

REPUBLIC OF KENYA



KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
EWASO NG'IRO NORTH RIVER BASIN
DEVELOPMENT AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2014**



EWASO NGIRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2014**

**PREPARED IN ACCORDANCE WITH THE ACCRUAL BASIS OF ACCOUNTING
METHOD UNDER THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING
STANDARDS (IPSAS)**

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I. CORPORATE DETAILS

(a) Background information

Ewaso Ng'iro North River Basin Development Authority created through the ENNRBDA Act (Cap 448) of ENNRBDA as specified in Cap 448 of 1989 is to promote Ewaso Ng'iro River Basin.

(b) Principal Activities

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

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 2014 and who had direct fiduciary responsibility were:

BOARD OF DIRECTORS

	Designation	Name
1.	Chairman	Hon. Dr. Wako A. H.
2.	Member	Dr. Francis Chabari
3.	Member	Mr. Dida Qalicha Dima
4.	Member	Mr. Alois L. Leariwala
5.	Member	Mr. Abdullahi M. Gulleid
6.	Member	Mr. Issak S. Gabow
7.	Member	Mr. Bishar Ali Olow
8.	Member	Mr. H. B. Shill
9.	Member	Ms. Halima Ahmed
10.	Secretary	Omar M. Sheikh

EX-OFFICIAL MEMBERS

	Designation	Name
1.	Inspector General -State Corporation	Mr. Maingi Inoti
2.	Min. of Livestock Development	Mr. A.O Esmail
3.	Eastern Province	Mr. Wanyama Musiambo
4.	Min Plan & National Dev. & Vision 2030	Mr. Lawrence Nzioka
5.	Central Province	Mr. Francis M. Sila
6.	National Treasury	Mr. Livingstone Bumbo
7.	Ministry of Agriculture	Mr. Abner Ingosi
8.	Min. of Reg. Dev. Authorities	Mr. Maina Kiondo
9.	Office of the Attorney General	Mr. Joseph Onyango
10.	P. C. Rift Valley	Mr. Boaz Cherutich

SENIOR MANAGERS

No	Designation	Name
1.	Chief Technical Services& Operations Manager (CTS&OM)	Mr. Josiah W Mulwa
2.	Senior Accountant	Mr. Abdi Jabar
3.	Chief Internal Auditor	Mr. Abdirizak M. Abdille
4.	Procurement Officer	Mr. Abdikadir Mohamed
5.	Planning & Special Programs Officer	Mr. John Mwaniki
6.	Regional Manager	Ms. Esther Rimberia
7.	Regional Manager	Mr. M. H. Abdow
8.	Senior Internal Auditor	Mr. Hersi H. Bante
9.	Project Accountant	Mr. Peter Ngechu
10.	Regional Manager	Ms. Batula Ali
11.	Regional Manager	Mr. Kiptisia K. David

(d) Authority Headquarters

RIGISTERED OFFICE

Ewaso Ngiro North River Basin Development Authority
P.O. BOX 203, FAX 064 -52507

ISIOLO.

TEL.064 – 52002/52507

Email:ewasonorth14@hotmail.com

(e) Authority Contacts

Telephone: (254) 52507
E-mail: ewasonorth14@hotmail.com
Website: www.ennda.go.ke

(f) Authority Bankers

1) BARCLARYS BANK OF KENYA
Meru Branch
Nyeri Branch
Nyahururu

2) CONSOLIDATED BANK
Isiolo Branch
Maua Branch

3) KENYA COMMERCIAL BANK
Isiolo Branch
Meru Branch
Nanyuki Branch
Maralal Branch
Garissa Branch
Mandera Branch
Wajir Branch
Moyale Branch
Marsabit Branch

(g) Independent Auditors





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







(h) Principal Legal Adviser

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

II. THE BOARD OF DIRECTORS

The Board is composed of twenty members, with ten from the private sector and ten representatives from the public sector. The Chairman is appointed by the President from amongst the eight members from the private sector, and serves for a maximum of two 3-year terms. The members of the Board who held office during the year are as follows:-

 <p>Dr. Hon Abdullahi Wako</p>	<p>Date of birth: 1954 Qualifications: Bachelor of Pharmacy, University of Nairobi Work Experience: 2007 to date: Chairman Pastoralist Elders Council – Horn of Africa 2006 to date: Chairman Ewaso Ngiro North Development Authority (ENNDA) 2003 to date: Chairman CEMIRIDE (centre For Minority Right Int.) 1993-2003: Isiolo South Member of Parliament, Assistant Minister for Health 1982-1992: Managing Director/Proprietor - Nyambene Chemist 1980-1982: District Pharmacist - NYAHURURU Provincial Pharmacist - NAKURU</p>
 <p>Omar M. Sheikh, OGW</p>	<p>Date of birth: 1959 Qualifications: Master of Science in Agriculture and Rural Development {Thesis} Work Experience: 2013 to date: Managing Director - Ewaso Ngiro North Development Authority (ENNDA) 2007 to 2012: Project Coordinator for the Establishment of a Central Abattoir in Northern Kenya funded by the Arab Bank for Economic Development in Africa (BADEA). 2005-2007: Regional Coordinator Wajir and Mandera District 1996-2004: Senior Livestock Officer - Ewaso Ng'iro North Development Authority (ENNDA) as. 1992 to 1996: Deputy Extension Coordinator - NEP II National Extension Project (funded by World Bank) Isiolo</p>
 <p>H. B. Shill</p>	<p>Date of birth: 1943 Work Experience: Member of:</p> <ul style="list-style-type: none"> • Ewaso Ngiro North Dev. Authority Board of Directors • Provincial Agricultural Board • District Agricultural Committee • District Development Committee • Chairman Farmers Training College • Provincial Board of Governor-Garissa High School • Board of Governor, North Eastern Province Girls Secondary School • Chairman, Board of Governor, Bura Secondary School
 <p>Abdullahi Gulleid</p>	<p>Date of birth: 1945 Work Experience: 2009 to date: Board member Ewaso Ngiro North Dev. Authority</p>
	<p>Date of birth: 1945 Work Experience:</p>

 Issak Sheikh Gabow	2009 to date: Board member Ewaso Ngiro North Dev. Authority
 Halima Ahmed	Date of birth: 1961 Work Experience: 2009 to date: Board member Ewaso Ngiro North Dev. Authority
 Alois Leariwal	Date of birth: 1961 Qualifications: Higher Diploma in Political Economics, Adult Education and Group Dynamics, Sociology, Anthropology, Counselling and Liberation theology - Development Studies Institute - Kimmage Manor (Ireland) Work Experience: 2002 to date: Community engagement through various organisations 2000 to 2001: Community Mobilization and Logistics Officer - Oxfam GB in the Humanitarian Department 1998 to 2000: United Nations Volunteer (Specialist) – Kigoma and Shinyanga regions, Tanzania 1992 to 1998: Project Manager - Oxfam (UK & Ireland) 1990 to 1992: Assistant Development Coordinator with the Catholic Dev. Office
 Dida Golicha Dima	Date of birth: 1948 Qualifications: POLICE (CID) Work Experience: 2009 to date: Board member Ewaso Ngiro North Dev. Authority National Chairman Boran Council of Elders 2006 to 2008: Board member Betting Control and Licensing Board, Nairobi Chief Security manager Boss Freight Terminal, Mombasa 2004 to 2006: Chief security officer – African Safari Club Senior 2002 to 2004: Senior Assistant Commissioner of police (served as provincial criminal investigation officer in Nyanza, Police Airport Unit – JKIA and Coast Province) 1984 to 2001: Superintendent of Police (Served as District Criminal Investigation Officer) –several districts In Kenya
 Bishar Olow	Date of birth: 1949 Work Experience: 2009 to date: Board Member, Ewaso Ngiro North Dev. Authority 2005 to 2006: Peace & Development Committee Chairman, Wajir 2006: Asst. Registration Officer ECK, Wajir District 1981-2004: Senior Chief, Tarbaj
 Dr. Francis Chabari	Date of birth: 1948 Qualifications: MSc, Agricultural Economics - University of Nairobi, Kenya BSc, Range Management (with Honors) - New Mexico State University, USA Work Experience: 2010 to 2013: Chief of Party, USAID-Kenya Drylands Livestock

Development Program – CNFA, Washington DC

March to May 2010: Consultant - Common Market for Eastern and Southern Africa – COMESA, Lusaka, Zambia

2007-2010: Chief of Party, Pastoral Areas Coordination, Analysis and policy Support /Regional Enhancement of Livelihoods in Pastoral Areas (USAID RELPA Program) Feinstein International Center-Tufts University, Boston USA

February 2003 to July 2007: Coordinator, Technical Assistance Support to Pan-African Programme for Control of Epizootics (PACE) of Africa Union/EU- GIZ-International Services

January 2002 to January 2003: Emergency Drought Programme Coordinator Nairobi, Kenya

December 2000 to January 2002: Emergency Drought Programmes Coordinator- EU/Government of Kenya and Cordaid/ECHO



March 1991 to December 2000: Programme Team Leader- GIZ (Marsabit - Integrated Rural Development Programme)

August 1989 to February 1991: Consultant in Livestock Marketing, Kenya Range Management Handbook Project of GTZ – Kenya

September 1977 to July 1989: Agricultural Research Scientist- International Livestock Centre for Africa - ILCA, (now International Livestock Research Institute – ILRI)

Dec. 1969 to Aug. 1977: Agricultural Officer, Pastoralist districts of Northern, Southern and Coastal Kenya

III. MANAGEMENT TEAM

	Manager's passport-size photo and name	Profession/academic qualifications and main area of Responsibility
1.	 Omar M. Sheikh, OGW	CEO, Managing Director - Master of Science in Agriculture and Rural Development {Thesis} Area of responsibility ENNDA Organization
2.	Josiah W. Mulwa, HSC	Chief Technical Services and Operations Manager-Bsc, Msc, S & W/Eng. Area of responsibility Ewaso Ngiro North Natural Resources Conservation Project (ENNNRCP)
3.	Abdi Jabar	Senior Accountant, BBA Finance (On going)Diploma in Finance Mgt Area of responsibility Accounts Department
4.	Abdirizak M. Abdille	Chief Internal Auditor, BCom, CPA II Area of responsibility Audit Section
5.	Abdikadir Mohamed	Procurement Officer, Dip in Accts, High Dip in HR, Dip in Supplies Mgt, Area of responsibility Procurement Department
6.	John Mwaniki	Planning & Special Programs Officer, Msc, Reg. Dev. Area of responsibility Planning Department
7.	Esther Rimberia	Regional Manager, Bsc (Bussiness Adm & Project Mgt) Area of responsibility Nanyuki Regional Office
8.	M. H. Abdow	Regional Manager, Dip. In Irrigation W/Eng. Area of responsibility Garissa Regional Office
9.	Hersi H. Bante	Senior Internal Auditor-Diploma in Finance Mgt, CPA 1 Area of responsibility Audit Section
10.	 Peter Ngechu	Project Accountant - BCom (Finance option), CPA(K)& W/Eng Area of responsibility Ewaso Ngiro North Natural Resources Conservation Project (ENNNRCP)
11.	Batula Ali	Regional Manager, BSc.(Environmental Management) Area of responsibility Isiolo Regional Office
12.	Kiptisia K David	Regional Manager, Bsc (Statistics/Chem) Area of responsibility Samburu Regional Office

IV. REPORT OF THE DIRECTORS

The Director's hereby submit their report with the financial statements for the year ended 30th June 2014.

Principal activities

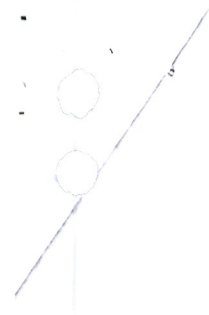
The principal activities of the Authority are:-

(1) Development Planning and Coordination

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

(2) Generation of Strategic Data and Information

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

- 
- 3) To consider all aspects of the development of the area and its effects on the rivers inflow and outflow.

(3) Monitoring, Evaluation and Implementation of Projects

- 1) To effect a program of both monitoring and evaluation performance of the projects within the area so as to improve such performance and establish responsibility thereof, and to improve future planning.
- 2) To cause and effect the construction of any works deemed necessary for the protection and utilization of water and soil in the area;

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

Results

The results of the entity for the year ended June 30, 2014 are set out on page two (Balance Sheet page)

Directors

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

Auditors

The Auditor General is responsible for the statutory audit of the *Authority* in accordance with chapter 12, part 6, Article 229 of the Constitution of Kenya.

V. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act 2012 and the Ewaso Ng'iro North River Basin Development Authority Act requires Directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Authority as at the end of the financial year. It also requires the directors to ensure the Authority keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority. They are also responsible for safeguarding the assets of the Authority.

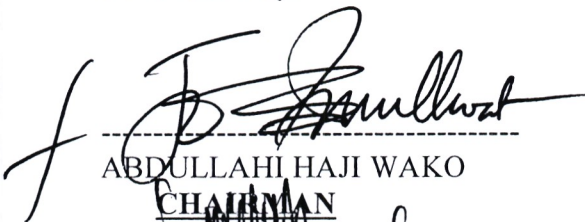
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirement of the ENNRBDA Act.

The Directors are of the opinion that the financial statement gives a true and fair view of the state of the financial affairs of the Authority and the Authority's surplus for both Recurrent and Development funds for the year ended 30th June 2014. The Directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial controls.

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 (12) months from the date of this statement.

Approval of the financial statements

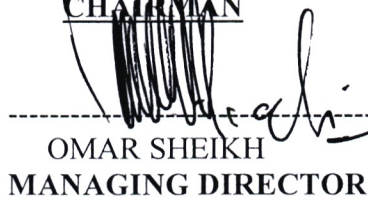
The *entity's* financial statements were approved by the Board on _____ 2014 and signed on its behalf by:



ABDULLAHI HAJI WAKO
CHAIRMAN



DATE



OMAR SHEIKH
MANAGING DIRECTOR



DATE

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-Mail: oag@oagkenya.go.ke
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P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON EWASO NG'IRO NORTH RIVER BASIN DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Ewaso Ng'iro North River Basin Development Authority set out on pages 1 to 16 which comprise the statement of financial position as at 30 June 2014, and the statement of financial performance, statement of changes in equity and statement of cash flows 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

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

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those Standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse audit opinion.

Basis for Adverse Opinion

1. Going Concern

The Authority made a surplus of Kshs.138,900,799 during the year 2013/2014, as compared to a deficit of Kshs.347,980,830 in the previous year. However, its accumulated loss stood at Kshs.731, 593,032 as at 30 June 2014. Further, the current liabilities of Kshs.1,325,837,943 exceeded the current assets of Kshs.180,077,446 by Kshs.1,145,760,497 as at 30 June 2014.

Evidently, therefore, the Authority's financial position is precarious and its continued existence as a going concern heavily depends on the support of its creditors and the Government.

2. Non-Current Assets

The non-current assets balance of Kshs.430,927,484 as at 30 June 2014, exclude parcels of land of undetermined value owned by the authority and whose title deeds were not made available for audit verification. Although the Authority had indicated that it had applied to the relevant ministry for issue of the title deeds, the process had not been concluded as at 30 June 2014. Further, the Authority had not valued its non-current assets as at 30 June 2014, contrary to International Public Sector Accounting Standards. In addition, details of buildings reflected at a net book value of Kshs.12,711,593 as at 30 June 2014 were not made available for audit review.

In the circumstances, the accuracy and completeness of the non-current assets balance of Kshs.430,927,484 as at 30 June 2014 could not be ascertained.

3. Trade Creditors and Other Payables

The trade creditors and other payables balance of Kshs.1,325,837,943 as at 30 June 2014 include creditors amounting to Kshs.981,701,679 which have been outstanding for more than two years. Consequently, the Authority's ability to meet its obligation as they fall due is highly compromised and it was not possible to ascertain that the Authority will

pay its current creditors balance of Kshs.1,325,837,943 from its current assets of Kshs.180,077,446 as at 30 June 2014.

4. Accuracy of the Financial Statements

The 2013/2014 financial statements submitted for audit had errors in the computation of depreciation charge for the year. These errors have an effect on the statement of financial position, statement of comprehensive income, statement of changes in net assets and the statement of the cash flows.

Similarly, there are differences between the figures in the financial statements and those in the supporting schedules on various items. The net variance of Kshs.4,199,979 was noted as shown below;

Item	Balances as per F/s (Kshs)	Calculated figures (Kshs)	Variance (Kshs)
Depreciation			
Motor vehicle	26,955,591	26,811,812	(143,779)
Computers	508,585	527,710	19,125
Office furniture	2,430,053	2,401,103	(28,950)
Non-Current Assets			
Motor vehicle	80,866,772	80,435,438	(431,334)
Computers	2,095,316	1,231,323	(863,993)
Office furniture	15,358,792	16,807,722	1,448,930
Work in Progress	143,004,000	142,000,000	(1,000,000)
Revenue			
Non exchange transactions	717,065,707	721,265,707	4,200,000
Employee Cost			
Basic Salaries	24,421,431	25,421,411	999,980
Total			4,199,979

Further, other errors in the financial statements include;

- a) The comparative figure for Accumulated fund under **note 12** of Kshs.383,612,202 is at variance with the audited figure of Kshs.870,493,830.
- b) The Managing Director has not signed the financial statements submitted for audit.
- c) Interest income of Kshs.186,989 was not verified since no documents were provided for audit verification.

In the circumstances, the accuracy and completeness of the financial statements presented for audit could not be confirmed as at 30 June 2014.

5. Biological Assets

Included in the current assets balance of Kshs.180,077,446 as at 30 June 2014 are biological assets valued at Kshs.808,500 whose comparative figure for 30 June 2013 was Kshs. 866,000. However,

- i. The decrease of Kshs.57,500 of the animals during the year has not been explained.
- ii. The Authority did not maintain proper records of the animals.
- iii. No valuation of the said assets was done at the year end to establish the year end balances.
- iv. The biological assets are wrongly classified under current assets instead of non current assets.

In the circumstances, the biological assets balance of Kshs.808,500 for as at 30 June 2014 could not ascertained.

6. Overdrawn Cashbook

Included in the current liabilities balance of Kshs.1,325,837,943 as at 30 June 2014 is a bank overdraft of Kshs.5,899,886 whose bank balance was Kshs.403,530 as at the same date resulting to unpresented cheques amounting to Kshs.6,303,416. The Authority did not have any overdraft arrangement with the bank. Further there was no board approval to overdraw the bank account.

In the circumstances, the authority was operating unauthorized overdraft as at 30 June 2014.

7. Provision for Audit Fees

During the financial year 2013/2014, the Authority did not make any provision for audit fees. According to IPSAS 19, there should be a provision made since the Authority is statutorily required to be audited.

As a result, the total expenditure of Kshs.582,724,307 as at 30 June 2014 is therefore understated by the non-provision of audit fees.

8. Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.179,102,446 as at 30 June 2014 included an amount of Kshs. 55,061,469 for three (3) accounts whose records were not availed for audit verification. Further, documents for two (2) bank accounts whose balances are reflected as nil, were not made available for audit verification.

In the circumstances, the cash and cash equivalents balance of Kshs.179,102,446 as at 30 June 2014 could not be confirmed.

9. Inventories

The inventories balance of Kshs.166,500 as at 30 June 2014 is similar with that of 30 June 2013. However, no stock take was done as at 30 June 2013. Hence, there were no stock sheets to confirm the inventory balances as at 30 June 2014.

Consequently, it has not been possible to confirm the inventory balance of Kshs.166,500 as at 30 June 2014.

Adverse Opinion

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the financial statements do not present fairly, the financial position of the Authority as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards and does not comply with the Ewaso Ng'iro North River Basin Development Authority Act Cap 448.



Edward R.O. Ouko, CBS
AUDITOR- GENERAL

Nairobi

11 August 2015

VII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

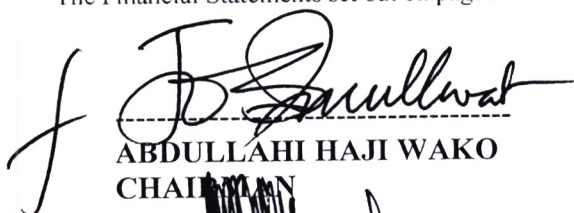
	Note	2013-2014 Kshs	2012-2013 Kshs
Revenue from non-exchange transactions			
Income from government grant	2	717,252,696	265,905,459
		717,252,696	265,905,459
Revenue from exchange transactions			
Rendering of services – A In A	2	4,372,410	7,045,291
		4,372,410	7,045,291
Total revenue		721,625,106	272,950,761
Expenses			
Staff Cost	3	39,993,512	35,206,991
Board Expenses		5,015,000	3,376,000
Administration Expenses	4	97,530,407	28,153,434
Depreciation – Provision for the year	5	55,490,311	65,336,207
Development	6	384,695,077	484,383,961
Audit Fees		0	232,000
Total expenses		582,724,307	620,931,591
Surplus for the period		138,900,799	(347,980,830)

The notes set out on pages 7 to 16 form an integral part of the Financial Statements

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

Assets	Note	2013-2014	2012-2013
		Kshs	Kshs
Current assets			
Cash and cash equivalents	11	179,102,446	5,054,928
Stack /inventories	10	166,500	166,500
Biological assets	9	808,500	866,000
		180,077,446	6,087,428
Non-Current Assets			
Property , plant and Equipment	7	287,923,484	343,413,796
Work in progress	8	143,004,000	142,004,000
		430,927,484	485,417,796
Total Assets		611,004,911	491,505,224
Liabilities			
Current Liabilities			
Trade Creditors and Other payables	14	1,319,938,057	1,345,239'054
Bank overdraft	15	5,899,886	
		1,325,837,943	
Non-Current Liabilities		-	-
Accumulated Funds	12	(731,593,032)	(870,493,830)
Capital Reserves	13	16,760,000	16,760,000
		(714,833,032)	(853,733,830)
Total liabilities		611,004,931	491,505,224
Net assets			
Current Assets		180,077,446	
Non-Current Assets		430,927,484	
TOTAL ASSETS		611,004,911	
LIABILITIES			
Current Liabilities		1,325,837,943	
Non-Current Liabilities		-	
Accumulated Reserves		(731,593,032)	
Capital Reserves		16,760,000	
TOTAL LIABILITIES		611,004,911	

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Directors by:



ABDULLAHI HAJI WAKO
CHAIRMAN



25th September 2014
 DATE



OMAR SHEIKH
MANAGING DIRECTOR



25th Sept 2014
 DATE

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2014

	Attributable to the owners of the controlling entity			
	GOK Funding	Reserves Capital Reserve	ENNCRP	Total
	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Balance as at 30 JUNE 2012	(551,238,000)	16,760,000	28,202,000	(506,276,000)
Surplus/(deficit) for the period	(347,980,830)	-	523,000	(347,457,930)
Transfers to/from accumulated surplus	-	-	-	-
Balance as at 30 JUNE 2013	(899,218,830)	16,760,000	28,725,000	(853,733,830)
Surplus for the period	138,900,798	-	-	138,900,798
Transfers to/from accumulated surplus	-	-	-	-
Balance as at 30 JUNE 2014	(760,318,032)	16,760,000	28,725,000	(714,833,032)

XIV. STATEMENT OF CASH FLOWS

	Note	2013-2014 Kshs	2012-2013 Kshs
Cash flows from operating activities			
Surplus / deficit during the year		138,900,799	(347,980,830)
Add Depreciation		55,490,311	65,336,207
Working Capital Adjustments			
Less Increase in Stock			(21,500)
Add Decrease in Biological		57,500	(28,000)
Less Decrease in creditors		(25,300,997)	272,810,054
Net cash flows from operating activities		169,147,612	(5,641,071)
WIP		(1,000,000)	(4,950,000)
Net cash flows used in investing activities		168,147,612	(10,591,072)
Net increase/(decrease) in cash and cash equivalents		5,054,928	15,646,000
Increase in bank overdraft		5,899,886	
Cash and cash equivalents at 1 JULY 2014		179,102,427	5,054,928
Cash and cash equivalents at 30 JUNE 2014		179,102,427	5,054,928

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget 2013-2014 Kshs '000	Adjustments 2013-2014 Kshs '000	Final budget 2013-2014 Kshs '000	Actual on comparable basis 2013-2014 Kshs '000	Performance difference 2013-2014 Kshs '000
Basic Salaries	24,500,000.00			24,421,431.00	78,569.00
gratuity and pension	3,000,000.00			2,923,697.60	76,302.40
House allowance	5,500,000.00			5,443,100.00	56,900.00
Other Personal Allowance	2,000,000.00			1,948,901.90	51,098.10
medical Allowance Out-Patient	3,300,000.00			3,293,907.00	6,093.00
Basic Wages	1,820,000.00			1,958,074.00	(138,074.00)
Leave Allowances	29,281.00			4,400.00	24,881.00
Refund of Medical Expenses In-patient	150,000.00			342,949.30	(192,949.30)
Refund of Medical Expenses Ex-gratia	50,000.00			92,500.00	(42,500.00)
Transport Operating	50,000.00			2,800.00	47,200.00
Travelling and accommodation expenses	50,000.00			1,000.00	49,000.00
Telephone and Telex	100,000.00			280,000.00	(180,000.00)
Official Entertainment	50,000.00			13,000.00	37,000.00
Board Expenses	4,000,000.00			4,055,000.00	(55,000.00)
Electricity water conservancy	50,000.00			26,616.00	23,384.00
Library Expenses	50,000.00				50,000
Purchase of office Stationeries				8,820.00	(8,820.00)
Miscellaneous & Other charges	20,000.00			2,900.00	17,100.00
Audit Fees	200,000.00				200,000.00

	Original budget 2013-2014 Kshs '000	Adjustments 2013-2014 Kshs '000	Final budget 2013-2014 Kshs '000	Actual on comparable basis 2013-2014 Kshs '000	Performance difference 2013-2014 Kshs '000
Chairman Honoraria	960,000.00			960,000.00	
Water Resources, Study And Development	25,000,000.00			19,568,232.00	5,431,768.00
Bricks And Tiles	1,000,000.00			467,500.00	532,500.00
Livestock Project	10,000,000.00			8,072,341.20	1,927,658.80
Mineral Resources	2,000,000.00				2,000,000.00
Dam Construction	10,000,000.00			9,667,820.00	332,180.00
Minor Irrigation	1,000,000.00			327,800.00	672,200.00
Ewaso Ngi'ro N. C & W. Resources Mgt Arab Bank For Economic Development In Africa- Abattoir	25,000,000.00			22,620,676.00	2,379,324.00
	2,000,000.00			932,400.00	1,067,600.00
Transport Operations At PCT Headquarters	15,000,000.00			12,122,748.00	2,877,252.00
Office Operations At PCT Hqs & Training	35,000,000.00			29,978,530.00	5,021,470.00
Staff Remuneration And Top-Up Allowances	1,635,115.00				1,635,115.00
Staff Travelling And Subsistence Expenses	45,000,000.00			42,074,151.00	2,925,849.00
Meeting Of The District P.Team (Dpt Operation)	1,000,000.00				1,000,000.00
Office Operations Of R. C. (Office Accom.)	35,000,000.00			4,898,701.20	30,101,298.80
Development Of W. Points(Water R. Dev. & Mgt	130,000,000.00			128,512,787.00	1,487,213.00
Economic Stimulus	30,000,000.00			19,729,975.70	10,270,024.30
N Y S - Small Dam construction and Water points	234,395,066.00			234,395,066.00	119,086,928.70
ENNNCRP - GOK Counter fund	75,000,000.00			75,000,000.00	40,134.00

I. NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IPSAS).

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

a) Basis of Preparation

The financial statements have been prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements have been prepared under the historical cost basis of accounting. The financial statements are presented in the functional currency, Kenya Shillings (Kshs).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. It also requires directors to exercise judgments in the process of applying the accounting policies. Although these estimates are based on the directors' knowledge of current events and actions, actual results may differ from these estimates. Accounting policies 1 (b) and 1(c) below on 'critical accounting estimates and assumptions' and 'critical accounting judgments' highlight the areas that involve a higher level judgment, or where the estimates or assumptions used are significant to the financial statements.

b) Critical Accounting Estimates and Assumptions

In the process of applying the accounting policies, directors make certain assumptions about the future events. In practice, the estimated assumed results differ from the actual results. Such estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below

c) Critical Accounting Judgments

In the process of applying the accounting policies, directors make certain judgments that are continuously assessed based on experience and other determinants including expectations of future events that, under the circumstances are deemed to be reasonable as described below:-

(i) Provision for doubtful debts

The organization reviews its travel advances portfolio to assess the likelihood of impairment. Where necessary, an estimation of the amounts irrecoverable is made.

(ii) Other provisions

Other provisions are recognized when the Board has legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

d) Revenue Recognition

Revenue for the ENNRBDA includes receipts from GOK and receipts from Donor funding e.g. ENNNRCP. The GOK grants are recognized on receipt basis while interest income and other income are recognized on accrual basis.

e) Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation impairment in value. Depreciation is calculated on straight line basis at annual rates estimated to write off the carrying value of the assets over their expected useful lives. The annual depreciation rates in use are:-

Rate

• Buildings	2.5%
• Plant and Machinery	12.5 %
• Motor Vehicles	25.0%
• Computers	30. %
• Furniture & Fittings	12.5%
• Office Equipment	12.5%

Property and equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or losses on de-recognition of the asset is included in the income and expenditure statement in the period the item is de-recognized.

f) Cash and Cash equivalents

For purposes of the cash flow statement, cash equivalents include cash held at the bank and balances with less than three months maturity from the balance sheet date.

Foreign Currency

Biological Assets

Biological assets are stated at their fair value less estimated point of sale costs

g) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2014.

h) Inventories

Stocks are valued at cost or net realizable value.

EWASO NGIRO NORTH DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

	30 JUNE 2014	30 JUNE 2013
	Kshs.	Kshs.
2.	INCOME	
	Recurrent Government Grant	45,879,276
	Development Government Grant	45,879,276
	Dev Grant - Economic stimulus	220,026,193
	Dev Grant -N Y S	23,156,250
	Dev Grant -Counter fund	234,395,066
		75,000,000
	DONOR	
	ENNNCRP-LOAN	-
	ENNNCRP - Grant	-
	ASAL	-
	OTHER INCOME	
	A IN A	4,372,410
	Interest	7,015,600
		186,989
		29,692
	TOTAL INCOME	721,625,106
		272,950,761
3.	SALARIES ALLOWANCES AND BENEFIT	
	Personnel Emoluments	24,421,431
	Gratuity and Pension	20,905,243
	House Allowance	2,923,698
	Other Personal Allowances	2,253,714
	Passage and Leave	5,443,100
	Medical Allowances	1,948,902
	Casual Wages	2,787,179
	Staff Remuneration & Top Up Allowances	4,400
		11,600
		3,293,907
		2,762,580
		1,958,074
		1,676,675
	GOK PAYMENTS-ENNNRCP	
		39,993,512
		35,206,991
4.	ADMINISTRATION EXPENSES	
	Transport operating	12,125,548
	Travelling and Accommodation	4,265,522
	Medical In- Patient	42,075,151
	Medical Ex-Gratia	13,854,793
	Postal and Telegrams	342,949
	Telephone and Telex	342,949
	Official Entertainment	92,500
	Electricity and Water	102,406
	Publishing and Printing	-
	Library Expenses	-
	Stationery	2,500
	Advertising and Publicity	8,820
	Show Expenses	75,235
	Rent and Rates: Non-Residential	107,000
	Repairs and Maintenance of Equipment	-
	Training, Courses and Seminars	-
	Miscellaneous and other charges	29,690
	Insurances	46,980
	Bank Charges	2,900
	Office operations	-
		18,750
		500,392
		237,640
		42,062,531
		8,766,109
		97,530,407
		28,153,434

EWASO NGIRO NORTH DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

	30 JUNE 2014	30 JUNE 2013
	Kshs.	Kshs.
5. DEPRECIATION		
Building	325,938	334,296
Plant and machinery	25,270,144	28,880,165
Motor vehicles	26,955,591	34,396,951
Computers	508,585	599,172
Furniture and fittings	2,430,053	1,125,623
TOTAL	55,490,311	65,336,207
6. DEVELOPMENT EXPENDITURE		
Bricks and Tiles making		1,435,700
	467,500	
Livestock Development		6,287,537
	8,072,341	
Water supplies and Development		-
Dam Construction		2,916,649
	9,667,820	
Minor Irrigation		-
	327,800	
Minerals resources survey		
ENNDA Catchments & Water Resources Mgt		4,247,700
	22,620,676	
BADEA		1,080,000
	932,400	
Water points (Consultancy and civil works)		
	152,338,537	
NYS Expenditure		
	115,308,137	
Counter fund Expenditure		-
	74,959,866	
		267,226,254
	384,695,077	283,193,840
ENNNCRP		
Civil Works-direct payment(loan)		159,816,982
Civil Works-special payment (loan)		261,900
Goods -Special Payment (loan)		870,000
Goods- Direct Payment (loan)		-
Services - Special Payment (loan)		241,550
Services - Direct Payment (loan)		38,909,159
Miscellaneous special payment		996,037
Bank charges-loan		94,493
Services-special payment (grant)		-
Miscellaneous special payment (grant)		-
Bank charges-grant		-
		201,190,121
		484,383,961

EWASO NGIRO NORTH DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

		30 JUNE 2014	30 JUNE 2013
		Kshs.	Kshs.
8.	WIP FOR BUILDING IN ISIOLO AND WAJIR		
	Opening W I P	142,004,000.00	137,054,000
	ADD		
	Resource Centre -H/Office	1,000,000.00	4,950,000
	Wajir Regional Office		-
		1,000,000.00	4,950,000
	CLOSING STOCK	143,004,000.00	142,004,000
9.	Biological Assets		
	Livestock		
	Opening Stock: 106	866,000.00	838,000
	add: New born 21 @ 7000/=	147,000.00	77,000
	less: Dead	1,013,000	915,000
	big size 4 @ 10,500	(42,000.00)	-
	medium 9 @ 9500	(85,500.00)	-
	small 11 @ 7000	(77,000.00)	(49,000.00)
		(204,500.00)	(49,000.00)
		808,500	866,000
	CLOSING STOCK - 106CAMELS		
	10 big size @ 10500/=	105,000.00	147,000
	21 medium size @ 9500/=	199,500.00	285,000
	72Small Size @ 7000/=	504,000.00	434,000
	106 CAMELS	808,500	866,000
10.	INVENTORIES -6660 BRICKS		
	Isiolo Office (3560*25)	166,500.00	89,000
	Wajir office (600*25)		15,000
	Garissa Office(2500*25)		62,500
		166,500	166,500
		30th JUNE	30th JUNE
		2014	2013
		Kshs.	Kshs.
11.	(a) BANK BALANCES:		
	Savings Account -BBK MERU	40,967,364.15	287,706
	Current Account - BBK MERU		2,427,836
	Current Account - CONSOLIDATED ISIOLO	1,230,715.60	353,414
	Kenya Commercial Bank - Garissa Office (Saving)	88,631.25	129,046
	Project account bank balances	14,005,474.00	587,859
	KKV Current Account - BBK ISIOLO	119,086,928.70	-
	Current Account - KCB ISIOLO	247,617.05	1,005,998
	ENNDA ERPA CURRENT ACCOUNT- BBK ISIOLO	3,426,274.30	230,290
	ENNDA CURRENT ACCOUNT- GOK Counterpart ISIOLO	49,440.75	
	ASAL current account- Consolidated Bank		32,779
	GOK BANK BALANCE	179,102,446	5,054,928
	Cash & Bank -ENNNRCP		

EWASO NGIRO NORTH DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2014

	30 th JUNE 2014	30 th JUNE 2013
	Kshs.	Kshs.
12. ACCUMULATED FUND		
(a) GOK FUNDS		
Balance brought forward	(899,218,830)	(551,238,000)
(Deficit)/Surplus for the year	138,900,798	(347,980,830)
	(760,318,032)	(899,218,830)
(d) ENNNRCP		
Accum. Fund B/F	28,725,000	28,202,000
Excess of Income/(Expenditure)		523,000
	28,725,000	28,725,000
TOTAL	(731,593,032)	(383,612,202)
13. CAPITAL RESERVE		
Motor vehicle	9,752,000.00	9,752,000.00
Equipment & furniture's	5,683,000.00	5,683,000.00
Land and building (Bore hole)	1,325,000.00	1,325,000.00
TOTAL	16,760,000.00	16,760,000.00
14. CREDITORS:		
Balance b/f	1,345,239,054	1,072,429,000
LESS PAID	(25,300,997)	(90,727,321)
Creditors-ENNNRCP		-
Sundry Creditors		363,537,375
TOTAL	1,319,938,057	1,345,239,054
15. BANK OVERDRAFT	5,899,886	
Current Account - BARCLAYS		
Bank overdraft-ENNNRCP		
TOTAL	1,319,938,056.99	1,708,776,428.68
 NOTES		
Transport operating REC	2,800.00	
Transport operating DEV	12,122,748.00	4,190,022
Transport operations ERPRP		75,500
Transport Operating ASAL		-
	12,125,548	4,265,52
TRAVELLING AND ACCOM		
Travelling and Accommodation REC	1,000.00	-
Staff Traveling and Subsistence Expenses	42,074,151.00	13,391,093
Accommodation and subsistence allowances		463,700
Travelling & Accommodation	42,075,151	13,854,793
Miscellaneous and other charges		-
Miscellaneous Special Payment		-
Miscellaneous Special Payment		-
Insurance		18,860
Board Allowances	4,055,000.00	2,416,000
Chairman honoraria	960,000.00	960,000

	5,015,000	3,376,000
Bank Charges saving Gsa	10,048.10	8,238
Bank Charges regions	212,819.00	113,426
Bank Charges Dev and Rec	104,178.50	67,776
Bank Charges -ASAL		800
Bank Charges -NYS	47,079.00	6,145
Bank Charges econ	36,490.00	33,310
Bank Charges savings	28,825.45	7,946
Bank Charges - ADB Account	60,952.00	-
 KKV Expenditure		
	500,392	237,641
 Office Operations at PCT Hqs	29,978,530.00	8,193,071
Office Operations at R C Hqs	4,898,701.00	196,113
Office operation at RC.s office		214,700
Office operation		-
Office operations -Economic stimulus	7,185,300.00	162,225
	42,062,531	8,766,109
 Development of water points - Econ Stimulus	4,257,518.00	13,797,400
Development of water points	128,512,787.00	22,481,296
Development of water points - Civil Works	19,568,232	-
Development of water Points		432,137,679
	152,338,537	468,416,375

Property, plant and equipment

Non-current assets

	Building	Plant and Machinery	Motor vehicles	Computers	Furn, Fittgs & Equip	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
1 July 2012 -GOK	17,952,694	290,893,246	215,529,735	4,076,000	24,540,139	552,991,814
Additions-GOK	-	-	-	-	-	-
Cost ENNRCP	17,952,694	290,893,246	215,529,735	4,076,000	24,540,139	552,991,814
1-Jul-12	-	-	29,284,427	3,730,000	21,754,896	54,769,323
Additions-ENNRCP	-	-	-	-	-	-
	-	-	29,284,427	3,730,000	21,754,896	54,769,323
TOTAL VALUE	17,952,694	290,893,246	244,814,162	7,806,000	46,295,035	607,761,137
ACC. DEPRECIATION						
1 July 2012 -GOK	4,580,867	59,851,925	77,941,931	2,337,706	15,535,152	160,247,581
Charge for year- GOK	334,296	28,880,165	34,396,951	599,172	1,125,623	65,336,207
30 June 2013	4,915,163	88,732,090	112,338,882	2,936,878	16,660,775	225,583,788
ACC. DEPRECIATION						
30 June 2012- ENNRCP	-	-	22,912,275	2,834,427	8,773,854	34,520,556
Charge for year- ENNRCP	-	-	2,315,755	275,662	1,651,580	4,242,997
30 June 2013	-	-	25,228,030	3,110,089	10,425,434	38,763,553
	4,915,163	88,732,090	137,566,912	6,046,967	27,086,209	-
ACC. DEPRECIATION						
1 July 2013 -GOK	4,915,163	88,732,090	112,338,882	2,936,878	16,660,775	225,583,788
Charge for year- GOK	325,938	25,270,144	25,797,713	142,390	984,920	52,521,107
30 June 2014	5,241,101	114,002,234	138,136,595	3,079,268	17,645,695	278,104,895
ACC. DEPRECIATION						
30 June 2013- ENNRCP	-	-	25,228,030	3,110,089	10,425,434	38,763,553
Charge for year- ENNRCP	-	-	1,157,877	366,195	1,445,133	2,969,205
30 June 2014	-	-	26,385,907	3,476,284	11,870,567	41,732,758

Property, plant and equipment Non-current assets	Building	Plant and Machinery	Motor vehicles	Computers	Furn, Fittgs & Equip	Total
Total charge for the year	325,938	25,270,144	26,955,591	508,585	2,430,053	55,490,311
TOTAL ACC. DEPRECIATION	5,241,101	114,002,235	164,522,503	6,555,552	29,516,263	319,837,653
N.B.V AT 30TH JUNE 2014-GOK	12,711,593	176,891,011	77,393,140	996,732	6,894,443	274,886,919
N.B.V AT 30TH JUNE 2014-ENNNRCP	12,711,593	176,891,011	3,473,632	1,098,584	8,464,349	13,036,565
			80,866,772	2,095,316	15,358,792	287,923,484

VII. 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.

Referen ce No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.

Director General/C.E.O/M.D (enter title of head of entity)

Chairman of the Board

Date.....

Date.....

