

REPORT OF THE AUDITOR-GENERAL ON TANA AND ATHI RIVERS DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Disclaimer of Opinion

I have audited the accompanying financial statements of the Tana and Athi Rivers Development Authority set out on pages 1 to 23, which comprise the statement of financial position as at 30 June 2017, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, as required by Article 229(6) of the Constitution, I have not been able to obtain sufficient appropriate audit evidence to confirm that public money has been applied lawfully and in an effective way.

Basis for Disclaimer of Opinion

1. Material Uncertainty Related to Sustainability of Services

The Authority recorded a deficit of Kshs.552,712,373 during the year under review which, after taking into account a prior year adjustment of Kshs.756,883 as reflected in the statement of changes in net assets, raised its accumulated deficit to Kshs.13,353,414,171 as at 30 June 2017 (2016: Kshs.12,799,944,915). In view of the foregoing, the ability of the Authority to sustain its services is dependent on the continued financial support from the Government, and the Authority's bankers and its creditors. This material uncertainty has however not been disclosed in the financial statements.

2. Work-in-Progress

As similarly reported in the previous year, the capital work in progress balance of Kshs.252,001,275 as at 30 June 2017 (2015/2016: Kshs.235,449,689) reflected in the statement of financial position and disclosed at Note 15 of the financial statements comprises of capital work-in-progress valued at Kshs.234,152,289 in respect of staff houses, a school, a dispensary and supermarket. Construction of these facilities commenced in 1990 at Tana Delta Irrigation Project (TDIP) in Garsen but relevant supporting documents for procurement and construction of the facilities have never been made available for audit verification. These are stalled and dilapidated projects whose current value is far below the disclosed amounts.

Further, the capital work in progress figure of Kshs.252,001,275 includes an amount of Kshs.17,848,986 in respect of Masinga Dam Resort construction. However, the payment certificates produced in support of the project amounted to Kshs. 10,992,767 resulting in unexplained variance of Kshs.6,856,219. Additionally, the payment vouchers and procurement documentation for the Masinga Dam Resort work in progress totaling Kshs.17,848,986 were not provided for audit verification. As a result, the accuracy and validity of the carrying amount of work in progress of Kshs.252,001,275 cannot be ascertained.

3. Assets Held by Former Managing Directors

As previously reported, the Authority incurred expenditure totalling Kshs.422,500 on purchase of various mobile phones and iPads which were issued to a former Managing Director between July 2012 and February 2013. In addition, available records indicate that another former Managing Director was issued with a Laptop, camera and mobile phones which had not been surrendered to the Authority as at 30 June, 2017. The management has not provided satisfactory explanation why these assets were not recovered from the Managing Directors at the end of their respective tenures.

In view of the foregoing, it has not been possible to confirm that the property, plant and equipment balance of Kshs.10,379,031,923 as at 30 June 2017 is fairly stated.

4. Trade and Other Receivables

The trade and other receivables balance of Kshs.140,401,502 as at 30 June 2017 (2016: Kshs.92,916,780) is net of the Kenya Power and Lighting Company debtor account. According to Note 19 to the financial statements, the account relates to bulk power sales amounting to Kshs.1,179,215,376 for the period prior to 1988 and which has been under dispute between the Authority and Kenya Power Lighting Company.

Further, the balance of Kshs.140,401,502 includes debtors account – car loan balance of Kshs.259,396 which the Authority stated as historical and impossible to analyze and debtor account-Freshco Kenya Limited of Kshs.7,576,126 which is not properly supported with contract documents.

Further, included in the trade and other receivables balance of Kshs.140,401,502 are debts amounting to Kshs.43,910,700.40 owed by various stations and departments within the Authority. These debts have however not been supported by any corresponding liabilities in the books of accounts or documentation.

In addition, the Authority has failed to provide age analysis for the trade receivables balance of Kshs.140,401,502 as at 30 June 2017. It is therefore not possible to assess the recoverability of these debts and confirm whether adequate provision has been made against the long outstanding debts.

In the circumstances, it has not been possible to confirm the accuracy, validity and recoverability of the trade and other receivables balance of Kshs.140,401,502 as at 30 June 2017.

5. Revaluation Reserve

Reflected in the statement of financial position and disclosed in Note 23 to the financial statements is the revaluation reserve balance of Kshs.19,697,833,221 as at 30 June 2017 (2016: Kshs.19,697,833,221). However, no documentary evidence has been made available to support any revaluations of assets undertaken by management. Further, the reserve balance is not identified with any particular assets of the Authority and the depreciation on the revalued assets was never charged to the reserve. In addition, revaluation of the Authority's assets was last done in 2006 and thus the expired period is more than the five-years prescribed under International Public Sector Accounting Standards No. 17.

Consequently, it has not been possible to confirm whether the revaluation reserve balance of Kshs.19,697,833,221 as at 30 June 2017 is fairly stated.

6. Trade and Other Payables

As reported in the previous year, included in trade and other payables balance of Kshs. 238,092,491 as at 30 June 2017 (2016: Kshs.230,532,432) are un-remitted statutory deductions of Kshs.3,355,164 relating to National Social Security Fund (NSSF) and withheld VAT of Kshs.6,475,583.60, which have been outstanding for long some dating back to 2004. Further included in trade and other payables balance is an amount of Kshs.70,815,832.50 relating to un-remitted pension and PAYE of Kshs.54,007,140.36 dating back to 2014. No explanation has been provided why the Authority has delayed remittance of statutory deductions to the respective institutions. Further, as reported in the previous year, the Authority does not reconcile reported amounts of arrears and penalties owed to NSSF. As a result, the management does not confirm the authenticity of the payments made and outstanding balances, an indication of poor internal control. The Authority is likely to incur heavy penalties and interest charges if management does not take corrective measures.

In addition, creditors amounting to Kshs.63,710,558.48 have been outstanding between one and twenty years. Management has not explained why the debts have remained unpaid for so long.

Additionally, payables amounting to Kshs.2,225,125.20 relate to defunct organizations that ceased existing as tabulated below:

Ministry	Year	Amount Kshs
Ministry of Cooperative Development	2008	50,816.20
Ministry of Home affairs	2011	152,050
Ministry of State Dev. Of Northern Kenya	2013	85,380
Council		
Town council of Kitui	2012	213,000
Murang'a County Council	2008	1,723,879
Total		2,225,125.20

In view of these anomalies, it has not been possible to confirm the accuracy, validity and completeness of the trade and other payables balance of Kshs.238,092,491 as at 30 June 2017.

7. European Union Fund Grant

As similarly reported in the previous year and since 2013/2014, the Authority received Kshs.30,714,048 in respect of a grant from the European Union (EU) for

implementation of Community Based Mini-hydropower electric power Development-Project in Upper Tana Basin for poverty alleviation. However, these funds have remained unutilized for a period of over four years.

Available information indicates that the donor, the European Union, recalled the funds in the financial year 2013/2014 and advised the Authority to prepare a new proposal for another grant. No evidence has been provided to show whether the management has ever prepared another proposal. The management has not explained why the funds were not put to intended use resulting to withdrawal of the same by the donor. In the circumstances, the Authority's management seems not to have given sufficient focus on achievement of the Authority's strategic goals.

8. Biological Assets

The biological assets balance of Kshs.14,360,177 as at 30 June 2017 (2016: Kshs.44,191,488) excludes unvalued fruit bearing trees in the Authority's farm at Kibwezi. In addition, the biological assets movement schedule has not been disclosed in the financial statements despite reported purchase and disposals of biological assets in Kiambere and Kibwezi stations during the year under review.

Further, the Accounting for Biological Assets has not been done in line IPSAS 27. This because the loss on revaluation between 2015/2016 and 2016/2017 from Kshs.44,191,488 to Kshs.14,360,177 has not been accounted for in the statement of financial performance. Additionally, no stock take report as at 30 June 2017 in respect of biological assets has been provided for audit examination.

Consequently, it has not been possible to confirm the accuracy and completeness of the biological assets balance of Kshs.14,360,177 as at 30 June 2017.

9. Lease Income

Included in other income of Kshs.168,049,484 as reflected in the statement of financial performance for the year ended 30 June 2017 (2016: Kshs.247,572,911) is an amount of Kshs.30,000,000 being lease income from Braken Agricultural Limited for the lease of 10,000 hectares of land for the production of rice. However, Article 7 of the lease agreement specifies the terms that must be met by both the lesser and the lessee. Sections (ii) and (iv) of the agreement appear to disadvantage the Authority in regards to gains and costs that may arise, as it is required to offer milling and storage services to the lessee without compensation.

The Authority has not established a billing policy by which its products and services may be costed and billed taking into account all the costs related to production for sale. Independent inquiry at Tana Delta Rice Mills confirmed that at present, rice is milled at Kshs.4 per kilogram (Kg) but the Authority had offered to mill the rice at Kshs.3.50 per kilogram for Braken Agricultural Limited. This caused a net expense of Kshs.130,000,000 to the Authority which was far beyond the income received from the lease that was expected to produce 260,000,000 Kgs of rice annually.

In addition, under subsection (iii) of the lease contract, the Authority has offered to provide sufficient storage to Braken Agricultural Limited but no charge; is specified by the lessor to the lessee to meet the storage costs. While providing storage, the

Authority will be required to meet costs of drying, fumigation, security, and labour shifting the rice. Since the lessee is required to produce 260,000 tons of rice per annum, the Authority will incur huge costs on storage on behalf of the lessee. The costs do not appear to have been taken into account when the lease agreement was drawn.

Consequently, the Authority is likely to incur huge losses from the lease agreement which is skewed to benefit the lessee.

10. Trial Balance

The balance of Kshs.13,353,414,171 in respect of revenue reserves funds reflected in the financial statements do not agree with the trial balance figure of Kshs.12,800,702,800 as at 30 June 2017, resulting in a variance of Kshs.552,711,371. No explanation or reconciliation has been provided for the variance.

11. Assets Register

The authority has no assets register in place showing the cost of assets, year of purchase, rates of depreciation/amortization, accumulated depreciation/amortization and net book value to date. Consequently, the completeness and accuracy of property, plant and equipment and intangible assets balances of Kshs.10,379,031,923 and Kshs.232,000 respectively, as at 30 June 2017 cannot be confirmed.

12. OECF Japanese Loan

The statement of financial position reflects OECF Japanese Loan balance of Kshs.816,258,600 as at 30 June 2017. However, the facility's Loan Agreement document has not been availed for audit review. The activity in the account shows repayment of Kshs.334,928,136 which was not supported by any documentary evidence and the loan balance was also not confirmed by the funding institution.

Consequently, it has not been possible to confirm the validity, completeness and accuracy of Kshs.816,258,600 in respect to the OECF Japanese Loan.

13. Cash and Cash Equivalents

The cash and cash equivalents balance of Kshs.88,259,459 as at 30 June 2017 had outstanding items in the reconciliation as follows:

- (i) Consolidated bank account had unrepresented cheques totalling Kshs.2,483,865.10. Cheques totalling Kshs.2,062,684.10 were claimed to have been reversed on 31 January 2018 but the cashbook was not produced to confirm the reversals.
- (ii) Unrepresented cheques as at 30 June 2017 for Masinga dam totalling Kshs.254,000 were stale but had not been reversed in the cash book.
- (iii) Emali Livestock multiplication unit had unrepresented cheques totalling Kshs.412,300 which were indicated to have cleared on 3rd July 2017 but no bank statement showing the clearance was provided for verification.

- (iv) The ledger for Emali (KCB-Machakos) Savings had a balance of Kshs.205,953 while the cash book indicates Kshs.181,852 resulting to unexplained variance of Kshs.24,101.

Consequently, the completeness and accuracy of cash and cash equivalents balance of Kshs.88,259,459 as at 30 June 2017 cannot be confirmed.

14. Revenue from Exchange transactions

(i) External AIA - Kengen

Revenue from exchange transactions of Kshs.168,049,484 as disclosed in Note 5 to the financial statements includes external AIA from Kengen of Kshs.67,166,640. However, no agreement between the Authority and Kengen has been provided for audit examination in support of the amount which the Authority should be receiving from Kengen and other terms pertaining to this transaction. Further, although Kengen Staff are housed in the Authority's houses and pay rent for occupation, information in form of lease agreements detailing the number of houses and the charges per month has not been provided for audit verification.

(ii) Other Incomes

The revenue from exchange transactions of Kshs.168,049,484 also include an amount of Kshs.61,036,682 in respect of sale of produce, sale of tree seedlings, sale of sand and honey and rendering services which was not fully supported by documentary evidence. Consequently, the validity and accuracy of the recorded amounts totalling Kshs.61,036,682 for other incomes cannot be confirmed.

15. Cost of Sales

The statement of financial performance reflects cost of sales totalling Kshs.121,326,556 for the year ended 30 June 2017 and as disclosed in Note 6 of financial statements. However, no documents and accounting records whatsoever including the ledger in support of the balance were produced for audit verification. Consequently, the validity and accuracy of the recorded amounts cannot be confirmed.

16. Capital Fund

According to the accounting policy, the capital fund is expected to hold the resources which were made available at the inception of the Authority and loans repaid on behalf of TARDA by the Government. However, the statement of changes in net assets reflects an amount of Kshs.199,000,000 that is neither the initial capital nor loan repayments yet the same has been included in the capital fund. Further, the movement in capital fund includes a loan repayment of Kshs.334,928,136 that has not been supported.

Consequently, the validity and accuracy of the capital fund balance of Kshs.3,521,831,378 as at 30 June 2017 cannot be confirmed.

17. Errors in the financial statements

The financial statements for the year ended 30 June 2017 had some errors as indicated below:

(i) Note 20

The balance for prior year does not agree with the certified financial statements and does not agree with the statement of financial position.

Balance per Note 20	Balance per statement of financial position	Difference
Kshs	Kshs	Kshs.
<u>88,259,459</u>	<u>49,037,986</u>	<u>39,221,473</u>

(ii) Note 13

The Note has no reference either to the statement of financial performance or statement of financial position.

No explanation has been provided for these anomalies.

18. Property, Plant and Equipment

(i) Land without Ownership Documents

The property, plant and equipment balance of Kshs.10,379,031,923 as at 30 June 2017 (2016: Kshs. 10,798,665,311) includes an amount of Kshs.90,903,600 representing the value of three parcels of land located at Masinga, Kitui and Emali measuring 17,745.73 hectares whose ownership documents have not been produced for audit verification. In the circumstances, it has not been possible to confirm the ownership by the Authority of the three parcels of land worth Kshs.90,903,600 as at 30 June 2017.

(ii) Fully Depreciated Assets

Similarly, as reported in the previous year, included in the property, plant and equipment balance of Kshs.10,379,031,923 as at 30 June 2017 (2016: Kshs. 10,798,665,311) are assets whose original cost was Kshs.1,942,275,373 which are fully depreciated but some of which are still in use. These assets have not been adjusted from those that are depreciated when calculating depreciation and therefore the depreciation has been overstated by an unknown amount over the years. Further, the management has not put in place any policy on revaluation of fully depreciated assets.

In the circumstances, the accuracy and completeness of the depreciation charge for the year amounting to Kshs.440,121,137 cannot be confirmed.

In addition, the validity and accuracy of the property, plant and equipment balance of Kshs.10,379,031,923 cannot be confirmed.

(iii) Additions to Plant & Equipment

The additions to plant and equipment of Kshs.1,297,400 relate to Emali borehole whose drilling commenced in the year 2009/2010 and had been work in progress until the transfer was effected in the year under review. However, no additional work had been done on the borehole from 2009 to the date of the transfer. No justification was provided to support the transfer from work in progress to plant and equipment.

In addition, as reported in the previous year, the procurement documents and the records in support of the payment to the contractor for the borehole have not been availed for audit verification. Further, the board incurred further expenditure relating to commissioning of the stalled borehole amounting to over Kshs.500,000 representing over 38.5% of the cost of the borehole which could not be justified.

(iv) Masinga Hydro Electric Power Station and Kiambere Hydro Electric Power Station

The property, plant and equipment balance includes Masinga HEP and Kiambere HEP at a cost of Kshs.6,134,385,600 and Kshs.9,385,013,300, respectively which are not under the use and maintenance of TARDA. The Authority charged depreciation totalling Kshs.2,760,473,520 and Kshs.4,223,255,979 respectively against these assets. However, these assets were not in any way under the control of the Authority and were not used in the operations of the Authority during the year under review. These assets cannot therefore be justifiably accounted for as property, plant and equipment of the Authority. No explanation has been provided for this anomaly.

(v) Buildings

These are additions to buildings totalling Kshs.4,897,000 which relates to costs in respect of renovation of Kiambere Guest House that do not technically constitute an addition since the building has been in existence. In addition, no procurement documents or payment documents relating to the renovation were provided for audit verification.

Under the circumstances, the accuracy and validity of the additions to buildings amounting to Kshs.4,897,000 cannot be confirmed.

19. Investments

The investments balance reflected in the statement of financial position as at 30 June 2017 represents the historical cost of shares purchased over twenty years ago at Kshs.24,500,000. The accounting for these investment has not been done in line with IPSAS accrual which requires the investment to be disclosed at fair value.

20. Special Projects Expenditure

(i) Unsupported expenditure

The statement of financial performance reflects an amount of Kshs.232,060,561 in respect of special projects expenses and as disclosed in Note 10 to the financial statements. However, procurement documentation for payments made to various service providers amounting to Kshs.54,932,129 were not provided for audit verification.

In addition, the Authority undertook construction of Baricho Murya Chake water supplies (budget of Kshs.90,000,000) and construction of Ganze to Bamba Jilla road (budget of Kshs. 62,000,000) whose funding were fully received during the year under review. Although the work for these constructions had been awarded to various contractors and were in progress as at 30 June 2017, procurement documents in support of the sourcing and award of the contracts were not provided for audit verification.

Under the circumstances, the validity and propriety of the special projects expense totalling Kshs.232,060,561 cannot be confirmed.

(ii) Unsupported Imprests to Staff

The special project expenses disclosed in Note 10 to the financial statements includes imprests issued to staff. A sample of imprests surrenders amounting to Kshs. 5,716,100 revealed that part of the imprest was used for fuel and hire of motor vehicles. The fuel expenditure was not supported by ETR compliant receipts in line with the financial regulations and circulars. As regards the hire of motor vehicles, no justifications or evidence of authority to hire vehicles by the concerned officers were provided for audit examination.

(iii) Unaccounted for Funds for GOK Grants – Special Programmes

The Authority received an amount of Kshs.402,000,000 from the State Department of Devolution to undertake pre-defined drought mitigation projects in designated areas of the country. The programmes had a pre-approved specific work plan of activities to be undertaken by the Authority and funds were disbursed to the Authority and received during the year under review.

However, based on the financial statements presented, the funds received had been used and exhausted as at 30 June 2017 even though an amount of Kshs.208,940,898 only had been expensed in the financial year under review leaving an unexplained variance of Kshs.193,159,108.

Consequently, the efficient use of the grant of Kshs.402,000,000 in accordance with the law and for the approved projects cannot not be confirmed.

21. Budget and Budgetary Control

(i) Over expenditure

The statement of financial performance for the year ended 30 June 2017 reflects expenditure above budget as detailed below:

Expenses	Budget Kshs	Current Year Actual Kshs	Variance Kshs
Legal fees, licenses and subscriptions	5,000,000	8,545,978	(3,545,978)
Operational HQ - Motor maintenance, Security, Uniforms	2,990,000	3,834,720	(844,720)
Motor running	2,396,200	3,222,785	(826,585)
Stationery Expenses	1,500,000	1,562,827	(62,827)
Telephone and internet	1,800,000	2,448,496	(648,496)
Hire of transport	3,000,000	5,355,366	(2,355,366)
Subsistence and accommodation	27,857,373	56,962,337	(29,104,964)
Board Expenses	16,000,000	17,564,657	(1,564,657)
Training	2,500,000	4,172,958	(1,672,958)
Official entertainment	1,000,000	1,714,415	(714,415)
Stock Taking	700,000	1,223,200	(523,000)
Bank Charges	640,000	660,492	(20,492)
TOTAL	65,383,573	107,268,231	(41,884,458)

No authority for the over expenditure has been given for audit review.

(ii) Under Expenditure

There was under expenditure as indicated below:

Description	Budget Kshs.	Current year Kshs.	Variance Kshs.
Computer expenses	400,000	342,090	57,910
Office equipment maintenance	700,000	656,153	43,847
Office Rent	14,000,000	13,661,728	338,272
General Insurance	9,638,250	4,680,900	4,957,350
Postage expenses	50,000	6,475	43,525
Library	220,000	41,175	178,825
Minor Alteration & maintenance works	300,000	148,640	151,360
Land Rates	4,300,000	1,382,250	2,917,750
Advertising & Publicity	3,500,000	1,988,435	1,511,565
Maintenance of buildings & Stations	2,000,000	1,496,205	503,795
TOTAL	35,108,250	24,404,051	10,704,199

No reason has been given for the anomaly.

22. Unreconciled Liabilities

Disclosed in the financial statements under Note 13 is a project in respect of renovation of Kiambere Guest House and MDE-Construction (Work in progress) amounting to Kshs.22,745,986 and Note 10 a special project expenses amounting to Kshs.208,840,898 for various constructions project, which ordinarily are undertaken by contractors. Although payments were made to the contractors, the mandatory

retention in respect of these amounts have not been recognized in the accounting records. No explanation has been provided for this anomaly.

23. Loss Making Services

As similarly reported in 2015/2016, the Authority received a total of Kshs.61,036,682.80 from ten of its projects - sale of produce, sale of tree seedlings, sale of sand and honey and rendering of services. However, the cost of sales from these projects was Kshs.121,326,556 resulting to a loss of Kshs.60,289,873.20 as detailed below:

	Revenue	Cost Of Sales	Profit/Loss
Tana Delta Irrigation Farm	5,871,552.60	46,739,644.00	(40,868,091.40)
Kibwezi Farm	1,732,911.00	4,194,969.00	(2,462,058.00)
Emali Farm	1,646,318.90	4,964,145.00	(3,317,826.10)
Lower Athi Region	2,308,761.00	7,548,388.00	(5,239,627.00)
Kitui Honey Refinery and Guest House	0	1,729,048.00	(1,729,048.00)
Tana Region	6,920.00	200,739.00	(193,819.00)
Upper Athi Region	251,350.00	4,449,542.00	(4,198,192.00)
Masinga Irrigation Project	932,373.00	5,619,165.00	(4,686,792.00)
Masinga Afforestation	1,021,100.00	5,503,152.00	(4,482,052.00)
Wote Tree Nursery	104,140.00	224,960.00	(120,820.00)
	61,036,682.80	121,326,556.00	(60,289,873.20)

The cause of the losses and the mechanism put in place by management to mitigate against the losses have not been explained.

24. Employee Costs

The of employee costs of Kshs. 319,868,773 as reflected in the statement of financial performance and disclosed in Note 12 to the financial statements do not agree with summary of salaries journals as detailed below:

	Financial Statement Figures Kshs.	Salaries Journal Figure Kshs.	Variance. Kshs.
Medical expenses	22,046,356	5,007,808	17,038,548
Salaries	265,061,741	231,823,390	33,238351
Staff Welfare	3,222,785	3,222,785	0

Pension and gratuity	25,301,717	24,196,725	1,104,992
Casual wages	2,138,174	1,632,122	506,052
Leave Allowance	2,098,000	2,098,000	0
TOTAL	319,868,773	267,980,830	51,887,943

These variances have not been reconciled to ensure validity of amounts reported in the financial statements.

Responsibilities of Management and Those Charged with Governance 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 (Accrual Basis) 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.

In preparing the financial statements, management is responsible for assessing the Authority's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

My responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matter described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

I am independent of the Tana and Athi Rivers Development Authority in accordance with ISSAI 30 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

12 September 2018