

REPUBLIC OF KENYA



**OAG**



**OFFICE OF THE AUDITOR-GENERAL**

*Enhancing Accountability*

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**COAST DEVELOPMENT AUTHORITY**

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



# COAST DEVELOPMENT AUTHORITY

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 95202, MOMBASA  
27 JUL 2022  
RECEIVED  
COAST DEVELOPMENT  
HUB



## ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

ISO 9001:2015 CERTIFIED



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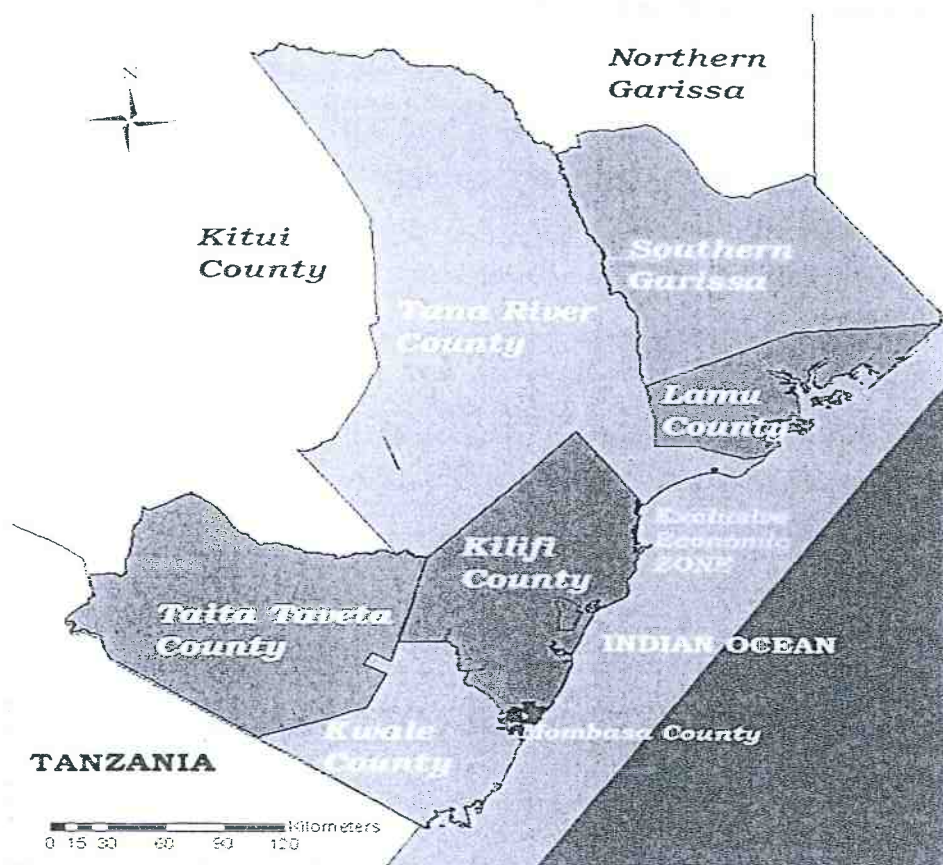
## 1. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

Coast Development Authority (CDA) is a State Corporation established by an Act of Parliament No. 20 of 1990 (Cap 449), revised in 1992 with the mandate to provide integrated development planning, coordination and implementation of projects and programmes within the whole of Coast region and the southern part of Garissa County and the Kenya's Exclusive Economic Zone (EEZ) and for connected purposes.

### Area of Jurisdiction

CDA's area of jurisdiction covers seven counties in coastal Kenya namely: Taita Taveta, Kwale, Mombasa, Kilifi, Tana River, Lamu and Southern part of Garissa County. The estimated area covered is 103,326 sq. km (Kilifi 13,013km<sup>2</sup>, Kwale 8,322 km<sup>2</sup>, Taita -Taveta 16,556 km<sup>2</sup>, Mombasa 282 km<sup>2</sup>, Tana-River 38,694 km<sup>2</sup>, Lamu 6,814 km<sup>2</sup>, Southern Part of Garissa 19,465 km<sup>2</sup>) and Kenya's Exclusive Economic Zone (EEZ) (200 Nautical Miles of the Indian Ocean).



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 execution of planned projects within the Area;
5. 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;
6. 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;
7. 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;
8. Ensure landowners in the Area undertake all the measures specified by the Authority to protect the water and soils of the Area;
9. 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;
10. 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
11. 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;
12. Implement development projects and programmes whose primary objective is to promote socio-economic development of the Coast Province in particular and Kenya in general;
13. 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.

**f) Entity Head Quarters**

Coast Development Authority  
Mama Ngina Drive,  
P.O.Box 1322-80100  
Mombasa  
Kenya

**f) Contact Information**

 + 254 020 8009196  
 +254 0794 100000  
 [cda@cda.go.ke](mailto:cda@cda.go.ke)  
 [www.cda.go.ke](http://www.cda.go.ke)  
 @CoastDev  
 Coast Development Authority

**h) 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  
Mombasa Supreme Centre  
UTC Building,  
P. O. Box 84618-80100  
Mombasa


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




## 2. BOARD OF DIRECTORS

During the period under review the Board was composed as detailed below.


The term for the Board Chairman expired on 18<sup>th</sup> April 2021 and he has not been replaced.



The Independent Board members terms expired on 5<sup>th</sup> June 2021. The board members had not been replaced.

 <p><b>Hon. Samwel Kazungu Kambi</b> Chairman Date of Birth. 12.2.1962 Appointed on 18<sup>th</sup> April 2018 Gazette Notice No. 3139 Term expired 18<sup>th</sup> April, 2021</p>	<p><b>Education</b> Ph.D. in Finance, Maseno University (on-going) MBA. Finance &amp; Strategic Management option, University of Eastern Africa Baraton BA Development Studies, University of Eastern Africa Baraton</p>	<p>Hon. Samwel Kazungu Kambi was the Chairman of the Board of Directors. Hon. Samwel Kazungu Kambi was a former Cabinet Secretary in the Ministry of Labour, Social Security and Service and Asst. Minister for Medical Services. He was elected as Member of Parliament, Kaloleni Constituency. In Parliament he was the Vice-chair Agriculture and Energy committee. Hon. Samwel Kazungu Kambi is also a Trained Public Relations Manager and expert in Policy development, project planning and management, conflict and resolution management and Community mobilization. Hon. Samwel Kazungu Kambi represented the Republic of Kenya in various capacities. He has vast experience in project distribution cultural and environment resource management and youth empowerment.</p>
 <p><b>Mohamed Keinan Hassan, Ph. D, OGW</b> Managing Director</p>	<p>Doctor of Philosophy (PhD) and M.Sc. 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.</p>	<p>Managing Director Coast Development Authority since 2016. Before this appointment, he worked with the Ministry of Devolution and Planning. He has served in the Civil Service for over 30 years in different capacities and Ministries namely: Ministry of Livestock and 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 empowers community to successfully identify, implement and sustain priority projects that address food security and reduce livelihood vulnerability. He is also a trainer of Community Managed Disaster.</p>

 <p><b>George Kithi</b> <b>Independent Director</b></p> <p><b>Date of Birth .1.1.1976</b> Appointed on 6<sup>th</sup> June 2018 Gazette Notice No. 5589 <b>Term expired 5<sup>th</sup></b> <b>June,2021</b></p>	<p>L.L.B from the University of Nairobi, Postgraduate Diploma ,Kenya School of Law LLM (Intellectual property) , University of Nairobi.(Ongoing</p>	<p>Mr. George Kithi was an independent director and the Chairperson of the Audit Committee He is the Managing Partner at Kithi &amp; Company Advocates. He is an Advocate of the High Court of Kenya He has worked with as an Advocate with Mungatana &amp; Company Advocates and Madzayo Mrima &amp; Company Advocates</p>
 <p><b>Hon. Julius Ndegwa</b> <b>Independent Director</b></p> <p><b>Date of Birth .1973</b> Appointed on 6<sup>th</sup> June 2018 Gazette Notice No. 5589 <b>Term expired 5<sup>th</sup></b> <b>June,2021</b></p>	<p>Diploma in Cooperative Audit, Cooperative College CPA Part II. Bachelor of Commerce at Mt. Kenya University. (Ongoing)</p>	<p>Hon.Julius Ndegwa was an independent director and the Chairperson of the Finance Establishment Committee of the Board. Hon. Julius Ndegwa is an established businessman He was Member of Parliament for Lamu West in 2013. He was a former Councilor for Lamu County Council. He previously worked as Business Development Officer at the Kenya Women Finance Trust.</p>
 <p><b>Swaleh Kadara</b> <b>Independent Director</b></p> <p><b>Date of Birth. 23.11.1969</b> Appointed on 6<sup>th</sup> June 2018 Gazette Notice No. 5589 <b>Term expired 5<sup>th</sup></b> <b>June,2021</b></p>	<p>BA in Sociology and Arabic language, MA from the University of Nairobi Ph.D. from the University of Nairobi/University of Cape Town.</p>	<p>Mr. Swaleh Kadara was a member of the Projects and Planning Committee. He was a Lecturer at Pwani University in the Department of Philosophy and Religious studies. He is currently also Director of Political Affairs for Jubilee Party in the office of the Secretary General.</p>



 <p><b>Omar Famau</b>  <b>Independent Director</b>  <b>Date of Birth .2.3.1965</b>          Appointed on 6<sup>th</sup> June          2018 Gazette Notice No.          5589  <b>Term expired 5<sup>th</sup></b>  <b>June,2021</b></p>	<p>Post Graduate Diploma in Project Management and Evaluation, Cambridge University</p>	<p>Mr. Omar Famau was a member of the Finance and Establishment Committee of the Board. He was formerly a CEO and Chairman at Tawasal Foundation. He was the Trust Fund Chairman of Lamu County Council from 2004 - 2007. He has wide experience in creating awareness for the Swahili Speaking people of the Kenya Coast and the modes of cultural heritage.</p>
<p>Mr. James Nyamweya          Mageto          Mr. Maina Kiondo          Mr. Charles Mwanda</p>	<p>Alternate Board Members representing the PS, State Department for Regional and Northern Corridor Development</p>	<p>Member Finance and Establishment Committee, Projects and Planning Committee</p>
<p>Ms. Theresa Wasike</p>	<p>Alternate Director Representing the PS—Ministry of Water and Sanitation</p>	<p>Member Audit Committee</p>
<p>Mr. Timothy Ogwang</p>	<p>Alternate Director Representing the PS - Ministry of Agriculture and Livestock Development.</p>	<p>Member Audit Committee.</p>
<p>Mr. Joseph Kimemia</p>	<p>Representing PS, The National Treasury</p>	<p>Member of the Finance and Establishment Committee and Audit Committee</p>
<p>Mr. John Elungata</p>	<p>Regional Commissioner, Coast Region</p>	<p>Member of the Finance and Establishment Committee</p>
<p>Mr. John Kisegu</p>	<p>Representing the Inspector of State Corporations</p>	<p>Member of the Finance and Establishment Committee</p>

 <p><b>Said Swaleh Gongo</b>  <b>Director Legal</b>  <b>Services/Corporation</b>  <b>Secretary</b></p>	<p>Certified Public Secretary (CPS) (K) at East Africa School of Management – Nairobi                  Post Graduate Diploma in Human Resource Management at Kenya Institute of Management Nairobi                  Post-graduate Diploma in Law (Bar admission course) at Kenya School of Law – Nairobi                  Associated of Institute of Chartered Arbitrators at Institute of Chartered Arbitrators, Kenya Branch                  Bachelor degree in Laws (LLB) at International University of Africa – Sudan                  Masters in Laws (LLM) at Al-Nilein University – Sudan                  Masters in African Studies (Political Science) at International University of Africa – Sudan                  Diploma in Arabic Language at International University of Africa – Sudan                  Mangu High School (KCSE)</p>	<p>Duties and responsibilities</p> <ul style="list-style-type: none"> <li>i) Ensuring that the Authority meets all its statutory obligations</li> <li>ii) Complies with the provisions of all relevant legislative instruments</li> <li>iii) Provide recommendations and legal advice</li> <li>iv) Liaise with external counsel for representation of the Authority on legal matters</li> <li>v) Represent the Authority in various litigation</li> <li>vi) Provide legal support to the draw up of legal documents, contracts leases and other related documents</li> <li>vii) Provide legal advice and secretariat services to the Board</li> <li>viii) Keep custody of the Authority Seal and all legal instruments</li> <li>ix) Liaise with the Department of Justice on behalf of the Authority</li> <li>x) Open and prepare files for cases instituted against the Authority</li> <li>xi) Open, maintain and update case registers</li> <li>xii) Liaise with Department of Justice on litigation of national interest.</li> </ul>
<p>3</p>  <p><b>Pamela Maghema Ngure</b>  <b>Director Corporate</b>  <b>Services</b></p>	<p>B. Com (Accounting) University of Nairobi                  Strategic Leadership development Program- Kenya School of Government, Kabete                  MBA Public Policy and Administration (on-going)                  Member Association of Chartered Certified Accountants                  IPSAS Reporting -Public Sector Accounting, Deloitte &amp; Touché /National Treasury, Kenya School of Government, Nairobi Kenya                  Corruption Prevention and Good</p>	<ul style="list-style-type: none"> <li>(i) Developing and overseeing the implementation of a dynamic corporate strategy that is able to deliver exemplary services and results as envisioned in the strategic plan;</li> <li>(ii) Developing the Authority's budget and continuously monitor and evaluate its implementation;</li> <li>(iii) Giving oversight to the Authority financial affairs and advise the Authority on financial planning strategies and policies;</li> <li>(iv) Ensuring effective and</li> </ul>



**Griffin Muthomi Aritho**  
 Director Business  
 Development Partnerships  
 & Collaborations

Masters in Economics – Finance & International Trade option – Kenyatta University  
 Bachelor of Arts in Economics – Economics and Finance  
 Certificate in Risk and compliance – Centre for Corporate Governance  
 Certificate in Corporate Governance and Ethics from Institute of Certified Public Accountants (ICPAK)  
 Computer Proficiency  
 Attended training and Empowerment for enhanced Customer Service organized by Power Play


Advising the Management on Viable Business and investment options and on related matters;  
 (ii) Ensure development of policies, regulations, guidelines and strategy for Business Development and investments;  
 (iii) Ensure development of CDA’s investment plans;  
 (iv) Coordinate implementation and compliance with the CDA investment plans and strategies;  
 (v) Advising Management of strategic investments opportunities;  
 (vi) Ensure Establishment and linkages with strategic financial partners;  
 (vii) Coordinate Regularly meeting with investment analysts and financial strategic partners to discuss investment opportunities;  
 (viii) Ensure Development of Business and investment reports  
 (ix) Coordinate Investment negotiations;  
 (x) Oversee prudent management of all investment portfolios for the Authority;  
 (xi) Oversee identification and monitoring of Risk and development of hedging mechanism and diversification strategies;  
 (xii) Ensuring investment opportunities are aligned with CDA’s strategic objectives;  
 (xiii) Overseeing the undertaking of Portfolio and Investment Research;  
 (xiv) Liaison with external parties including, project developers and advisers;  
 (xv) Ensuring that the Authority is adequately Advised on money markets;  
 (xvi) Manage and supervise department staff;  
 (xvii) Ensuring prudent utilization of the resources of the division;



**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

- i) Formulating environmental and social strategies and action plans that ensure sustainable development;
- ii) Ensuring compliance with the relevant environmental laws and social regulations;
- iii) Ensuring environmental and social concerns are properly addressed;
- iv) Reviewing progress on environmental and social performance systems;
- v) Overseeing the preparation of periodic reports on status of environment with a view to ensuring compliance with corporate standards;
- vi) Providing support to project development initiatives in the authority and ensuring environmental and social development issues are addressed;
- vii) Reviewing environmental priorities for the authority in collaboration with other stakeholders with a view to managing associated risks;
- viii) Monitoring emerging environmental regulatory and legislative policy changes and/or initiatives and facilitating incorporation and implementation of those changes within the authority's activities;
- ix) Establishing linkages with consultants and other stakeholders on environmental and social matters for mutual benefit of the authority

			<p>procurement of goods, works and services and contract management;</p> <p>(xiv) Maintaining a sound procurement policy that ensures acquisition of goods, services and works is executed in line with the public procurement regulations;</p> <p>(xv) Providing technical and secretarial services to the authority's tender and disposal committee and ensuring prompt implementation of its decisions; and</p> <p>(xvi) Monitoring and evaluating contract management by users and report progress to facilitate timely decision making and timely implementation/completion of project; and</p> <p>(xvii) Supervising, training and developing of staff under him or her.</p>
<p>8</p>	 <p><b>Josephine Jumwa Chikololo</b> <b>Ag. Manager Internal Audit</b></p>	<p>Strategic Leadership Development Program- Kenya School of Government, Mombasa</p> <p>Senior Management Course -Kenya School of Government, Mombasa</p> <p>Member Institute of Internal Auditors</p> <p>B.A Administration and Finance Kenya Methodist University</p> <p>CPA Part 1 Kenya College of Accountancy</p>	<p>Overseeing the preparation of the Internal Audit systems, procedures and guidelines;</p> <p>(ii) Supervising the preparation of work programmes to ensure that audits are planned and well managed;</p> <p>(iii) Reviewing the internal controls and documenting on their effectiveness and adequacy;</p> <p>(iv) Recommending mitigation measures to address identified weaknesses where necessary;</p> <p>(v) Ensuring that the accounting, administration and other operations comply with CDA management policies;</p> <p>(vi) Overseeing the preparation and submission of audit reports to the CEO and the board;</p> <p>(vii) Ensuring that the internal audit systems, procedures and guidelines are prepared for approval;</p> <p>(viii) Supervising the preparation of work programmes to ensure</p>

#### 4. 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. Coast Development Authority is currently domiciled at the Ministry of East African Community and Regional Development, State Department of East African Community.

##### 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 Mwongozo 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 and established realistic objectives and goals that are in line with the vision and mission of the Authority.

The COVID 19 disease is still a major health challenge not only in our country and globally. During the year the Kenyan economy continued to be ravaged by effects of the coronavirus pandemic.

The Authority ensured staff and visitors to our office strictly adhered to the containment measures that which included wearing of face masks at all times in public places, proper hand washing with soap and water, maintaining of social and physical distancing and use of sanitizers. These containment measures were all practiced at all our project sites. Most of the Authority staff were receptive to the Covid vaccine and voluntarily took up the vaccine at approved centres hence were protected against severe Covid-19 disease. As a result, the Authority was able to open up the office for normal operation and all projects/programs continued in line with the approved workplans.

##### Conclusion

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 partners continue serving our people effectively.

##### Appreciation

On behalf of the Board, I wish to 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 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. I wish to acknowledge the National Treasury & Planning for the support given. Through the commitment of the CDA Board and Management, the Authority will play its central role in spearheading development in the region. I commend the Management and Staff of CDA who continue to passionately serve the coastal communities with total commitment and dedication through successful implementation of approved projects.



**Hon. Phillip Charo**  
**CHAIRMAN**

Corporate Services, Corporation Secretary, Director Planning and Research and Director Business Development and Investment Promotion.

#### **Covid-19 Pandemic**

To address the Covid-19 pandemic the Authority has placed appropriate measures to mitigate any risk of transmission and hence 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 the financial year 2020/2021, SGS undertook Management System Certification (surveillance 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.

#### **Financial Status**

During the financial year 2020/2021 the Authority was allocated a total Kshs.217,680,000 Recurrent and Kshs.91,220,500 for Development expenditure. The Authority has been able to pay salaries and statutory payments within the stipulated deadlines.

#### **Project Implementation Status**

The development projects undertaken as outlined below

- **Integrated Fruit and Honey Processing Plant. - Galole Constituency, Tana River County**  
The project entails Operationalized fruit processing plant with an initial phase of pulp production (1.0 MT/Hour) and water bottling (1000ltrs/hour). It entails procurement and installation of the plant, construction of auxiliary facilities, furnishing and equipping the plant, establishment of appropriate waste management system, acquiring of all relevant licenses, and capacity building of over 5000 mango farmers on good Agricultural Practices. The project is at 76.5% completion. All structures completed, Processing plant installed and commissioned. Relevant licenses and certificates acquired and water bottling is ongoing. Establishment of appropriate waste management system process has commenced.
- **Modernization of Wananchi Cottages - Kilifi Town, Kilifi County**  
The project entails construction of conference and accommodation facility to support capacity building of youth, women and blue economy stakeholders through provision of affordable conference. It involves construction of 2 conference facilities with a capacity of 100 persons each, accommodation block of 41 rooms and restaurant facility with a capacity of 100 persons. When fully completed and operationalized it will generate A-I-A for the Authority and hence contribute to sustainability of the project and CDA activities. The project is at 70% completion. Construction of restaurant facility and conference is completed. Construction of accommodation block works are ongoing.

#### 6. STATEMENT OF COAST DEVELOPMENT AUTHORITY PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR THE FY 2020 2021

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

The Authority objectives are aligned to the Strategic Plan, Vision 2030 and Big 4 Agenda.

Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
Ownership and Commercial Exploitation of Natural Resources	To Procure, install and operationalize Integrated Fruit processing Plant at Hola in Tana River County	No. of fruit processing plants operationalized  Tonnes of fruits processed	Procurement and installation of multifruit processing plant with 1 tonne/day fruit processing capacity  Capacity build farmers on Good Agricultural Practices (GAP) of fruit farming	1 (one) Mango fruit processing line installation completed  Bottled Water processing line completed  100 farmers trained on Good Agricultural practices  Procurement and installation of pineapple processing line ongoing
	Modernize Wananchi Cottages and Conference facility at Kilifi	No. of conference rooms constructed  No. of accommodation rooms constructed	Construction & furnishing of one conference facility  Construction & furnishing of 40 accommodation rooms  Construction and furnishing of kitchen facility	Construction of conference facility completed furnishing ongoing  Construction of 40 accommodation rooms completed, furnishing ongoing  Construction of kitchen facility completed, furnishing ongoing.
	To Promotion of Mineral	No. of Minerals	Mineral	Coral building



Strategic Theme	Objective	Key Performance Indicators	Activities	Achievements
	Boji Farmers Irrigation Scheme Developed	Ha. Under irrigation infrastructure  Km. of water pipeline to the farm  No. of farmers capacity build on HVC production	Construction of irrigation infrastructure at Boji farm  Laying of 2km water pipeline from river to the farm  Capacity building of the farmers on High Value Crops production	135 acres of land irrigation infrastructure construction completed  2km water conveyance pipeline from the river to the farm completed;
	Mwache Multipurpose Dam Integrated project implemented- Mwache Catchment Management	Ha. under catchment management interventions  No. of SCMPs Developed  No. of tree planted and grown	SCMPs Development within Mwache catchment  Demonstration on terracing and contour farming among the communities  Marking and pegging of Riparian land  Planting and growing of tree seedlings	1,200 Ha. under catchment  16km area marked and pegged  Total of 314,242 tree seedling planted  Total of 385 Ha under terracing & contour demonstration
<b>Blue Economy and Exclusive Economic Zone Resources Utilization</b>	Kenya Coastal Integrated Climate Change Management Program - KCCAP	Mangrove rehabilitated.  Coralreef and rehabilitated.  people capacity on resource rehabilitation  sustainable livelihood established	<ul style="list-style-type: none"> <li>• Coral reef &amp; sea grass rehabilitation</li> <li>• Mangrove Rehabilitation</li> <li>• Capacity building of coastal communities on mangrove, sea grass and coral reef rehabilitation</li> </ul>	Total 224,199 Mangroove planted at Makongeni, Kiwegu, Jimbo and Vanga area in Kwale County.  Total of 90 Ha marine areas conserved.
<b>National</b>	Support to resilience and	udies undertaken	•Undertaking	Two (2) pre-

## 7. CORPORATE GOVERNANCE STATEMENT

The Authority's Board comprises the Chairman and nine (9) independent, non-executive members. The Board also includes the Principal Secretaries to The National Treasury, State Department of Regional Development and Northern Corridor of the East Africa Community and Regional Development, Ministry of Agriculture and Livestock Development, Ministry of Water and Sanitation and Regional County Commissioner. The Managing Director is an ex-officio member and Secretary to the Board. The Board brings together members with vast experience from different professional backgrounds with diverse skills.

The Board is responsible and accountable to the Government through the National Treasury and Planning and adheres to the highest standards of corporate governance and ethics as well as ensuring compliance with all applicable laws. It is committed to ensuring that the Authority's obligations, roles and responsibilities to its various stakeholders are fulfilled through its corporate governance practices. The Members and Management perform their duties with impartiality, honesty, transparency and accountability, professionalism, integrity, care and due diligence and act in good faith to the best interests of the public. Further, the Board is committed to ensuring that ethics and integrity remain at the core of the Authority's operations. It recognizes that ethical management is key to the Authority's sustainability and is therefore, continuously putting in place practices, systems and processes to integrate ethics in all its operations. All new Members and staff equally undergo mandatory induction training that includes ethical conduct and are required to sign the Code of Ethics and to adhere to its principles and provisions.

### 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.

### 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 2020/21 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;
- Filled the vacancies for Directors
- Reviewed and approved the Authority's Human Resource Instruments, revised organizational structure
- Commissioned the Hola Integrated Plant Factory in Hola
- Commissioned and Launched Kasokoni and Nakuruto Water Supply - Challa Small Holder Irrigation Scheme
- Commissioned Strategic Water facilities in Lamu and Tana River County

### **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.

### **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 undertaken during the year in review.

### **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.

### **Statement of Compliance and Conflict of Interest**

Conscious of its responsibilities to Members, service providers, suppliers, creditors, employees and the society, to the best of the Authority and management's knowledge, no person, employee or agent acting on behalf of the Authority, with the knowledge of authority of the Authority or management, committed any offence under the Prevention of Corruption Act or indulged in any unethical behaviour in the conduct of the Authority's business, or been involved in money laundering, or any practice or activity contrary to national laws or international conventions.

### **Code of Conduct**

Each Member of the Authority derives his/her authority and position from a legitimate nomination procedure. However, on becoming a member, he/she becomes bound by the overriding fiduciary duty to act in good faith in pursuit of the best interests of the Authority Members as a whole. In the discharge of their duties, Members operate within the framework of a collective Authority. In order to enable the Members to operate effectively and in the best interest of the Authority, all Members observe rules and regulations governing the conduct of Authority as contained in its manual.

### **Risk Management**

The Members of the Authority are committed to a process of Risk Management that guides in the identification of strategic and operational risks through a structured, systematic, proactive and integrated process. This is done through a risk management framework, which enables management to focus in a comprehensive and holistic manner on all risks faced by Authority. A risk management policy established by the Authority is one of the important steps in ensuring that the management identifies and manages all risks, and further that the Members of the Authority provide oversight, as well as policy direction in managing risks.

### **Risk Management Structure and Roles**

Risk management requires an integrated approach between the various risk related specialists, department and staff. The risk management structure of the Authority comprises; The Audit Committee and the management team.

### **Role of the Audit Committee**

The Authority established committees among them, the Audit Committee, whose mandate is to monitor implementation of risk management framework established by the Authority. The Committee also ensures that the risk management system implemented by management meets the requirements set

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Board Member	Gender	Classification	Designation	Research & Planning Committee	Finance & Establishment Committee	Audit Committee	Full Board Meeting
				(Total no of meetings held 4)	(Total no of meetings held 8)	(Total no of meetings held 4)	(Total no of meetings held 6)
Hon. Samwel Kazungu Kambi	M	Independent Member	Board Chairman	n/a	n/a	n/a	6
Hon. Julius Ndegwa	M	Independent Member	Chairperson Finance & Establishment Committee	n/a	8	n/a	6
Mr. George Kithi	M	Independent Member	Chairperson Audit Committee	n/a	n/a	4	6
Ms. Beatrice Mbodze Gambo	F	Independent Member	Chairperson Projects and Planning Committee	4	n/a	n/a	6
Ms. Amina Abdalla	F	Independent Member	Member	n/a	n/a	4	6
Mr. Ibrahim Sane	M	Independent Member	Member	n/a	8	n/a	6
Mr. Omar Famau	M	Independent Member	Member	n/a	8	n/a	6
Mr. Swaleh Kadara	M	Independent Member	Member	4	n/a	n/a	6
Hon. Mshenga Ruga	M	Independent Member	Member	4	n/a	n/a	6
Mr. James Nyamweya Mageto/Maina Kiondo/Charles Mwanda	M	Representing the PS East Africa Community and Regional Development	Member	2	1	2	6
Ms. Theresa Wasike	F	Representing the PS—Ministry of Water and Sanitation	Member	n/a	n/a	4	6
Mr. Timothy Ogwang	M	Representing the PS - Ministry of Agriculture and Livestock Development.	Member	n/a	n/a	4	6
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	8	n/a	6
Dr. Mohamed Keinan	M	Ex Officio Member	Secretary to the Board	4	8	n/a	6

**8. MANAGEMENT DISCUSSION AND ANALYSIS**

The Authority is currently implementing its strategic plan, which covers the period Strategic Plan 2018/19 – 2022/23, which coincides with the implementation of the government’s Big Four Agenda and the Third Medium Term Plan of Kenya’s Vision 2030. The goals and initiatives of the strategic plan will provide guidance to the Authority as it develops activities to realize the stated objectives. These activities support the Key Result Areas of Ownership and commercial exploitation of natural resources, Integrated Regional Development Planning, Integrated Development Programmes and projects - Conservation and Environmental management, Basin-based resource studies, information and technology transfer, Community Support and Empowerment, Blue Economy and Exclusive Economic Zone of Kenya and National government strategic programmes

**a) Operational Performance**

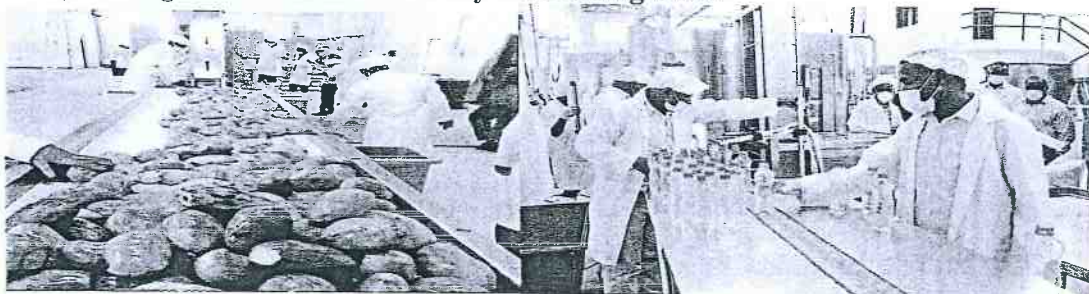
During the financial year 2020-2021 the approved budget for the Authority was Gross Ksh 235,680,000 for recurrent expenditure, Appropriation in Aid Ksh 18,000,000 and Ksh 91,220,500 for development expenditure. The projects for implementation under the Gok funding were Boji farmers Irrigation Scheme and Drought Mitigation.

The Authority also received Ksh 4,032,688 from the Kenya Climate Change Adaptation Program.

The Authority has been able to meet obligations as they fall due.

**b) Key Projects Implemented**

Project	Achievement (30 06 2021)
Integrated Fruit and Honey Processing Plant	76.5
Small holder Irrigation Schemes	91%
Drought Mitigation	55%
Modernization of Wananchi Cottages	70%
Rehabilitation of Strategic Water Facilities	95%

**i) Integrated Fruit and Honey Processing Plant**

Mango processing and water production at the Hola Plant in Tana River.

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Annual Reports and Financial Statements for the year ended June 30, 2021*

The Authority further adopted various mitigation measures against the identified risks. The major risks identified are as follows:

No	Nature of Risks	Description	Risk Rating	Mitigation Measures
1	Strategic risks	<p>Changing economic and political environment</p> <p>Community Opposition to projects</p> <p>Inadequate legal interventions in the legal framework, which interfere with the implementation of the strategic objectives of the Authority</p>	Medium	The Authority to invest in public sensitization and stakeholders' involvement forum at every stage of the strategic programmes' implementation
2	Operational Risks	<p>Loss of skilled workforce</p> <p>Inadequate support from major stakeholders and partners</p> <p>Inadequate understanding of the Authority's mandate by customers.</p>	Low	<p>Authority to hire high calibre staff, train and motivate them in terms of remuneration in order to increase retention of staff.</p> <p>Inadequate and regular collaborations and sensitization of stakeholders and partners on the essence of the Authority's mandate in achievement of national goals.</p> <p>Sensitization of the Authority's customers on the mandate of the Authority.</p>
3	Financial Risks	Inadequate funding from GoK and insufficient support from development partners.	High	Continuous engagement with the NT and development partners for optimal funding of the Authorities' activities.
4	Technological Risk	Rapid technological changes.	Low	Regular training on technological

				changes
		Cyber Crime		Monitoring and implementation of latest technology and enhancement of knowledge in cyber security
5	Legal	Policy Changes	Medium	Partner with the Attorney General and National Assembly for necessary support
		Law Suits		

**f) 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.

and through the Authority website. CDA is an equal opportunity employer committed to gender and disability mainstreaming

- **Staff Performance and Training**

Staff are subjected to a fair performance appraisal system whose output, amongst other aspects, is the identification of areas of improvement and training aligned to the Performance Contract and annual workplans for the department. The Authority undertook skill Gap Analysis during the financial in order to identify and improve skill (Institutional Skill Gap Analysis Report). This activity is done every two years

- **National Cohesion and Equal Opportunity**

The Authority submits an annual report to the Directorate of National Cohesion and Values on the measures taken and progress achieved in the realization of national values and principle of governance. In addition, the Authority submits a report to the Parliamentary committee on National Cohesion and equal opportunity

- **Staff Insurance and Safety**

The Authority has developed policy on safety and compliance and initiates annual safety Audit in all the Authority work stations. The Authority offices are a certified registered place of work with the Ministry of Labour, and thus, it is in conformity with the requirements of the Occupational Safety and Health Act of 2007, (OSHA, 2007). The Authority has adequate insurance cover for all its employees (medical, life, injury etc). All staff are well equipped with appropriate protective equipment.

#### **4) Market Place Practices**

The Authority does not engage in restrictive trade practices such practices as cartel arrangements, discriminative selling or supply of goods and services, predatory practices to drive competitors out of the market and collusive tendering. The Authority does not practice unfair pricing of its goods and services. The Authority is pursuing public private partnerships and has signed MOUs with various investors interested in undertaking projects conceptualised by CDA.

The National Ethics and Anti-Corruption Policy is anchored on the Political Pillar of Kenya Vision 2030. The MTP II identifies National Values and Ethics as one of the cornerstones of the Country's overall development through a value-based system. The Authority adheres to the Anti-Corruption Policy. The Anti-Corruption committee meets every quarter to review and mitigate corruption in the Authority. The Authority has in place a Corruption Risk Mitigation Plan

#### **b) Responsible Supply Chain and Supplier Relations.**

The procurement process for the Authority is guided by the Public Procurement and Asset Disposal Act (No. 33 Of 2015) The Public Procurement and Asset Disposal Regulations, 2020 All successful tenders are advertised and updated on the Authority's website.

The office is open for all suppliers during working hours of 8am to 5pm Monday to Friday hence ready to receive clarifications, complaints and any compliments which are acted on promptly.

The special groups also compete among themselves on reserved tenders which are set aside by the Authority and pays within 15 days as directed.



## 10. CORPORATE SOCIAL RESPONSIBILITY

CDA recognises that corporate social responsibility is a key component in an organization to enhance good relations with its external stakeholders.

As part of the 2020/2021 Corporate Social Responsibility (CSR), CDA partnered with Mombasa Women empowerment Network to help facilitate opportunities for persons with chronic mental illness to reach their optimal level of independent functioning in society and for improving their quality of life. The facility was founded in 2018 with the aim to help people with mental illness lead their lives with dignity and self-respect

CDA donated 6,000 Coral Blocks worth Kshs.300,000/= to Mombasa Women Empowerment Network a facility for the mentally challenged people. The 6,000 coral blocks donated helped to construct 2 men's hostel, one office, toilets and Tents foundation for the female side.

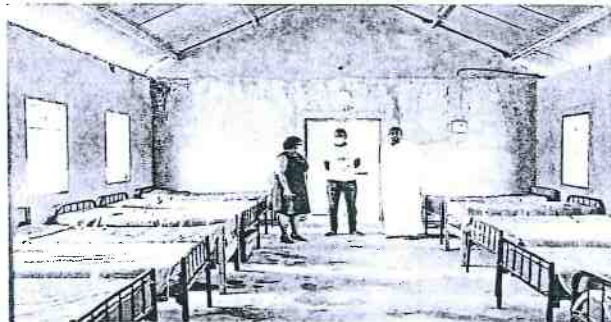
The facility currently has 56 patients aged between the ages of 19 and 91. Eight female and 48 males. The Centre provides them with accommodation, food and medicine free of charge.

The rehabilitation centre takes care of the mentally disabled in the society. Most mentally handicapped patients are left to suffer in the streets where they are molested and lack most basic needs. Some of them who live with their families are sometimes mistreated and tied with chains because they can be violent. The facility rescues those who are being mistreated by families and put them under medication, that helps reform their lives and are later discharged to join their families.

The centre also picks mentally ill patients from the streets, put them on medication, give counselling, and later discharged to join their families. Some relapse once they go back to their normal environment while others remain stable and live well with their families. Rehabilitation activities included light physical exercises, group discussion, training for daily living skills, social skills, life skills, vocational training, individual, and family counselling.

The effort made by CDA is immense as the inpatients have a decent permanent place to sleep. The toilets and bathrooms have also been of great help.

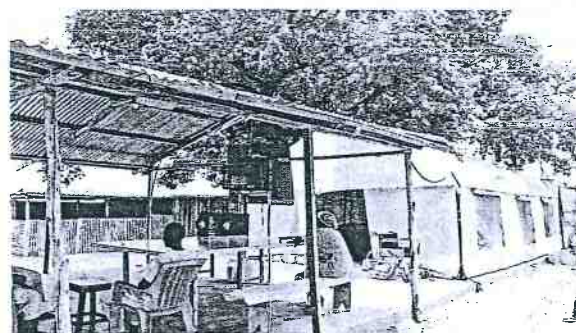
### Pictorials



The Men's Hostel



The office



Sitting area – Tent (Females sleeping area) The Patients undergoing Rehabilitation

## 12. 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 30<sup>th</sup> June, 2021. 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;
- (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 30<sup>th</sup> June 30, 2021 and 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

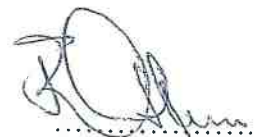
The Authority's financial statements were approved by the Board on 04/08/2022 2021 and signed on its behalf by:



Chairman



Director



Director

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON COAST DEVELOPMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2021

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of the Coast Development Authority set out on pages 49 to 84, which comprise of the statement of financial position

19 September, 2018, it was reported that the total purchase price of Kshs.9,800,000 had been paid but the land was irregularly sold by a third party to a private investor.

The case related to this irregular sale is still before the Court awaiting determination.

### **2.3. Private Land Occupied by Coast Development Authority**

As previously reported, the property, plant and equipment balance of Kshs.527,159,531 also excludes the undetermined value of a two-roomed semi-permanent structure, a toilet block and a water well all constructed by the Authority on a parcel of land measuring 20.26 acres and whose ownership is in the name of a private individual.

In the circumstances, the ownership, accuracy and completeness of the property, plant and equipment balance of Kshs.527,159,531 could not be confirmed.

### **Emphasis of Matter**

#### **Contingent Liability on Litigation**

I draw attention to Note 35 to the financial statements which reflects contingent liabilities amounting to Kshs.68,953,000 as at 30 June, 2021. These liabilities include an amount of Kshs.62,000,000 arising from the pending legal case of Endebess Development Company Limited versus Coast Development Authority, suit No. 11 of 2017.

Review of the Case file revealed that the High Court ruled against Coast Development Authority (CDA) and directed the Management to pay an amount of Kshs.62,000,000 plus interest thereon to the plaintiff. Despite an appeal by the Authority against the ruling, Endebess Development Company Limited commenced garnishee proceedings and attached the Authority's salaries bank account held in a local bank. In order to pay staff salaries, on 15 June, 2020 the Authority transferred funds from the revenue generating projects including the farms' income account at another local bank to the salary control account. However, the case had not been determined as of the time of conclusion of the audit.

My opinion is not qualified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Unutilized Project Funds**

The statement of financial position reflects a deferred income account balance of Kshs.16,743,618 as at 30 June, 2021 (2020: Kshs.45,122,315), as disclosed in Note 30 to the financial statements. Review of the funds movement schedule revealed that the

recovered in full from the salary of the defaulting officer with an interest at the prevailing Central Bank of Kenya (CBK) Rate.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide the 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

02 September, 2022

*Coast Development Authority*  
*Annual Reports and Financial Statements for the year ended June 30, 2021*

**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021**

Income		2020/2021	2019/2020
	Notes	Kshs	Kshs
<b>Revenue from Non-Exchange Transactions</b>			
Public Contributions and Donations	6	32,411,365	22,418,435
Transfers from Other Governments – Gifts and Services-in-Kind	5	217,680,000	244,442,460
		<b>250,091,365</b>	<b>266,860,895</b>
<b>Revenue From Exchange Transactions</b>			
Finance Income - External Investments			
Other Income	7	11,162,598	10,785,482
		<b>11,162,598</b>	<b>10,785,482</b>
<b>Total Revenue</b>		<b>261,253,963</b>	<b>277,646,377</b>
<b>Expenses</b>			
Employee Costs	8	174,414,928	170,841,343
Depreciation and Amortization Expense	9	26,083,643	21,528,337
Board Expenses	10	12,938,409	16,350,171
Project Expenses	11	18,840,884	10,394,865
Repairs and Maintenance	12	12,144,092	9,870,498
Grants and Subsidies	13	32,411,365	22,418,435
General Expenses	14	44,316,616	45,817,817
Audit Fee	16		
		<b>1,312,000</b>	<b>1,611,920</b>
<b>Total Expenses</b>		<b>322,461,937</b>	<b>298,833,377</b>
<b>Other Gains/(Losses)</b>			
<b>Surplus Before Tax</b>			
Taxation			
<b>Surplus For the Period</b>		<b>(61,207,974)</b>	<b>(21,187,000)</b>
Attributable To:			
Surplus Attributable to Owners of the Controlling Entity		<b>(61,207,974)</b>	<b>(21,187,000)</b>

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Current Assets</b>			
Cash and Cash Equivalents	17	500,525,712	824,685,081
Receivables from Exchange Transactions	19	14,474,859	15,240,343
Receivables from Non-Exchange Transactions	20	32,163,427	26,418,191
Current Portion of Long-Term Receivables from Exchange Transactions		-	-
Inventories	21	3,228,433	1,952,975
Community Projects/Work in Progress	22	636,463,409	348,444,409
		<b>1,186,855,840</b>	<b>1,216,740,999</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	24	527,159,531	525,658,576
Biological Assets	23	2,080,000	1,915,000
Investments		-	-
Long Term Receivables from Exchange Transactions		-	-
		<b>529,239,531</b>	<b>527,573,579</b>
<b>Total Assets</b>		<b>1,716,095,371</b>	<b>1,744,314,579</b>
<b>Liabilities</b>			
Trade and Other Payables from Exchange Transactions	25	16,866,469	17,170,340
Trade and Other Payables from Non-Exchange Transactions	26	13,370,428	11,346,372
Deferred Income	30	16,743,618	45,122,315
Employee Benefit Obligation	27	20,072,658	12,719,339
Payments Received in Advance			
Taxation			
		<b>67,053,173</b>	<b>86,358,366</b>
<b>Non-Current Liabilities</b>			
Non-Current Employee Benefit Obligation	29	8,546,402	4,331,493
<b>Total Liabilities</b>		<b>75,599,574</b>	<b>90,689,859</b>
<b>Net Assets</b>		<b>1,640,495,797</b>	<b>1,653,624,719</b>
Development Grants		2,008,489,342	1,957,268,842
Reserves		342,786,314	342,786,314
Accumulated Deficit		-710,779,860	-646,430,437
<b>Total Net Assets and Liabilities</b>		<b>1,716,095,371</b>	<b>1,744,314,579</b>

The Financial Statements set out on pages 46-50 were signed on behalf of the Board of Directors by:

Managing Director

Signature.....  
Date..... 25/07/2022

Head of Finance

Signature.....  
Date..... 25/07/2022

Chairman of the Board

Signature.....  
Date..... 25/07/2022

ACCA 0159416



## 17. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

Cashflow from Operating Activities			
	Notes	2020/2021	2019/2020
		Kshs	Kshs
<b>Surplus for the Period</b>		<b>(61,207,974)</b>	<b>(21,187,000)</b>
Depreciation	24	26,083,643	21,528,337
Decrease in Land Payables Provision		-	-
Increase in Reserves		(3,141,450)	4,214,184
<b>Cash Flow from Operating Activities before Working Capital Changes</b>		<b>(38,265,780)</b>	<b>(4,555,521)</b>
Decrease in Inventory	21	(1,275,458)	(1,255,869)
Increase in Debtors Receivables Exchange	19	765,484	6,749,548
Decrease in Debtors Non-Exchange	20	(5,745,236)	64,816,033
Increase in Deferred Income	30	(28,378,697)	31,666,532
Decrease in Creditors	25	(303,871)	(16,297,877)
Decrease in Trade Payable - Non-Exchange	26	2,024,056	(193,967)
Decrease in Employee Obligations	27	11,568,228	(4,149,751)
<b>Net Cash Flow from Operating Activities</b>		<b>(59,611,275)</b>	<b>85,890,170</b>
<b>Cashflow From Investment Activities</b>			
Purchase of Fixed Assets	24	(27,584,594)	(41,059,362)
Increase/Decrease in Work in Progress	22	(288,019,000)	(80,992,605)
Purchase of Biological Assets	233	(165,000)	(500,000)
Decrease in Investments		-	-
<b>Net Cash Flow from Investing Activities</b>		<b>(315,768,594)</b>	<b>(122,551,968)</b>
<b>Cashflow from Financing Activities</b>			
Completed Community Projects		-	-
Development Grants		51,220,500	592,158,000
<b>Net Cash Flow from Financing Activities</b>		<b>51,220,500</b>	<b>592,158,000</b>
<b>Cash and Cash Equivalent Generated in the Year</b>		<b>(324,159,369)</b>	<b>555,496,202</b>
<b>Cash and Cash Equivalent at the Beginning of the Year</b>		<b>824,685,081</b>	<b>269,188,879</b>
<b>Cash and Cash Equivalent at the End of the Year</b>		<b>500,525,712</b>	<b>824,685,081</b>

## **19. 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.

The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The financial statements have been prepared in accordance with the PFM Act, CDA Act (and International Public Sector Accounting Standards (IPSAS)). The accounting policies adopted have been consistently applied to all the years presented.

The Cash Flow Statement is prepared using the direct method.

### **3. Summary of Significant Accounting Policies**

#### **a) Revenue recognition**

##### **(i) Revenue from Non-Exchange Transactions-IPSAS 23**

###### **• Exchequer Allocations**

The Authority recognizes revenue from exchequer allocation when the monies are received and asset recognition criteria are met. 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 Authority and fair value of the asset 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

###### **• 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 Authority and can be measured reliably.

##### **(ii) Revenue from Exchange Transactions-IPSAS 9**

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 Authority. There was no tender sales revenue for the year under review.

#### **b) Budget Information - IPSAS 24**

The annual budget is prepared on a cash basis, that is, all planned costs and income are presented as per the economic line classification to determine the needs of the Authority. As a result of the adoption of the cash basis for budgeting purposes, there are timing differences to include in the reconciliation between the actual comparable amounts and the amounts presented as separate additional financial information in the comparison of budget and actual amounts.

**h) Related Parties - IPSAS 20**

The Authority regards a related party as a person or an authority with the ability to exert control individually or jointly, or to exercise significant influence over the Authority, or vice versa. Members of key management are regarded as related parties and comprise the board members including the board chairperson.

**i) 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 labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

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

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

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

**j) 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, Bank account balances include amounts held at various commercial banks at the end of the financial year.

**k) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1**

In preparing the financial statements in conformity with IPSAS, management makes estimates and assumptions that affect the amounts of revenues, expenses, assets and liabilities, and the related disclosures, presented in the financial statements at the end of the reporting period. Use of available information and the application of judgment is inherent in the formation of estimates.

Actual results in the future could differ from these estimates, which may be material to the annual financial statements. Significant judgments include: Leave provision, useful lives and depreciation methods and asset impairment. Notes relating to the subject are included under the affected areas of the financial statements.

on the estimated liability for annual leave as a result of services rendered by the employees up to the amount of obligation.

4. Exchequer Transfers

Description	2020//2021	2019/2020
	Ksh	Ksh
Quarter 1	54,420,000	61,110,615
Quarter 2	54,420,000	61,110,615
Quarter 3	54,420,000	61,110,615
Quarter 4	54,420,000	61,110,615
<b>Total Exchequer</b>	<b>217,680,00</b>	<b>244,442,460</b>

5. TRANSFER FROM OTHER GOVERNMENT ENTITIES

Name of Entity sending the Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount Deferred under Deferred Income Kshs	Amount recognis ed in Capital Fund.	Total Grant Income during the year	2020/2021
			Kshs	Kshs	Kshs
Ministry of East Africa Community and Regional Development					
<b>Total</b>	<b>217,680,000</b>			<b>217,680,000</b>	<b>217,680,000</b>

6. Public Contributions and Donations

Description	2020/2021	2019/2020
	Kshs	Kshs
Kenya Climate Change Adaptation Program	8,111,517	2,693,480
KWSCRIP Mwache	24,299,848	19,724,955
Drought Mitigation Program	-	-
<b>Total Transfers and Sponsorships</b>	<b>32,411,365</b>	<b>22,418,435</b>

7. Other Income

	2020/2021	2019/2020
	Ksh	Ksh
Wananchi Cottages	102,435	6,666,178
Coral Block	7,252,742	2,310,980
Water Boozer	1,179,720	647,459
Other Incomes	1,010,804	683,515
Disposal of assets	484,700	477,350
IFPP	1,132,197	-
<b>Total</b>	<b>11,162,598</b>	<b>10,785,482</b>

11. Project Expenses

Description	2020/2021	2019/2020
	KShs	KShs
Wananchi Cottages	2,852,600	4,785,114
Coral Block	8,130,518	4,376,210
Kazi Kwa Vijana (KKV)	-	27,240
Samburu Ranch	482,010	755,656
Water Boozer	1,011,026	450,645
IFPP	6,277,410	-
Shimoni	87,321	-
<b>Total Project Expenses</b>	<b>18,840,884</b>	<b>10,394,865</b>

12. Repairs and Maintenance

Description	2020/2021	2019/2020
	Kshs	Kshs
Property	3,282,724	5,528,434
Investment Property–Earning Rentals	-	-
Equipment and Machinery	424,542	274,365
Vehicles	8,189,977	3,789,518
Furniture and Fittings	-	-
Computers and Accessories	246,849	278,172
<b>Total Repairs and Maintenance</b>	<b>12,144,092</b>	<b>9,870,489</b>

13. Grants and Subsidies

Description	2020/2021	2019/2020
	Kshs	Kshs
Kenya Climate Change Adaptation Program	8,111,517	2,693,480
KWSCRMP Mwache	24,299,848	19,724,955
Malindi Integrated Social Health Development Programme	-	-
Special Programs	-	-
Kenya Coastal Development Programme	-	-
<b>Total Grants and Subsidies</b>	<b>32,411,365</b>	<b>22,418,435</b>

16. Audit Fees

Description	2020/2021	2019/2020
	Kshs	Kshs
Audit Fees	1,312,000	1,611,920
<b>Total Audit Fees</b>	<b>1,312,000</b>	<b>1,611,920</b>

17. (a) Cash and Cash Equivalent

Description	2020/2021	2019/2020
	Kshs	Kshs
Current Account	500,265,365	824,396,593
Cash on Hand	260,347	288,488
MPESA Paybill	-	-
<b>Total Cash and Cash Equivalents</b>	<b>500,525,712</b>	<b>824,685,081</b>

(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account No	2020/2021	2019/2020
a) Current Account		Kshs	Kshs
Barclays Coral Block	2022577967	-	38,856
Barclays Coral Block B	2024191144	34,540	36,222
Barclays Wananchi Cottages	2024191047	283,855.60	1,974,482
Equity Bank-KWSCR	1560267200967	10,600,057	35,613,118
Equity Kilifi	1060299686735	239,310.70	187,251
KCB Kenya Climate Change	1166235319	4,354,041	8,400,430
KCB Main Account	1166235173	-3,249	4
KCB Try Sq Farms	1105622029	308,015	1,652,966
NBK -Malindi Integrated Project	01002009182400	92,618	92,618
NBK Development	01002008243100	431,844,476	693,933,960
NBK EEZ Project	01002008243101	732,362	9,106
NBK FFS	01002057026205	84,971	22,850
NBK FFS RH	01002057026208	35,625	38,025
NBK Main Account	01004007563400	51,658,742	82,396,706
<b>Sub Total</b>		<b>500,265,365</b>	<b>824,396,593</b>
b) Others (specify)			
Cash Account-Wananchi Cottages	n/a	-	27
Cash Account CDA Main	n/a	260,347	285,716
Mpesa Paybill Account			1
Cash Account - Development		1	2,743
<b>Sub Total</b>		<b>260,349</b>	<b>288,488</b>
<b>Grand Total</b>		<b>500,525,712</b>	<b>824,685,081</b>

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash at bank.

## 21. Inventories

Description	2020/2021	2019/2020
	Kshs	Kshs
Consumable Stores	3,228,433	1,940,450
Medical Supplies	-	-
Coral Block	-	-
Slates	-	12,525
<b>Total inventories at the lower of cost and net realizable value</b>	<b>3,228,433</b>	<b>1,952,975</b>

## 22. Community Projects

	2020/2021	2019/2020
Community Projects /Work in Progress	Kshs	Kshs
Boji Irrigation Scheme	49,621,727	48,088,074
Project Account – AbaQ Qiiq Dam	73,346,713	1,833,614
Integrated Community Enterprise: Coral Block Cutting	8,268,956	8,268,956
Wananchi Cottages - Building	58,279,345	11,845,037
Integrated Fruit Processing	79,087,607	79,087,607
Lake Challa	166,430,225	108,639,152
Livestock Development	10,837,173	10,837,173
Malindi Integrated Project	6,885,659	6,885,659
Milk Cooling Plant	1,488,207	1,488,207
ASK Show	1,713,028	1,713,028
Minor Irrigation	100,582,159	58,856,069
Mwache Dam	2,690,140	2,690,140
Mariakani Milk Scheme	8,211,693	8,211,693
Drought Mitigation Programme	46,992,811	-
IFPP	20,830,542	-
MISHDP	1,197,424	-
<b>Total Community Projects</b>	<b>636,463,408</b>	<b>348,444,409</b>

## 23. Biological Assets

Description	2020/2021	2019/2021
Biological Assets	2,080,000	1,915,000
<b>Total Biological Assets</b>	<b>2,080,000</b>	<b>1,915,000</b>

**25. Trade and Other Payables from Exchange Transactions**

Description	2020/2021	2019/2020
	Kshs	Kshs
Trade payables	16,866,469	17,170,340
<b>Total Accounts Payable</b>	<b>16,866,469</b>	<b>17,170,340</b>

Trade payables represent outstanding payments to suppliers for goods and services consumed during the year under review

**26. Trade and Other Payables from Non-Exchange Transactions**

Description	2020/2021	2019/2020
	Kshs	Kshs
Provision for Bad & Doubtful Debt	2,774,453	2,774,453
Wetland Lagoon	2,440,146	2,440,146
VAT	2,293,629	2,568,675
Staff Claim Refunds	-	321,698
Imprest	340,432	343,094
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
Provision for Audit Fees	2,624,000	-
<b>Total Trade and Other Payables from Non-Exchange Transactions</b>	<b>13,370,428</b>	<b>11,346,372</b>

**27. Employee Benefit Obligation**

	2020/2021	2019/2020
	Kshs	Kshs
CDA Sacco	843,281	898,519
CDA Staff Welfare	81,000	138,200
CIC Insurance	218,554	218,554
DPM Dues	207,399	207,399
Group Life and Accident		
HELB	63,270	160,482
ICEA Endowment Plan	63,644	63,644
KUFCAW	34,938	52,844
NBK Loan Administration Costs	6,574	6,574
PAYE:30% Withholding Tax	-	342,000
Pension 20%	3,006,367	9,098,538
Salary Control	10,640,020	453,769
Training Levy	990,880	990,880
Ukulima Sacco	26,419	26,419
NSSF	58,400	24,470
NHIF	170,500	70,950
COTU	-	2,000
PAYE	3,581,411	-122,010
Voluntary Pension	80,000	86,107
<b>Total Employee Benefit Obligation</b>	<b>20,072,658</b>	<b>12,719,339</b>



31 Provisions

a) Current provisions

Description	Leave Provision
	Kshs
Balance at the beginning of the year	
2020-2021 Provision	1,559,000
Reversed/utilised/withdrawn	
<b>Total provision as at 30.6.2021</b>	<b>1,559,000</b>

b) Non-Current Provisions

Description	Staff Gratuity	Pending Legal suits	Total Kshs
	Ksh	Ksh	Ksh
Balance at the beginning of the year	4,331,493	68,952,000	73,283,493
Additional provisions	4,214,909	-	4,214,909
Provisions utilized			
<b>Total non-current provision as at 30 June 2020</b>	<b>8,546,402</b>	<b>68,952,000</b>	<b>77,498,402</b>

The gratuity amount relates to gratuity for the Authority's staff on contractual terms.

### 33 Financial Risk Management

The Authority's activities expose it to a variety of credit and liquidity risks. The overall risk management programme focuses on the unpredictability of the market and seeks to minimize potential adverse effects on its operations. The Authority regularly reviews its risk management policies and systems to reflect changes in markets and emerging best practices. Risk management is carried out by the management under the direct supervision of the Board. The Board provides policies for overall risk management, as well as policies covering specific areas such as interest rate risk, credit risk and liquidity risk

#### (i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority.

Credit risk arises from bank balances, receivables and amounts due from related parties. Although this risk is unlikely to occur in the short term, it is mitigated as follows:

Cash and short-term deposits are placed with well-established financial institutions of high quality and credit standing and also approved by the NT;

Credit risk with respect to accounts receivable is limited due to the nature of the Authority's business and its reliance on government grant as the main source of funding. Market risk is the risk that the value of an investment will decrease due to changes in market factors. The above stated mitigating factors apply to market risk as well.

The amount that best describes the Authority's exposure to credit risk at the end of the financial year is as follows:

Description	2020/2021	2019/2020
	Ksh	Ksh
Cash at Bank	500,525,712	824,685,081
Prepayments	7,892,611	7,001,016
Staff Travel Imprests	23,778,296	19,612,987
Salary Advances	2,077,224	1,619,259
<b>Total Credit Risk</b>	<b>534,273,843</b>	<b>852,918,343</b>

#### (ii) Liquidity Risk Management

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations when they fall due. The Authority's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or at the risk of damaging the Authority's reputation.

The Authority ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted. All liquidity policies and procedures are subject to review and approval by the Authority.

The amounts that best describes the Authority's exposure to liquidity risk at the end of the quarter is made up as follows:

34 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) Donor's funding Projects (Mwache Dams, Kenya Climate Change Adaptation Programme)

	2020/2021	2019/2020
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
Sales of goods to		
Sales of services	-	-
<b>Total</b>	-	-
<b>b) Grants from the Government</b>		
Grants from National Govt	268,900,500	836,600,460
Grants from County Government		-
Donations in Kind		-
<b>Total</b>	<b>268,900,500</b>	<b>836,600,460</b>
<b>c) Expenses incurred on behalf of Related Party</b>		
Payments of salaries and wages for employees		-
Payments for goods and services for		-
<b>Total</b>		-
<b>d) Key Management Compensation</b>		
Chairman's' Honoraria	848,000	960,000
Compensation to the CEO	7,305,132	4,547,381
Compensation to Key Management	9,829,687	11,384,160
Other Directors Allowance/Emoluments	12,090,409	15,390,171
<b>Total</b>	<b>30,073,228</b>	<b>32,281,712</b>

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 External audit Report	Issues/Observations from Auditor	Management Comment	Focal Point Person to resolve the issue	Status:(Resolved/ Not Resolved)	Timeframe: Estimated date of resolution
1.0 Unsupported Prior Year Adjustments	The statement of changes in net assets reflects transfer from accumulated deficit of Kshs.3,398,392 as at 30 <sup>th</sup> June, 2019. This comprised the opening balance adjustments of Kshs.24,597 and net adjustments of Kshs.3,373,795 relating to prior year adjustments. The adjustments were made in the current financial year instead of the financial year 2017/2018.	Corrections were made in the financial statement to correct the presentation anomalies noted. The variances were due to typing errors made on the financial statements and these errors were corrected. The supporting schedules for the same were redone to reflect the amendments in the financial statements.	Pamela Maghema Nguire Director Corporate Services	Resolved	N/A
	This was contrary to Paragraph 47 of the International Public Sector Accounting Standard (IPAS)3 on Accounting Policies, Changes in Accounting Estimates and Errors which provides that the corrections of error which occurred in the previous periods should be presented by				

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	<p>unreconciled and unexplained variance of Kshs.4,761. Further, the cash and cash Equivalent reflect the National Bank of Kenya - Malindi Integrated Project Account balance of Kshs.94,478. However, the supporting bank confirmation certificate reflects an amount of Kshs. 93,817.65 resulting to unreconciled and unexplained variance of Kshs.660</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.261,188,879.65 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>				
<p>3.0 Service Deposit</p>	<p>As previously reported, included in the receivables from Exchange transactions balance of Kshs.21,989,891 and as detailed in Note 21 to the financial statements for the year ended 30<sup>th</sup> June,2019 are service deposit of Kshs.13,574,322 which include a balance of Kshs.221,250, being advance</p>	<p>In October 1996, the Authority ordered Olivetti typewriter valued at 537,827 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</p>	<p>Violet Indiazi Manager Procurement and Supplies</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June,2022</p>

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<p>22 to the financial statements reflects receivables from non-exchange transactions balance of Kshs.91,234,224 as at 30<sup>th</sup> June,2019. Included in this amount is Kshs.123,734 advanced to other Regional Development Authorities (RDA's) which has been outstanding for more than Seven (7) years. Management did not provide documents and explanations on how the lending to the other Regional Development Authorities (RDA's) was done including repayments to date.</p> <p>In the circumstance, the accuracy and validity of the receivables from non-exchange transactions balance of Kshs.91,234,224 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>	<p>was incurred while preparing the Ministry and RDAs Strategic Plans in 2008 in a Mombasa Hotel. This was share of conference charges among Regional Development Authorities paid by CDA on behalf of the other Regional 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: Ewaso Nyiro North Development Authority- Kshs 58,000 Lake Basin Development Authority- Kshs 35,000 Tana and Athi River Development Authority- Kshs 30,733</p>	<p>The value of plots in Kwale, Kilifi Ijara and</p>	<p>Hafsa Thabit Legal Officer</p>	<p>Partly Resolved</p>	<p>30<sup>th</sup> June,2022</p>
<p>5.0 Unaccounted</p>	<p>As reported previously statement of the financial</p>				

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<p>Parcels of Land</p>	<p>position reflects property, plant and equipment balance of Kshs.506,127,553 as at 30<sup>th</sup> June,2019(2017/2018-Kshs.410,255,529). The balance excluded nine (9) parcels of land located in Kwale, Kilifi, Taita Taveta and Tana River Counties which had not been valued. The Authority possessed allotment letters for the parcels of land and was at the final stages of obtaining ownership documents. Consequently, the accuracy and completeness of the carrying values of the property plant and equipment totalling to Kshs.506,127,553 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Kwale plot 0.2Ha- Title</li> <li>• Kilifi plot 0.2Ha- Leasehold</li> <li>• Malindi Township-PDP</li> <li>• Kwale south Samburu- 300 Acres</li> <li>• Tana River 40Ha- Title</li> <li>• Ijara- Allotment letter</li> <li>• Masalani-1.12-PDP NO-NEP/13/2003/2</li> <li>• Taita Taveta Wundanyi 1.0 Acre - Allotment letter</li> </ul> <p>Taveta Nakuruto 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</p>		
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	<p>tabled at 76<sup>th</sup> Full Board meeting held on 19 september,2018, it was reported that the total purchased price of Kshs.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. consequently, the accuracy, completeness and ownership of the land as at 30<sup>th</sup> June,2019</p>	<p>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 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</p> <p>The matter is still pending in court and the Authority will disclose the court case and contingent liability in the subsequent financial statement.</p>	<p>Pamela Nguire</p> <p>Maghema</p> <p>Resolved</p>	<p>N/A</p>
<p>7.0 Community Projects and</p>	<p>The statement of financial position and as disclosed</p>	<p>The variance of Kshs.101,200 was a typo</p>	<p>Pamela Nguire</p> <p>Maghema</p> <p>Resolved</p>	<p>N/A</p>



*Coast Development Authority  
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	<p>assets valued at Kshs.1,415,000 as at 30<sup>th</sup> June,2019(2017/2018- Kshs.1,415,000). However, records provided for audit review indicated that during the year under review, there were twenty-two (22) new calves of undetermined value which had not been included in the biological assets register. In circumstance, the accuracy and completeness of biological assets balance of Kshs.1,415,000 as at 30<sup>th</sup> June,2019 could not be confirmed.</p>				
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Managing Director

*[Signature]*  
Date.....25/07/2022.....

Chairman of the Board

*[Signature]*  
Date.....25/07/2022.....

Coast Development Authority  
Annual Reports and Financial Statements for the year ended June 30, 2021

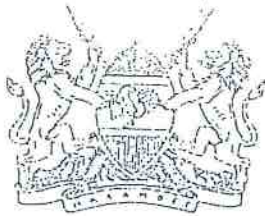
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

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(Notes, Challenges, etc.)
Boji		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"> <li>Water supply pipeline Infrastructure complete</li> <li>139 acres ploughed and harrowed</li> <li>Construction of Farm offices and fencing of the 2Acre Utility area complete</li> <li>Pipeline trenches excavated</li> <li>Pipe laying ongoing</li> <li>Construction of division boxes ongoing</li> <li>Portable pumps delivered</li> <li>Hand dug wells excavated awaiting installation of solar-powered pumps</li> <li>Solar powered borehole complete</li> <li>Water supply for domestic in Nakuru to location ongoing</li> <li>Water supply for irrigation at Kasokoni scheme ongoing</li> <li>Concept notes finalized</li> <li>Implementation planned for 2021/22</li> <li>Concept notes finalized.</li> <li>Implementation planned for 2020/21</li> </ul>
Chakama	Small Holder irrigation	Kilifi	1.7.2011	30.06.2013	30.06.2022	400,000,000	-	-	75,110,250	15%	N/A	
Challa		Taita Taveta	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	103,110,250	30%	N/A	
Bura		Tana River	1.7.2011	30.06.2013	30.06.2022	250,000,000	-	-	-	5%	N/A	
Vanga		Kwale	1.7.2011	30.06.2013	30.06.2022	300,000,000	-	-	-	5%	N/A	

**Coast Development Authority  
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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.)	
7	Galmagalla Earth Fill Pan	Garissa	01.6.2020	31.7.2021	31.10.2021	200,000,000			200,000,000	70%	N/A	Bush clearing has commenced Equipment mobilized on site Excavation works ongoing Construction of embankment ongoing	
8	Abaq Qiriq Earth Fill Pan	Tana River	01.6.2020	31.7.2021	31.9.2021	100,000,000			100,000,000	90%	N/A	Excavation completed, Construction of Auxiliary facilities ongoing	
9	Drought Mitigation	Tana River	1.6.2021	31.12.2021	N/A	40,000,000			40,000,000	5%	N/A	Commencement procurement process	
<b>Total</b>						<b>2,997,242,183</b>			<b>1,325,570,102</b>				

16 AUG 2021



16 AUG 2021

MINISTRY OF EAST AFRICAN COMMUNITY (EAC) AND REGIONAL DEVELOPMENT

STATE DEPARTMENT FOR REGIONAL AND NORTHERN CORRIDOR DEVELOPMENT

OFFICE OF THE PRINCIPAL SECRETARY

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Ref: RNCD/ACC/RDA/2/ Vol. 1/(4)

14<sup>th</sup> July, 2021

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

*Handwritten notes:*  
V.S.  
Rec'd 15/7/2021  
16/7/2021

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 2020/ 2021 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 20<sup>th</sup> July, 2021.

Confirmation of amounts received by Coast Development Authority for the Financial Year 2020/21							
Reference Number	Date Disbursed	Amounts Disbursed Coast Development Authority for the FY 2020/ 2021			Total (C)=(A)+(B) KShs	Amount Received by CDA for the FY 2020/2021 (D)KShs	Difference (E)=(D)-(C) KShs
		Recurrent (A) KShs	Development (B) KShs				
FT202314JBSB	18/08/2020	54,420,000.00			54,420,000.00		
FT20311S58LK	06/11/2020	54,420,000.00			54,420,000.00		