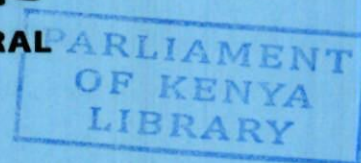




OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

PAPERS LAID	
DATE	23/02/2022
TABLED BY	SML
COMMITTEE	-
CLERK AT THE TABLE	GETRUDE

COAST DEVELOPMENT AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2020**

ANNUAL REPORT & FINANCIAL STATEMENTS

FY 2019/2020



COAST DEVELOPMENT AUTHORITY

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

ISO 9001:2015 CERTIFIED



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CDA Vision, Mission, Core Values and Strategic Objectives

Vision

To be the lead agency in implementing sustainable integrated development

Mission

To accelerate socio-economic development through innovation, planning, coordination and partnerships in implementation of integrated programs, value-addition and environmental management

Core Values

These include respect for national values, efficiency and effectiveness, transparency, accountability, integrity, professionalism, good leadership, respect, dignity, team work, empowerment, commitment.

Overall Objective

To improve the socio-economic well-being of the community.

Strategic Objectives

- Promote ownership and commercial sustainable exploitation of the region's natural resources
- Enhance food security in the region
- Reduce poverty and improve livelihoods of the community in the region
- Reduce unemployment in the region
- Conserve the environment and manage the natural resources for sustainable development.

Statement from the Board Chairman



Introduction

Coast Development Authority is mandated to carry out various functions within its jurisdiction. The Authority has worked with all relevant stakeholders in the planning, formulation, implementation, monitoring and evaluation of its projects/programmes.

Governance and Board Changes

The Board is responsible for setting the right tone from the top and ensuring the governance structure is in place to ensure the Authority is able to deliver its programmes as per the Authority's mandate and Strategic Plan. The Board has operated in line with Mwangozo Code of Conduct for the Board.

Authority's Performance and Achievements

The fourth Strategic Plan for 2018/19-2022/23 defined the direction of the Authority. The Strategic line established realistic objectives and goals that are in line with the vision and mission. The projects and programmes implemented during the year are in line with the Strategic Plan.

During the year Kenya faced a triple crisis – the coronavirus pandemic, locust infestation and floods. As a result, confinement measures such as closure of open markets and slowdown at border points impacted not only lives but also livelihoods and food security. Since the first case of COVID-19 was reported in Kenya on March 13, 2020, the country just like other countries in the world, has been experiencing massive destruction of the economy in terms of GDP decline and job losses. COVID-19 has negatively impacted the Kenyan economy as seen in the performance of the financial markets, disruption of global supply chains, volatility of the Kenyan currency, reduction in diaspora remittances, and reversal of prior monetary and fiscal policies.

Despite of these challenges the Authority was able to carry out most of its projects and programmes as scheduled

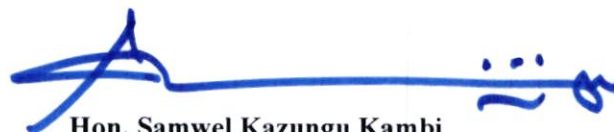
Conclusion

In conclusion, we sincerely believe that the future of the Coast Development Authority currently domiciled in the Ministry of East African Community and Regional Development, State Department of East African Community is bright. As a regional Authority the Authority plays a complimentary role in supporting development activities in all the Counties, we operate in.

We look forward to more support from the Parent Ministry, The National Treasury, County Governments and other development agencies so that we can serve our people even better in the future.

Appreciation

I would like to extend my gratitude to the Cabinet Secretary, Ministry of East African Community and Regional Development and the Principal Secretary, State Department of Regional and Northern Corridor Development for their support. In conjunction with my colleagues on the Board I extend my appreciation to the Government for the support granted to the Authority through the year which has been critical in achieving our mandate. I wish to acknowledge the National Treasury & Planning for the support given. Through the commitment of the CDA Board and Management, the Authority will continue to rise to the challenge in playing its central role in spearheading development in the region. I commend the Management and Staff of CDA who continue to serve the coastal communities with dedication and indeed indirectly all Kenyans through successful implementation of approved projects.



Hon. Samwel Kazungu Kambi
CHAIRMAN

Report of the Managing Director



Overview

The coastal counties were affected by several hazards this year, the coronavirus pandemic, locust infestation and floods. Confinement measures due to the Covid-19 pandemic impacted not only lives but also livelihoods in the region.

The Authority's fourth Strategic Plan for 2018/19-2022/23 aims at sustainable utilization of the natural resources for improved food security. The Strategic Plan was a culmination of CDA's wider stakeholder consultations and efforts that addresses the needs and aspiration of the communities in the area of CDA's jurisdiction.

The fourth Strategic Plan is in line with the global sustainable development goals, Kenyan, Vision 2030, the country Big 4 Agenda, Regional Development and the Integrated Coast Region Master Plan (ICRMP 2010-2030). The funding for the identified programmes/projects undertaken during the year came from the national government, development partners and internally -generated resources. In addition, CDA is now proposing the Public Private Partnerships approach in implementation of some projects.

Donor Funded Projects

The implementation of donor funded projects namely Mwache Catchment Conservation project and the Kenya Climate Change Adaptation Projects (KCCAP) are on course. The Mwache Conservation Project will benefit residents of Kwale And Mombasa with 186,000m³ of water per day for domestic and livestock. The KCCAP project focuses mainly on rehabilitation of South Coast mangrove forest and coral reefs.

Human Resources Development

The salaries and remuneration commission completed the job evaluation for the Authority and the results were later validated in a clinic with the

Authority's top management. This was communicated to Principal Secretary and the National Treasury provided concurrence and approved adoption and implementation. The Authority was able to pay off incremental arrears to the staff for FY 2012-2019.

Several staff were facilitated to enhance their skills by undertaking professional short courses. The Authority has been able to provide adequate Staff Medical Insurance, Group Life Insurance and Work Injury Benefit Assurance (WIBA) in the financial year.

The Authority advertised to fill the existing vacancy of 3 Director positions and Legal Manager, recruitment for the posts is ongoing.

To address the Covid-19 pandemic the Authority has placed appropriate measures to mitigate transmission of the disease ensure safety of our staff as per government guidelines issued periodically. The measures include providing a healthy and safe workplace and working from home for some staff.

ISO 9001:2015 Surveillance Audit

In 2019/2020, SGS undertook Management System Certification (surveillance audit) audit for the Authority. The audit concluded that the organization has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope, organization's policy and objectives. This resulted into continued certification of the ISO 9001:2015. The Authority is committed to maintain the quality management system.

Performance Contracting

The Authority is on performance contracting. The board of directors for Authority signed the Performance Contract with the Ministry of East Africa Community and Regional Development and The National Treasury and Planning. This performance contract has been cascaded to all members of staff.

ASK Mombasa International Show

Coast Development Authority participated in the 2019 Mombasa International Show. The show was

officially opened on 6th September 2019 by H.E. President Uhuru Kenyatta and Authority had the honour of hosting the President at our stand. The ASK theme was 'Promoting Innovation and Technology in Agriculture and Trade'. CDA emerged top in the category of '1st Best organization in Social Functions' implementing community projects, in line with the show theme.

The Authority made its presence felt with a display of innovative projects/programmes by use of various technologies such as display TV screens and demonstration model that showed CDA's contribution towards Promoting Innovation and Technology in Agriculture and Trade'.

Financial Status

During the financial year 2019/2020 the Authority was allocated a total Kshs.244,442,460 Recurrent and Kshs.592,158,000 for Development expenditure. The Authority has been able to pay salaries and all statutory payments within the stipulated deadlines. The status of development projects is as follows;

- The construction of Wananchi Cottages Modern Conference Facility and additional accommodation rooms is currently ongoing. The modern facility once fully operational will increase the income generation for the Authority.
- Integrated Fruit Processing Plant in Tana River is currently on course. All structures completed, process plant installed and commissioned, acquisition of relevant licences and certificates ongoing. The Production is expected to commence November 2020.
- The Drought mitigation projects through Construction/Water harvesting at Galmagalla Earth Fill Pan in Garrissa and Abaq Qiiq Earth Fill Pan in Tana River was funded by The National Treasury through supplementary funding. For Galmagalla, Feasibility Studies, Detailed Designs and EIA completed. The tendering process was halted through of a court case. For Abaq Qiiq the Feasibility Studiess, Detailed Designs and EIA completed. The Tender was awarded and construction works ongoing.
- The Authority did not accumulate any pending bills during the year.

Appreciation

Despite the myriad of challenges faced during the year the Authority managed to deliver and achieve its mandate. The support from the Cabinet Secretary, Ministry of East African Community and Regional Development and the Principal Secretary, State Department of Regional and Northern Corridor Development and the CDA Board has been instrumental in achieving our successes. This excellent performance is a reflection of a visionary board and a highly motivated staff who continue to serve the coastal communities with dedication through successful implementation of approved projects.

The Authority commits and will ensure all governing regulations including statutory compliance, accounting, procurement of good and services are adhered to.

We look forward to another positive year ahead.


Mohamed Keinan Hassan Ph.D. OGW
MANAGING DIRECTOR

1. Key Entity Information

1.1. Background information

The Authority was created by an Act of Parliament Cap 449 No. 20, 1990. The Act which created the Authority mandated it to plan and coordinate the implementation of development projects in the whole of the Coast Province and the Exclusive Economic Zone (EEZ) and for connected purposes. The development area means the part of Coast Province within Lamu, Mombasa, Kilifi, Tana River, Kwale, Taita Taveta including the Southern part of Garissa District and the exclusive economic zone (as established and delimited by section 4 of the Maritime Zone Act, 1989). The Authority has offices in Mombasa, Kwale, Wundanyi, Lamu, Kilifi, Masalani and Hola Town.

1.2. Functions of the Authority

Based on the general functions as outlined in section (8) of the CDA ACT CAP.449, the functions of the authority are: -

1. Plan for the development of the Area and initiate project activities identified from such planning in the development and through the Government generally;
2. Develop an up to date long range development plan for the Area;
3. Initiate such studies, and carry out surveys of the Area as may be considered necessary by the Government or the Authority and to assess alternative demands within the Area on the natural resources thereof, and initiate, operate, or implement such projects as maybe necessary to exploit those natural resources including Agriculture (both irrigated and rain fed) ,forestry, wildlife and tourism industries, electric power generation, mining and fishing, and to recommend economic priorities;
4. Coordinate the various studies of schemes within the Area such that human, water, animal, land and other resources are utilized to the best advantage and to monitor the design and
5. execution of planned projects within the Area;
6. Effect a programme of both monitoring and evaluating the performance projects within the Area so as to improve such performance and establish responsibility thereof, and to improve future planning;
7. Coordinate the present abstraction and use of natural resources, especially water within the Area and to set up effective monitoring of the abstraction and usage;
8. Cause and effect the construction of any works deemed necessary for the protection and utilization of the water and soils of the Area including hydro-power development for the multipurpose utilization of water resources;
9. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
10. Identify, collect, collate and correlate all such data related to the use of water and other resources and also economic and related activities within the Area as maybe necessary for the efficient forward planning of the Area;
11. Maintain a liaison between the Government, the private sector and other interested agencies in the matter of the development of the Area with a view to limiting the duplication of effort and ensuring the best use of the available technical resources

12. Examine the hydrological effects and the subsequent ecological changes on the development programmes and evaluate how they affect the economic activities of the persons dependent on river environment;
13. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
14. Plan and liaise with the relevant authorities as necessary in exploration and development of the extensive fishing and marine activities in Kenya especially in the exclusive economic zone.

1.3. Areas of Jurisdiction

“Development area” means that part of the coast region within Lamu, Mombasa, Kilifi, Tana-River, Kwale, and Taita-Taveta Counties including the Southern half of Garissa County and the Exclusive Economic Zone.

“Exclusive Economic Zone” means the exclusive economic zone of Kenya established and delimited by section 4 of the Maritime Zones Act, 1989.

CDA’s area of jurisdiction covers Coast Region with an estimated area of 83,681 km² spanning 7 counties listed below:-

Kilifi	-	13,013km ²
Kwale	-	8,322 km ²
Taita -Taveta	-	16,556 km ²
Mombasa	-	282 km ²
Tana-River	-	38,694 km ²
Lamu	-	6,814 km ²
Ijara Town (Garissa)	-	19,465 km ²
Kenya’s Exclusive Economic Zone	(EEZ)	

2. Authority Information

Registered Office

Mama Ngina Drive,
Next to Uhuru na Kazi Building
Mombasa, KENYA

Authority Contacts

P.O.Box 1322-80100
Mombasa
Telephone : (254) 020 8009196
E-mail: cda@cda.go.ke
Website: www.cda.go.ke

Principal Bankers

National Bank of Kenya
Nkrumah Road Branch
P.O. Box 90363 – 80100
Mombasa

Kenya Commercial Bank
Treasury Square
P.O. Box 90254-80100
Mombasa

Equity Bank
Moi Avenue
Mombasa

Absa Bank Kenya PLC
P.O Box 30120, 00100 GPO
Nkrumah Road
Mombasa

Independent Auditors

Office of the Auditor General
Mombasa Hub
P.O. Box 95202-80104
Mombasa

Principal Legal Adviser

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

3. Senior Management



Mohamed Keinan Hassan, Ph.D., OGW
Managing Director

Education and Professional Qualifications

Doctor of Philosophy (PhD) and Msc. from Jomo Kenyatta University of Agriculture and Technology
Post Graduate Certificate-Enhancing Food Security in Africa, Murdoch University/West Australia
B. in Vet Medicine, University of Nairobi
Accounting Officers Course – KSG
Strategic Leadership development Program- Kenya School of Government, Kabete
Senior Management Course-Kenya School of Government, Kabete. A trainer of Community Managed Disaster

Work Experience

Managing Director Coast Development Authority since 2016.
Before current appointment, he worked with the Ministry of Devolution and Planning.
Served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and later in the office of the President Special Programmes in the Arid Lands Resource Management Project (a food security project jointly funded by World Bank and GOK).
Awarded Order of Grand Warrior of Kenya, OGW by the President of Kenya in December, 2011. The award was in recognition of his approach to service delivery i.e. participatory methodology which empowered community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability.



Mr. Ahmed Bashir Abdi
Manager, Human Resources

Education:

MBA, Governance and Ethics, Mount Kenya University
Bachelor's Degree (Hons) Public Administration, Kampala University
Diploma in Human Resources Management, University of Nairobi
Certificate in Guidance and Counselling, University of Nairobi
Higher National Diploma, Human Resources Management, NEP Technical Training Institute
Member of Institute of Human Resource Management –HRPC



Ms. Pamela Maghema Ngure
Manager, Finance and Accounts
Education

B. Com (Accounting) University of Nairobi
MBA Public Policy and Administration (on-going)
Member Association of Chartered Certified Accountants
IPSAS Reporting -Public Sector Accounting, Deloitte & Touché /National Treasury, Kenya School of Government, Nairobi Kenya
Corruption Prevention and Good Adaptation, Transparency International Kenya
ISO 19011: IFS System Certified Trainer , Kenya Tax Risk Management, KPMG, SAP R/3 Systems Certified Trainer, A.P. Moller – Maersk, Cape Town South Africa



Ms. Mwanasiti Mohamed Bendera
Manager Research & Planning
Education

Ph.D Chemistry (Ecology) on going
M.Sc Chemistry –Natural Products
B.Sc General Chemistry
Environmental Impact Assessment
and Audit Training, Technical
University of Mombasa
Public Procurement Regulations and
Procedures, KMFRI, Mombasa
Environmental and Social
Management Framework
Public Complaints Committee,
Mombasa
Implementation of ISO 9001:2000



Mr. J. Wainaina Mburu
Manager Civil Engineering
Education

M.Sc Hydraulic Engineering,
International Institute for
Infrastructural, Hydraulic and
Environmental Engineering,
Netherlands
B.Sc Civil Engineering, University of
Nairobi
International Seminar on Integrated
Coastal Management, Xieman, China
Advanced International Training
Programme on Management and
Good Governance Phase 2, Dar Es
Salaam, Tanzania
Advanced International Training
Programme on Management and
Good Governance Phase 1, Malmo,
Sweden
International Training Workshop on
Coastal Zone



Mr. William Fondo
Manager Mechanical Services
Education

B.Sc Control and Instrumentation,
Jomo Kenyatta University of
Agriculture and Technology
Diploma in Agriculture Engineering-
Farm Power Machinery, Egerton
University
Higher Diploma Mechanical
Engineering, Mombasa Polytechnic



Ms Angelina V. Mwashumbe
Manager Public Relations
Education

M.A Politics of Alternative
Development Studies, Institute of
Social Studies, Netherlands
B.A Arabic Language & Literature
& Post Graduate Diploma in Mass
Communication, School of
Journalism, University of Nairobi
Public Relations Course, Daystar
University
Project Management Certificate,
Crown Agents International Training
Center, UK
Public Relations Course, Public
Relations Society of Kenya
Intercultural Communication
Course, Goteburg University,
Sweden Multimedia Journalism,
Apri k Centre de Formation et de
Perfectionnement dedd Journaliste,
Paris, France



Ms. Violet Indiazzi
Manager Procurement and Supplies
Education
M.A Human Resources Management, Jomo Kenyatta University of Agriculture and Technology
B.A Purchasing and Supplies Management, Jomo Kenyatta University of Agriculture and Technology
Diploma in Supplies Management, Railway Institute
Member Kenya Institute of Supplies Management



Ms. Susan Mulewa
Manager Business Development & Investment Promotion
Education
M.SC International Business Management, University of Bedfordshire, UK
B.A Economics and Business Studies, Kenyatta University
Diploma in Business Management, Kenya Institute of Management
Monitoring an Evaluation Certification, Kenya Institute of Management
French Beginners Level, Alliance Francaise de Mombasa

4. Board Members of the Authority

Name	
Hon. Samwel Kazungu Kambi	Chairman
Dr. Mohamed Keinan Hassan, OGW	Managing Director , Board Secretary
Mr. Swaleh Kadara	Independent Member
Ms. Beatrice M Gambo	Independent Member
Hon. Ibrahim Sane	Independent Member
Mr. George Kithi	Independent Member
Mr. Omar Famau	Independent Member
Hon. Julius Ndegwa	Independent Member
Ms. Amina Abdalla	Independent Member
Hon. Mshenga Ruga	Independent Member
Mr. James Nyamweya /Maina Kiondo, Charles Mwanda	Alternate to Principal Secretary S State Department of Regional & Northern Development
Ms. Theresa Wasike	Alternate to Principal Secretary Ministry of Water & Sanitation
Mr. Timothy Ogwang	Alternate to Principal Secretary Ministry of Agriculture & Livestock Development
Mr. Joseph Kimemia	Alternate to Principal Secretary, The National Treasury
Mr. John Elungata	Coast Regional Commissioner

Board Committees

Name of Committee	Members
Finance and Establishment	<ol style="list-style-type: none"> 1. Hon. Julius Ndegwa -Chairman 2. Mr. Omar Famau -Omar Famau 3. Hon. Ibrahim Sane- Member 4. Mr. John Elungata – Member 5. Mr. Joseph Kimemia -Member 6. Dr. Mohamed Keinan Hassan - Ex Officio Member
Audit Committee	<ol style="list-style-type: none"> 1. Mr. George Kithi- Chairman 2. Ms.Amina Abdalla 3. Ms.Theresa Wasike 4. Mr. Timothy Ogwang –Member 5. Mr. Joseph Kimemia -Member
Projects and Planning Committee	<ol style="list-style-type: none"> 1. Ms. Beatrice Gambo- Chairperson 2. Mr. Swaleh Kadara -Member 3. Mr.Mshenga Ruga-Member 4. Mr. Charles Mwanda -Member 5. Dr. Mohamed Keinan Hassan - Ex Officio Member

5. Corporate Governance Statement

The Board of the Authority (the Board) is responsible and accountable to the Government of Kenya, through the Ministry East Africa Community and Regional Development, in ensuring that the Authority complies with the law and the highest standards of corporate governance. i) There are fifteen (15) members of the Board all of whom, save for the Chief Executive, are non-executive directors. ii) The Members possess a broad range of skills and competencies, including legal, finance, banking, economics and management. iii) During the period under review, the Board met Eleven times.

5.1. Composition of the Board

During the period under review the Board was composed as follows



Hon. Samwel Kazungu Kambi

Chairman

Date of Birth. 12.2.1962

Appointed on 18th April 2018
Gazette Notice No. 3139

Education

Ph.D in Finance, Maseno University (on-going)
Mba. Finance & Strategic Management option, University of Eastern Africa Baraton
BA Development Studies, University of Eastern Africa Baraton

Work Experience

Former Cabinet Secretary in the Ministry of Labour, Social Security and Service.
Asst. Minister for Medical Services
Member of Parliament, Kaloleni Constituency
Vice –chair agriculture and energy committee
Trained Public Relations Manager, Policy development, project planning and management, conflict and resolution management as Community mobilization.
Represented the Republic of

Kenya in various capacities. Experienced in project distribution, cultural and environment resource management and youth Empowerment.



**Mohamed Keinan Hassan, Ph.D, OGW
Managing Director**

Education and Professional Qualifications

Doctor of Philosophy (PhD) and Msc. from Jomo Kenyatta University of Agriculture and Technology
Post Graduate Certificate-Enhancing Food Security in Africa, Murdoch University/West Australia
B. in Vet Medicine, University of Nairobi
Accounting Officers Course – KSG
Strategic Leadership development Program- Kenya School of Government, Kabete
Senior Management Course- Kenya School of Government, Kabete. A trainer of Community Managed Disaster

Work Experience

Managing Director Coast Development Authority since 2016.

Before his current appointment, he worked with the Ministry of Devolution and Planning. Served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and later in the office of the President Special Programmes in the Arid Lands Resource Management Project (a food security project jointly funded by World Bank and GOK). Awarded Order of Grand Warrior of Kenya, OGW by the President of Kenya in December, 2011. The award was in recognition of his approach to service delivery i.e. participatory methodology which empowered community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability.



**Swaleh Kadara
Independent Director**
Date of Birth. 23.11.1969

Appointed on 6th June 2018
Gazette Notice No. 5589

Education

BA in Sociology and Arabic language,
MA from the University of Nairobi
Ph.D from the University of Nairobi/University of Cape Town.

Work Experience

Lecturer at Pwani University in the Department of Philosophy and Religious studies.

Director of Political Affairs for Jubilee Party in the office of the Secretary General.



**Beatrice Mbodze Gambo
Independent Director**

Date of Birth. 1.6.1976
Appointed on 6th June 2018
Gazette Notice No. 5589

Education

Bsc. Zoology, Botany and Chemistry, Punjab University, India.

French Level 1, Alliance Francaise, Mombasa

Project Management, Center for Project Management and Finance Nairobi

Project Risk Management, Kampala

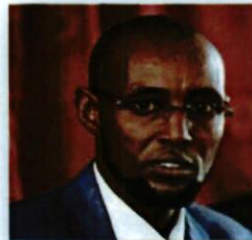
Alumni, International Visitors Leadership Program

Work experience

CEO at Pwani Projects Development Consultants Ltd
Consultant DANIDA (Danish International Development Agency)

Experience in project management, advocacy and Community Economic Development.

Initiated Income based projects for Girl Child in Kilifi County
Developed the Kilifi County Coconut Bill in 2014
Gender Advisor (Strategy & Delivery Unit) Office of the Prime Minister
Senior Agronomist , USAID, Kenya Horticultural Development Program
Palm Products Promoter, Palm International.



**Hon Ibrahim Sane
Independent Director
Date of Birth. 1.1.1974**

Appointed on 6th June 2018
Gazette Notice No. 5589

Education

B.A International Relations and Diplomacy, University of Atlanta, Georgia USA.

Work Experience

Member of Parliament (National Assembly) between 2013-2017.

Vast experience of over years in different fields to draw up plans and strategies for community development to deliver a sense of quality that sets the stage for long term success and partnerships in development.



**George Kithi
Independent Director
Date of Birth .1.1.1976**

Appointed on 6th June 2018
Gazette Notice No. 5589

Education

L.L.B from the University of Nairobi, Postgraduate Diploma ,Kenya School of Law
LLM (Intellectual property) , University of Nairobi.(Ongoing)

Work experience

Managing Partner at Kithi & Company Advocates.
Advocate of the High Court of Kenya
Advocate Mungatana & Company Advocates, Madzayo
Mrima & Company Advocates



Hon. Julius Ndegwa
Independent Director

Date of Birth .1973

Appointed on 6th June 2018

Gazette Notice No.
5589

Education

Diploma in Cooperative Audit ,
Cooperative College

CPA Part II.

Bachelor of Commerce at Mt. Kenya
University.(Ongoing

Work Experience

Established Businessman

Member of Parliament for Lamu
West in 2013

Councilor for Lamu County
Council.

Business Development Officer
,Kenya Women Finance Trust



Omar Famau

Independent Director

Date of Birth .2.3.1965

Appointed on 6th June 2018

Gazette Notice No.
5589

Education

Post Graduate Diploma in Project
Management and Evaluation
,Cambridge University

Work Experience

CEO and Chairman,Tawasal
Foundation Trust Fund Chairman
of Lamu County Council from
2004 - 2007.

Wide experience in creating
awareness for the Swahili
Speaking people of the Kenya
Coast and the modes of cultural
heritage.



Amina Abdalla

Independent Director

Date of Birth .1973

Appointed on 6th June 2018

Gazette Notice No.
5589

Education

Diploma, Beauty Therapy

Work Experience

Founder and Chairperson, Fight
Against Drugs Women

Organizing Secretary Jubilee
Party, Mombasa County.

Committee

Member, Drug demand and s
upply reduction committee,
Mombasa County

Organization (FADWO).

Member Coast Regional
Peace



Hon. Mshenga Ruga
Independent Director

Date of Birth .1.1.1970

Appointed on 6th June 2018

Gazette Notice No.
5589

Education

Diploma , County Governance.
Bachelors Degree in Community

Development Mount Kenya
University (Ongoing)

Diploma in Plant mechanics,
NYS.

Work Experience

Councilor and Mayor. Kwale County
Council.

Board of Director of Kenya Ferry
services

Diploma in Plant mechanics,
NYS.

Work Experience

Councilor and Mayor. Kwale County
Council.

Board of Director of Kenya Ferry
services

Alternate Directors

Mr.James Nyamweya Mageto/Mr
Maina Kiondo/Mr.Charles
Mwanda

Ms.Theresa Wasike
Timothy Ogwang

Mr.Joseph Kimemia
Mr.John Elungata

5.2. Role of the Chairman of the Board

The Chairman provides leadership and governance of the Board and creates conditions for overall Board and individual Director's effectiveness by ensuring that all key and appropriate issues are discussed by the Board in a timely manner. He ensures that the Board plays a full and constructive part in the development and determination of the Authority's strategies and policies. He also ensures that the Board is supplied with timely and sufficient information to enable it to discharge its duties effectively. In furtherance of the above, the Chairman ensures adherence to good corporate governance practices and procedures, and continuously promotes the highest standards of integrity, probity and corporate governance throughout the Authority and particularly at Board level.

5.3. Role of the Board

The Board is responsible for overall strategic direction and operational guidance of the Authority. In this regard, the responsibilities of the Board include:

Establishing short and long-term goals of the Authority and develop strategies to achieve these goals;

Monitoring the Authority's performance against these set goals;

Overseeing the preparation of annual financial statements and reports;

Approving annual budgets;

Ensuring that the Authority has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board's key achievements during the FY 2019/20 were:-

- Approved and continually monitored the implementation of the Authority's Annual operating Plans and Budget;
- Implemented the Authority's Performance Contract with The National Treasury and Planning;
- Commenced recruitment of Directors and Legal Manager

5.4. Board Membership and Attendance

The Board meets at least once every quarter depending on the exigencies of the business.

The Board has established three (3) standing committees to assist in the execution of its responsibilities: Finance and Establishment, Projects and Planning and Audit.

a) Finance and Establishment Committee

The Finance and Establishment comprises of 6 members namely; Hon. Julius Ndegwa, Mr. Omar Famau, Hon. Ibrahim Sane, Mr. John Elungata, Mr Joseph Kimemia and Dr Mohamed Keinan. It is chaired by Hon. Julius Ndegwa. The committee is responsible for reviewing budgeting process and oversight of financial reporting.

This Committee is mandated to review Human Resource policies and succession planning aspects of the Authority, review of Human Resources compliance with national legislation, organize the structuring and performance evaluation of Senior Staff, oversee and advise the Board on recruitment and promotion of staff. The committee met eight times during the year. The Managing Director, Dr Mohamed Keinan sits on the committee as an ex-officio member.

b) Projects and Planning Committee

The Projects and planning committee comprises of 5 members namely: Ms. Beatrice Mbodze Gambo, Hon. Mshenga Ruga, Mr. Charles Mwanda, Mr. Swaleh Kadara and Dr. Mohamed Keinan. It is chaired by Ms. Beatrice Gambo. The mandate of the committee is to guide on strategic planning and related technical aspects of the operational performance of the Authority. This involves review of the Strategic Plan, Annual Development Budget, monitoring of projects under implementation and operation strategies. The committee met four times during the year. The Managing Director, Dr Mohamed Keinan sits on the committee as an ex-officio member.

c) **Audit Committee**

The Audit committee is comprised of 5 members namely Mr.George Kithi, Ms. Amina Abdalla,Ms.Theresa Wasike, Mr. Joseph Kimemia and Mr. Timothy Ogwang. It is chaired by Mr.George Kithi.

This Committee is mandated to periodically review the Authority's financial statements in liaison with the External Auditors, review the financial statutory and non-statutory reporting obligations, advice on risk identification and mitigation measures and check on effectiveness and robustness of internal control measures. The Authority's internal auditor attends all meetings of the committee.

5.5. Capacity Building for the Board

Training and development programs were organized to equip the Board with the necessary skills for effective discharge of their mandate. During the year, members also attended various capacity building programs focusing on Corporate Governance, Internal Audit, Leadership and Public Finance.

5.6. Board Evaluation

Board evaluation is key in assessing the performance, efficiency and effectiveness of an organization. The Authority undertakes regular annual performance evaluation of its Board to enable it review its strategies to ensure continuous growth and sustainability. The evaluation exercise was not done as the Board was newly appointed.

5.7. Board Remuneration

Members are entitled to a sitting allowance for every meeting attended, lunch allowance (in lieu of lunch being provided), accommodation allowance and mileage reimbursement where applicable. This is done within the limits set by the Government for State Corporations. In addition, the Chairman is paid a monthly honorarium and airtime.

5.8. Code of Conduct

The Authority has continued to observe and implement the provisions of the Code of Conduct. The Code binds both the Board Members and staff who commit to its requirements upon joining the Authority.

Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020

The Board held sixteen (16) meetings and one induction. The number of meetings held for the Board and Committees are as shown in the table below:

Board Member	Gender	Classification	Designation	Research & Planning Committee	Finance & Establishment Committee	Audit Committee	Full Board Meeting
				(Total no of meetings held 3)	(Total no of meetings held 11)	(Total no of meetings held 3)	(Total no of meetings held 5)
Hon. Samwel Kazungu Kambi	M	Independent Member	Board Chairman	n/a	n/a	n/a	5
Hon. Julius Ndegwa	M	Independent Member	Chairperson Finance & Establishment Committee	n/a	11	n/a	5
Mr.George Kithi	M	Independent Member	Chairperson Audit Committee	n/a	n/a	4	5
Ms.Beatrice Mbodze Gambo	F	Independent Member	Chairperson Projects and Planning Committee	3	n/a	n/a	5
Ms.Amina Abdalla	F	Independent Member	Member	n/a	n/a	2	5
Mr.Ibrahim Sane	M	Independent Member	Member	n/a	11	n/a	5
Mr.Omar Famau	M	Independent Member	Member	n/a	11	n/a	5
Mr.Swaleh Kadara	M	Independent Member	Member	n/a	11	n/a	5
Hon.Mshenga Ruga	M	Independent Member	Member	3	n/a	n/a	5
Mr.James Nyamweya Mageto/Maina Kiondo/Charles Mwanda	M	Representing the PS East Africa Community and Regional Development	Member	2	n/a	n/a	5
Ms.Theresa Wasike	F	Representing the PS—Ministry of Water and Sanitation	Member	n/a	n/a	3	5
Mr.Timothy Ogwang	M	Representing the PS - Ministry of Agriculture and Livestock Development.	Member	n/a	n/a	3	5
Mr.Joseph Kimemia	M	Representing PS The National Treasury	Member	n/a	1	1	2
Mr.John Elungata	M	Representing the Regional County Commissioner	Member	n/a	10	n/a	4
Dr. Mohamed Keinan Hassan, OGW	M	Ex Officio Member	Secretary to the Board	3	11	n/a	5

Notes:

During the financial year the PS East Africa Community and Regional Development was represented by Mr. James Nyamweya Mageto/ Maina Kiondo/ Charles Mwanda

6. Report of the Board Members of the Authority

The Directors submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the Authority affairs.

Principal activities

The principal activities of the entity continue to be

- Mwache Multipurpose Dam Development Project
- Lake Challa Water Resources Project
- Integrated Water and Coastal Management Project (Adaptation to climate change)
- Integrated Community Water Supply (Water pans, dams and boreholes)
- Integrated Fruit Processing Plant Project
- Integrated Community Development Projects (Mineral Exploration and Promotion).
- Dry Port
- Integrated Livestock improvement
- Boji Irrigation Scheme
- Wananchi Cottages

Results

The results of the entity for the year ended June 30, 2020 are set out on page 28 -32

Directors

The members of the Board of Directors who served during the year are shown on page 12-20

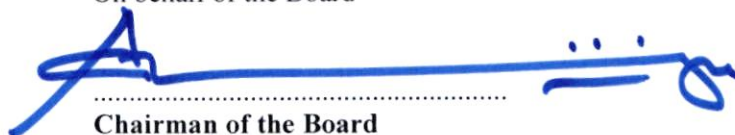
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity is not a regulatory entity and did not make any surplus during the year (FY 2020 Nil) and hence no remittance made to the Consolidated Fund.

Auditors

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

On behalf of the Board


.....
Chairman of the Board

Date: 16/3/2021

7. Statement of Board Members Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 15 (1) of the State Corporations Act, 2012 requires that the Directors shall be responsible for the proper management of the affairs of the state corporation and shall be accountable for the moneys, the financial business and the management of the state corporation. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and State Corporations Act, 2012. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2020 and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Authority's financial statements were approved by the Board on 30th/9/ 2020 and signed on its behalf by:


.....
Chairman


.....
Director


.....
Director

Internal Audit and Assurance

As the third line of defence, the Authority's Internal Audit function's main objective is to provide assurance of the Authority's risk management, internal controls and governance processes. Its aim is to deepen good governance practices and support the achievement of effective internal controls through monitoring and follow up. The Authority's system of internal controls has been defined by approved policies and procedures which contain operational and financial controls that ensure that assets are safeguarded, transactions authorized and accurately recorded. Further, they ensure that material errors and irregularities are either prevented or detected within a reasonable time. The objectivity and independence of the Internal Audit function was enhanced through governance support from the Board Audit Committee. Quarterly audit reviews were carried out during the financial year to appraise the compliance levels to the approved policies and relevant legislations as well as adequacy, design and operational effectiveness of internal controls. The Office of the Auditor General provided external assurance through a system and financial audit on the various expenditure cycles and business processes of the Authority

Corruption Prevention

The Authority has a zero-tolerance policy towards corruption. It undertook various sensitization and training initiatives to educate staff members on the phenomenon of corruption, obligations of State and Public Officers under the Leadership and Integrity Act, 2012 and the Bribery Act, 2016, as well as enlightening members on ways of fostering good governance in the Authority. This promotes a culture of integrity, ethical conduct and professionalism in the organization. Corruption Risk Assessments were carried out in all functional areas to ensure robust mitigation plans were in place and obtain an update of the implementation status. It also ensured that corruption risks were adequately updated. There were zero cases of corruption reported during the financial year.

Risk Management

Risk management is a strategic function of the Authority's business and is applied in the day-to-day operations across all departments. This ensures that all risks are managed optimally and comply with the approved policies and tenets of good corporate governance. In the year under review, the Authority continued to implement the various mitigation strategies to ensure that the risk levels are minimized. The Authority's Risk Policy, Procedures and Registers were reviewed and aligned to the current strategic themes and objectives. The Board, Management and Staff were also trained on risk management practices. Risk Champions were appointed and a Risk Management Committee established to spearhead the risk implementation process. The Authority's risk framework was updated and the mitigation strategies are continually being implemented.

8. Management Discussion and Analysis

a) Operational Performance

During the financial year 2019-2020 the approved budget for the Authority was Ksh 244,460,000 for recurrent expenditure and Ksh 592,158,000 for development expenditure. The projects for implementation under the Gok funding were Boji farmers Irrigation Scheme , and Wananchi Cottages, Rehabilitation of Strategic Water Facilities and Drought Mitigation.

The Authority has been capable of meeting obligations as they fall due.

b) Key Projects implemented

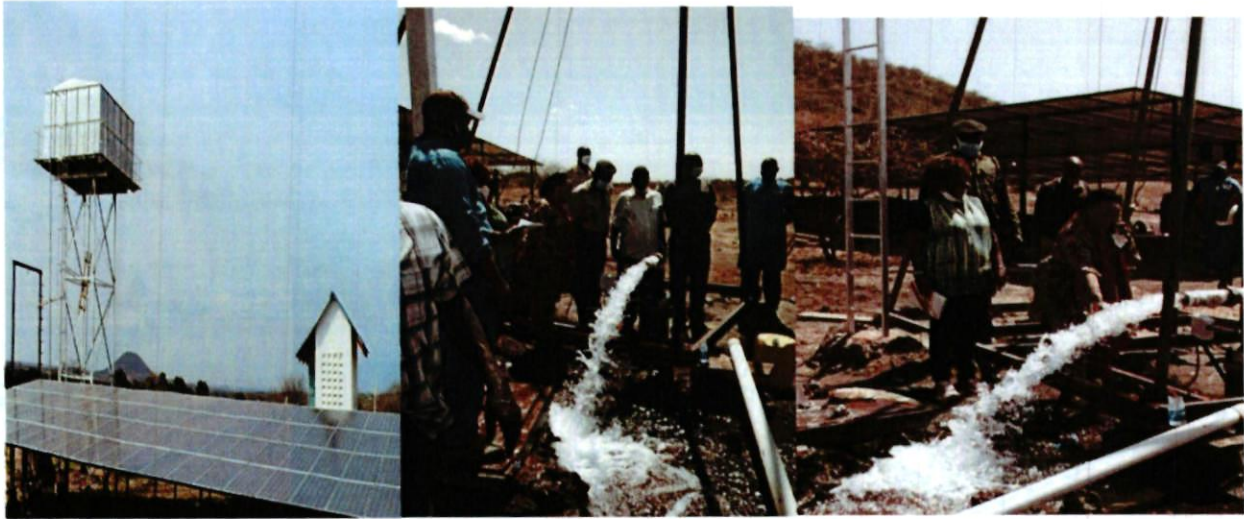
Project		Achievement (30 06 2020)
Boji Farmers Irrigation Scheme		90%
Drought Mitigation		5%
Wananchi Cottages		51%
Rehabilitation of Strategic Water Facilities		5%



Boji farmers' irrigation project division chambers rehabilitation & furrows development ongoing



Ongoing construction at Wananchi cottages



Over 600 households will benefit from solar powered irrigation in Taita Taveta County. Irrigation farming has a huge potential to mitigate the impact of climate change on agriculture and increase farm's productivity amid the covid-19 pandemic.

c) Compliance with statutory requirements

The Authority is in compliance with all statutory obligations including but not limited to: remittances of PAYE, NHIF, NSSF, VAT, HELB and Withholding tax within the stipulated deadlines. The Authority being the Capital Markets regulator in Kenya, is subject to legal proceedings in the normal course of business. While it is not possible to forecast or determine the final results of all pending legal proceedings, the Authority assesses the adequacy of its provisions periodically against case developments and related legal costs, based on advice from the legal advisers handling specific matters.

d) Material arrears in statutory/financial obligations

The Authority has no statutory arrears and has been prompt to remit all pension deductions to an independent administrator appointed competitively by the Trustees.

e) Financial probity and serious governance issues

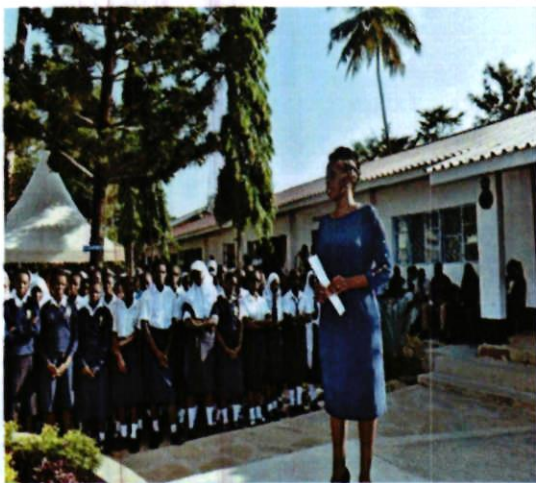
There are no issues of financial improbity reported by any board committee or by external auditors. There are no governance issues and no undisclosed conflicts of interest at the Board or top management of the Authority.

9. Corporate Social Responsibility Statement/Sustainability Reporting

CDA recognises that corporate social responsibility is a key component in an organization to enhance good relations with its external stakeholders. CDA undertook two CSR activities in FY 2019/2020.

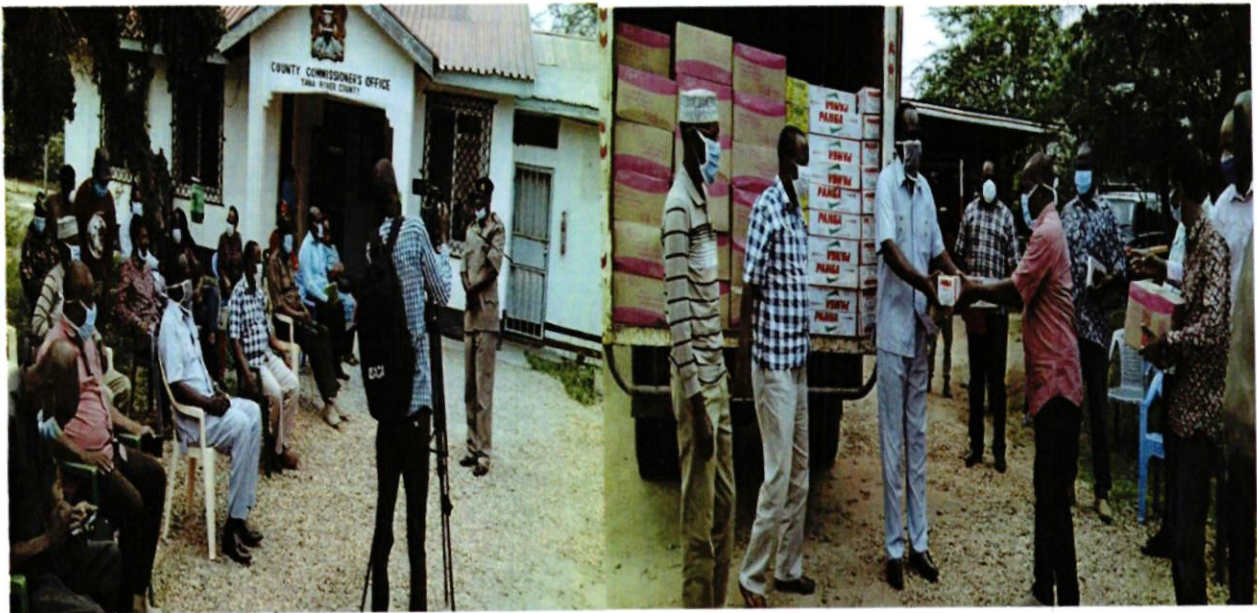
i. Mazeras Girls High School

CDA recognised that education is a powerful instrument for bringing change required to achieve sustainable development. The Authority partnered with Mazeras High School and organized mentorship / career talk at the School. The CDA staff engaged the students about different professions such as Finance, Communication, Aviation, Marketing, HR, Engineering, and Procurement. The forum introduced the students to the nature and scope of the work done and educated them on the skills necessary to perform certain job functions.



ii. Covid-19 Donations

Coast Development Authority heeded the call for emergency assistance and made donations to the Mombasa and Tana River Counties Multi Agent covid-19 emergency response teams.



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Coast Development Authority set out on pages 28 to 66, which comprise the statement of financial position as at 30 June, 2020, 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 Coast Development Authority as at 30 June, 2020, 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 Coast Development Authority Act, Cap 449 of the Laws of Kenya and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

1.1 Unsupported Receivables

The statement of financial position reflects a balance of Kshs.15,240,343 under receivables from exchange transactions which, as disclosed in Note 17 to the financial statements, includes an amount of Kshs.1,424,400 in respect of coral block receivables. However, the supporting documents for the coral block receivables of Kshs.1,424,400 including invoices, receipts and other source documents were not provided for audit verification.

Under the circumstances, the accuracy, completeness, validity and recoverability of the coral block receivables amounting to Kshs.1,424,000 as at 30 June, 2020 could not be confirmed.

1.2 Service Deposits

The receivables from exchange transactions of Kshs.15,240,343 also includes an amount of Kshs.7,001,016 in respect of service deposits. However, schedules supporting an amount of Kshs.212,333 of the service deposits were not provided for audit verification.

Consequently, the accuracy and completeness of service deposits amounting to Kshs.212,333 as at 30 June, 2020 could not be confirmed.

2. Receivables from Non-Exchange Transactions

2.1 Long Outstanding Imprests

The statement of financial position reflects a balance of Kshs.26,418,191 under receivables from non-exchange transactions which, as disclosed in Note 18 to the financial statements, includes an amount of Kshs.19,612,987 in respect of outstanding imprests due from employees. However, out of the outstanding imprests of Kshs.19,612,987, imprests amounting Kshs.11,910,746 have been outstanding for more than two years, contrary to Regulation 92(5) of the Public Finance Management (National Government) Regulations, 2015 which states that, 'a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station'.

Consequently, the recoverability of the long outstanding imprests of Kshs.11,910,746 could not be ascertained.

2.2 Other Debts

The receivables from non-exchange transactions of Kshs.26,418,191 also includes an amount of Kshs.123,734 advanced to other Regional Development Authorities (RDA's) which has been outstanding for more than eight (8) years. However, documentary evidence indicating how the lending was done and terms and conditions for the lending were not provided for audit review.

Under the circumstances, the accuracy, validity and recoverability of the amount of Kshs.123,734 relating to advances to other Regional Development Authorities (RDA's) could not be confirmed.

3. Property, Plant and Equipment

3.1 Excluded Parcels of Land

As previously reported, the property, plant and equipment balance of Kshs.525,658,579 as at 30 June, 2020 excludes six (6) un-valued parcels of land located in Kilifi and Garissa Counties. Further, the Authority only has sale agreements as proof of ownership of the parcels of land.

3.2 Land Balance Payable

As previously reported, the statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.17,170,340. Excluded from the

balance is an amount of Kshs.5,199,500 in respect of land balance payable. Records provided for audit revealed that the purchase price for the piece of land was Kshs.9,800,000 as per the sale agreements. The Authority paid Kshs.4,600,500 leaving an outstanding balance of Kshs.5,199,500 as at 04 August, 2014. However, as per land report tabled at the 76th Full Board meeting held on 19 September, 2018, it was reported that the total purchase price of Kshs.9,800,000 had been paid but the land was unscrupulously sold by an informal settler to a private investor. The case is before the Court awaiting determination.

3.3 Trespass on Private Land by Coast Development Authority

The property, plant and equipment balance of Kshs.525,658,579 excludes undetermined value of two-roomed semi-permanent structure, toilet block and a water well all constructed on a parcel of land measuring 20.26 acres whose ownership is in the name of a private individual. Management has not explained whether due diligence was done before developing the said land.

Under the circumstances, the accuracy, ownership and carrying values of the property, plant and equipment balance of Kshs.525,658,579 as at 30 June, 2020 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

During the year under review, the Authority's revenue budget amounted to Kshs.256,460,000 against actual revenue of Kshs.277,645,000, resulting in a net over collection of Kshs.21,185,000 or 8%. Further, the Authority had had a final expenditure budget of Kshs.256,460,000 against actual expenditure of Kshs.298,832,000, resulting in an overall over-expenditure of Kshs.42,372,000 or 19 % of the budget. However, approval documents for the over expenditure were not provided for audit review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections 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. Failure to Procure Through E-Procurement

During the year under review, the Authority procured various goods and services but the procurements were not carried out electronically. This is contrary to Executive Order No. 2 of 13 June, 2018 on procurement of public goods, works and services by public entities which requires that public procurement entities should undertake all their procurements through the e-procurement module beginning 1 January, 2019.

The Authority was in breach of the Executive Order.

2. Board of Directors Constitution and Meetings

2.1 Chairman of the Board

During the year under review, the Chairman of the Board of Coast Development Authority was appointed as Commissioner to the National Land Commission and sworn in on 15 November, 2019. However, the Chairman continued attending the Authority's Board meetings contrary to the Office of President Circular Reference No. OP/SCAS.9/73.VOL.II (84) of 30 July, 2015 which states that public officers should not serve as independent Board Directors of state corporations unless stipulated by any written law.

2.2 Alternate Director to the Regional Commissioner

The statement of financial performance reflects Board expenses amounting to Kshs.16,350,171 which, as disclosed in Note 10 to the financial statements, includes an amount of Kshs.15,390,171 in respect of other allowances. The other allowances includes an amount of Kshs.164,000 paid to persons designated by the Regional Commissioner as Alternate Directors. However, the enabling Act did not provide for the Regional Commissioner to appoint Alternate Directors.

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

3. Projects Implementation Status

Audit inspection of ten (10) projects with a total allocation of Kshs. 96,604,869 carried out in the month of February, 2021 revealed various anomalies as detailed in **Appendix 1** attached. The anomalies may be attributed to lack of proper supervision by the

Management, which may in turn be detrimental to achieving effectiveness in the utilization of public resources and value for money on the projects.

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether 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 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 entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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


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

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

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

08 February, 2022

Appendix 1 - Projects Implementation Status

No.	Project Description	Final Contract Price (Kshs.)	Value of Works Done as at 30 June, 2020 (Kshs.)	Project Status	Audit Observation
1.	Construction of Supports for Tanks at Boji Small Holder Irrigation Scheme. – and supply of tanks	1,162,552	1,162,552	Complete but not in use	Supplied tanks one (1) 5000 liters and five (5) ground tanks of 1,500 liters. The tanks were not fitted.
2.	Construction and Rehabilitation of In-Field Irrigation Structure-Wiring of Pump House, Supply, Installation and Testing of Water Pumps and water Storage Structures at Boji Farmers Irrigation Scheme	26,393,803	25,305,293	Complete but not in use	Canals constructed at a cost of Kshs.13,611,808 were poorly constructed to the extent that the canals could not contain or direct water. Project complete but cannot be handed over to the community due to the status of the canals.
3.	Procure, supply and install irrigation kits - Kshs.1,080,000; Mobilization and demobilization - Kshs.400,000; Delivery of farm inputs - Seeds 518,200; Pesticides - Kshs.1,185,900; Fertilizer - Kshs.1,890,000; Farm inputs - Kshs.551,000	8,053,781	8,813,970	Complete	Irrigation kits amounting to Kshs.1,080,000 were not installed but still in store, despite the supplier having been paid for the installation. Fertilizer acquired at a cost of Kshs.1,890,000 was still at the store. Distribution list of seedlings, pesticides and other farm inputs

No.	Project Description	Final Contract Price (Kshs.)	Value of Works Done as at 30 June, 2020 (Kshs.)	Project Status	Audit Observation
					not provided for audit review.
4.	Fencing of Utility Area at Boji Irrigation Scheme	2,186,867	2,149,162	Complete	No major audit observations
5.	Construction of Irrigation Water Supply Pipeline and Ploughing of Boji Farmers Irrigation Scheme	12,130,183	12,245,517	Complete but not in use	Water supply pipeline connected was not able to supply water to the irrigation scheme.
6.	Proposed Construction of Boji Farm offices at Boji Farmers Irrigation Scheme	4,968,852	4,778,639	Complete but not in use	Falling/loose gutters fitted to the Farm offices building. Latrine constructed is 4 meters deep equivalent to 13 ft.
7.	Proposed Construction of Wananchi Cottages and Conference Facility in Kilifi	16,940,183		Complete	No curtain tracks. Measurement sheet not provided for audit review.
8.	Proposed Construction of utility building at the integrated fruit processing plant, Hola	9,272,970		Complete	Ceiling door trap not fitted. Concrete block 177m ² equivalent to 214 paving blocks not done. Instead, concrete equivalent to 81 blocks done resulting to 133 blocks or 110m ² not done. Mortice 3 lever locks not installed.
9.	Construction of a Workshop Building at the IFPP	9,521,946		Complete	Ceiling door trap not fitted. Roof observed to be leaking.

No.	Project Description	Final Contract Price (Kshs.)	Value of Works Done as at 30 June, 2020 (Kshs.)	Project Status	Audit Observation
10.	Mwache - Terracing and tree planting	5,973,732			Most of the terraces dug at Makutano site had been washed away and covered by soil. A number of trees had dried up due to water shortage and some of them could not be traced to where they had been planted.
	Total	96,604,869			

11. Statement of Financial Performance for The Year Ended 30th June 2020

Income		2019/2020	2018/2019
	Notes	Kshs	Kshs
Revenue from Non-Exchange Transactions			
Public Contributions and Donations	3	22,418,435	38,238,278
Transfers from Other Governments – Gifts and Services-in-Kind	4	244,442,460	244,442,460
		266,860,895	282,680,738
Revenue From Exchange Transactions			
Finance Income - External Investments			
Other Income	5	10,785,482	17,209,080
		10,785,482	17,209,080
Total Revenue		277,646,377	299,889,818
Expenses			
Employee Costs	6	170,841,343	158,257,671
Depreciation and Amortization Expense	7	21,528,337	12,642,114
Board Expenses	8	16,350,171	15,421,311
Project Expenses	9	10,394,865	25,939,210
Repairs and Maintenance	10	9,870,489	8,576,033
Grants and Subsidies	11	22,418,435	43,028,477
General Expenses	12	45,817,817	26,709,396
Audit Fee	14	1,611,920	1,312,000
Total Expenses		298,833,377	291,886,212
Other Gains/(Losses)			
Surplus Before Tax			
Taxation			
Surplus For The Period		(21,187,000)	8,003,606
Attributable To:			
Surplus Attributable to Owners of the Controlling Entity		(21,187,000)	8,003,606

The notes set out on pages 33 to 56 form an integral part of these Financial Statements

12. Statement of Financial Position as at 30th June 2020

	Notes	2019/2020	2018/2019
		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	16	824,685,081	269,188,879
Receivables from Exchange Transactions	17	15,240,343	21,989,891
Receivables from Non-Exchange Transactions	18	26,418,191	91,234,224
Current Portion of Long-Term Receivables from Exchange Transactions		-	-
Inventories	19	1,952,975	697,106
Investments			
		868,296,591	383,110,010
Non-Current Assets			
Property, Plant and Equipment	22	525,658,579	506,127,553
Biological Assets	21	1,915,000	1,415,000
Community Projects/Work in Progress	20	348,444,409	267,451,804
Investments			
Long Term Receivables from Exchange Transactions		-	-
		876,017,988	774,994,357
Total Assets		1,744,314,579	1,158,104,367
Liabilities			
Trade and Other Payables from Exchange Transactions	23	17,170,340	33,468,217
Trade and Other Payables from Non Exchange Transactions	24	11,346,372	11,540,340
Deferred Income	27	45,122,315	13,455,783
Employee Benefit Obligation	25	12,719,339	15,326,205
Payments Received in Advance			
Taxation			
		86,358,366	73,790,545
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	26	4,331,493	5,874,378
Total Liabilities		90,689,859	79,664,923
Net Assets		1,653,624,719	1,078,439,534
Development Grants		1,957,268,842	1,365,110,842
Reserves		342,786,314	342,786,314
Accumulated Deficit		-646,430,437	-629,457,622
Total Net Assets And Liabilities		1,744,314,579	1,158,104,457


The Financial Statements set out on pages 28-32 were signed on behalf of the Board of Directors by:

Managing Director

Signature.....

Date.....16/3/2021

Head of Finance

Signature.....

Date.....16/3/2021

Chairman of the Board

Signature.....

Date.....16/3/2021



13. Statement of Changes in Net Assets for the Year Ended 30th June 2020

	Development Grants	Revaluation Reserves	Accumulated Deficit	Total
	Kshs.	Kshs	Kshs.	Kshs.
Balance as at 30th June 2018	1,262,997,589	342,786,314	(634,087,432)	971,696,472
Net Surplus for the Period	-	-	8,003,606	8,003,606
Revaluation for the Year	-	-	-	-
Transfers to/from Accumulated Deficit	-	-	(3,398,392)	(3,398,392)
Opening Balance Adjustments	-	-	24,597	24,597
Net GOK Grants	264,750,000	-	-	264,750,000
Completed Community Projects	(162,636,747)	-	-	(162,636,747)
Balance As At 30 June 2019	1,365,110,842	342,786,314.	(629,457,621)	1,078,439,535
Profit for the Year			(21,187,000)	(21,187,000)
Transfers to/from Accumulated Deficit	-	-	4,214,184	4,214,184
Opening Balance Adjustments	-	-	-	-
Net GOK Grants	592,158,000	-	-	592,158,000
Completed Community Projects	-	-	-	-
Balance as at 30 June 2020	1,957,268,842	342,786,314	(646,430,437)	1,653,624,719

14. Statement of Cashflows for the Year Ended 30 June 2020

Cashflow from Operating Activities	Notes	2019/2020	2018/2019
		Kshs	Kshs
Surplus for the Period		(21,187,000)	8,003,606
Depreciation	22	21,528,337	12,642,114
Decrease in Land Payables Provision		-	-
Increase in Reserves		4,214,184	(3,373,796)
Cash Flow from Operating Activities before Working Capital Changes		4,555,521	17,271,924
Decrease in Inventory	19	(1,255,869)	236,288
Increase in Debtors Receivables Exchange	17	6,749,548	1,179,083
Decrease in Debtors Non Exchange	18	64,816,033	(39,269,014)
Increase in Deferred Income	27	31,666,532	(33,771,278)
Decrease in Creditors	23	(16,297,877)	7,593,227
Decrease in Trade Payable - Non-Exchange	24	(193,967)	(118,072)
Decrease in Employee Obligations	25	(4,149,751))	(25,969,074)
Net Cash Flow From Operating Activities		85,890,170	(72,846,916)
Cashflow From Investment Activities			
Purchase of Fixed Assets	22	(41,059,362)	(108,514,170)
Increase/Decrease in Work In Progress	20	(80,992,605)	149,808,936
Purchase of Biological Assets	21	(500,000)	
Decrease in Investments		-	-
Net Cash Flow from Investing Activities		(122,551,968)	41,294,766
Cashflow from Financing Activities			
Completed Community Projects		-	(162,636,747)
Development Grants		592,158,000	264,750,000
Net Cash Flow from Financing Activities		592,158,000	102,113,253
Cash and Cash Equivalent Generated in the Year		555,496,202	70,561,103
Cash and Cash Equivalent at the Beginning of the Year		269,188,879	198,627,744
Cash and Cash Equivalent at the End of the Year		824,685,081	269,188,847

15. Statement of Comparison of Budget and Actual amounts for the Year Ended 30 June 2020

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	
					(Budget – Actual)	(Budget – Actual)
	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020	2019/2020
Amounts in Ksh '000	Kshs (000)	Kshs (000)	Kshs(000)	Kshs(000)	Kshs (000)	%
Revenue						
Property Taxes	-	-	-	-	-	
Public Contributions and Donations	-	-	-	22,418	22,418	n/a
Government Grants and Subsidies	244,460	-	244,460	244,442	-18	99.9%
Other Income	12,000	-	12,000	10,785	-1,215	89.88%
Finance Income	-	-	-	-	-	0%
Total Income	256,460	-	256,460	277,645	21,185	
Expenses						
Compensation of Employees	176,160	-	176,160	170,841	-5,319	96.98%
Other Expenses	80,300	-	80,300	105,573	25,273	131.22%
Finance Cost	-	-	-	-	-	-
Grants and Subsidies Paid	-	-	-	22,418	22,418	n/a
Total Expenditure	256,460	-	256,460	298,833	42,372	
Surplus for The Period	-	-	-	-21,187	-21,187	

16. Notes to the Financial Statements

1. General Information

The Authority is established by and derives its authority and accountability from the Act of Parliament Cap 449 No. 20 of the laws of Kenya in 1990 and the State Corporations Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is implementing sustainable integrated development.

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012, the State Corporations Act Cap 446, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 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.

Notes to the Financial Statements...Cont.'

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

iii) Early adoption of standards

The entity did not early – adopt any new or amended standards in the FY 2019/2020.

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, Taxes and Fines

Notes to the Financial Statements...Cont'

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached

that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from Exchange Transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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 entity.

Interest income

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

b) Budget Information

The original budget for FY 2019-2020 was approved by the National Assembly on 29th June, 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

Notes to the Financial Statements...Cont'

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 actual as per the statement of financial performance has been presented.

c) Taxes

i) Current Income Tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Notes to the Financial Statements...Cont'

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

iii) Sales Tax

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

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

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

d) Investment Property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes their placement cost of components of an existing investment property at the time that cost is incurred if their recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

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

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements...Cont'

e) **Financial instruments**

Financial Assets

Initial Recognition and Measurement

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

Loans and Receivables

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

Held-to-Maturity

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

Impairment of Financial Assets

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

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

Notes to the Financial Statements...Cont'

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and Borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses

are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

f) Inventories

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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.

g) Provisions

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

Notes to the Financial Statements...Cont'

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent Liabilities

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

Contingent Assets

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

h) Nature And Purpose Of Reserves

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

i) Changes in Accounting Policies and Estimates

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

j) Employee Benefits

Retirement Benefit Plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are postemployment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Notes to The Financial Statements...Cont'

k) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

l) Borrowing Costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

m) 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.

n) Service Concession Arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes corresponding liability, adjusted by a cash consideration paid or received.

o) 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.

Notes to the Financial Statements...Cont'

p) Comparative Figures

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

- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

3 Public Contributions and Donations

Description	2019/2020	2018/2019
	Kshs	Kshs
Kenya Climate Change Adaptation Program	2,693,480	11,976,917
KWSCRIP Mwache	19,724,955	26,261,361
Drought Mitigation Program	-	-
Total Transfers and Sponsorships	22,418,435	38,238,278

4 Transfers from Ministries, Departments and Agencies

Name of Entity sending the Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount Deferred under Deferred Income Kshs	Amount recognised in Capital Fund.	Total Grant Income during the year	2018-2019
			Kshs	Kshs	Kshs
Ministry of East Africa Community and Regional Development	244,442,460	-	-	244,442,460	244,442,460
Total	244,442,460	-	-	244,442,460	244,442,460

5 Other Income

	2019//2020	2018/2019
	Ksh	Ksh
Appropriation in Aid (AIA)	-	413,056
Wananchi Cottages	6,666,178	8,053,499
Coral Block	2,310,980	6,992,405
Water Boozer	647,459	1,177,700
Other Incomes	683,515	10,900
Disposal of Assets	477,350	561,520
Total	10,785,482	17,209,080

This is revenue from the income generating projects for the Authority

Notes to the Financial Statements...Cont'

6 Employee Costs

	2019/2020	2018/2019
	Ksh	Ksh
Staff Costs	10,500	-
Funeral Expenses	50,000	261,300
Group Personal Accident	558,774	335,926
Group Life	611,260	-
Medical	17,918,170	13,216,280
NSSF Expenses	372,200	379,510
Pension 15%	96,800	9,418,314
Pension Trustee	-	565,220
Personal Emoluments	130,695,384	100,993,104
Staff Policies & Reports	143,874	568,900
Staff Welfare	-	174,250
Subscriptions to Professional Bodies	267,610	114,220
Training	1,637,217	5,181,484
Travelling & Accommodation	14,537,202	24,054,195
Stipend Allowance	900,000	
Wages	3,042,352	
Work Men Compensation	-	1,000
Total	170,841,343	158,257,671

7 Depreciation and Amortization Expense

Description	2019/2020	2018/2019
	Kshs	Kshs
Property, Plant and Equipment	21,528,337	12,642,114
Intangible Assets	-	-
Investment Property Carried at Cost	-	-
Total Depreciation and Amortization	21,528,337	12,642,114

8 Board Expenses

Description	2019/2020	2018-2019
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Other Allowances	15,390,171	14,461,311
Total Director Emoluments	16,350,171	15,421,311

Notes to the Financial Statements...Cont'

9 Project Expenses

Description	2019/2020	2018/2019
	KShs	KShs
Wananchi Cottages	4,785,114	6,861,766
Coral Block	4,376,210	7,352,261
Kazi Kwa Vijana (KKV)	27,240	262,552
Samburu Ranch	755,656	2,003,832
Water Boozer	450,645	579,548
IFPP	-	8,674,878
Shimoni	-	204,373
Total Project Expenses	10,394,865	25,939,210

10 Repairs and Maintenance

Description	2019/2020	2018/2019
	Kshs	Kshs
Property	5,528,434	658,091
Investment Property–Earning Rentals	-	-
Equipment and Machinery	274,365	200,890
Vehicles	3,789,518	7,582,025
Furniture and Fittings	-	-
Computers and Accessories	278,172	135,027
Total Repairs and Maintenance	9,870,489	8,576,033

11 Grants and Subsidies

Description	2019/2020	2018/2019
	Kshs	Kshs
Kenya Climate Change Adaptation Program	2,693,480	11,976,918
KWSCRIP Mwache	19,724,955	26,261,361
Malindi Integrated Social Health Development Programme	-	2,122,277
Special Programs	-	2,667,921
Kenya Coastal Development Programme	-	-
Total Grants and Subsidies	22,418,435	43,028,477

Notes to the Financial Statements...Cont'

12 General Expenses

	2019/2020	2018/2019
	Kshs	Kshs
Admin Costs	3,303,006	3,502,070
Electricity and Water	978,247	878,595
Insurance	2,790,850	4,808,257
Publicity and Advertisements	2,980,336	1,115,603
Internet	1,116,114	1,879,138
General Office Supplies	2,356,033	1,554,602
Postage	168,946	109,896
Stationery	1,553,691	1,646,220
Telephone Expenses	1,502,195	1,018,724
Legal & Professional Charges	4,829,288	4,206,588
ISO Audit	457,601	289,760
Transport & Operation	2,540,047	311,370
Bank Charges	204,270	158,929
Ask Show Expenses	1,586,146	2,687,506
Monitoring & Evaluation	1,381,635	1,536,906
Reports	10,865,169	124,450
Work Environment	562,299	122,580
Rent & Rates	-	758,202
Corporate Social Responsibility	1,509,102	-
Project Concept	3,289,302	-
County Coordination	1,017,310	-
MISHDP	826,230	-
Total General Expenses	45,817,817	26,709,396

13 Finance Costs

Description	2019/2020	2018/2019
	Kshs	Kshs
Borrowings (Amortized Cost) *	-	-
Finance Leases (Amortized Cost)	-	-
Unwinding of Discount	-	-
Interest on Bank Overdrafts	-	-
Interest on Loans from Commercial Banks	-	-
Total Finance Costs	-	-

14 Audit Fees

Description	2019/2020	2018/2019
	Kshs	Kshs
Audit Fees	1,611,920	1,312,000
Total Audit Fees	1,611,920	1,312,000

Notes to the Financial Statements...Cont'

15 Gain on Sale of Assets

Description	2019/2020	2018/2019
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not Capitalised	-	-
Total Gain on Sale of Assets	-	-

16 (a) Cash and Cash Equivalents

Description	2019/2020	2018/2019
	Kshs	Kshs
Current Account	824,396,593	268,147,350
Cash on Hand	288,488	316,285
MPESA Paybill	-	725,244
Total Cash and Cash Equivalents	824,685,081	269,188,879

(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account No	2019/2020	2018/2019
a) Current Account		Kshs	Kshs
Barclays Coral Block	2022577967	38,856	(18)
Barclays Coral Block B	2024191144	36,222	424,815
Barclays Wananchi Cottages	2024191047	1,974,482	879,338
Equity Bank-KWSCRIP	1560267200967	35,613,118	11,576,312
Equity Kilifi	1060299686735	187,251	187,251
KCB Kenya Climate Change	1166235319	8,400,430	405,374
KCB Main Account	1166235173	4	1,160
KCB Try Sq Farms	1105622029	1,652,966	1,199,368
NBK -Malindi Integrated Project	01002009182400	92,618	94,478
NBK Development	01002008243100	693,933,960	153,203,273
NBK EEZ Project	01002008243101	9,106	101,292
NBK FFS	01002057026205	22,850	727,784
NBK FFS RH	01002057026208	38,025	39,225
NBK Main Account	01004007563400	82,396,706	99,307,698
Sub Total		824,396,593	268,147,350
b) Others (specify)			
Cash Account-Wananchi Cottages	n/a	27	4,364
Cash Account CDA Main	n/a	285,716	311,921
Mpesa Paybill Account		1	725,244
Cash Account - Development		2,743	-
Sub Total		288,488	1,041,529
Grand Total		824,685,081	269,188,879

Notes to the Financial Statements...Cont'

17 Receivables from Exchange Transactions

Receivables From Exchange Transactions	2019/2020	2018/2019
Current Receivables	Kshs	Kshs
Wananchi Cottages Receivables	4,608,818	4,219,923
Staff Advances	1,619,259	1,263,772
Less Impairment Allowance		
Total Current Receivables	6,228,077	5,483,695
Non-Current Receivables		
Coral Block Receivables	1,424,400	1,424,400
Other Staff Receivables	531,365	1,491,989
Staff Telephone	15,485	15,485
Pension Everestina Nyambu	40,000	
Service Deposits	7,001,016	13,574,322
Less Impairment Allowance		
Current Portion Transferred to Current Receivables		
Total Non-Current Receivables	9,012,267	16,506,196
Total Receivables	15,240,343	21,989,891

18 Receivables from Non-Exchange Contracts

Description	2019/2020	2018/2019
Non Current Receivables	Kshs	Kshs
Imprests Outstanding	19,612,987	22,363,797
Claims Reg CDA Main	3,385,749	3,595,885
Other Advances	4,800	4,806
Advances to other RDA's	123,734	123,734
Advance to MRD	510,336	510,336
Pambazuko Dev Co	1,018,317	1,018,317
Pledges	6,132	6,132
Ukunda Showground	1,756,136	1,756,136
VAT	-	355,081
MISHDP	-	-
PAYE	-	-
UNION	-	-
Imprest Recovered	-	-
Govt Grants Receivables	-	61,500,000
Less: Impairment Allowance	-	-
Total Current Receivables	26,418,191	91,234,224

Notes to the Financial Statements...Cont'

19 Inventories

Description	2019/2020	2018/2019
	KShs	KShs
Consumable Stores	1,940,450	684,606
Medical Supplies	-	-
Coral Block	-	-
Slates	12,525	12,500
Total inventories at the lower of cost and net realizable value	1,952,975	697,106

20 Community Projects

	2019/2020	2018/2019
Community Projects /Work in Progress	Kshs	Kshs
Boji Irrigation Scheme	48,088,074	22,598,834
Project Account – Abaqiq Dam	1,833,614	-
Integrated Community Enterprise:Coral Block Cutting	8,268,956	8,268,956
Wananchi Cottages - Building	11,845,037	-
Integrated Fruit Processing	79,087,607	70,152,453
Lake Challa	108,639,152	104,352,284
Livestock Development	10,837,173	10,837,174
Malindi Integrated Project	6,885,659	6,885,659
Milk Cooling Plant	1,488,207	1,488,207
ASK Show	1,713,028	-
Minor Irrigation	58,856,069	31,982,109
Mwache Dam	2,690,140	2,690,140
Mariakani Milk Scheme	8,211,693	8,195,988
Total Community Projects	348,444,409	267,451,804

21 Biological Assets

Description	2019/2020	2018/2019
Biological Assets	1,915,000	1,415,000
Total Biological Assets	1,915,000	1,415,000

*Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020*

**Notes To The Financial Statements...Cont'
22 Property Plant and Equipment**

CDA ASSET MOVEMENT SCHEDULE AS AT 30TH JUNE 2020	LAND	BUILDING	COMPUTER/ PHOTOCOPIE R	FURNITURE & FITTINGS	PLANT & EQUIPMENT	M/VEHICLE	TOTAL
ASSET CLASS							
DEPRECIATION RATE IN %							
30.6.2019	334,580,485	97,452,056	2,680,224	12,030,895	152,680,949	62,019,800	661,444,389
ADDITIONS	-	27,246,997	4,140,013	687,433	8,984,922	-	41,059,364
Write offs/Adjustments	-	-	-	(3,937,559)	(76,209,321)	(41,185,300)	(121,332,180)
BAL.30.6.2020 (COST) DEPRECIATION	334,580,485	124,699,053	6,820,237	8,780,769	85,456,550	20,834,480	581,171,573
BAL.1.7.2019	-	12,641,514	2,441,776	10,039,881	77,320,016	52,873,650	155,316,837
Write offs/Adjustments CHARGE FOR THE YEAR ON REVALUED ASSETS	-	-	-	(3,937,559)	(76,209,321)	(41,185,300)	(121,332,180)
CHARGE FOR THE YEAR	-	2,493,981	2,046,071	1,097,596	10,682,069	5,208,620	21,528,337
BAL.30.6.2020 (ACC DEP) NBV AS AT	-	15,135,495	4,487,847	7,199,919	11,792,764	16,896,969	55,512,994
30.6.2020	334,580,485	109,563,558	2,332,390	1,580,850	73,663,786	3,937,510	525,658,579
30.6.2019	334,580,485	84,810,512.36	238,458.40	1,961,389	75,360,933	9,146,150	506,127,553

Notes to the Financial Statements...Cont'

23 Trade and Other Payables from Exchange Transactions

Description	2019/2020	2018/2019
	Kshs	Kshs
Creditors	17,170,340	33,468,217
Total	17,170,340	33,468,217

24 Trade and Other Payables from Non-Exchange Transactions

Description	2019/2020	2018/2019
	Kshs	Kshs
Provision for Bad & Doubtful Debt	2,774,453	2,774,453
Wetland Lagoon	2,440,146	2,440,146
VAT	2,568,675	2,761,708
Staff Claim Refunds	321,698	331,698
Imprest	343,094	334,567
Amedo Hire Purchases	2,415	2,415
Farmers Rev Fund Kilifi & Taita	105,310	105,310
MISHDP	2,790,043	2,790,043
Claim	538	-
Advance Wananchi Cottages	-	-
COTU	-	-
Total Trade and Other Payables from Non Exchange Transactions	11,346,372	11,540,340

25 Employee Benefit Obligation

	2019/2020	2018/2019
	Kshs	Kshs
CDA Sacco	898,519	1,252,581
CDA Staff Welfare	138,200	986,900
CIC Insurance	218,554	218,554
DPM Dues	207,399	207,399
Group Life and Accident		
HELB	160,482	155,215
ICEA Endowment Plan	63,644	63,644
KUFCAW	52,844	47,392
NBK Loan Administration Costs	6,574	6,574
PAYE:30% Withholding Tax	342,000	756,000
Pension 20%	9,098,538	8,939,720
Salary Control	453,769	75,034
Training Levy	990,880	990,880
Ukulima Sacco	26,419	26,419
NSSF	24,470	28,000
NHIF	70,950	150,150
COTU	2,000	6,050
PAYE	-122,010	1,415,693
Voluntary Pension	86,107	
Total Employee Benefit Obligation	12,719,339	15,326,205

Notes to the Financial Statements...Cont'

The entity operates a defined benefit scheme for all full-time employees from July 1, 2012. The scheme is based on 7.5% percentage of salary of an employee contribution and 15% employer contribution. The liability at the end of the year is Ksh 8,939,720.

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.200 per employee per month.

26 Non-Current Employee Benefit Obligation

Non-current employee benefit obligation	2019/2020	2018/2019
	KShs	KShs
Service Gratuity	-	-
Service Gratuity: Abdalla Lugogo	70,208	70,208
Service Gratuity 31%	3,956,506	5,499,391
Service Gratuity 31%Account	304,779	304,779
Total Non-Current Employee Obligation	4,331,493	5,874,378

27 Deferred Income

Description	2019/2020	2018/2019
	KShs	KShs
National government		
International funders		
Public contributions and donations	45,122,315	13,455,783
Total Deferred Income	45,122,315	13,455,783

The deferred income movement is as follows:

	National Government	International funders	Public contributions and donations	Total
Balance brought forward	-	-	13,455,782	13,455,782
Additions	-	-	54,084,968	54,084,968
Transfers to Capital fund	-	-	-	-
Transfers to income statement	-	-	(22,418,435)	(22,418,435)
Other transfers	-	-	-	-
Balance carried forward	-	-	45,122,315	45,122,315

Notes to the Financial Statements...Cont'

28 Statement of Cash Flows for the Year Ended 30 June 2020

	Notes	2019/2020	2018/2019
Surplus for the Period		(21,187,000)	8,003,606
Depreciation		21,528,337	12,642,114
Decrease in Land Payables Provision		-	-
Increase in Reserves		4,214,184	(3,373,796)
Cash Flow from Operating Activities before Working Capital Changes		4,555,421	17,271,924
Decrease in Inventory		(1,255,869)	236,288
Increase in Debtors Receivables Exchange		6,749,548	1,179,083
Decrease in Debtors Non Exchange		64,816,033	(39,269,014)
Increase in Deffered Income		31,666,532	(33,771,278)
Decrease in Creditors		(16,297,877)	7,593,227
Decrease in Trade Payable - Non-Exchange		(193,967)	(118,072)
Decrease in Employee Obligations		(4,149,751)	(25,969,074)
Net Cash Flow from Operating Activities		85,890,170	(72,846,916)
Cashflow from Investment Activities			
Purchase of Fixed Assets		(41,059,362)	(108,514,170)
Increase/Decrease in Work in Progress		(80,992,606)	149,808,936
Purchase of Biological Assets		(500,000)	-
Decrease in Investments		--	-
Net Cash Flow from Investing Activities		(122,551,968)	41,294,766
Cashflow from Financing Activities			
Completed Community Projects		-	(162,636,747)
Development Grants		592,158,000	264,750,000
Net Cash Flow from Financing Activities		592,158,000	102,113,253
Cash and Cash Equivalent Generated in the Year		555,96,202	70,561,103
Cash and Cash Equivalent at the beginning of the Year		269,188,879	198,627,744
Cash and Cash Equivalent at the end of the Year		824,685,081	269,188,847

Notes to the Financial Statements...Cont'

29 Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The entity's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) 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 entity'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 Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2020				
Receivables from exchange transactions	15,240,343	8,620,275	6,620,068	-
Receivables from non-exchange transactions	26,418,191	-	26,418,191	-
Bank balances	824,685,081	-	-	-
Total	866,343,615	-	-	-
At 30 June 2019				
Receivables from exchange transactions	21,989,891	-	-	-
Receivables from non-exchange transactions	91,234,224	64,816,033	26,418,191	-
Bank balances	269,188,879	-	-	-
Total	382,412,994	-	-	-

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 entity has recognised in the financial Statements is considered adequate to cover any potentially irrecoverable amounts. The entity has no significant concentration of credit risk on amounts due .

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

Notes to the Financial Statements...Cont'

(ii) **Liquidity Risk Management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	3,201,073	627,780	29,639,364	33,468,217
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	13,455,783
Employee benefit obligation	-	2,409,014	18,791,569	21,200,583
Total	16,656,856	3,036,794	48,430,933	68,124,583
At 30 June 2020				
Trade payables	2,852,784	6,581,547	7,736,009	17,170,340
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	45,122,315
Employee benefit obligation	-	1,584,528	11,134,811	12,719,339
Total	2,852,784	8,166,075	18,870,820	75,011,994

(iii) **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.

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

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

There has been no change to the entity's exposure to market risks or the 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.

Notes to the Financial Statements...Cont'

iv) Capital Risk Management

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

	2019/2020	2018/2019
	Kshs	Kshs
Revaluation reserve	342,786,314	342,786,314
Retained earnings	(646,430,437)	(629,457,622)
Capital reserve	1,957,268,842	1,365,110,842
Total funds	1,653,624,719	1,078,439,534
Total borrowings	-	-
Less: cash and bank balances	824,685,081	269,188,879
Net debt/(excess cash and cash equivalents)	n/a	n/a
Gearing	n/a	n/a

30 Related Party Balances

Nature of related party relationships

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

The Government of Kenya is the principal shareholder of the Authority, holding 100% of the Authority's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. The related parties are;

- i) The National Government
- ii) The Parent Ministry
- iii) Key Management
- iv) Board of Directors
- v) Income Generating Projects
- vi) Donors funding Projects (Mwache Dams, Kenya Climate Change Adaptation Programme)

	2019/2020	2018/2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to		
Sales of services	-	2,658,970
Total	-	2,658,970
b) Grants from the Government		
Grants from National Govt	836,600,460	509,192,460
Grants from County Government	-	-
Donations in Kind	-	-
Total	836,600,460	509,192,460

c) Expenses incurred on behalf of Related Party		
Payments of salaries and wages for employees	-	-
Payments for goods and services for	-	-
Total	-	-
d) Key Management Compensation		
Chairman's' Honoraria	960,000	960,000
Compensation to the CEO	4,547,381	4,547,381
Compensation to Key Management	11,384,160	11,184,160
Other Directors Allowance/Emoluments	15,390,171	11,202,014
Total	32,281,712	27,893,555

31 Contingent Assets and Contingent Liabilities

Contingent liabilities	2019/2020	2018/2019
	Kshs	Kshs
Court case against the entity- Murphy Auctioneers Civil Application No 129/2019	6,953,000	6,953,000
Court Case against Endebess Development Company	62,000,000	
Bank guarantees in favour of subsidiary	-	-
Total	68,953,000	6,953,000

32 Events after the Reporting Period

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

33 Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of East African Community and Regional Development. Its ultimate parent is the Government of Kenya.

34 Currency

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

Appendix 1: Progress on Follow Up of Auditor Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
1.0 Presentation the Financial Statements	Note 14 to the financial statements for the year ended 30 June 2018 reflects finance cost balance of Ksh. 776,342. However included in this figure is audit fees balance of Ksh. 614,542. According to IAS 23 finance cost include interest on bank overdraft and banks borrowings, finance charges, finance leases and exchange deferece's on foreign currency borrowings where they are regarded as an adjustment to interest cost. Hence audit fees are not part of finance cost. Consequently, the currency of finance cost of Ksh. 776,342 for the year ended 30 June 2018 could not be ascertained.	The amount of Kshs. 614,542 is provision of audit fees due to the office of the Auditor General. All subsequent provision and disclosures of audit fees will be classified correctly in the financial statements in line with the appropriate accounting reporting standards (IAS 23).	Pamela Maghema Ngure Manager Finance and Accounts	Resolved	N/A
2.Service Deposits	As previously reported, included in the receivables from exchange transactions balance of Ksh 23,168,974 as detailed in note 16 in the financial statements for the year ended 30 th June 2018 is a service	In October 1996, the Authority ordered Olivetti typewriter valued at 537827 from a supplier based in Mombasa and a down payment of 250,000 was made. Subsequently an Olivetti typewriter was delivered costing 28,750 and the firm closed their offices thereafter. All efforts to trace the Company	Violet Indiazi Manager Procurement and Supplies	Not Resolved	31 ST Dec 2020

**Kilifi County Health Services Improvement Fund
Reports and Financial Statements
For the year ended June 30, 2020**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

b) Related party transactions

a) Related party transactions	FY2019/2020	FY2018/2019
	KShs	KShs
Transfers from related parties'	100,910,677	-
Transfers to related parties	-	-

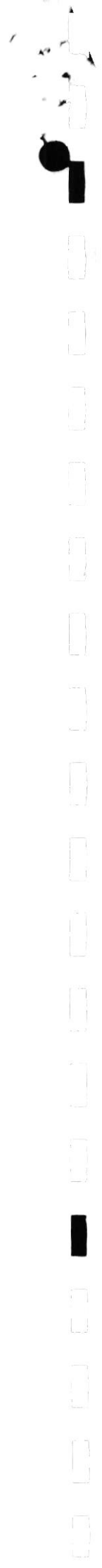
b) Key management remuneration	FY2019/2020	FY2018/2019
	KShs	KShs
Board of Members allowances	840,750	-
Key Management Compensation	-	-
Total	840,750	-

9. CHANGES IN RECEIVABLE

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Account receivable as at 1 st July 2019 (A)	-	-
Account receivable issued during the year (B)	(47,790,453)	-
Account receivable settled during the Year (C)	-	-
Net changes in account receivables D= A+B-C	(47,790,453)	-

10. CHANGES IN ACCOUNTS PAYABLE

Description	2019 - 2020	2018 - 2019
	KShs	KShs
Accounts Payable as at 1 st July 2019 (A)	-	-
Accounts Payable held during the year (B)	19,409,021	-
Accounts Payable paid during the Year (C)	-	-
Net changes in account Payables D= A+B-C	19,409,021	-



*Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	<p>deposit of Ksh 221,250 being advance payment for purchase of computers in the year 2009/2010. Review of the status during the audit review indicted that the computers were not received in the year under review. Available information indicated the supplier has since closed business. In the circumstance recoverability of the advance payment of the Kshs 221,250 or receipt of the computer is uncertain.</p>	<p>and the owners have been futile. The same was communicated to Ministry as it kept recurring in our annual audit queries. The National Treasury has requested PPRA to debar following recommendation from the PIC as per the letter written to us by PPRA . The Public Procurement Regulatory Authority is in the process of debarring the company from transacting with Government institutions</p>			
3.1 Outstanding Imprest	<ul style="list-style-type: none"> The statement of financial position reflects receivables from non-exchange transaction balance of Ksh. 51,965,210 as detailed in note 17 to the financial statements for the year ended 30 June 2018. Included in this balance is Ksh. 25,255,112 in respect of outstanding imprest due from employees. However, Imprest of Ksh. 15,257,624 due from former employees has been outstanding for more than one year and the recoverability of the same is doubtful. This is contrary to Section 92 (5) of the 	<p>These officers resigned from the Institution to take up jobs from other entities. However, they did not come back to clear with CDA. Follow up letters were sent to them advising on status of outstanding imprest and requesting them to immediately settle/ surrender on the same and necessary follow up are put in place on the same. There is no build up imprest as stringent measures have been implemented on imprest issuance process .No staff is issued with double imprest.</p>	<p>Pamela Maghema Ngure Manager Finance and Accounts Hafsa Thabit Legal Officer</p>	<p>Not Resolved</p>	<p>30TH June 2021</p>

*Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	<p>Public Finance Management (National Government) Regulations 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty stations.</p> <ul style="list-style-type: none"> Consequently, the recoverability of the <p>outstanding imprest of Ksh. 15,257,624 for the year ended June 2018 could not be ascertained</p>				
Other Debts	<p>As previously reported receivable from non-exchanged transactions include an amount of Kshs.123, 734 advanced to other Regional Development Authorities. (RBA) and which has been outstanding for more than six(6) years. No documentary evidence has been availed for Audit review to show how the lending was done and other terms and conditions for the lending.</p>	<p>The debt queried was incurred while preparing the Ministry and RDAs Strategic Plans in 2008.This arose due to share of conference charges among Regional Development Authorities as directed by the PS of the Parent Ministry.All the RDAs undertook to refund the Authority.The Authorities have not refunded the amounts yet despite reminder by the Permanent Secretary.The amounts outstanding are as following: ENNDA Kshs 58,000 LBDA Kshs 35,000 TARDA Kshs 30,733</p>	<p>Mohamed Keinan Hassan,Ph.D,OGW Managing Director</p>	<p>Not Resolved</p>	<p>31ST Dec 2020</p>

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
		The Ministry through the Directorate is following up on the same.			
3.3 Receivables	The statement of financial position reflects receivables from non-exchanged transactions balance of Kshs, 51,965,210 at detailed in note 17 of the financial statement for the year ended 30 th June 2018. Included in the balance is Kshs. 2,172,938 PAYE, Kshs.4,800 Union, Kshs, 380,945 VAT receivable. However, ledgers availed for audit review reflected negative balances of the same figures. This resulted to netting off assets and liabilities which is prohibited by the IPAS1 paragraph 48 which states that assets and liabilities, and revenue, and expenses shall not be offset unless required or permitted by an IPAS. In the circumstance, the accuracy and validity of the receivables from non-exchange transactions balance of Kshs.51, 965,210 as at 30 th June 2018 could not be confirmed	The balances on PAYE and KUCFAW relate to double posting of monthly staff deductions which have been reconciled and corrected. The VAT balances receivables relates to the VAT element for the supplier invoice booked in the system. The same has not been claimed from KRA. Payroll deductions correctly posted and reconciled.	Pamela Maghema Ngure Manager Finance and Accounts	Resolved	
4.Cash and Cash Equivalents	The statement of financial position reflects cash and cash equivalents balance of Kshs.198, 627,558 as detailed in note 15 to the financial statement for the year ended 30 th June 2018 are stales cheques	The Ksh. 147,381 noted relates to cheques which became stale long after the close of the financial year 2017/2018 and could no longer be presented for cashing as 6 months had lapsed from the time they were written.	Pamela Maghema Ngure Manager Finance and Accounts	Resolved	N/A

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	amounting to Kshs.147, 381 which had not been reversed into the cash book as at 30 th June 2018. In the circumstances the accuracy and completeness of the cash equivalent balance of Kshs.198, 627,744.09 as at 30 th June 2018 could not be confirmed.	Bank confirmation certificates for the noted 5 banks namely: Equity KWSCR, Mwache, Barclays Wananchi Cottages, Barclays Coral Block, and Equity Kilifi have been availed for verification. The cash and cash equivalent balance is currently correct and reconciled to Certificates of Balance and cash survey reports.			
6.1 Excluded Parcels of Land	As reported previously property plant and equipment balance of Ksh. 410,600,629 as 30 June 2018 (2016/2017 – Ksh. 362,952,354) excluded un-valued nine (9) parcels of land located in Kwale, Kilifi, Taveta and Tana River Counties. Further the Authority only has allotment letter on the said parcels of land as proof of ownership In addition records availed for audit review indicated that included in the balance of land of Kshs. 333,900,000 as at 30 June 2018 is revaluation of land amounting to Ksh.53,514,000 which has not been reflected in the section of the assets movement schedule nor in the changes to net assets but only disclosed in the significant accounting policies under note (2) to the financial statement under sub	The value of plots in Kwale, Kilifi Ijara and Tana River Counties were not included in financial statements because they did not have title deeds then. These lands have now been surveyed and necessary land documentation issued as follows: <ul style="list-style-type: none"> • Kwale plot 0.2Ha- Title • Kilifi plot 0.2Ha-Leasehold • Malindi Township- PDP • Kwale south Samburu-300 Acres <ul style="list-style-type: none"> • Tana River 40Ha- Title • Ijara- Allotment letter • Masalani-1.12-PDP NO-NEP/13/2003/2 • TaitaTavetaWundanyi 1.0 Acre - Allotment letter TavetaNakuruto 1.0Acre-Sale agreement The referred rates and survey fees have been paid to relevant County Governments. The revalued amounts relate to the plots without title.(Tana river and Masalani)	Hafsa Thabit Legal Officer	Partly Resolved	31 ST Dec 2020

Coast Development Authority

Annual Reports and Financial Statements for the year ended June 30, 2020

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	<p>heading: revaluation. The assets movement schedule in note 27 only indicates opening land balance of Ksh. 280,386,000 and a closing balance of Ksh. 333,900,000 with no details on the movement or variance of Kshs. 53,514,000. Consequently the accuracy and completeness of the carrying values of the property plant and equipment totalling to Kshs. 410,600,629 as at 30 June 2018 could not be confirmed.</p>	<p>The revalued amount has been included in the PPE schedule as at 30th June 2018 The PPE has been updated and reconciled to the ledger and Fixed Assets Register</p>			
<p>6.2 Land Balance Payables</p>	<p>The statement of financial position reflects trade and other payables from exchange transaction balance of Ksh. 25,874,990 as at 30 June 2018. Excluded in this balance is Ksh. respect to land balance payables. Records availed for audit reveal that the purchase price on one of the pieces of land (Mwapula/Magogoni plot No. 432/1211) of 49 acres was for Ksh. 9,800,000 as per the sales agreement, and the Authority paid Ksh. 4,600,500 and had an outstanding balance of Ksh, 5,199,500 as at 4th August 2014. However, as per Land report tabled at the 76th Full Board meeting held on September 2018, it was reported</p>	<p>The Authority purchased two pieces of land Mwapula/Magogoni plot no 432 measuring 22 acres at a purchase price of Ksh 4.4m and plot no 1122 measuring 27 acres at a purchase price of Ksh 5.4 M at Jaribuni, Kilifi County. The land was to be used as a proposed Ballast Crushing project. The Sale Agreements were signed on 27th Feb 2012 for the two plots. The 1st instalment of kshs. 4,000,000,000 was paid after signing the agreement. The balance was to be paid in quarterly basis after the first installment. After the initial payment, the Authority took possession of the plot to start boulders extraction. Immediately thereafter conflict on the ownership of land among the community members followed and CDA staff were attacked and chased by rowdy community members from the site. The same matter on</p>	<p>Hafsa Thabit Legal Officer</p>	<p>Not Resolved</p>	<p>31st Dec 2020</p>

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	that the total purchase price of Ksh. 9,800,000 had been paid but the land was unscrupulously sold by a squatter to a private investor. The case is before the court awaiting determination.	the ownership dispute went to the High Court of MalindiThe court ruled in the community member's favour. The Authority appealed against this judgement in the Court of Appeal The matter is still pending in court and the Authority will disclose the court case and contingent liability in the subsequent financial statement.			
7.0 Audit Fees	Note 22to the financial statement for the year ended 30 June 2018 reflects trade and other payables from exchange transactions balance of Kshs.25, 874,990. Included in this balance audit fees of Kshs.895,520 owed to the office of the Auditor-General. However records availed from the office of the Audit – General reflects a balance of Kshs.814,560, resulting to unreconciled variance of Kshs.80,960. In addition, the audit fees provision amount of Kshs.614, 800 has been included under finance cost. International Accounting Standards 23 defines finance costs as “Interest and other costs that an entity incurs in connection with the borrowing funds”. Finance costs are also known as “Financing Costs” and “borrowing costs”. Audit fees	As per Authority's records, the balance of the audit fees owed to the auditor general is Ksh. 895,520. However as noted, the variance of Ksh. 80,960 relates to withheld 6% VAT on the invoices. As noted, audit fees classified under finance cost. This however, has been reclassified separately as audit fees in subsequent reporting as per the international accounting standards. All required disclosures in the financial statements are made in line with the accounting reporting standard	Pamela Maghema Ngure Manager Finance and Accounts	Resolved	N/A

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	are not related with the borrowing of funds and hence				
	wrongly classified under finance cost. Further, this amount has not been disclosed separately in the financial statements. In consequence, the accuracy and completeness of audit fees balance of Kshs.895,520 for the year ended 30 June 2018 could not be ascertained.				
8.0 Project Expenses	Note 10 to the financial statement for the year ended 30 June 2018 reflects project expenses balance of Kshs.18, 714,220. Further, note 6 to the financial statements reflects other income of Kshs.12,683,521 which directly relates to these projects. There was therefore a net outflow of resources from the project of Kshs.6, 030,699. This brings into question the validity and sustainability of the projects. Consequently, the validity and property of the project expenditure of Kshs.18, 714,220 for the year ended 30 June 2018 could not be confirmed.	The project expenses relate to the income generating projects for coral Block and Wananchi Cottages. The Coral Block Machines are old and dilapidated resulting in high repair cost. The Authority is seeking funding for expansion of Wananchi Cottages and procurement for new machines for Coral Block to improve profitability. The Income generating projects are producing regular and timely reports.	Susan Mulewa Manager Busines Development and Investment Promotion	Resolved	N/A
9.0 Trade and other payables from Exchange Transaction	The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.25, 874,990 as detailed in	The Authority after its restructuring in 2011/12 had experienced some funding challenges and hence was not able to clear its pending bills for several years, these included	Pamela Maghema Ngure Manager Finance and Accounts	Not Resolved	30 th June 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue	Status: (Resolved / Not Resolved)	Timeframe: Estimated date of resolution
	note 22 to the financial statement as at 30 June 2018. However, the creditors 'age analysis availed for audit revealed that an amount of Kshs.18, 644,312 has remained unpaid for over five (5) years. Consequently, failure to pay creditors on time may affect Authority's service delivery to residents of Coast region and lead to unnecessary litigations from creditors. Further, there is no justification for the Authority's failure to pay its obligations as and when they fall due.	PAYE, Pension and other suppliers. The same was communicated to the parent Ministry which forwarded to the treasury. However, we were not able to get additional funding to pay these debts as per then. We are putting all possible efforts to pay these debts from our savings. We are advised all pending bill accrued before 2014/15 be forwarded to the Ministry for transmission to the pending bill committee(ref.. letter from pending bill file) The Pending Bills have currently reduced to 122M			
10.0 Medical Expenses	Note 7 to the financial statement for the year ended 30 June 2018 reflects medical expenses of Kshs.5, 305,995.75. Review of payment voucher no. 10775 revealed procurement of medical cover for staff through tender number REF: CDA T-10/2017-2019 and contract of Kshs. 13,304,522 was awarded to AAR Insurance. However, approved budget for the same was not availed for audit review. Consequently, the propriety of the medical expenses of Kshs.5, 305,995.75 for the year ended 30 June 2018 could not be ascertained.	The medical Cover for staff is included in the staff expenses budget for 2017/2018 under PE. The Budget for 2017/2018 was availed for audit review. The annual cost for the medical contract was Kshs.13,304,522. However, as the contract was entered into five months to the end of financial year, the expenses were apportioned pro-rata for the remaining five months (13,304,522/12). The amount of 5.305995.75 reflected in the financial statement was the outstanding amount which was cleared in the following financial year. Medical for both staff and board members is a key expense included in the Authority's annual budget projection.	Pamela Maghema Ngure Manager Finance and Accounts	Resolved	N/A

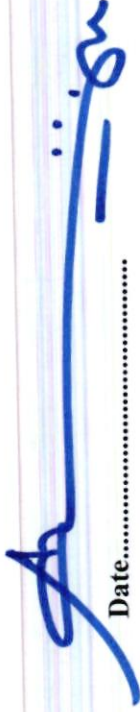
**Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020**

Managing Director



Date.....

Chairman of the Board



Date.....

Appendix II: Projects Implemented by the Entity

	Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter Agency Intervention Required	Remarks(Note, Challenges, etc.)
1	Boji	Small Holder irrigation	Tana River	1.7.2011	30.06.2013	30.06.2022	145,000,000	-	-	140,170,000	90%	N/A	<ul style="list-style-type: none"> Water supply pipeline Infrastructure complete 139 acres ploughed and Harrowed Construction of Farm offices and fencing of the 2Acre Utility area complete
	Chakama		Kilifi	1.7.2011	30.06.2013	30.06.2022	400,000,000	-	-	49,500,000	15%	N/A	<ul style="list-style-type: none"> Pipeline trenches excavated Pipe laying ongoing Construction of division boxes ongoing Portable pumps delivered Hand dug wells excavated awaiting installation of solar-powered pumps
	Challa		Taita Taveta	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	77,500,000	30%	N/A	<ul style="list-style-type: none"> Solar powered borehole complete Water supply for domestic in Nakuruto location ongoing Water supply for irrigation at Kasokoni scheme ongoing
	Bura		Tana River	1.7.2011	30.06.2013	30.06.2022	250,000,000	-	-	-	5%	N/A	<ul style="list-style-type: none"> Concept notes finalized. Implementation planned for 2021/22
	Vanga		Kwale	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	-	5%	N/A	<ul style="list-style-type: none"> Concept notes finalized. Implementation planned for 2020/21

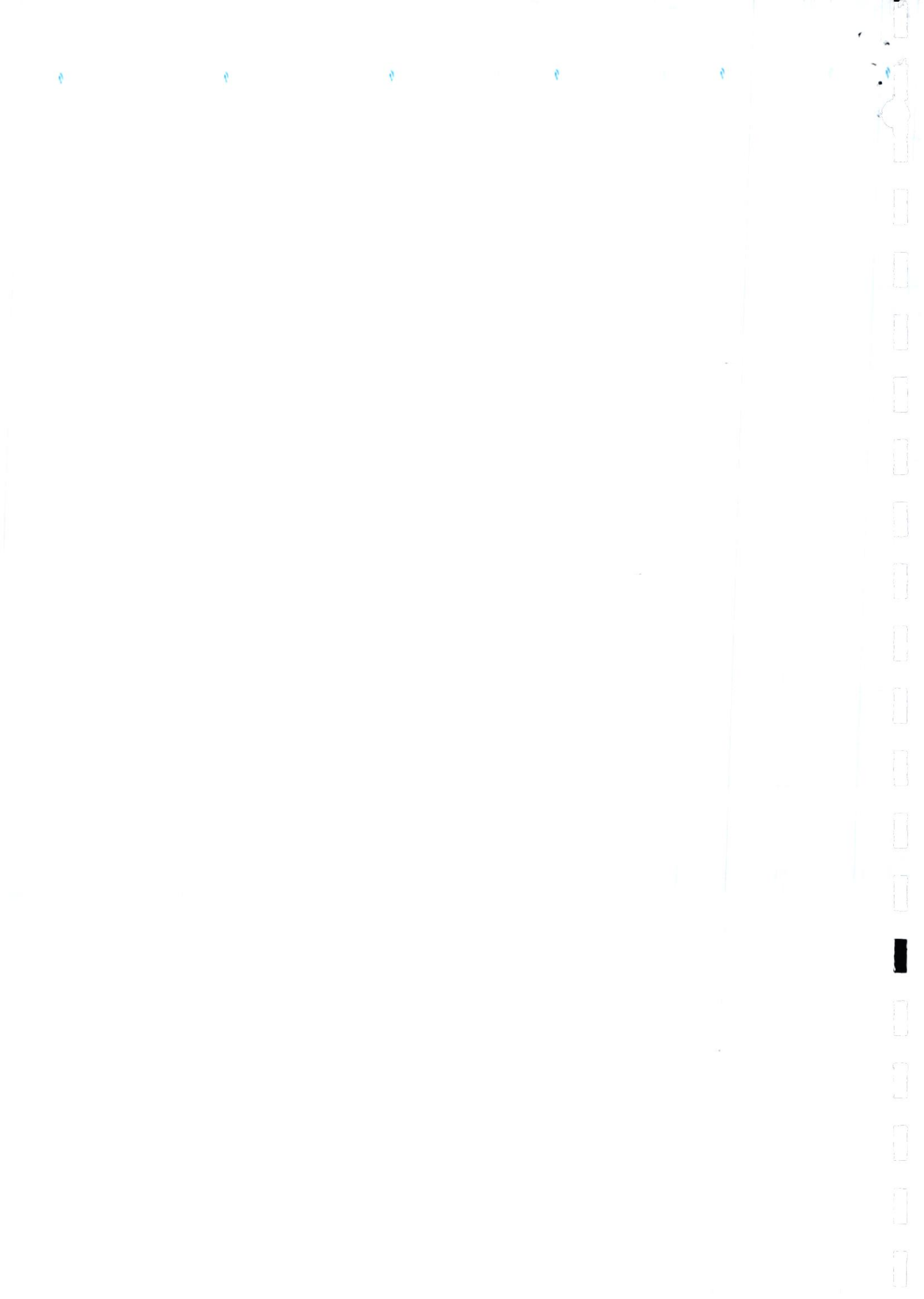
**Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020**

Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter Agency Intervention Required	Remarks(Note, Challenges, etc.)
2	Mwache Catchment Conservation Project	Kwale	15.01.2015	31.12.2020	31.12.2021	500,000,000	-	-	114,181,785	73.80%	National Land Commission and Director Survey on Land compensation	Marking and pegging, tree planting, nursery establishment and terracing ongoing, SCMP Development for the WRUA completed.
3	Kenya Climate Change Adaptation Programme (KCCAP)	Kwale, Kilifi, Taita Taveta	1/4/2016	31/03/2018	30/06/2020	116,242,183	-	-	54,985,149	47%	NEMA	Delayed disbursement and activities are season based affecting overall performance
4	Wananchi Cottages	Kilifi	01.7.2019	30.06.2013	30.06.2022	300,000,000	-	-	184,980,000	51%	N/A	Construction of modern kitchen and additional accommodation ongoing
5	Hola Intergrated Fruit Processing Plant	Tana River	1/1/2011	30/06/2019	30/06/2020	326,000,000	-	-	326,000,000	95%	KRA	All structures completed, process plant installed and commissioned. Production commencing in June 2020
6			01.7.2019	30.06.2022	N/A	20,000,000	-	-	20,000,000	5%		

Coast Development Authority
Annual Reports and Financial Statements for the year ended June 30, 2020

	Project Name	Project Description	County	Start Date	Original End Date	Revised End Date	Original Budgeted Cost of Project	Cost Variations to Date	Revised Project Cost	Disbursements to Date	Current Status (% Completion)	Inter Agency Intervention Required	Remarks(Note, Challenges, etc.)
	Rehabilitation of Strategic Water Facilities	Water harvesting and provision	Lamu, Garissa, Tana River, Taita Taveta									N/A	· Feasibility Studies, Detailed Designs, ESIA completed
7	Galmagalla Earth Fill Pan	Dam Construction/Water harvesting	Garissa	01.6.2020	31.7.2021	31.7.2021	200,000,000			200,000,000	5%	Attorney Generals Office - Finalize court case filed against CDA	· Feasibility Studies, Detailed Designs, EAI completed
8	Abaq Qiiq Earth Fill Pan	Dam Construction/Water harvesting	Tana River	01.6.2020	31.7.2021	31.7.2021	100,000,000			100,000,000	5%	NEMA approval	· Feasibility Studies, Detailed Designs, ESIA completed · In tendering process
Total							2,957,242,183			1,267,316,934			

Appendix III: Inter-Entity Transfers



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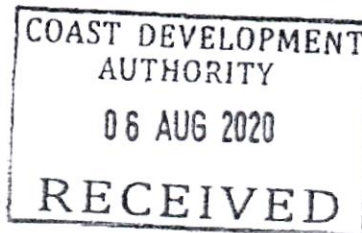
REPUBLIC OF KENYA

**MINISTRY OF EAST AFRICAN COMMUNITY (EAC) AND
REGIONAL DEVELOPMENT**

**STATE DEPARTMENT FOR REGIONAL AND NORTHERN CORRIDOR
DEVELOPMENT**

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NAIROBI, Kenya

24th July 2020

Ref: RNCD/ACC/RDA/05/2/ VOL. I/4

Managing Director
Coast Development Authority
P.O Box 1322-80100
MOMBASA

INTER ENTITY TRANSFERS CONFIRMATION LETTER

The State Department of Regional and Northern Corridor Development wishes to confirm the amounts disbursed to you for the financial year 2019/ 2020 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate them in column D in the table below. Then please sign and stamp this confirmation in the space provided and return it to the undersigned by 7th August, 2020.

Confirmation of amounts received by Coast Development Authority for the Financial year 2019/ 2020

Reference Number	Date Disbursed	Amounts Disbursed to Coast Development Authority for the financial year 2019/ 2020			Confirmation of amounts received by CDA for the FY 2019/ 2020(D) KShs	Differen (E)=(D)-(C) KShs
		Recurrent (A) KShs	Development (B) KShs	Total (C)=(A)+(B) KShs		
FT192532M1BK	10.09.2019	24,890,033.05		24,890,033.05		
FT192682Y9JY	25.09.2019	21,706,601.90		21,706,601.90		
FT193025J3H8	29.10.2019	14,513,980.00		14,513,980.00		
FT19338V80MC	04.12.2019	61,110,615.00		61,110,615.00		
FT200341YQG1	03.02.2020	61,110,615.00		61,110,615.00		
FT20136KB6KZ	15.05.2020	61,110,615.00		61,110,615.00		
FT193056GK5J	01.11.2019		86,150,000.00	86,150,000.00		
FT2005851PGL	27.02.2020		206,008,000.00	206,008,000.00		
FT20163BQ7GH	11.06.2020		300,000,000.00	300,000,000.00		



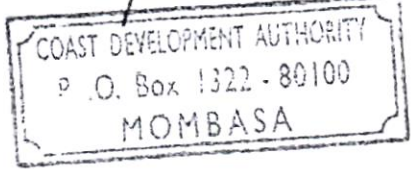
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Total	244,442,459.95	592,158,000.00	836,600,459.95
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confirm the amounts shown above are correct as of the date indicated and are included in the financial statements
 Head of Accounts Department

Name: PAMELA MAGRENA NGURE Sign: [Signature] Date: 6th August 2020

[Handwritten Signature]



Benson M. Kinyua
 Head Accounting Unit

Copy to: Director General Accounting Services and Quality Assurance,
 The National Treasury
 P. O. Box 30007
 Treasury building
 Nairobi.