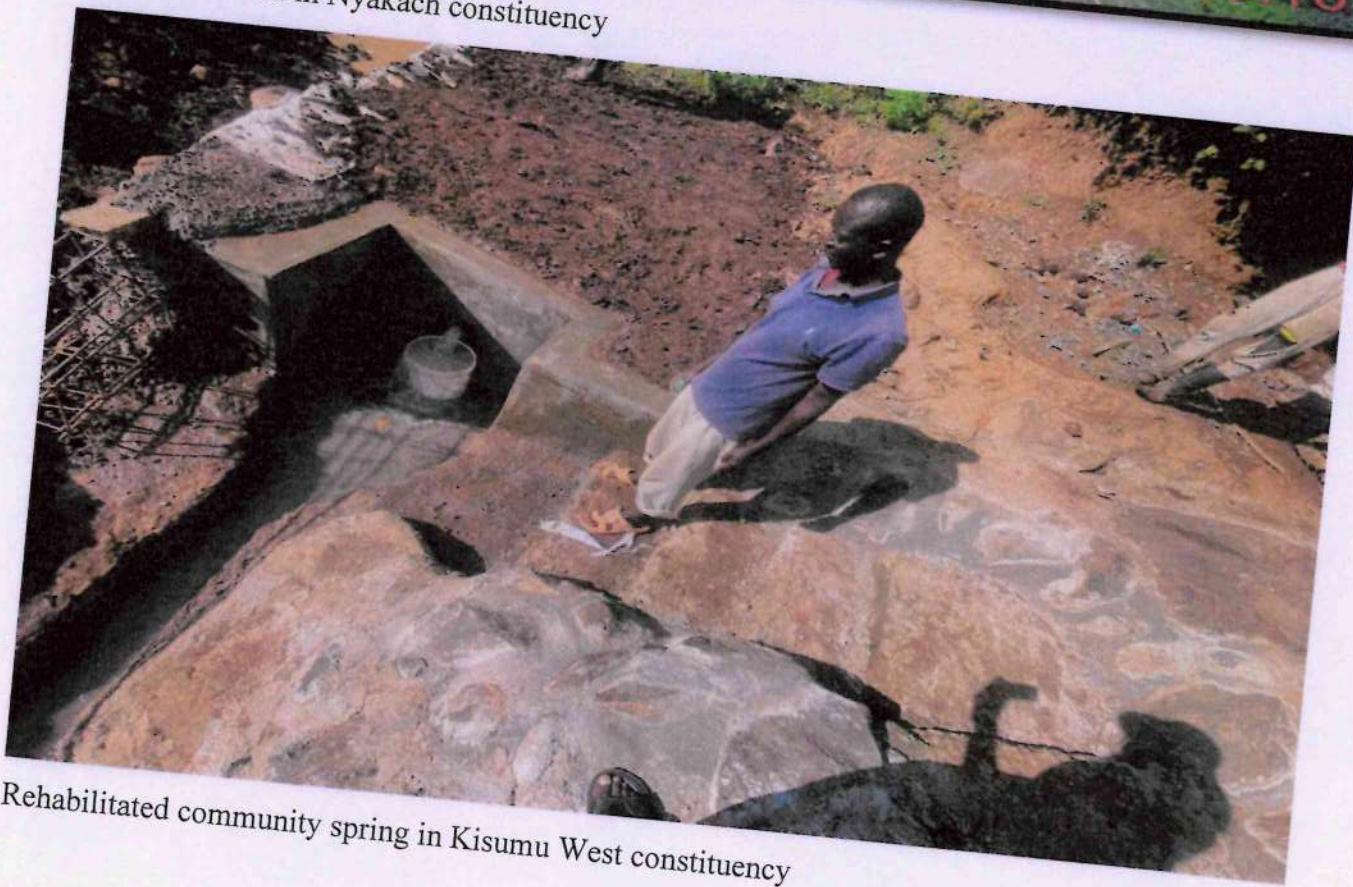


Donated Hass avocado trees in Gichiche Primary school, Nyeri County, one of the beneficiaries

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Borehole drilled in Nyakach constituency

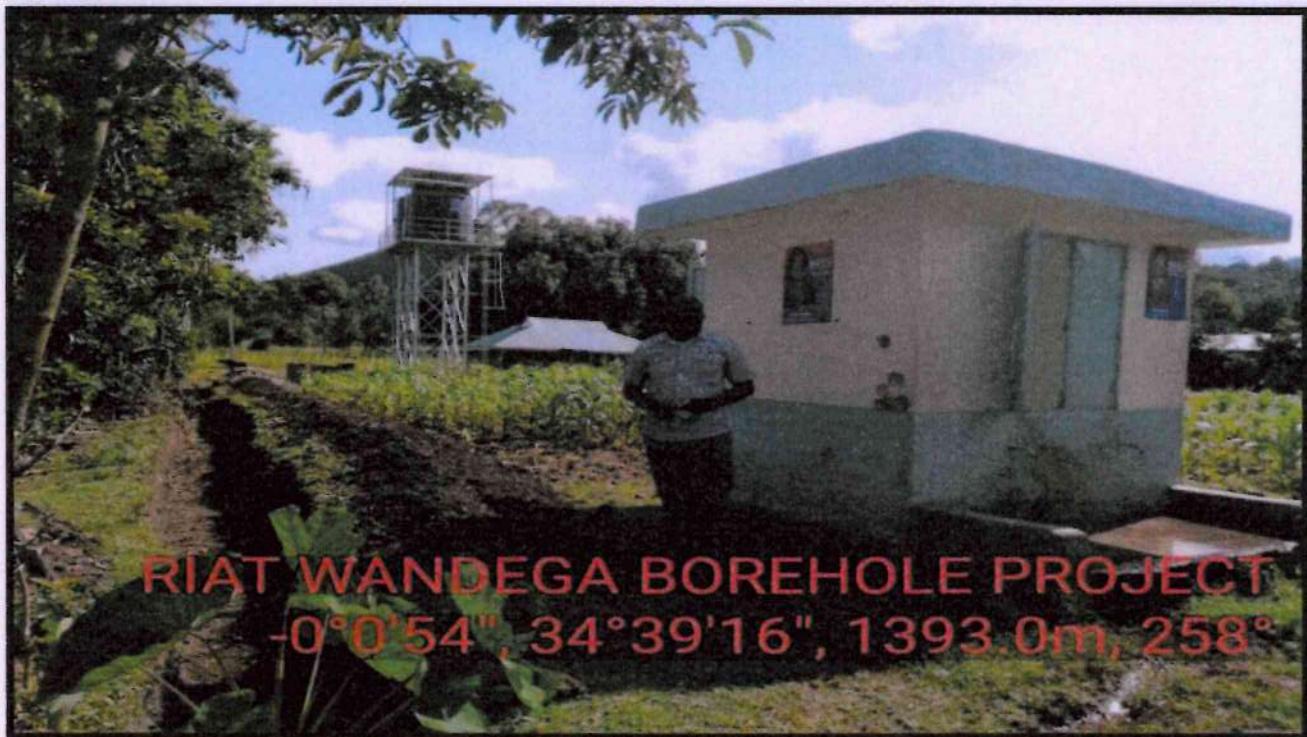


Rehabilitated community spring in Kisumu West constituency

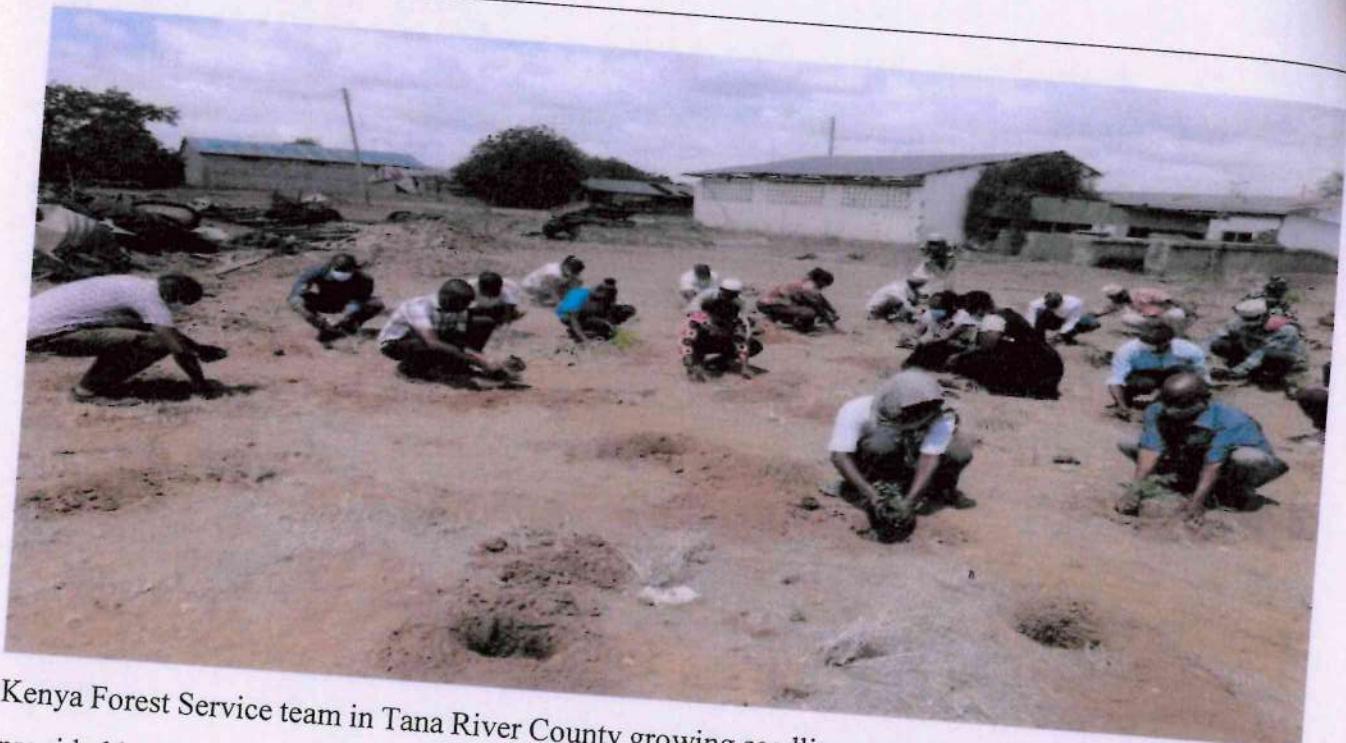
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Borehole drilled in Wandega Village.



Borehole drilled in Muguli Village.



Kenya Forest Service team in Tana River County growing seedlings courtesy of the water for irrigation provided by the Authority.

Public Irrigation Schemes Corporate Social Responsibility / Community Engagements.

1. Western Kenya Irrigation Schemes

Western Kenya schemes comprises of; Ahero Irrigation Scheme – located in the Kano plains between Nandi escarpment and Nyabondo plateau. 30km off Kisumu-Nairobi road. West Kano Irrigation Scheme - located in the Kano plains between Nandi escarpment and Nyabondo plateau on the shore of Lake Victoria. 10km off Kisumu-Nairobi road. South West Kano Irrigation Scheme which emerged as an outgrower, community managed scheme which is gravity fed. Lower Kuja Irrigation Scheme – the scheme is located in Nyatike, Migori County. Several ongoing/upcoming schemes and projects distributed in the region. Western Kenya Rice Mills Ltd – a subsidiary company of NIA. Shareholding between rice farmers and NIA and Ahero Irrigation Research Station. From 1969, two public scheme have been predominant in the region namely Ahero and West Kano Irrigation Schemes. The initial acreage under irrigation stood at 5,898 acres, but as the need for

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irrigation increases, NIA has expanded the area under irrigation in the region by additional 10,300 acres over the past 4 years. The total area installed and cropped now stands at 16,198 acres in Ahero, West Kano, South west Kano and other expanded projects. Lower Kuja is designed to put 19,000 acres but the completed acreage is 3,700 acres, construction is ongoing for additional 5,000 acres.

The direct beneficiaries from expansion programs have moved from initial 1400 farmers to the current 11,800 farmers and created employment opportunities to over 80,000 people. Expansion activities have also enhanced food security, improved livelihoods with high economic returns, improved health care and increased industrial growth in the region given the private investment in production and value addition of rice.

Through the drilling of six boreholes over the year, the scheme was able to supply nearby villages with portable, clean water. Prior to this, the communities got their household water from irrigation canals and the Nyando River. Water-borne illnesses became more common as a result in the area. Infection rates have significantly decreased as a result of the boreholes' provision of clean water.

The Western Kenya Schemes are situated in the flood zone of the Kano Plains, and they were able to carry out flood control operations throughout the year. To accomplish this, drainage systems were installed in the local communities to transport runoff water during the rainy seasons.

Additionally, the schemes included constructing access roads to nearby schools. Grading the roads makes schools more accessible and gives pupils traveling to and from the schools' security.

In the Nyanza region, the scheme has also contributed to the production and distribution of fruit tree seedlings. The communities' food security has increased as a result, and the communities have been able to increase their incomes.

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Drilling of a borehole



An installed water tank

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A water access point



An established tree nursery with seedlings ready for distribution

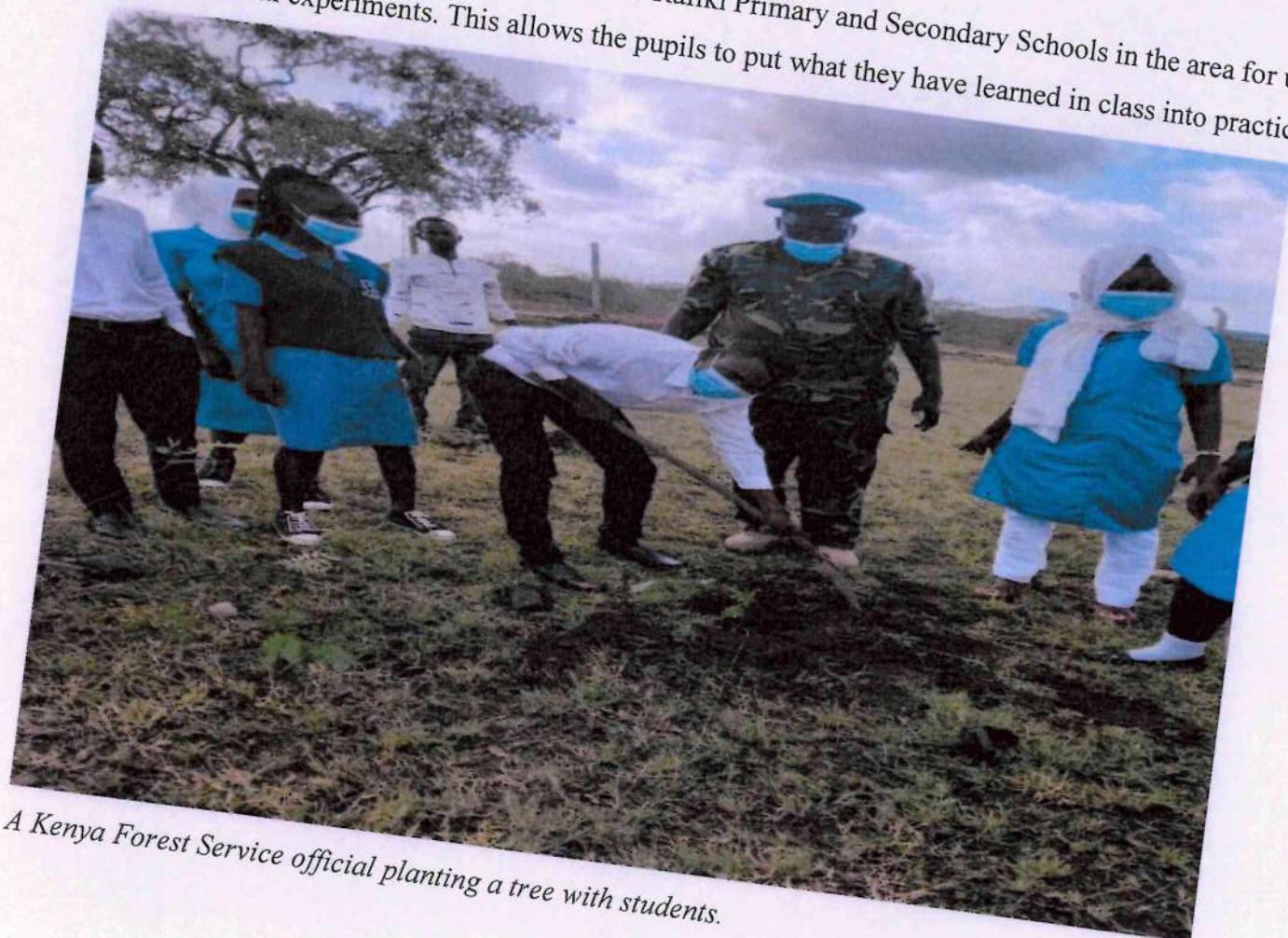
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2. Tana Irrigation Scheme

Tana Irrigation Scheme is located in Tana River County. The scheme has 12,630 acres in total, out of which 5,000 acres is under active crop production. The scheme sources its water from Tana River, water is abstracted from the river through pumping. The pumping station located at Makere, with a capacity of 3 generators and 10 pumps. The scheme adopts a surface irrigation system for water conveyance.

The plan proved successful in helping the Kenya Forest Service convey irrigation water throughout the year to aid in the growth of tree seedlings. The seedlings are distributed by the Kenya Forest Service to the nearby villages, schools, and other institutions for planting. This allows the community to protect the environment, rehabilitate the River Tana's river banks, maintain the Tana ecosystem, and expand the area's tree cover.

The scheme also provided irrigation water to Rafiki Primary and Secondary Schools in the area for use in agricultural experiments. This allows the pupils to put what they have learned in class into practice.



A Kenya Forest Service official planting a tree with students.

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3. Bura Irrigation Scheme

Bura Irrigation Scheme is located in Tana North Sub-County, Tana River County. The scheme has an irrigation potential of 25,000 acres but the acreage under active irrigation is 10,000 acres. The scheme abstracts its water from Tana River via pumping through diesel powered pumps that discharge water at 2.7m³/sec. The pumping station is located at Nanighi and has 3 generators powering 2 pumps.

The scheme was able to supply farmers in their villages and students in the schools with clean water for drinking and domestic use throughout the course of the year. Water distribution to farmers had a significant impact since it decreased the incidence of water-borne illnesses in the scheme area. The scheme was able to provide the sub-county education office vehicles to help with the distribution of KCPE and KCSE exam papers to the primary and secondary schools.

4. Mwea Irrigation Scheme

Mwea Irrigation Scheme is located in Mwea East and West Sub-Counties, Kirinyaga County. The scheme gazette area is 30,350 acres while the irrigated area is 28,607 acres. 20,000 acres is in the main scheme area and 8,607 acres in Jua Kali and outgrowers. The scheme has a total of 11,244 farmers. The scheme uses gravity system to abstract water from Thiba and Nyamindi rivers. Thiba river has an average flow of 11.12m³/sec and Nyamindi river has an average flow of 7.02m³/sec, both rivers have a combined flow of 18.14m³/sec. During peak season (September-October), the scheme's water requirement is 19.3m³/sec but the available combine flow during the peak season is 8.45m³/sec thereby giving a deficit of 10.8m³/sec.

The scheme distributed fruit tree seedlings to the community, including orange, mango, and avocado varieties. The community will benefit financially from the seedlings because, when the trees reach maturity, they will yield fruits that local farmers can sell.

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ISO 9001:2015 Certified

ENVIRONMENTAL POLICY

National Irrigation Authority recognizes that Provision, coordination, development and management of irrigation services may result in disturbance to the environment in its areas of operation. We also aim at minimizing the negative environmental impact whilst enhancing environmental protection and conservation.

The Authority will act as a responsible steward in compliance with the applicable environmental laws and regulations. We will strive to improve our environmental performance over time and to initiate additional projects and activities that will further reduce our impacts on the environment.

Our Commitments

We will work to achieve the commitments by:

- We identify the potential environmental and ecological risks and impacts of our activities and initiate mitigation measures at the design stage.
- We strive to improve operational efficiency and monitor our water use, energy use and greenhouse gas and air emissions in efforts to promote the efficient use and conservation of natural resources.
- Provide appropriate environmental awareness training to staff and stakeholders
- Work collaboratively with our customers, suppliers, and the surrounding community on environmental issues
- We ensure that all our people, our customers and the general public can access our policy
- Where we do not have operational control, we encourage, support and work with our operating partners to the extent possible to act in a manner consistent with the commitments set out in this Policy.

National Irrigation Authority will make every effort to ensure continual improvement in environmental performance.

SIGNED.....

ENG. CHARLES MUASYA
Ag. CHIEF EXECUTIVE OFFICER

DATE: 17/03/2023

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ISO 9001:2015 Certified

WASTE MANAGEMENT POLICY STATEMENT

National Irrigation Authority is committed to minimize waste generation and promote re-use, recovery and recycling of waste to protect human health and the environment. To support this common goal, the Authority will:

- Contributing to sustainable use of natural resources, e.g. avoiding & reducing waste wherever possible
- Promotes adoption of best waste management practice that protect the environment and community
- Deploying technologies appropriate to prevailing conditions

We will work to achieve the commitments by:

- Implementation of Application of Service Delivery Innovations
- Awareness creation on behavior change on waste
- Participating in supporting any untapped opportunities on waste recycling initiatives
- Minimize the generation of waste, associated with our office-based activities.

We will make every effort to ensure that waste management policy is an integral part of National Irrigation Authority's performance.

SIGNED.....

A handwritten signature in blue ink, appearing to read "Eng. Charles Muasya".

DATE: 17/03/2023.....

ENG. CHARLES MUASYA
Ag. CHIEF EXECUTIVE OFFICER

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For the year ended June 30, 2022.**

11. STATEMENT OF DIRECTORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the Irrigation Act 2019 require the Directors to prepare financial statements in respect of National Irrigation Authority, which give a true and fair view of the state of affairs of the National Irrigation Authority at the end of the financial year ended 30th June, 2022 and the operating results of National Irrigation Authority for the year ended 30th June, 2022. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of National Irrigation Authority. The Directors are also responsible for safeguarding the assets of the Authority

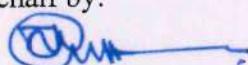
The Directors are responsible for the preparation and presentation of National Irrigation Authority financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended 30th June, 2022. This responsibility includes: (i) maintaining 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 National Irrigation Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of National Irrigation Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for National Irrigation Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Irrigation Act Cap.347. The Directors are of the opinion that National Irrigation Authority's financial statements give a true and fair view of the state of the Authority's transactions during the financial year ended June 30, 2022, and of National Irrigation Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for National Irrigation Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

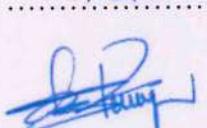
Nothing has come to the attention of the Directors to indicate that National Irrigation Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the Board on 17/03/2023 and signed on its behalf by:



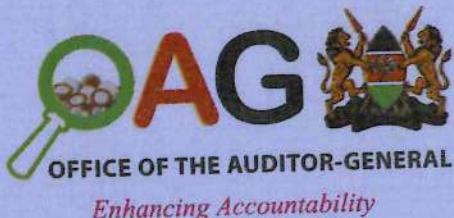
.....
CHAIRMAN OF THE BOARD



.....
Ag. CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

ephone: +254-(20) 3214000
ail: info@oagkenya.go.ke
bsite: www.oagkenya.go.ke



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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of National Irrigation Authority set out on pages 1 to 54, 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, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Irrigation Authority 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 Public Finance Management Act, 2012 and the Irrigation Act, 2019.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

1.1 Long Outstanding Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2022 reflects receivables from exchange transactions totalling to Kshs.263,137,383 as disclosed in Note 20 to the financial statements. The balance is net of Kshs.458,232,831 being specific provision for bad debts for the year under review. A review of the debtors' ledger reflects debts that have been outstanding for over six (6) years. However, no recoveries were made in the year under review casting doubt on their recoverability. Further, the basis for the provision for bad and doubtful of Kshs.458,232,831 for several years was not provided for audit. In addition, no evidence of any measures taken by Management to recover or increase the provision for these long outstanding debts was provided for audit.

In the circumstances, the accuracy and full recoverability of the receivables balance of Kshs.263,137,383 as at 30 June, 2022 could not be confirmed.

1.2 Unsupported Other Trade Debtors

Included in the receivables from exchange transactions balance of Kshs.263,137,383 is trade debtors balance of Kshs.122,185,611 as disclosed in Note 20 to the financial statements, which includes other trade debtors totalling to Kshs.11,036,612. However, the breakdown of these other trade debtors was not provided for audit.

In the circumstances, the accuracy and completeness of the receivables balance of Kshs.263,137,383 as at 30 June, 2022 could not be confirmed.

2. Long Outstanding Payables from Exchange Transactions

The statement of financial position reflects payables from exchange transactions totalling to Kshs.2,027,277,811, which includes trade payables totalling to Kshs.1,274,256,534, as disclosed in Note 27 to the financial statements. This payables amount includes Kshs.151,360,046 and Kshs.1,122,896,486 which relates to trade payables and retention amount respectively. However, review of the supporting schedule revealed trade payables have been outstanding for more than two (2) years casting doubt on their existence. Management has not explained why the payables have remained unpaid.

In the circumstances, the accuracy and completeness of the trade payables balance of Kshs.151,360,046 could not be confirmed.

3. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.7,375,077,200, which includes freehold land with a book value of Kshs.1,808,575,769, as disclosed in Note 22 to the financial statements. The balance however, excludes seven (7) parcels of trust land for various schemes totalling 75,509 acres, as detailed below:

	Scheme	County	Size (Acres)
1	Mwea	Kirinyaga	30,350
2	Bura	Tana River	16,750
3	Tana	Tana River	12,000
4	Perkerra	Baringo	5,875
5	Ahero	Kisumu	4,350
6	West Kano	Kisumu	4,450
7	Bunyala	Busia / Siaya	1,734
Total			75,509

The National Land Commission requested the Authority on 24 January, 2018 to provide the Commission with an approved survey plan for the schemes to enable processing of ownership documents. The Management was however, yet to provide the Commission with the approved survey plan for the Schemes.

In the circumstances, the completeness, accuracy and ownership of the free hold land valued at Kshs.1,808,575,769 could not be confirmed.

4. Undisclosed Liability on Leased Land for Galana Kulalu

As previously reported, the statement of financial position reflects payables from exchange transaction of Kshs.2,027,277,811 as disclosed in Note 27 to the financial statements. The Authority entered into a land Lease Agreement with Agricultural Development Corporation (ADC) on 7 April, 2014, to lease 20,000 acres of land under the Galana Kulalu Irrigation Project, at a total cost of Kshs.480,000,000. Review of records provided for audit revealed that, the Authority made an initial payment of Kshs.150,000,000 to the Corporation. The unpaid rent of Kshs.330,000,000 was however, not recognized as a liability in the financial statements.

Further, Note 40 to the financial statements disclosed that the Authority did not recognize the liability but contested the terms of the Lease Agreement as unfavorable and wrote to the parent Ministry requesting for reconsideration of the terms of the Lease Agreement. The Authority argued that the project entailed development of irrigation infrastructure and thereafter handing it over to the Corporation. The Management, however, indicated that, since the land belongs to the Agricultural Development Corporation and the Authority was only developing infrastructure to hand them over to the Corporation for production, the Authority was not justified to pay for the lease.

In addition, the Agricultural Development Corporation disclosed an un-accrued debtor of Kshs.273.6 million under Note 34 to its financial statements (2020/2021). The amount relates to the stopped leases executed for Galana Kulalu Food Project since some of the lessees went to court to protest the leases. The ADC Management considered it not prudent to continue accruing revenue from these leases until the uncertainties were resolved. However, the amount disclosed by ADC of Kshs.273.6 million varies with the amount recognized by the Authority of Kshs.330 million by an unexplained difference of Kshs.56,400,000.

In the circumstances, the accuracy and completeness of payables balance of Kshs.2,027,277,811 from exchange transactions could not be confirmed.

5. Outstanding Work-in- Progress

The statement of financial position and Note 24 to the financial statements reflects work-in- progress balance of Kshs.27,243,134,428. However, review of the schedule supporting the work in progress revealed opening work in progress of Kshs.23,156,618,537, additions for the year of Kshs.4,508,779,275 and Nil capitalization from work in progress to assets, an indication that no project was completed during the year under review. Further, some of the projects reflected as part of work-in-progress are over one year old. The long outstanding work- in-progress may become obsolete resulting to impairment and misstatements of the financial statements.

In the circumstances, the accuracy and completeness of work in progress of Kshs.27,243,134,428 as at 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the standards prescribed by the Public Sector Accounting Standards Board.

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. Delayed Projects

1.1 Galana Kulalu Food Security Project – Kilifi/Tana River Counties

1.1.1 Galana Kulalu (Lot 1) Project

The Authority awarded a contract for construction works of Galana Model Farm Lot 1: Electro Mechanical Works in Tana River County to an International firm at a contract sum of Kshs.131,221,044. The contract agreement was signed on 26 January, 2021 and the works commenced on 28 February, 2021 for a period of 12 months up to 28 February, 2022. Later, the contractor was granted an extension period of 3 months up to 28 May, 2022 and another extension up to 26 September, 2022. However, as at the time of the audit in the month of December 2022 the projects had not been completed.

In the circumstances, it was not possible to confirm that the project will be completed and realize its objectives without cost overruns.

1.1.2 Galana Kulalu (Lot 2) Project

The Authority awarded Lot 2 contract for civil works at a contract price of Kshs.665,702,574. The contract was signed on 27 January, 2021 and the project works commenced on 28 February, 2021. The contract was expected to be completed in twelve (12) months with an expected end date of 28 February, 2022. Further, the contract was extended to August, 2022. However, as at the time of audit in the month of December, 2022 the project was not yet complete.

It is not clear why the Management awarded the two (2) different contracts to one firm instead of different firms to avoid delayed completion that may be due to the firm's capacity constraints to handle the two major projects simultaneously. Failure to complete the project in time implies that the project may not realize its objectives fully, and the public who were to benefit from the project

In the circumstances, value for money invested in the project could not be confirmed.

2. Delayed Construction Works for Lower SIO Irrigation Project

The Authority entered into a contract for construction of Lower Sio Irrigation project on 22 March, 2021 at a contract sum of Kshs.216,463,547.85. The contract period was for 18 months with an expected completion date of 22 September, 2022. However, at the time of audit in the month of December, 2022 the status of the project was only 30% complete.

In the circumstances, it was not possible to confirm that the project will be completed within scheduled time and realize its objectives without cost overruns.

3. Non-Adherence to a Third Rule on Salary Deductions

Review of the Authority's payroll for the year ended 30 June, 2022 revealed that net pay for ninety-seven (97) employees totalling Kshs. 10,596,609 was less than a third of their corresponding basic pay of Kshs. 15,152,380. This is contrary to Section 19(3) of the Employment Act, 2007 which provides that, 'without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection one, may be made by an employer from the wages of his employee at any one time, shall not exceed two-thirds of such wages.

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

4. Non-Expansion of Pekerra Irrigation Scheme

During the year under review, audit inspection at Pekerra Irrigation Scheme in the month of December, 2022 revealed the following issues :

- i. The Scheme has never been expanded beyond 2500 acres under irrigation since 1954 the time it was established. The Scheme expansion is constrained by the fact that it uses River Pekerra which is a seasonal river and thus its water production cannot sustain more than 2500 acres with irrigation.
- ii. The Scheme has a potential of expansion to 20,000 acres for irrigation using Lake Baringo as the source of water. However, this requires capital injection from the head office since the revenue raised by the scheme is not even enough to cater for daily operations such as payment of electricity, diesel and casuals.
- iii. Most of the access roads passing through the farms under irrigation are not easily passable due to poor road infrastructure and overgrown poisonous thorny tree scientifically called Prosopis juliflora nicknamed as "mathenge" which has grown along the roads reducing the width of the roads.

In the circumstances, the Scheme is under-utilized and effective utilization of public resources and value for money have not been realized.

5. Under-Utilization of 20,000 Acres Leased Land

The Lease Agreement between Agriculture Development Corporation and National Irrigation Authority dated 7 April, 2014, in relation to the Galana Kulalu Food Security Project, indicates that, the latter was to lease from the former, 20,000 acres of land. However, the Contract Agreement between the contractor and the Authority reflects that only 10,000 acres of land was to be utilized. The remaining 10,000 acres are idle and will remain idle since they were not included in the model farm programme. However, Management has indicated that the land is to be used to put up contractor's camp site, employers' facilities and camp, the logistic centre and machinery.

In the circumstances, the Authority may not have received value for money from the leased land.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Understaffing in the Authority

Review of the Authority's staff establishment revealed that, the Authority has an approved staff establishment of 578 staff members. However, the Authority had only 265 staff members during the year under review, resulting to a shortage of 313 staff members. The understaffing was prominent in most of the Authority's Schemes. In addition to the shortfall in employees, the Schemes did not have qualified procurement officers, yet major procurement processes were carried out at the Scheme level. As a result, there was no rotation of the members of the Tender Evaluation Committee, contrary to the provisions of Section 46(4)(b) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an evaluation committee established under subsection (1), shall—b) consist of between three and five members appointed on a rotational basis comprising heads of user department and two other departments or their representatives and where necessary, procured consultants or professionals, who shall advise on the evaluation of the tender documents and give a recommendation on the same to the committee within a reasonable time.

In the circumstances, the Authority could not operate effectively for service delivery and procurement procedures were also flouted.

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 to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Authority's 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 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 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 Authority 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

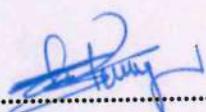
Nairobi

19 May, 2023

**National Irrigation Authority
Annual Report and Financial Statements
For the year ended June 30, 2022.**

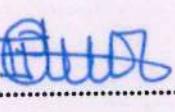
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2021-2022	2020-2021
REVENUE FROM NON EXCHANGE TRANSACTIONS		KSH	KSH
Government Grants	5	8,681,544,035	7,522,999,996
REVENUE FROM EXCHANGE TRANSACTIONS			
Rendering of services (O & M)	6	179,721,508	52,796,184
Sale of Goods	7	168,732,089	99,401,265
Rental revenues from facilities and Equipment	8	36,349,398	31,932,556
Finance Income	9	143,345,264	91,767,793
Other Income	10	26,004,395	9,434,587
TOTAL REVENUE		9,235,696,689	7,808,332,381
EXPENSES			
Use of Goods and Services	11	500,674,829	1,027,475,011
Employee Costs	12	348,081,849	359,589,522
Remuneration of Directors	13	6,175,730	6,311,629
Depreciation and Amortization	14	190,659,027	37,917,596
Repairs and Maintenance	15	148,605,944	1,384,516,071
Contracted Services	16	3,134,918	3,775,769
Irrigation Infrastructure Development	17	7,431,370,967	4,697,999,965
TOTAL EXPENSES		8,628,703,264	7,517,585,563
OTHER GAINS/(LOSS)			
Gain on disposal of assets	18		1,150,060
Surplus for the year		606,993,425	291,896,878

SIGN..... 

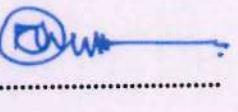
ENG. CHARLES MUASYA
Ag. CHIEF EXECUTIVE
OFFICER

DATE..... 17/03/2023

SIGN..... 

CPA. JEDIDAH N. ODUORI
NO.29724

DATE..... 17/03/2023

SIGN..... 

Hon. Eng. JOSHUA TORO
BOARD CHAIRMAN

DATE..... 17/03/2023

National Irrigation Authority
Annual Report and Financial Statements
For the year ended June 30, 2022.

14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	NOTE	2021-2022 KSH	2020-2021 KSH
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalent	19	2,001,818,774	2,683,569,858
Receivables from Exchange Transactions	20	263,137,383	246,388,170
Inventories	21	129,046,487	134,893,532
Total current assets		2,394,002,644	3,064,851,560
NON CURRENT ASSETS			
Property Plant and Equipment	22	7,375,077,200	6,106,405,109
Intangible Assets ICT	23	24,692,990	29,802,385
Work in Progress	24	27,243,134,428	23,156,618,537
Investment Mortgage	25	202,449,295	201,811,286
Long-term Investments	26	27,950,000	27,950,000
Total non-current Assets		34,873,303,912	29,522,587,317
TOTAL ASSETS		37,267,306,557	32,587,438,877
LIABILITIES			
CURRENT LIABILITIES			
Payables From Exchange Transactions	27	2,027,277,811	1,374,967,281
TOTAL CURRENT LIABILITIES		2,027,277,811	1,374,967,281
NON CURRENT LIABILITIES			
TOTAL NON CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		2,027,277,811	1,374,967,281
NET ASSETS			
Retained Earnings	28	19,078,058,710	18,362,212,922
Revaluation Reserve	29	1,563,261,418	257,204,201
Capital Fund	30	725,625,149	734,695,649
JICA Fund	31	8,600,955,442	6,939,603,082
BADEA Grant	32	453,257,000	682,309,701
KUWAIT Fund	33	621,584,000	584,262,368
OFID Fund	34	395,935,000	181,342,912
Double Crop Grant	35	27,707,439	27,707,439
Bank of Leumi Israel	36	3,443,133,322	3,443,133,322
FIEM-Spanish Fund	37	330,511,266	
TOTAL NET ASSETS		35,240,028,746	31,212,471,596
TOTAL NET ASSETS & LIABILITIES		37,267,306,557	32,587,438,877

SIGN.....

ENG. CHARLES MUASYA

Ag. CHIEF EXECUTIVE OFFICER

DATE..... 17/03/2023

SIGN.....

CPA. JEDIDAH N. ODUORI

NO. 29724

DATE..... 17/03/2023

SIGN.....

Hon. Eng. JOSHUA TORO

BOARD CHAIRMAN

DATE..... 17/03/2023

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

DESCRIPTION	RETAINED EARNINGS	REVALUATION RESERVE	CAPITAL FUND	JICA GRANT	BADEA GRANT	KUWAIT GRANT	OFID GRANT	LOAN CAPITAL	BANK LIJUMI ISRAEL	OF FIEM- SPANISH FUND	TOTAL
As At 1st July 2020	17,778,943,624	-	694,921,649	5,715,751,553	644,107,484	555,432,145	150,773,312	27,707,439	3,443,133,322	-	29,010,770,528
Additions During the Year	291,896,878		39,774,000	1,223,851,530	38,202,217	28,830,223	30,569,600			-	1,653,124,448
Revaluation gain		257,204,201								-	257,204,201
Adjustments	291,372,420									-	291,372,420
As At 30th June 2021	18,362,212,922	257,204,201	734,695,649	6,939,603,082	682,309,701	584,262,368	181,342,912	27,707,439	3,443,133,322	-	31,212,471,596
As At 1st July 2021	18,362,212,922	257,204,201	734,695,649	6,939,603,082	682,309,701	584,262,368	181,342,912	27,707,439	3,443,133,322	-	31,212,471,596
Additions During the Year	606,993,425	1,306,057,217	(9,070,500)	1,639,898,214	213,704,191	37,322,009	214,591,731			-	4,340,007,553
Adjustments	108,852,363			21,454,146	-442,756,892	-377	357			-	-312,450,403
As At 30th June 2022	19,078,058,710	1,563,261,418	725,625,149	8,600,955,442	453,257,000	621,584,000	395,935,000	27,707,439	3,443,133,322	330,511,266	35,240,028,746

Note:

- The Reserves are the cumulative surpluses of income over expenditure over time.
- Work in progress write off represents completed projects which have been handed over to the beneficiary communities.
- Development fund was established for future expansion of Irrigation infrastructure.
- Capital fund represent initial capital provided by the Government to establish National Irrigation Board, it is represented by land and buildings in the statement of financial position. Additions during the year refer to donations of fertilizer by Yara East Africa Ltd to Bura Irrigation Scheme.
- JICA grants represent donor Funding for Mwea Irrigation Development project
- Badea, Kuwait and Ofid represent donor funding for development of Galana Kulalu Food Security Project
- Bank Of Lijumi Israel represent donor Funding by Israel Government for development of Bura Gravity Irrigation Project 8.43%, 14.63% and 6.32% respectively. GOK carries the balance of 70.62%
- FIEM-Spanish Fund represent donor Funding by Government of Spain for development of Rwabura Irrigation Development Project

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

	NOTES	2021-2022 KSH	2020-2021 KSH
Surplus for the year		606,993,425	291,896,878
Adjustments of items not involving movement of Funds			
Depreciation	14	190,659,027	37,917,596
Decrease in provision for bad & doubtful debts	20		
Work in progress write off	24	960,618	1,289,626,914
Retained Earnings Adjustments	28	108,963,301	(2,638,954)
Loss/Gain on disposal of fixed assets	18	-	(1,150,060)
Operating Profit before working capital changes		907,576,371	1,615,652,374
Working Capital Changes			
Increase/Decrease in Inventories	21	5,847,045	(16,724,537)
Increase/(Decrease) in Receivables from exchange transactions	20	(16,749,214)	(23,706,637)
Increase/Decrease in Payables from exchange transactions	27	652,310,530	200,792,303
Net Cash flows from operating Activities		1,548,984,732	1,776,013,503
Investing Activities			
Net change on Fixed Assets Total			
Purchase of Fixed Assets	22	(148,275,443)	(58,917,567)
Proceeds from disposal		-	1,175,000
Work In Progress additions	24	(4,508,779,275)	(2,435,019,760)
Mortgage	25	(638,009)	(1,220,498)
Net cash used in investing activities		(4,657,692,727)	(2,493,982,825)
Financing Activities			
Capital Fund	30	(9,070,500)	39,774,000
JICA Grants	31	1,639,898,214	1,223,851,530
BADEA Grant	32	213,704,191	38,202,217
KUWAIT Fund	33	37,322,009	28,830,223
OFID Fund	34	214,591,731	30,569,600
FIEM-Spanish Fund	37	330,511,266	-
Net cash flows from financing activities		2,426,956,911	1,361,227,570
Net Increase/(Decrease) in Cash		(681,751,084)	643,258,248
Cash & Cash Equivalent at the beginning of the Year	19	2,683,569,858	2,040,311,610
Cash & Cash Equivalent at the end of the year	19	2,001,818,774	2,683,569,858

SIGN.....

ENG. CHARLES MUASYA
 Ag. CHIEF EXECUTIVE
 OFFICER

DATE..... 17/03/2023

SIGN.....

CPA. JEDIDAH N. ODUORI

NO.29724

DATE.... 17/03/2023

SIGN.....

Hon. Eng. JOSHUA TORO

BOARD CHAIRMAN

DATE.... 17/03/2023

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

	Original Budget	Adjustment	Final Budget	Actual on Comparable Basis	Performance Difference	% utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
REVENUE						
Government grants and subsidies	8,780,000,000		8,780,000,000	8,681,544,035	98,455,965	98.88
Rendering of services	110,050,000		110,050,000	179,721,508	-69,671,508	163.31
Sale of goods	102,450,000		102,450,000	168,732,089	-66,282,089	164.70
Rental revenues from facilities and Equipment	37,500,000		37,500,000	36,349,398	1,150,602	96.93
Finance income	46,000,000		46,000,000	143,345,264	-97,345,264	311.62
Other Income	12,000,000		12,000,000	26,004,394	-14,004,394	216.70
Total Income	9,088,000,000		9,088,000,000	9,235,696,689	-147,696,689	101.63
EXPENSES						
Employee Costs	359,030,700		359,030,700	348,081,849	10,948,851	96.95
Use of Goods and Services	540,170,500		540,170,500	500,674,829	39,495,671	92.69
Remuneration of Directors	6,698,800		6,698,800	6,175,730	523,070	92.19
Depreciation and Amortization				190,659,027		
Repairs and Maintenance	152,400,000		152,400,000	148,605,944	3,794,056	97.51
Contracted Services	3,300,000		3,300,000	3,134,918	165,082	95.00
Irrigation Development						
Infrastructure	8,026,400,000		8,026,400,000	7,431,370,967	595,029,033	92.59
TOTAL EXPENDITURE	9,088,000,000		9,088,000,000	8,628,703,264	459,296,736	94.95
SURPLUS FOR THE PERIOD		-		606,93,425		

The +63.31 for rendering of services is attributed to enhanced collection of Operation and Maintenance fees from out growers in Mwea Scheme.

The +64.70 for sale of goods is attributed to sale of all the maize at Galana Kulalu Food Security Project.

The +211.62 for finance income is attributed to interest income on call deposit.

The +116.70 for other income is attributed to a court award as taxable bill of cost for NIB Versus IVRCL.

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

IPSAS 3

National Irrigation Authority is established and derives its authority and accountability from the irrigation Act cap 347.

National Irrigation Authority is wholly owned by the Government of Kenya and is domicile in Kenya. The principal activities is to promote, develop and improve irrigated agriculture to ensure food security in the country.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

National Irrigation Authority adopted IPSAS in the year 2013-2014 following the gazettement of Public Sector Accounting Standards Board (PSASB), which was established by the Public Financial Management Act (PFM) No. 18 of 24th July 2012. PSASB issued financial reporting standards and guidelines to be adopted by all state organs and public sector entities, which National Irrigation Authority complies with. The Financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of National Irrigation Authority. The Financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS).

3. ADOPTION OF NEW AND REVISED STANDARDS

IPSAS 39. The objective to issue IPSAS 39 was to relate convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The standard does not have any impact on the entity.

Standard	Impact
IPSAS 40:	Applicable: 1st January 2019
Public Sector Combinations	The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

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Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. The standard does not have any impact on the entity.</p>

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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a) Property Plant and Equipment

IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

The depreciation rates are as tabulated below	
Buildings	2%
Computers	33.33%
Furniture & Equipment	10 %
Irrigation works	None
Land	None
Motor vehicles ,Tractors & Heavy Equipment	20 %
Plant & Machinery	10 %
Intangible assets	10%
Depreciation is on straight line basis.	

b) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets for National Irrigation Authority are basically softwares and the ERP system. These have a finite useful life which is ten years with regular upgrades by Microsoft to new versions.

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c) Inventories **IPSAS12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

d) Cash and cash equivalents

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

e) **Government grants**

National Irrigation Authority being wholly owned by the Government of Kenya receives funding for both development grants and recurrent grants each year. The grants are recognized in the books when received. Development grants are utilized in capital projects and recurrent grants for staff costs and other recurrent expenditures.

f) Interest on loans

Interest on loans to the Authority is included as an expense as it accrues and is calculated on the principal amount of the loan outstanding. Currently National Irrigation Authority is not servicing any loan hence no interest on loans in the books of account.

g) Taxation

The National Irrigation Authority is exempted from Kenya Income Tax.

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h) Investments

Long term investments are valued at cost. These are investment in shares held at Mwea Rice Mills Ltd and Western Kenya Rice Mills Ltd.

i) Receivables

Trade and other receivables are recognized at fair value less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. The Authority does full provision for bad and doubtful debts for all debts that are over five years as we wait for approval for write off by The National Treasury.

j) **Payables**

Trade and other payables are non-interest bearing and are carried at amortized cost, which is measured at fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to National Irrigation Authority or not, less any payments made to the supplier. The Authority writes back all credit balances, which have been outstanding for over seven years without demand notices from creditors/ suppliers.

k) Donor Funding

National Irrigation Authority receives grants in form of donor funds from bilateral and multilateral donors. The donor funds are either in form of donor revenue or donor A-in-A. Both donor revenue and donor A-in-A funds are recognized when received or settled respectively.

Donor Revenue

These are donor funds which are factored in the National budget and which the donor pays to the consolidated fund of the GOK and later the funds are transferred to the National Irrigation Authority to settle various obligations as stipulated in the funding agreement.

Donor A-in-A

These are donor funds which are factored in the National budget and which the donor pays directly to the supplier of goods or services offered to National Irrigation Authority to as stipulated in the funding agreement.

D Revenue recognition

IPSAS 9

i. Revenue from non-exchange transactions

Transfers from the Government

Revenues from non-exchange transactions with Government are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

The revenues are in form of development and recurrent grants respectively.

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ii. Revenue from exchange transactions

Rendering of services

National Irrigation Authority recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

m) Investment mortgage

The Board has an investment mortgage with Development bank of Kenya Ltd, whose aim is to assist staff access loans for assets acquisition at affordable rates.

n) Investment in Fixed Deposit

This relate to amounts invested in banks as short term deposits so as to earn interest within the year

The balances in the fixed deposit account is part of the bank balances reported in the financial statements under bank balances.

o) Contingent Liabilities

The entity does not recognise 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.

p) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ending June 30, 2021.

q) Significant judgements and sources of estimation certainty

The preparation of the entities financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. There were no significant judgements or assumptions that affected the entity.

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r) Budget Information IPSAS 24

The original budget for FY 2021-2022 was approved by the National Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations in June 2022 on the 2021-2022 budget following the governing body's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

s) Operating Risk

National Irrigation Authority did not have any operating lease obligation during the year under review.

t) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO and senior managers. Except as disclosed in financial statements, no transactions involving management and others requiring disclosure in the financial statements have been entered into. The identity of and balances and transactions with related parties have been properly recorded and when appropriate, adequately disclosed in the financial statements.

u) Work in Progress and Retained earnings adjustments

National Irrigation Authority undertakes construction of irrigation infrastructure as one of its core activities. During the construction period all expenses related to the construction works are accumulated under work in progress. After completion the projects are handed over to the beneficiary community. The total cost of construction and related expenses are then adjusted against retained earnings to write them off from the books. This is due to the fact that they are not part of Authority's assets.

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5. GOVERNMENT GRANTS

	2021-2022 KSH	2020-2021 KSH	IPSAS 1
Development	8,435,544,035	7,273,000,000	
Recurrent	246,000,000	249,999,996	
Other grants			
Total	8,681,544,035	7,522,999,996	

These are GOK grants for Development and recurrent expenditures received within the year under review

6. RENDERING OF SERVICES

	2021-2022 KSH	2020-2021 KSH	IPSAS 9
Operation and Maintenance Fee	179,721,508	52,796,184	
Total	179,721,508	52,796,184	

This refers to operation and maintenance fees charged to farmers for irrigation infrastructure maintenance.

7. SALE OF GOODS

	2021-2022 KSH	2020-2021 KSH	IPSAS 9
Paddy sales	55,221,493	41,545,850	
Farm Produce sales	3,527,317	15,729,186	
Sale of Water	719,450	1,315,846	
Electricity	2,000	6,600	
Sale of Fertilizer			
Maize Income	109,261,830	40,803,783	
Total	168,732,089	99,401,265	

These are revenues generated from various non-core activities as shown above

8. RENTAL REVENUES FROM FACILITIES & EQUIPMENT

	2021-2022 KSH	2020-2021 KSH	
Rental Income	5,980,826	9,864,950	
Rent of Machinery	4,238,700	3,867,211	
Ground Rent			
Guest house Income	1,321,705	454,995	
Total	24,808,168	17,745,400	
	36,349,398	31,932,556	

These are revenues generated from hiring out of machinery and facilities like the guest house in Mwea Scheme and MIAD Centre.

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9. FINANCE INCOME

	2021-2022 KSH	2020-2021 KSH
Interest Income	143,345,264	91,767,793

This is income generated from call deposit account and treasury bills.

10. OTHER INCOME

	2021-2022 KSH	2020-2021 KSH	IPSAS 9
Dividend Income			
Workshop Income	19,070	350,040	
Administration & Accountancy Fee	2,641,246	2,260,255	
Milling Income	23,430	568,604	
Other miscellaneous income	23,320,649	6,255,688	
Total	26,004,395	9,434,587	

These are revenues from miscellaneous sources, which are in most cases a one off revenue

11. USE OF GOODS AND SERVICES

	2021-2022 KSH	2020-2021 KSH	IPSAS 1
Casual Wages	127,229,458	135,432,735	
Staff Training	7,335,509	5,062,628	
Staff Uniforms	274,215	1,496,814	
Printing and Stationery	7,724,863	12,977,092	
Bank Charges	1,969,233	1,836,195	
Rents & Rates	453,000	650,869	
Subscriptions and Periodicals	1,743,480	1,468,480	
Advertising	5,392,343	7,741,427	
Telephone and Postages	20,046,203	12,393,956	
Internet charges	428,575	6,887,552	
Electricity Charges	41,844,124	34,175,314	
Water Charges	1,861,333	422,213	
Audit Fee	2,320,000	2,320,000	
Consultancies	9,029,716	74,427,442	
Travelling ,Meals & Accommodation	104,062,460	151,383,819	
Legal Fees	12,597,933	35,338,778	
Licenses	347,438	1,964,722	
Office Tea & Beverages	4,760,111	5,336,418	
Consumables	6,819,296	7,743,274	
Fuel, oils & Greases	16,445,882	134,806,470	
Agricultural expenses	45,960,685	65,718,318	
Hire of Equipment & Facilities	39,346,395	274,213,587	
Insurance	34,345,419	38,707,220	
Other expenses	8,337,158	14,969,688	
Total	500,674,829	1,027,475,011	

These are expenses incurred in the normal course of business as outlined in the expenditure description

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12. EMPLOYEE COST

	2021-2022 KSH	2020-2021 KSH	IPSAS 1
Salaries & Wages Basic	209,319,332	216,038,211	
Commuter Allowance	13,980,838	13,598,320	
Overtime Pay	2,040,481	6,842,490	
Leave Allowance	4,566,431	4,327,481	
Transfer Allowance	16,000		
N.S.S.F	638,400	2,324,200	
Medical Expenses	17,766,941	15,896,203	
Pension Employer	25,593,488	26,482,415	
House Allowance	53,741,968	52,313,389	
Gratuity	7,295,250	7,716,201	
Other Allowances	13,122,720	14,050,612	
Total	348,081,849	359,589,522	

These are costs related to employees in terms of salaries and allowances paid as part of the salary.

13. REMUNERATION OF DIRECTORS

	2021-2022 KSH	2020-2021 KSH	IPSAS 1
Directors Sitting Allowance	3,156,000	3,460,000	
Directors Mileage Allowance	306,323	126,029	
Directors Accommodation Allowance	1,729,000	1,237,600	
Directors Lunch Allowance	218,600	370,000	
Directors Training			
Directors Medical Insurance	27,141	-	
Airtime Allowance	64,000	158,000	
Chairman's Honoraria	674,666	960,000	
Total	6,175,730	6,311,629	

These are payments relating to directors as they carry out official assignments

14. DEPRECIATION

	2021-2022 KSH	2020-2021 KSH	IPSAS 1
Buildings depreciation	14,562,281	2,734,566	
Plant & Machinery depreciation	91,682,977	24,624,390	
Tractors & Vehicles depreciation	70,604,019	1,884,495	
Furniture & Fittings depreciation	3,665,877	3,729,590	
Computers & Accessories	3,208,521	2,492,964	
Amortization	6,935,352	2,451,591	

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Total	190,659,027	37,917,596
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These are depreciation expenses for each category of assets

15. REPAIRS AND MAINTENANCE

	2021-2022 KSH	2020-2021 KSH
Irrigation Works -Canals & Roads Maintenance	49,120,458	1,189,640,477
Motor Vehicles Maintenance	35,116,417	47,830,207
Plant , Equipment & Machinery Maintenance	14,883,387	48,409,125
Buildings Maintenance	35,649,942	87,253,303
Computers & Accessories Maintenance	13,835,740	11,382,959
Total	148,605,944	1,384,516,071

16. CONTRACTED SERVICE

	2021-2022 KSH	2020-2021 KSH
Hire of Security Guards	2,852,654	457,427
Security Services	282,264	3,318,342
Total	3,134,918	3,775,769

These expenses relate to outsourced security services from security firms.

17. IRRIGATION INFRASTRUCTURE DEVELOPMENT

	2021-2022 KSH	2020-2021 KSH
Community Project expenses	7,431,370,967	4,697,999,965

These are expenses incurred by the Authority in discharging its core activities of ensuring water is available to every irrigable acre.

18. GAIN ON DISPOSAL OF ASSETS

	2021-2022 KSH	2020-2021 KSH
Property, plant and equipment		1,150,060

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19. CASH AND CASH EQUIVALENTS

	2021-2022	2020-2021	
	KSH	KSH	
Cash Balances	500,058	2,772,398	
Bank Balances	2,001,318,716	2,680,797,460	
Total	2,001,818,774	2,683,569,858	

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

		2021-2022	2020-2021
FINANCIAL INSTITUTIONS	Account Number		
a) Current Account			
COOPERATIVE BANK			
COOPERATIVE BANK- NAIROBI BUSINESS CENTRE BRANCH			
Co-op Bank 217 Head Office	01136128012900	13,129,871	2,611,707
Co-op Bank Retention A/C Head Office	01136128012902	12,499,023	395,004,117
Cooperative Bank Recurrent A/C Head Office	01136128012901	21,934,550	3,056,731
COOPERATIVE BANK- SIAYA BRANCH			
Co-op Bank -Bunyala Irrigation Scheme	01141237592000	1,400	20,856,740
EQUITY BANK-KENYATTA AVENUE			
Equity bank-NIA Head Office	1290297813162	4,625,752	252,522,583
Equity Bank Galana Kulalu Food Sec. Project- H/O	1600280082813	22,284,084	4,252,674
EQUITY BANK -HOLA BRANCH			

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Equity Bank- Tana Irrigation Scheme	0580295576683	726,352	314,724
Equity Bank-Bura Irrigation Scheme	0580293746943	20,774	699,933
EQUITY BANK -THIKA BRANCH			
Equity Bank Eastern Regional Office	1600270952006	5,373,894	7,788,835
EQUITY BANK -MALINDI BRANCH			
Equity Bank Galana Kulalu Food Sec Project-Malindi	1600280082747	176,768	2,569,859
EQUITY BANK -MIGORI BRANCH			
Equity Bank-Lower Kuja Irrigation Dev. Project	1600280082704	33,426	1,644,412
ABSA BANK KENYA-QUEENSWAY BRANCH			
Absa Bank-Head Office Queensway House Branch	0945036826	86,124,690	145,094,732
ABSA BANK KENYA-KISUMU BRANCH			
Absa Bank Ahero Regional Office	0091010127	189,559	332,650
ABSA BANK KENYA-EMBU BRANCH			
Absa Bank Mwea Irrigation Scheme	0041196262		600
KENYA COMMERCIAL BANK			
KENYA COMMERCIAL BANK -HOLA BRANCH			
Kenya Commercial Bank- Tana Irrigation Scheme	1104605481	9,363,768	1,768,425
Kenya Commercial Bank- Bura Irrigation Scheme	1108161944	256,435	122,270
Kenya Commercial Bank- Bura Commercial Farm	1115111027	392	392
KENYA COMMERCIAL BANK-KISUMU BRANCH			
Kenya Commercial Bank Recurrent Ahero Irrigation Scheme	110828799	399,818	118,282

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Kenya Commercial Bank Development Ahero Irrigation Scheme	1125402237	135,525	1,539,581
Kenya Commercial Bank Bunyala Irrigation Scheme	1125401931	75,995	231,899
KENYA COMMERCIAL BANK-MWEA BRANCH			
Kenya Commercial Bank Recurrent Miad	1103977776	1,609,352	4,428,195
Kenya Commercial Bank Development Miad	1125550813	869,791	1,031,598
Kenya Commercial Bank Recurrent Mwea Irrigation Scheme	1103977458	11,284,578	16,348,262
Kenya Commercial Bank Development Mwea Irrigation Scheme	1125550775	6,657,334	3,046,822
Kenya Commercial Bank Miad Seed	1117094669	5,030,551	5,666,898
KENYA COMMERCIAL BANK- MARIGAT BRANCH			
Kenya Commercial Bank Recurrent Perkerra	1103663917	42,836	355,060
Kenya Commercial Bank Development Perkerra	1124921761	2,817	905,868
Kenya Commercial Bank ESP Perkerra	1124922237	33,558	93,915
KENYA COMMERCIAL BANK-LODWAR BRANCH			
Kenya Commercial Bank Katilu	1130948382	252,921	1,082,770
NCBA BANK			
NCBA HOUSE BRANCH			
NCBA Bank MIDP	1000584588	5,308,413	2,359,166
NCBA Bank Western Regional Office	1797370145	6,115	148,177
NCBA Bank Kenya Water Security & Climate Res. Project	1004150167	34,476,889	18,562,194
a) On- Call Deposits			
COOPERATIVE BANK- NAIROBI BUSINESS CENTRE BRANCH			
Co-op Bank -NIA Head Office	011501280012906/9	199,135,363	187,579,946
Co-op Bank-NIA Head Office	011501280012907/8	147,275,555	138,729,581
NCBA BANK			
NCBA House Branch	1797370014/70196	2,040,563	48,854,596
EQUITY BANK KENYATTA AVENUE			

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Equity Bank-NIA Head Office	1600379398616	-	107,947,38
Equity Bank-NIA Head Office (IVRCL)	1600380612492	1,409,940,005	1,303,125,88
SUB-TOTAL		2,001,318,716	2,680,797,460

b) Cash In Hand			
Cash in Hand Head Office		41,275	88,068
Cash in Hand Tana		74,699	15,194
Cash in Hand Ahero Reg		55	23,205
Cash in Hand Miad Seed		79,257	16,624
Cash in Hand Mwea		195,454	237,468
Cash in Hand Perkerra		7,250	111,554
Cash In Hand Bura		41,774	143,625
Cash in Hand Lower Kuja		29	26,797
Cash in Hand Miad		2,187	101,725
Cash in Hand Katilu		30	11,979
Cash in Hand Bunyala		5,033	43,936
Cash in Hand Eastern Regional Office		23,976	22,648
Cash in Hand Western Regional Office		46	2,651
Cash in Hand Galana		721	22,495
Mpesa Account Mwea		28,273	785,862
Mpesa Account -Tana			1,118,565
SUB-TOTAL		500,058	2,772,398
GRAND TOTAL		2,001,818,774	2,683,569,858

The bank balance amount refers to all monies held in all bank accounts of National Irrigation Authority. The cash balance refers to all monies held in cash form in all cash offices of National Irrigation Authority. Included in this figure is Ksh. 34,476,889 for Kenya Water Security and Climate Resilience Project.

20. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2021-2022	2020-2021	IPSAS 1
	KSH	KSH	
Staff Imprests	1,853,154	6,780,857	
Trade	122,185,611	164,007,447	
Farmers	406,571,211	345,139,749	
Others	190,760,238	188,692,948	
Provision for bad debts	-458,232,831	-458,232,831	
TOTAL	263,137,383	246,388,170	

These are amounts owed to the Authority, the provision for bad debts is for historical amounts dating before the year 1998 when the Authority retrenched its staff causing a lapse in document retrieval

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21. INVENTORIES

			IPSAS 12
	2021-2022	2020-2021	
	KSH	KSH	
General Store	12,284,279	10,041,541	
Workshop Store	32,980,554	25,885,311	
Input Store	56,896,381	75,056,273	
Paddy Store	26,440,253	6,967,310	
Farm Produce Store	445,020	16,943,098	
TOTAL	129,046,487	134,893,532	

These are the closing balances of inventories in various stores which include spares for motor vehicles, heavy equipment, maize, paddy stationery and other items for use by the Authority in discharge of its mandate.

22. FIXED ASSETS MOVEMENT SCHEDULE AS AT 30 JUNE 2022

									IPSAS 17
<u>COST:</u>	Irrigation Works & Sewerage	Freehold Land	Buildings	Plant Machinery	Computer Equipment	Furniture & Equipment	Tractors & Motor Vehicles	Total	
<u>COST 1 July 2020</u>	3,649,326,054	1,189,586,063	144,728,680	385,152,934	83,352,442	78,045,338	708,383,113	6,238,864,355	
Additions	14,638,018		4,709,583	4,012,600	821,060	6,416,541	7,405,200	38,003,002	
Disposals									
Adjustment									
<u>30th June 2021</u>	3,663,964,073	1,189,586,063	149,438,263	1,104,709,674	84,173,502	84,461,879	987,048,433	(8,076,315)	
<u>DEPRECIATION:</u>								994,880,575	
<u>1 July 2020</u>	-		61,169,695	277,699,412	78,654,391	66,797,588	279,336,435	(8,076,315)	
Charge			2,734,566	24,624,390	2,492,964	3,729,591	1,884,495	7,263,671,617	
Disposal	-	-					(8,051,375)	35,466,005	
<u>30th June 2021</u>	-	-	63,904,261	302,323,802	81,147,355	70,527,179	639,074,180	(8,051,375)	
<u>COST 1st July 2021</u>	3,663,964,073	1,189,586,063	149,438,263	1,104,709,674	84,173,502	84,461,879	987,048,433	1,157,266,508	
Additions			115,752,741	10,067,000	7,341,814	13,287,932		7,263,381,887	
Re-valuation			618,989,706	687,067,511					
Adjustment								146,449,487	
<u>30th June 2022</u>	3,663,964,073	1,808,575,769	952,258,515	1,114,776,674	91,515,316	97,749,811	(111,000)	1,306,057,217	
<u>DEPRECIATION/AMORTIZ:</u>								(111,000)	
<u>1st July 2021</u>	-	-	63,904,261	302,323,802	81,147,355	70,527,179	639,074,180	8,715,777,591	
Charge			14,562,281	91,682,977	3,208,521	3,665,877	70,604,019	-	
Adjustment							(62)	1,156,976,777	
Disposal								183,723,675	
<u>30th June 2022</u>	-	-	78,466,542	394,006,779	84,355,876	74,193,056	709,678,137	(62)	
<u>N.B.V 30th June 2022</u>	3,663,964,073	1,808,575,769	873,791,973	720,769,895	7,159,439	23,556,755	277,259,296	1,340,700,390	
<u>N.B.V 30th June 2021</u>	3,663,964,073	1,189,586,063	85,534,002	802,385,872	3,026,146	13,934,700	347,974,253	7,375,077,200	
								6,106,405,109	

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Re-Valuation

Revaluation of buildings and land was carried out by Ministry of Lands and Physical Planning on 30 June 2021. The fixed assets register was updated on 1 July, 2021.

23. INTAGIBLE ASSETS MOVEMENT SCHEDULE AS AT 30 JUNE 2022

COMPUTER SOFTWARE FOR WAN, LAN AND ERP	
Cost 1 July 2020	132,064,403
Additions	20,914,565
Disposals	
Revaluation	
30th June 2021	152,978,968
DEPRECIATION:	
1st July 2020	120,724,990
Charge	2,451,592
Revaluation	
Disposal	
30th June 2021	123,176,583
N.B.V 30th June 2021	29,802,386
Cost 1 July 2021	152,978,968
Additions	1,825,956
Disposals	
Revaluation	
30th June 2022	154,804,924
DEPRECIATION:	
1st July 2021	123,176,583
Charge	6,935,352
Revaluation	
Disposal	
30th June 2022	130,111,935
N.B.V 30th June 2022	24,692,990

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The intangible assets referred to in this note are the various softwares procured by National Irrigation Authority e.g. ERP system, fleet management system and GPRS systems.

24. WORK IN PROGRESS

	2021-2022	2020-2021	
	KSH	KSH	
Work in progress b/f	23,156,618,537	22,454,890,691	
Additions during the period	4,508,779,275	2,435,019,760	
Capitalization of assets from WIP	-	(443,665,000)	
Expensing of community projects from WIP	-		
WIP write off	(960,618)	(1,289,626,914)	
WIP adjustments	(421,302,766)		
	27,243,134,428	23,156,618,537	

Work in progress refers to ongoing projects on irrigation infrastructure development which have not been handed over to the beneficiary community while assets handed over to the Authority are capitalized. Refer to policy 'v' on page 10 for disclosure and treatment.

25. INVESTMENT MORTGAGE

		2021-2022	2020-2021	IPSAS 30
		KSH	KSH	
Investment in Kenya Development Bank				
Balance B/F		201,811,286	200,590,788	
Interest for the period		638,009	1,220,498	
		202,449,295	201,811,286	

26. LONG TERM INVESTMENTS

	2021-2022	2020-2021	
	KSH	KSH	
Mwea Rice Mills Ltd. 55% shareholding 137,500 shares of Ksh 20 Par Value	2,750,000	2,750,000	
Western Kenya Rice Mills Ltd 60% shareholding 252,000 shares of Ksh 100 Par Value	25,200,000	25,200,000	
	27,950,000	27,950,000	

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27. PAYABLES FROM EXCHANGE TRANSACTIONS

	2021-2022	2020-2021	IPSAS 1
	KSH	KSH	
Trade	1,274,256,534	1,107,506,464	
Contractors	531,423,251	156,927,264	
Consultants	139,503,836	49,320,429	
Gratuity Provision	10,681,622	8,628,068	
Others	71,412,568	52,585,056	
TOTAL	2,027,277,811	1,374,967,281	

Payables from exchange transactions refer to obligations by National Irrigation Authority to various service providers as categorised above. Included in the figure of trade payables is **Ksh 1,122,896,488** for Retention.

28. RETAINED EARNINGS

	2021-2022	2020-2021	IPSAS 1
	KSH	KSH	
Balance b/f	18,362,212,922	17,778,943,623	
Excess/Deficit for the year	606,993,425	291,896,878	
Retained earnings adjustment	108,852,363	291,372,420	
Balance c/f	19,078,058,710	18,362,212,922	

The retained earnings refers to accumulated excess of revenue over expenditure. The adjustments in the retained earnings refer to prior period adjustments for revenues or expenditures not captured.

29. REVALUATION RESERVE

	2021-2022	2020-2021	
	KSH	KSH	
Balance brought forward	257,204,201	-	
Revaluation of Plant Machinery	-	35,532,365	
Revaluation of Tractors and Motor vehicles	-	221,671,836	
Revaluation of Land	618,989,706		
Revaluation of Buildings	687,067,511		
Balance C/Forward	1,563,261,418	257,204,201	

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The revaluation reserve refers to revaluation gain on Land and Buildings.

30. CAPITAL FUND

	2021-2022 KSH	2020-2021 KSH
Balance brought forward	734,695,649	694,921,649
Additions during the year	(9,070,500)	39,774,000
Balance C/Forward	725,625,149	734,695,649

The additions to capital fund during the year refers to donations of fertilizer by Yara East Africa Ltd to Bura Irrigation Scheme.

31. JICA FUND

	2021-2022 KSH	2020-2021 KSH	IPAS 5
Balance b/f	6,939,603,082	5,715,751,553	
Received within the year	1,639,898,214	1,223,851,530	
Adjustments	21,454,146	-	
Balance c/f	8,600,955,442	6,939,603,082	

The cumulative amounts refer to Loans and Grants from the Government of Japan to the Kenya government for construction of Thiba dam. The amount is not captured as a loan in NIA's books since NIA is just an implementing agent and the loan is to the National Treasury.

32. BADEA FUND

	2021-2022 KSH	2020-2021 KSH	IPAS 5
Balance brought forward	682,309,701	644,107,484	
Received within the year	213,704,191	38,202,217	
Adjustments	(442,756,892)		
Balance C/Forward	453,257,000	682,309,701	

This is a loan to the Kenya Government from BADEA, for development of Bura Gravity System.

33. KUWAIT FUND

		IPAS 5

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	2021-2022	2020-2021	
	KSH	KSH	
Balance brought forward	584,262,368	555,432,145	
Received within the year	37,322,009	28,830,223	
Adjustments	(377)		
Balance C/Forward	621,584,000	584,262,368	

This is a loan to the Kenya Government from Kuwait Government, for development of Bura Gravity System.

34. OFID FUND

		2021-2022	2020-2021	IPAS 5
		KSH	KSH	
Balance brought forward		181,342,912	150,773,312	
Received within the year		214,591,731	30,569,600	
Adjustments		357		
Balance C/Forward		395,935,000	181,342,912	

This is a loan to the Kenya Government from Ofid, for development of Bura Gravity System.

35. DOUBLE CROP GRANT

		2021-2022	2020-2021	IPSAS 1
		KSH	KSH	
Kenya Government Grant in respect of Mwea		27,707,439	27,707,439	
		27,707,439	27,707,439	

The grant was for the double crop in Mwea Scheme which was irredeemable and interest free hence the amount remains constant.

36. BANK OF LEUMI ISRAEL

	2021-2022	2020-2021	IPAS 5
	KSH	KSH	
Balance brought forward	3,443,133,322	3,443,133,322	
Received within the year			
	3,443,133,322	3,443,133,322	

This is a loan from Israel Government for development of Galana Kulalu food security project

37. FIEM-SPANISH FUND

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	2021-2022 KSH	2020-2021 KSH	IPAS 5
Balance brought forward	-	-	
Received within the year	330,511,266	-	
Balance C/Forward	330,511,266	-	

38. RELATED PARTY BALANCES

IPSAS 20

a) Nature of related party relationship

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

- i) National Government
- ii) Ministry of Water & Irrigation
- iii) Board members
- iv) Key Management

b) Transactions with related parties

	2021-2022 KSH	2020-2021 KSH
Transfers from Ministry of Water & Irrigation parties	8,681,544,035	7,522,999,996
Net Balance	8,681,544,035	7,522,999,996

c) Key Management remuneration

	2021-2022 KSH	2020-2021 KSH
Directors	6,175,730	6,311,629
Key Management remuneration		
Net Balance	6,175,730	6,153,629

39. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses

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on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

1. Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount	Fully performing	Past due	Impaired
At 30 June 2022	Ksh		Ksh	Ksh
Receivables from exchange transactions	721,370,214	263,137,383	458,232,831	458,232,831
Receivables from non-exchange transactions				
Bank balances	2,001,387,426	2,001,387,426		
Total	2,722,757,640	2,264,524,809	458,232,831	458,232,831
At 30 June 2021		-		
Receivables from exchange transactions	704,621,000	246,388,169	458,232,831	458,232,831
Receivables from non-exchange transactions	-			
Bank balances	2,674,184,885	2,674,184,885		

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Total	3,378,805,885	2,920,573,054	458,232,831	458,232,831
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The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from farmers

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

2. Liquidity Risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KSh	KSh	KSh	KSh
At 30 June 2022				
Trade payables	1,232,337,154	522,420,573	272,520,084	2,027,277,811
Total				
At 30 June 2021				
Trade payables	835,798,367	354,332,025	184,836,889	1,374,967,281
Total	835,798,367	354,332,025	184,836,889	1,374,967,281

3. Market Risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments. During the year there were no foreign exchange risks.

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant. During the year NIA did not operate in foreign currency.

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits. During the year NIA was not exposed to interest rate risk

Management of interest rate risk

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

Sensitivity analysis

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The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KSh A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Fair value of financial assets and liabilities

a) **Financial instruments measured at fair value**

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

Fair value of financial assets and liabilities

a) **Financial instruments measured at fair value (Continued)**

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

At 30 June 2022	Level 1 KSh	Level 2 KSh	
Non- financial Assets			
Investment property	27,950,000.00	27,950,000.00	
Land and buildings	2,630,230,458	2,630,230,458	

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At 30 June 2021			
Non- financial Assets			
Investment property	27,950,000.00	27,950,000.00	
Land and buildings	4,918,818,436	4,918,818,436	

There were no transfers between levels 1, 2 and 3 during the year.

Fair value of financial assets and liabilities

a) Financial instruments not measured at fair value (Continued)

Disclosures of fair values of financial instruments not measured at fair value have not been made

as the carrying amounts are a reasonable approximation of their fair values.

4. Capital Risk Management

	2021-2022	2020-2021	
	KSh	KSh	
Revaluation reserve	1,563,261,418	257,204,201	
Retained earnings	19,078,058,710	18,362,212,922	
Capital reserve	725,625,149	734,695,649	
Total funds	21,366,945,277	19,354,112,772	
Total borrowings	-	-	
Less: cash and bank balances	(2,001,818,774)	(2,683,569,858)	
Net debt/(excess cash and cash equivalents)	19,365,126,503	16,670,542,914	
Gearing			

40. CONTINGENT LIABILITY

The Authority entered into lease of land however, the Authority has contested the agreement since it was unfavourable. The liability has not been recognized in the books till the matter is settled. NIA has since written to the parent Ministry requesting for the reconsideration of the lease agreement as the implementation of the project, NIA was to develop the irrigation infrastructure and hand over to Agricultural Development Corporation for production.

41. EVENTS AFTER REPORTING PERIOD

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

42. ULTIMATE AND HOLDING ENTITY

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National Irrigation Authority is a State Corporation under the Ministry of Water, sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

43. CURRENCY

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

13. APPENDICES

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL'S RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue /Observations from Auditor	Management Comments	Status	Timeframe
1	<p>Long Outstanding Receivables</p> <p>The statement of financial position as at 30 June, 2021 reflects receivables from exchange transactions totaling Kshs.246,388,170 as disclosed in Note 20 to the financial statements. This balance is net of Kshs.458,232,831 specific provision for bad debts for the year under review. A review of the debtors' ledger reflects debts that have been outstanding for over five (5) years. However, no recoveries were made in the year under review casting doubt on their recoverability. There was no evidence of any measures taken by Management to recover these long outstanding debts, and whose recoverability is doubtful. Further, no provision for bad and doubtful has been made to the other debtors totaling Kshs.246,388,170.</p> <p>In the circumstances, it was not possible to confirm full recoverability of the</p>	<p>A board paper was prepared and presented to the Board seeking approval to initiate the process of writing off the figure of Kshs.458,232,831, which has been outstanding for long. On approval by the Board, a letter was sent to the Ministry for further approval.</p>	<p>Not Resolved</p>	<p>F/Y 2022/2023</p>

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	receivables balance of Kshs.246,388,170 as at 30 June, 2021.		
2	<p>Payables from Exchange Transactions</p> <p>2.1 Long Outstanding Payables from Exchange Transactions</p> <p>The statement of financial position reflects payables from exchange transactions totaling Kshs.1,374,967,281 as disclosed in Note 27 to the financial statements. Included in this balance are payables totaling Kshs.176,771,307 that have been outstanding for a period exceeding 360 days. It is not clear, and Management has not indicated, how they intend to settle these long outstanding payables. Failure to pay long outstanding payables to creditors may have affected the liquidity of these creditors and ability to sustain their businesses. This may have contributed to the overall slowing down of the economic growth of the wider national economy.</p> <p>In the circumstances, settlement, and validity of the payables balance of Kshs. 176,771,307 as at 30 June, 2021 could not be confirmed.</p>	<p>a)The figure of Kshs.176,771,307 which represents payables as at 30th June 2021 was due to the fact that quarter four exchequer came in late year. Hence most of the payments were done in the current financial year 2021-2022.</p>	Resolved

2.2	Utilization of Retention Funds for Operations. The statement of financial position reflects payables from exchange transactions totaling Kshs. 1,374,967,281 which includes contractors' retention money amounting to Kshs. 930,740,029. However, the balance of the retention money held in the bank as at 30 June, 2021 was Kshs. 326,309,527, thus resulting to unreconciled/unexplained variance of Kshs. 604,430,502. Further, retention amount has been included in the total payables instead of disclosing it separately. In the circumstances, the accuracy and completeness of retention funds of Kshs. 930,740,029 could not be confirmed.	Resolved
	b) The figure of Ksh 930,740,029 refers to the total outstanding retention amount as per the general ledger. However, the difference of Kshs.890,166,879 between the ledger balance and the bank account balance of Ksh. 40,573,150 is due to internal borrowings to facilitate completion of projects as NIA waits for release of exchequer from the National Treasury. The borrowed funds are refunded once the exchequer is received from the National treasury.	

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Reference No. on the external audit Report	Issue /Observations from Auditor	Management Comments	Status	Timeframe																																									
3.3.1	<p>Property, Plant and Equipment</p> <p>Lack of Ownership Documents for Land</p> <p>The statement of financial position and as disclosed in Note 22 to the financial statements reflect property, plant and equipment balance of Kshs.6,106,405,109. Included in this balance is freehold land with a book value of Kshs.1,189,586,063, However, this balance excludes seven (7) parcels of trust land for various schemes totaling 75,509 acres, as detailed below.</p>	<p>a) It is true that the property plant and equipment excludes the value of land in the seven Irrigation Schemes. This is because NIA holds in trust the said land through gazette notices. The land includes farmlands which are being cultivated by the Scheme farmers, the land where public utilities such as schools and hospitals are located and the land where NIA's offices and facilities are located. The land is omitted from the fixed asset register as the Authority does not have the title deeds.</p> <p>The Acreage of land in every scheme: Table I</p> <table border="1"> <thead> <tr> <th>Scheme</th> <th>County</th> <th>Size (Acres)</th> <th>Area in Acres</th> </tr> </thead> <tbody> <tr> <td>1 Mwea</td> <td>Kirinyaga</td> <td>30,350</td> <td>4,350</td> </tr> <tr> <td>2 Bura</td> <td>Tana River</td> <td>16,750</td> <td>1,734</td> </tr> <tr> <td>3 Tana</td> <td>Tana River</td> <td>12,000</td> <td></td> </tr> <tr> <td>4 Perkerra</td> <td>Baringo</td> <td>5,875</td> <td>16,750</td> </tr> <tr> <td>5 Ahero</td> <td>Kisumu</td> <td>4,350</td> <td>12,000</td> </tr> <tr> <td>6 West Kano</td> <td>Kisumu</td> <td>4,450</td> <td>5,875</td> </tr> <tr> <td>7 Bunyala</td> <td>Busia / Siaya</td> <td>1,734</td> <td>30,350</td> </tr> <tr> <td>Total</td> <td></td> <td>75,509</td> <td>4,450</td> </tr> <tr> <td></td> <td></td> <td></td> <td>75,509</td> </tr> </tbody> </table> <p>The National Land Commission requested the Authority to provide it with approved survey plan for the schemes to enable processing of ownership documents on 24 January, 2018. However, management was yet to provide to</p>	Scheme	County	Size (Acres)	Area in Acres	1 Mwea	Kirinyaga	30,350	4,350	2 Bura	Tana River	16,750	1,734	3 Tana	Tana River	12,000		4 Perkerra	Baringo	5,875	16,750	5 Ahero	Kisumu	4,350	12,000	6 West Kano	Kisumu	4,450	5,875	7 Bunyala	Busia / Siaya	1,734	30,350	Total		75,509	4,450				75,509	Not Resolved	F/Y 2022/2023	
Scheme	County	Size (Acres)	Area in Acres																																										
1 Mwea	Kirinyaga	30,350	4,350																																										
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7 Bunyala	Busia / Siaya	1,734	30,350																																										
Total		75,509	4,450																																										
			75,509																																										

Below are the gazette notices that set apart the scheme land.

NO	SCHEME	LEGAL STATUS	Documents

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<p>the National Land Commission with the approved survey plan for the Schemes. In the circumstances, the completeness, accuracy and ownership of the free hold land of Kshs.1,189,586,063 could not be confirmed.</p>	1.	Ahero	Gazetted	Set Apart through Gazette Notice No. 2163 of 1968
	2.	Bunyala	Community land	
	3.	Bura	Gazetted	Set Apart through Gazette Notice No. 2480 of 1985
	4.	Tana	Gazetted	Set Apart through Legal Notice No. 274 of 1963
	5.	Perkera	Gazetted	Set Apart through Gazette Notice No. 4643 of 1959
	6.	Mwea	Gazetted	Set Apart through Gazette Notices Nos. 3090, 3093, 3094, 3095, 3096, 3097, 3098, 3099, 3100, 3101, 3102, 3103 of 1960
	7.	West Kano	Gazetted	Set Apart through Gazette Notice No 922 of 1976

	<p>The Authority has plans to engage the National Land Commission (NLC) to assist in securing title deeds for these facilities. The valuation will be done after the titles have been obtained. Due to the fact that the issue has been recurring, the Management has decided to undertake the following as the way forward:</p> <ol style="list-style-type: none"> i. Approach the National Land Commission to advice on way forward. ii. NLC to have the land surveyed and de-Gazetted. iii. Seek advice and grant necessary approval in pursuit of this matter. <p>The NLC to give any other relevant information and approval on the way forward.</p> <p>Understatement of Freehold Land</p> <p>The statement of financial position and as disclosed in Note 22 to the financial statements reflect property, plant and equipment balance of Kshs.6,106,405,109. Included in this balance is freehold land with a book value of Kshs.1,189,586,063. However, this balance excludes unknown value of land where Unyonyizi house (head office) is situated. Further, the balance of freehold land of Kshs.1,189,586,063 includes an amount of Kshs.27,410,294 in respect to renovation materials for head office main block. And this</p>
	<p>Resolved</p>

3.3	<p>parcel of land is excluded in the fixed asset register. Consequently, the accuracy and completeness of freehold land of Kshs.1,189,586,063 as at 30 June, 2021 could not be confirmed</p> <p>Tractor without Ownership Documents</p> <p>The statement of financial position reflects property, plant and equipment netbook value of Kshs.6,106,405,109 and as disclosed in Note 22 to the financial statements which includes additions to assets of Kshs.38,003,002. Included in this figure is Kshs.7,405,200 in respect to acquisition of motor vehicles (2 New Holland farm tractors) from CMC Motors group Ltd for lower Kuja irrigation scheme. Management indicated that the tractors are registered as KCT 692Y and KCT 691Y respectively. However, the logbooks for these motor vehicles were not presented for audit review.</p> <p>In the circumstances, the completeness and ownership of the two tractors included in the additions of assets valued at Kshs.7,405,200 could not be confirmed.</p>	<p>c) The logbooks for KCT 692Y and KCT 691Y are available.</p>	Resolved	F/Y 2022/2023
4	<p>Undisclosed Liability on Leased Land for Galana Kulalu</p> <p>The statement of financial position and as disclosed in Note 27 to the financial statements reflects payables from exchange transactions of Kshs.1,374,967,281. The Authority entered</p>	<p>The Authority is still awaiting communication from the parent Ministry on the way forward on this matter. It's the opinion of the Authority that since the land belongs to Agricultural Development Corporation (ADC) and National Irrigation Authority(NIA) is developing infrastructure to hand</p>	Not Resolved	

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	<p>into a Land lease agreement with Agricultural Development Corporation (ADC) dated 7 April, 2014. According to the Agreement, the Authority was to lease 20,000 acres of land under the Galana Kulalu Irrigation Project, at a total cost of Kshs. 480,000,000. Further, review of records provided for audit revealed that the Authority made an initial payment of Kshs.150,000,000 to the Corporation. The balance of unpaid rent totaling Kshs.330,000,000 has not been recognized as a liability in the financial statements as at 30 June, 2021.</p> <p>Further as disclosed in Note 39 to the financial statements, the Authority did not recognize the liability but contested the terms of the Agreement as unfavourable, and wrote to the parent Ministry requesting for reconsideration of the terms of the lease agreement. The authority argued that the project entailed development of the irrigation infrastructure, and thereafter handing it over to the Corporation. Management however, indicated that, since the land belongs to the Agricultural Development Corporation and the Authority was only developing infrastructure to hand them over to the Corporation for production, the Authority was not justified to pay for the lease.</p> <p>In addition, the Agricultural Development Corporation disclosed an un-accrued debtor of Kshs. 273.6 million under Note 34 to its</p>	<p>over to ADC for production thereby handing value to the land, it's not justified to pay lease. NIA is demanding reimbursement of the already paid amount on lease of Kshs 150 million.</p>
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<p>financial statements. The amount relates to the stopped lease executed for Galana Kulalu Food Security Project since some of the lessees went to court to protest the leases. The ADC management considered it not prudent to continue accruing revenue from these leases until the uncertainties were resolved. However, the amount disclosed by ADC of Kshs. 273.6 million varies with the amount recognized by the Authority of Kshs. 330 million by an unexplained difference of Kshs. 56,400,000. In the circumstances, the accuracy and completeness of payables from exchange transaction could not be confirmed.</p> <p>1. Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 7,818,500,000 and Kshs. 7,809,263,241 respectively resulting to an under-funding of Kshs. 9,017,560. Similarly, the authority spent Kshs. 7,517,585,563 against an approved budget of Kshs. 7,818,500,000 resulting to an under-expenditure of Kshs. 300,914,437 or 4% of the budget. The under-funding and under-performance affected the planned activities and may have affected negatively on service delivery to the public.</p>	<p>Resolved</p> <p>The under-collection was due to hard economic times due to COVID-19 pandemic as farmers were unable to produce to their full capacity hence low recoveries of Operations and Maintenance (O & M) fees. The error which occurred under statement of comparison of budget and actual during preparation of financial statements indicating that the budget had been adjusted has been corrected. The under absorption of Kshs. 227,803,798 was due to the delayed receipt of quarter four exchequer and we had to close the financial year leading to delayed payments.</p>	

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1.	Galana Kulalu Food Security Project-Kilifi / Tana River Counties				
1.1	Delay in Completion of Galana Kulalu (Lot 1) Project	<p>The Authority awarded contract for construction works for Galana Model Farm Lot 1: Electro Mechanical Works in Tana River County to an International firm at a contact sum of Kshs.131,221,044. The contract agreement was signed on 26 January, 2021 and the works commenced on 28 February, 2021 for a period of 12 months up to 28 February, 2022. Later the contractor was granted an extension period of 3 months up to 28 May, 2022.</p> <p>However, a report by an inspection Committee that visited the project on 15 March, 2022, indicated that the project works were still ongoing, with the overall project progress being at only twenty-five per cent (25%). Audit verification on the project conducted on 11 May, 2022 indicated that the works were still ongoing. In the circumstances, it was not possible to confirm that the project will be completed within schedule and realize its objectives without cost overruns.</p>	<p>a) The National Treasury did not honour the commitment of additional funding of Kshs. 600,000,000 resulting in delayed payments to the contractor. Hence the progress of work is slow and the contract has been extended to new completion date is December 2022.</p>	<p>Not Kshs. Resolved</p>	F/Y 2022/2023

			Not Resolved	F/Y 2022/2023
1.2	<p>Delay in Completion of Galana Kulalu (Lot 2) Project</p> <p>The Authority awarded Lot 2 contract for civil works at a contract price of Kshs. 665, 702,574. The contract was signed on 27 January 2021 and the project works commenced on 28 February 2021. The contract was expected to be completed in 12 months with an expected end date of 28 February 2022.</p> <p>However, a report by an inspection Committee that visited the project on 16 March, 2022, indicated that the project works were still ongoing, with the overall project progress at only sixty-five per cent (65%) yet the time for the contract had already lapsed. Audit verification of the project conducted on 11 May, 2022 indicated that the works were still ongoing.</p> <p>It is not clear why the Management awarded the two different contracts to one firm instead of different firms to avoid delayed completion that may be due to the firm's capacity constraints to handle the two major projects simultaneously.</p> <p>In the circumstances, it was not possible to confirm that the project will be completed within schedule, and realize its objectives without cost overruns.</p>	<p>b) The National Treasury did not honour the commitment of additional funding of Kshs. 600,000,000 resulting in delayed payments to the contractor. Hence the progress of work is slow and the contract has been extended to new completion date is December 2022</p>		

1.2	Under-Utilization of 20,000 Acres Leased Land	<p>The Lease Agreement between Agriculture Development Corporation and National Irrigation Authority dated 7 April, 2014, in relation to the Galana Kulalu Food Security Project, indicates that, the latter was to lease from the former, 20,000 acres of land. However, the Contract Agreement between the contractor and the Authority reflects that only 10,000 acres of land was to be utilized. The remaining 10,000 acres are idle and will remain idle since they were not included in the model farm programme. However management has indicated that the land is to be used to put up contractor's camp site, employer's facilities and camp, the logistic center and machinery. In the circumstances, the Authority may not have received value for money from the leased land.</p>	<p>c) The lease of the 20,000 acres in Galana was informed by the available water in the Galana River which can irrigate 20,000 acres. The model farm is utilized the remaining area to put up contractor's camp sites, employers' facilities and camp, the logistics centre, machinery yards etc. and therefore the land is not idle. All the leased land is under utilization under the model farm, employers facilities, contractors camp.</p>	Resolved
2	Sustainability of Community Irrigation Development Projects	<p>The statement of financial performance reflects irrigation infrastructure development expenses of Kshs.4,697,999,965 and as disclosed in note 17 to the financial statements. This expenditure relates to irrigation development for various irrigation programmes, which include; Household water harvesting projects, water storage tanks and dams, and other irrigation</p>	<p>All the completed irrigation projects are under production and return on investment on most of the infrastructure which is the responsibility of the farmers together with the security of the installed infrastructure. The National Irrigation Authority oversees the formation of Irrigation Water Users Associations (IWUAs) who have executive committee members to oversee the irrigation activities of the farmers. The key responsibilities are management of water distribution,</p>	Resolved

	<p>projects. Verification of completed and handed over projects revealed the following:</p> <p>(i) Some of the projects although complete, have not been put into use and the projects piping had been vandalized and stolen.</p> <p>(ii) There was no maintenance of the handed over projects and some pans and dams were filled with silt.</p> <p>(iii) Some project fences and gates were damaged and had not repaired. The excavated soil had filled back into the pans and dams due to soil erosion.</p> <p>(iv) Some water pans were not put into beneficial agricultural use by the farmers because of lack of funds to buy water pumps and seedlings.</p> <p>Although the Authority had incurred huge amounts of funds in the development of the irrigation infrastructure, value for money derived from completed projects by the community may not be commensurate with the funds invested.</p> <p>In the circumstances, the sustainability in the long run of the irrigation development projects could not be confirmed.</p>	<p>maintenance of irrigation infrastructure, management of operation and management (O.M) fee paid by the farmers, application and payment for water fee, securing of wayleaves for installation of irrigation infrastructure and land to put up scheme offices, engagement of stakeholders, sourcing of funds amongst many other functions.</p> <p>NIA has on recently embarked on targeted further trainings for the IWUAs to enhance the capacity of the IWUAs for them to perform the above mandate effectively in order to ensure proper operations of the projects.</p>
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Reference No. on the external audit Report	Issue /Observations from Auditor	Management Comments		
		Status	Timeframe	
3	<p>Anomalies Household Irrigation Water Storage Projects</p> <p>The statement of financial performance reflects Irrigation Infrastructure development projects of Kshs.4, 697,999,965 and as disclosed in Note 17 to the financial statements. Included in this expenditure is Kshs.376,480,683 for household Irrigation water storage projects. However, audit inspections on sampled household irrigation projects in March, 2022, revealed the following:</p> <ul style="list-style-type: none"> • The household water pans were not fenced as required by the water pan construction agreement. • The household water pans in Mwea Ward on Embu County and Mutongui and Kivou in Kitui County needed dam lining material due to the poor water retention by the soil as evidenced by the dry water pans. • Most of the farmers did not have water pump therefore, they could <p>During the identification process of the beneficiaries of the household water pans, there is a comprehensive sensitization and community involvement during which the responsibilities and roles of both the National Irrigation Authority and the farmers are agreed, signed and the farmers commit to implement. Some of the commitments which the farmers are immediate fencing of the water pans once constructed, undertaking water conservation measures by planting grass on the embankment to prevent or minimize soil erosion, installation of liners to minimize seepage and purchase of motorized or solar pumps to support irrigation activities. In most of the sites the beneficiaries have undertaken in some areas to support catchment protection. Farmers are continuously being sensitized on the roles. Due to land availability, some of the sites of the water pans could be outside the household but the stored water is pumped to irrigation adjacent plots. The project has been a big success and changed lives in many households in the Arid and Semi-Arid regions where rain fed agriculture is very unreliable.</p>	Resolved		

	<ul style="list-style-type: none"> not pump water to the entire farm to achieve the maximum irrigation potential. There were no trees planted around the household water pans to hold the soil as was required by the water pan construction agreement. Five of the household water pan projects constructed in Maragua (Murang'a county) were constructed in an open field where there was no household nearby and evidence of any agricultural activity, hence the water pans were misplaced. <p>In the circumstances, no value for money may have been achieved by the communities for the water projects.</p>		<p>Resolved</p> <p>The obligations were in respect of loans advanced to the staff by external loaning institutions. Necessary action has been taken to ensure compliance to the Rule.</p>
4	<p>Non-Adherence to a Third Rule on Salary Deductions</p> <p>Review of the Authority's payroll for the year ended 30 June, 2021 revealed that net pay for seventy-nine (79) employees totalling to Kshs.964,965 was less than a third of their corresponding basic pay of Kshs.1,653,121. This is contrary to Section 19 (3) of the Employment Act,</p>		

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<p>on the same to the committee within a reasonable time.</p> <p>In the circumstances, the Management was in breach of the Law.</p>	<p>2. Prolonged Acting Capacity Positions</p> <p>During the year under review, the Authority had 19 staff members who were on acting positions in different levels in the organization for more than six months. This is contrary to the Public Service Commission Act, 2017 Section (34) (3) which states that an officer may be appointed in an acting capacity of at least thirty days but not exceeding a period of six months.. In the circumstances, Management was in breach of the Law.</p>	<p>The below-mentioned officers have been appointed in various acting capacities;</p> <table border="1"> <thead> <tr> <th>Personal No.</th><th>Staff Name</th><th>Job Description</th><th>Job Group</th><th>Acting Job Group</th><th>Duration as Acting</th></tr> </thead> <tbody> <tr> <td>3045</td><td>FLORENCE WANZA NGUNGU</td><td>Senior Shorthand Typist</td><td>NIB08</td><td>NIA 07</td><td>67months</td></tr> <tr> <td>3055</td><td>BETH WAMBUI CHIURI</td><td>Administrative Assistant</td><td>NIB07</td><td>NIA 06</td><td>18months</td></tr> <tr> <td>3073</td><td>EVELINE AKOTH</td><td>Procurement & Supplies Officer</td><td>NIB06</td><td>NIA 05</td><td>18months</td></tr> <tr> <td>3126</td><td>MALONZA MUNYOKI</td><td>Procurement Assistant</td><td>NIB10</td><td>NIA 09</td><td>9months</td></tr> <tr> <td>3144</td><td>VINCENT K. KIPNGETICH</td><td>Officer-In-Charge</td><td>NIB07</td><td>NIA 05</td><td>48months</td></tr> <tr> <td>3190</td><td>PAULINE NJERI GICHOB</td><td>Copy Typist</td><td>NIB10</td><td>NIA9</td><td>12months</td></tr> </tbody> </table>	Personal No.	Staff Name	Job Description	Job Group	Acting Job Group	Duration as Acting	3045	FLORENCE WANZA NGUNGU	Senior Shorthand Typist	NIB08	NIA 07	67months	3055	BETH WAMBUI CHIURI	Administrative Assistant	NIB07	NIA 06	18months	3073	EVELINE AKOTH	Procurement & Supplies Officer	NIB06	NIA 05	18months	3126	MALONZA MUNYOKI	Procurement Assistant	NIB10	NIA 09	9months	3144	VINCENT K. KIPNGETICH	Officer-In-Charge	NIB07	NIA 05	48months	3190	PAULINE NJERI GICHOB	Copy Typist	NIB10	NIA9	12months
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3055	BETH WAMBUI CHIURI	Administrative Assistant	NIB07	NIA 06	18months																																							
3073	EVELINE AKOTH	Procurement & Supplies Officer	NIB06	NIA 05	18months																																							
3126	MALONZA MUNYOKI	Procurement Assistant	NIB10	NIA 09	9months																																							
3144	VINCENT K. KIPNGETICH	Officer-In-Charge	NIB07	NIA 05	48months																																							
3190	PAULINE NJERI GICHOB	Copy Typist	NIB10	NIA9	12months																																							

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	3201	LOISE WANJIKU KAHIGA	Senior Irrigation Engineer	NIB05	NIA4	12months	
	3206	STEPHEN W. MUTINDA	Irrigation Engineer 1	NIB06	NIA 05	18months	
	3210	PETER OMUNDI ORUA	Irrigation Engineer 1	NIB06		12months	
	3218	KENNEDY OUMA	Officer-In-Charge	NIB07	NIA 06	12months	
	3248	DANIEL M. NZONZO	Snr Officer, Corporate Communication	NIB05	NIA 04	18 months	
	3058	INNOCENT A. ARIEMBA	Scheme Manager	NIB05	NIA 04	18 months	
	The Authority has now confirmed all the above officers.						
3.	Prolonged Secondment Of Other Officers To The Authority		<p>As a result of the change in policy, the ministry was left to deal with policy issues while projects were left for the Irrigation Authority to implement. In this regard, the technical officers responsible for the implementation of projects were deployed to NIA. Attached is the letter from the Ministry of Agriculture, Livestock & Fisheries deploying the officers.</p>				
	<p>On 1 December, 2014 the ministry of agriculture, livestock and Fisheries State department of Agriculture, deployed 29 technical staff to the National Irrigation Authority to enable the authority to have the capacity to carry out its mandate. The deployment was with understanding that these arrangements will be made that these officers will be absorbed by National Irrigation Authority.</p> <p>However, at the time of audit in the month of March, 2022, seventeen (17) technical officers were still on</p>						

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secondment for a period exceeding six (6) years without renewal or absorption to the Authority. This is contrary to section B.33 (1) of the Human Resource Policies and Procedures Manual for the Public Service 2016 which states that, secondment of officers from the Public Service to other organizations is applicable to pensionable officers, for a period not exceeding three(3) years and may be renewable once.
The officers although on secondment were not being paid top up allowance to bridge the gap between the salaries paid by their parent ministry and what they would have been paid by the Authority. In the circumstance, the Management is therefore in breach of the Law.


SIGN.....
CPA. JEDIDIAH N. ODUORI
NO.29724

DATE..... 17/03/2023


SIGN.....
CHARLES MUASYA
Ag. CHIEF EXECUTIVE OFFICER

DATE..... 17/03/2023

APPENDIX II: PROJECTS IMPLEMENTED BY NATIONAL IRRIGATION AUTHORITY

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Projects implemented by the State Corporation/ SAGA Funded by development partners						
1. Mwea Irrigation development project	1167100900	Jica	2021/2022	3,101,000,000	Yes	Yes
2. Bura irrigation rehabilitation project	1167100400	Kuwait Fund, Badea, Ofid	2021/2022	1,050,000,000	Yes	Yes
3. Rwanura Irrigation Development Project	1167100700	FIEM-Spanish Fund	2021/2022	701,000,000	Yes	Yes

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Status of Projects completion

No.	Project title	Total Project Cost (KES.)	Total Expended to date (KES.)	Project Status (Completion %)	Budget 2021/2022	(FY Actual Expenditures	Source of Funds
1	Construction of Bura rehabilitation project	7,355,829,104.00	3,404,422,386.07	76%	500,000,000.00	707,168,330.25	GOK& DONOR
2	Galana Food Project farm)	796,928,619	366,584,712	55%	10,000,000.00	366,584,711.90	GOK
3	Mwea Thiba Dam (Thiba dam and irrigation area)	10,800,000,000.00	6,829,711,073.60	99%	200,000,000.00	182,264,546.81	GOK
4	Rwabura irrigation project	841,954,797.10	202,604,945.53	40%	5,000,000.00	147,236,205.46	GOK& DONOR
5	Turkana Irrigation Development Project	235,000,000.00	113,703,132.67	95%	300,000,000.00	113,703,132.67	GoK
6	Lower Kuja Irrigation Scheme	64,085,802.00	52,919,203.14	99%	200,000,000.00	52,919,203.14	GoK
7	Lower Sabor Irrigation Project	259,732,252.50	244,898,723.08	100%	15,000,000.00	0.00	GoK

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8	Embu Cluster 1 Irrigation Project (New Kithimu & Itabua Muthatari)	508,809,920.30	184,383,964.62	57%	136,586,726.00	136,586,726.00	GoK
9	Embu Cluster II Irrigation Project (Kiamuringa, Kanyuambora & Iriari)	525,453,264.49	56,693,204.60	32%	28,964,824.19	28,964,824.19	GoK
10	Meru Clusters	258,351,919.10	63,458,453.00	40%	63,458,453.00	63,458,453.00	GoK
11	Tharaka Nithi Clusters I	353,839,480.61	41,553,867.00	32%	41,553,867.00	41,553,867.00	GoK
12	Tharaka Nithi Clusters II	197,615,297.50	47,693,051.00	32%	47,693,051.00	47,693,051.00	GoK
13	Nginda Wa	217,463,125.00	82,451,301.00	58%	0.00	0.00	GoK
14	Mukurwe Nyagathanga	289,895,054.00	47,093,005.51	17%	9,801,838.13	9,801,838.13	GoK
15	Minira	544,469,765.40	150,048,383.83	59%	40,032,405.30	40,032,405.30	GoK
16	Murang'a Cluster 1 Irrigation Project (Gikindu, Kainthe Gitiri, Gakaki & Kiamboka)	131,957,179.20	65,962,122.93	67%	36,302,474.20	36,302,474.20	GoK
17	Murang'a Cluster II Irrigation Project (Boboti Kiamande, Thangaini, Ndakaini Wanduhi)	53,912,661.00	49,984,975.80	100%	12,848,460.23	12,848,460.23	GoK

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18	Kieni Irrigation Project	Gathungu	16,750,942.00	9,093,627.90	72%	8,313,501.00	8,313,501.00	GoK
21	Changachicha project	151,498,624.20	109,862,823.60	97%	87,175,614.00	87,175,614.00	GoK	
22	Nyandarua Clusters Irrigation Project (Gwa Kiongo, Mumbi Dam & Upper Gitwe)	184,817,531.80	115,903,084.95	100%	33,418,169.07	33,418,169.07	GoK	
23	Yikitaa Irrigation Project	234,490,778.54	66,870,652.82	63%	14,949,819.64	14,949,819.64		
24	Lotikipi (Nanam) Phase 1	64,349,465.15	36,494,418.60	80%	26,848,620.00	26,848,620.00	GoK	
25	Lotikipi (Nanam) Phase 2	19,500,000.00	14,710,158.00	100%	14,710,158.00	14,710,158.00	GoK	
26	Lower Sio	216,463,547.85	59,027,107.10	27%	45,312,918.86	45,312,918.86	GoK	
27	Muringa Banana Mainline Relocation	29,776,524.00	29,776,524.00	100%	29,776,524.00	29,776,524.00	GoK	
28	Mweru Umoja Irrigation Project	151,983,532.80						
29	Mweru Umoja Urku	19,982,550	143,159,697.11	94%	2,701,279.00	2,701,279.00	GoK	
30	Naipa Irrigation Scheme Lot 1	19,789,817.25	18,832,970.00	94%	18,832,970.00	18,832,970.00	GoK	
31	Naipa Irrigation Scheme Lot 2	70,028,616.00	81,953,400.00	100%	19,789,817.25	19,789,817.25		
32	Drought mitigation in North Eastern	721,000,000.00	199,754,613.87	94%	24,353,041.16	24,353,041.16	GoK	
				70%	705,000,000.00	199,754,613.87	GoK	

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33	Household	1,420,000,000.00	1,420,000,000.00	100%	1,420,000,000.00	1,420,000,000.00	GoK	
36	Kiirua Buuri Irrigation project	284,237,904.50	284,211,897.99	100%	33,917,987.07	33,917,987.07	GoK	
37	Malkadalka Irrigation project	10,080,000.00	7,965,130.35	80%	7,965,130.35	7,965,130.35	GoK	
38	Ngitatu Irrigation project	4,718,013.24	4,718,013.24	100%	4,718,013.24	4,718,013.24	GoK	
39	Ngoswonin Irrigation project	11,305,690.00	11,022,960.00	100%	282,641.24	282,641.24	GoK	
40	Nyanjingi Irrigation Project	96,965,012.10	51,022,528.51	100%	6,385,331.85	6,385,331.85	GoK	
41	Rahole canal Irrigation project	235,537,830.00	25,342,323.61	100%	25,342,323.61	25,342,323.61	GoK	
42	Sandai Irrigation project	84,194,352.00	79,615,392.00	100%	12,254,175.57	12,254,175.57	GoK	
43	Water Security Climate and Adaptation Project (Mandera Wajir)	150,000,000.00	39,499,670.61	100%	150,000,000.00	39,499,670.61	GoK	
44	Rehabilitation of strategic facilities	water	920,000,000.00	553,549,780.87	920,000,000.00	553,549,780.87	GoK	
45	Spatel Irrigation for Resilience Project	Climate	150,000,000.00	78,891,991.83	100%	150,000,000.00	78,891,991.83	

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46	Kirinyanga clusters Irrigation Project	208,133,886.56	35,073,979.73	36%	35,073,979.73	35,073,979.73	GoK
47	Muthuini Irrigation Project	44,433,207.00	24,754,675.00	32%	24,754,675.00	24,754,675.00	GoK
48	Chessarg'atat Marich Irrigation Project	176,453,750.00	176,323,399.00	100%	13,346,757.00	13,346,757.00	GoK
49	Waterpans and Boreholes NEIP	256,573,708.15	256,573,708.15	100%	256,573,708.15	256,573,708.15	GoK
50	Ministry Asals Water pans	302,696,630.05	302,696,630.05	98%	302,696,630.05	302,696,630.05	GoK
51	Ministry community Based water pans	8,132,506.45	8,132,506.45	100%	8,132,506.45	8,132,506.45	GoK
	SCHEMES	29,699,192,660.65	16,259,696,359.97		6,049,868,390.34	5,336,440,577.75	
AHERO	349,505,228.30	349505228.3	1	349505228.3	349505228.3	349505228.3	GoK
BUNYALALA	170,347,585.64	170347585.6	100	170347585.6	170347585.6	170347585.6	GoK
BURA	90,433,619.68	90433619.68	100	90433619.68	90433619.68	90433619.68	GoK
KATILU	15,212,774.23	15212774.23	100	15212774.23	15212774.23	15212774.23	GoK
LKUJA	39917839.01	39917839.01	100	39917839.01	39917839.01	39917839.01	GoK
MIAD	17924981.39	17924981.39	100	17924981.39	17924981.39	17924981.39	GoK
MIADSEED	39782390.73	39782390.73	100	39782390.73	39782390.73	39782390.73	GoK
MWEA	399844873.2	399844873.2	100	399844873.2	399844873.2	399844873.2	GoK
PERKERRA	65517474.12	65517474.12	100	65517474.12	65517474.12	65517474.12	GoK
TANA	184927312.1	184927312.1	100	184927312.1	184927312.1	184927312.1	GoK
WEST_KANO	115822333.1	115822333.1	100	115822333.1	115822333.1	115822333.1	GoK
WESTERNREG	159075.59	159075.59	100	159075.59	159075.59	159075.59	GoK

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TOTAL	1,489,395,487.11	1,489,395,487.11	1,489,395,487.11	1,489,395,487.11
GRAND TOTAL	31,188,588,147.76	17,749,091,847	-	7,458,254,761.14

APPENDIX III: TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date Received as per bank statement	Nature: Recurrent/ Development/ Others	Total Amount- KES	Statement of Financial Performance	Where Recorded/recognized				
					Capital Fund	Deferred Income	Receivables	Other s	Total Transfers during the year
Min Water & Irrigation	11/08/2021	Recurrent	20,500,000	20,500,000					20,500,000
Min Water & Irrigation	07/09/2021	Recurrent	20,500,000	20,500,000					20,500,000
Min Water & Irrigation	29/09/2021	Recurrent	20,500,000	20,500,000					20,500,000
Min Water & Irrigation	04/11/2021	Recurrent	20,500,000	20,500,000					20,500,000
Min Water & Irrigation	02/12/2021	Recurrent	20,500,000	20,500,000					20,500,000
Min of Water & Irrigation	10/01/2022	Recurrent	20,500,000	20,500,000					20,500,000
Min of Water & Irrigation	07/02/2022	Recurrent	20,500,000	20,500,000					20,500,000

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Min of Water & Irrigation	02/03/2022	Recurrent	20,500,000	20,500,000			20,500,000
Min of Water & Irrigation	04/04/2022	Recurrent	20,500,000	20,500,000			20,500,000
Min of Water & Irrigation	09/05/2022	Recurrent	20,500,000	20,500,000			20,500,000
Min of Water & Irrigation	07/06/2022	Recurrent	20,500,000	20,500,000			20,500,000
Min of Water & Irrigation	30/06/2022	Recurrent	20,500,000	20,500,000			20,500,000
TOTAL			246,000,000	246,000,000			246,000,000
Min of Water & Irrigation	12/08/2021	Development	20,000,000	20,000,000			20,000,000
Min of Water & Irrigation	20/08/2021	Development	1,743,750,000	1,743,750,000			1,743,750,000
Min of Water & Irrigation	27/10/2021	Development	1,743,750,000	1,743,750,000			1,743,750,000
Min of Water & Irrigation	04/11/2021	Development	80,500,000	80,500,000			80,500,000
Min of Water & Irrigation	04/11/2021	Development	211,520,830	211,520,830			211,520,830

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JICA	For	29/10/2021	Direct Payment	92,562				92,562
Thiba dam								10,317,449
JICA	For	29/10/2021	Direct Payment	10,317,449				10,317,449
Thiba dam								154,010,777
JICA	For	05/11/2021	Direct Payment	154,010,777				154,010,777
Thiba dam								151,618,196
JICA	For	26/11/2021	Direct Payment	151,618,196				151,618,196
Thiba dam								187,542,931
JICA	For	20/12/2021	Direct Payment	187,542,931				187,542,931
Thiba dam								82,595,017
JICA	For	25/01/2022	Direct Payment	82,595,017				82,595,017
Thiba dam								170,006,123
JICA	For	18/02/2022	Direct Payment	170,006,123				170,006,123
Thiba dam								157,226,977
JICA	For	19/04/2022	Direct Payment	157,226,977				157,226,977
Thiba dam								40,672,389
JICA	For	17/06/2022	Direct Payment	40,672,389				40,672,389
Thiba dam								11,206,069
JICA	For	17/06/2022	Direct Payment	11,206,069				11,206,069
Thiba dam								158,247,071
JICA	For	17/06/2022	Direct Payment	158,247,071				158,247,071
Thiba dam								22,416,157
JICA	For	17/06/2022	Direct Payment	22,416,157				22,416,157
Thiba dam								10,236,405
JICA	For	17/06/2022	Direct Payment	10,236,405				10,236,405
Thiba dam								21,070,347
JICA	For	17/06/2022	Direct Payment	21,070,347				21,070,347
Thiba dam								133,715,637
JICA	For	24/06/2022	Direct Payment	133,715,637				133,715,637
Thiba dam								153,643,108
JICA	For	24/06/2022	Direct Payment	153,643,108				153,643,108

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		TOTAL	JICA	1,639,898,213		1,639,898,213		1,639,898,213
BADAE For								
BURA	12/01/2022	Direct Payment		68,197,252		68,197,252		68,197,252
BADAE For								
BURA	13/04/2022	Direct Payment		60,705,822		60,705,822		60,705,822
BADAE For								
BURA	10/05/2022	Direct Payment		84,801,117		84,801,117		84,801,117
KUWAIT For BURA	09/03/2022	TOTAL BADEA		213,704,191		213,704,191		213,704,191
KUWAIT For BURA	22/06/2022	Direct Payment		15,226,010		15,226,010		15,226,010
OFID For BURA		TOTAL KUWAIT		37,322,009		37,322,009		37,322,009
OFID For BURA	12/01/2022	Direct Payment		67,040,809		67,040,809		67,040,809
OFID For BURA	13/04/2022	Direct Payment		61,770,837		61,770,837		61,770,837
OFID For BURA	10/05/2022	Direct Payment		85,780,084		85,780,084		85,780,084
		TOTAL OFID		214,591,730		214,591,730		214,591,730
FIEM For Rwabura	15/06/2022	Direct Payment		128,477,934		128,477,934		128,477,934
FIEM For Rwabura	15/06/2022	Direct Payment		5,181,977		5,181,977		5,181,977

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FIEM For Rwabura	15/06/2022	Direct Payment	2,733,210		2,733,210				2,733,210
FIEM For Rwabura	15/06/2022	Direct Payment	2,153,242		2,153,242				2,153,242
FIEM For Rwabura	15/06/2022	Direct Payment	2,187,642		2,187,642				2,187,642
FIEM For Rwabura	15/06/2022	Direct Payment	4,142,254		4,142,254				4,142,254
FIEM For Rwabura	15/06/2022	Direct Payment	142,932,196		142,932,196				142,932,196
FIEM For Rwabura	15/06/2022	Direct Payment	837,169		837,169				837,169
FIEM For Rwabura	15/06/2022	Direct Payment	1,733,960		1,733,960				1,733,960
FIEM For Rwabura	15/06/2022	Direct Payment	1,250,572		1,250,572				1,250,572
FIEM For Rwabura	15/06/2022	Direct Payment	38,881,112		38,881,112				38,881,112
		TOTAL FIEM	330,511,266		330,511,266				330,511,266

