

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

**ATHI WATER WORKS DEVELOPMENT
AGENCY**

**FOR THE YEAR ENDED
30 JUNE, 2023**



ATHI WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

**Athi Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AWWDA	Athi Water Works Development Agency
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
WSPs	Water Service Providers

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organisation

Comparative Year- Means the prior period.

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2. Key Entity Information and Management

(a) Background information

Athi Water Work Development Agency (AWWDA) was established under the Water Act 2016 and Gazetted on 26th April 2019 to start operation on 3rd May 2019. AWWDA's area of jurisdiction comprises of Nairobi City County, Kiambu County and Murang'a County. The entity is domiciled in Kenya and its office is in Athi Water Plaza located along Muthaiga North Road, off Kiambu Road.

AWWDA draws its mandate from the Water Act of 2016. As per the Act, the Agency's mandate includes;

- a. Undertake the development, maintenance and management of National Public Waterworks;
- b. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over to a county government, joint committee, authority of county government or water services provider,
- c. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d. Provide technical services and capacity building to such county government and water providers,
- e. Provide to the cabinet secretary technical support in discharge of his or her functions under the constitution the Water Act 2016.

AWWDA is expected to contribute to accelerated delivery of water and sanitation services aimed at progressive realization of the right to water and reasonable standards of sanitation as provided for under Article 43 of the Constitution which states that, "every person has the right to reasonable standards of sanitation and to clean and safe water in adequate quantities".

(b) Principal Activities

The principal activity of the AWWDA is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

(c) Key Management

AWWDA's day-to-day management is under the following key organs:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Chief Executive Officer	Eng. Michael M. Thuita, MBS
3.	Chief Manager-Water, Sewer and Sanitation	Eng. Joseph Mungai Kamau
4.	Chief Manage, Finance and Strategy	CPA, Michael Kihungi Kimotho
5.	Chief Manager, Corporate Service	Mr. Joseph Mungai Kariuki

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Chief Executive Officer	Eng. Michael M. Thuita, MBS
3.	Chief Manager-Finance and Strategy	CPA, Michael Kihungi Kimotho
4.	Chief Manager-Water, Sewer and Sanitation	Eng. Joseph Kamau
5.	Chief Manager Corporate Services	Mr. Joseph Mungai Kariuki
6.	Manager, Water Works Infrastructure Development	Eng. Bonnie Nyandwaro
7.	Corporation Secretary and Legal Manager	CS. Joyce N. Mukururi
8.	Manager, ICT	Mr. Tom Ongaki
9.	Manager, Internal Audit	CPA, Murigi Mathew
10.	Manager, Supply Chain Management	Mr. Jones K. Mwinzi
11.	Ag. Manager, Supply Chain Management	Ms. Janet Lang'at
12.	Manager, Finance and Accounts	CPA, Dr. Christine Mawia Julius
13.	Manager, Environmental Safeguards	Ms. Loice Wairimu Kamau
14.	Manager, Sewerage and Sanitation Works Development	Eng. James Gathitu Muturi
15.	Manager Strategy and Performance Management	Dr. Jackson Otieno
16.	Manager Resource Mobilization and Investments	Paul Muchai Mwika

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The ultimate oversight authority of Athi Water Works Development Agency is exercised by the Board of Directors through the Full Board. To ensure that good corporate governance is enhanced and that power is properly exercised in the stewardship of the corporation's total portfolio of assets and resources to maintain stakeholder value, the Board of Directors has established three committees:

- i. Water and Sewerage
- ii. Resources and Governance
- iii. Audit and Risk

(f) Entity Headquarters

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Athi Water Plaza
Muthaiga North Rd, Off Kiambu Road
NAIROBI

(g) Entity Contacts

Telephone: (254) 020 2724292/3
E-mail: info@awwda.go.ke
Website: www.awwda.go.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2. **Other Banks (state other bankers as appropriate)**

i) Cooperative Bank of Kenya
University Way Branch
NAIROBI

ii) SBM Group
Upper Hill Branch
NAIROBI

iii) NCBA Bank
Upper Hill
NAIROBI

iv) Stanbic Bank Kenya Limited
Kenyatta Avenue
NAIROBI

v) Kenya Commercial Bank
Kipande House Branch,
NAIROBI

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Key Entity Information and Management (continued)

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

3. The Board of Directors/Council



Mr. Charles Kamau Karondo

Mr. Charles Kamau Karondo was born on 18th August 1991. He holds a Masters of business Administration in Human resource Management from Mt Kenya University; He also hold a Bachelor's degree in Business Management (Human resource management option) from Mt Kenya University.

Mr. Karondo is a human resource management expert with over 8 years' experience in human resource planning, leadership and Performance management. Over the years, he has gained a wealth of experience in building collaborative strategies and championing innovative solutions. He has also demonstrated exceptional leadership and success in dispatching duties and responsibilities.

Mr. Karondo has worked in various government agencies such as National Parliament of Kenya and Ministry of investment, Trade and Industries and Ministry of interior and National administration that have played an integral role in developing his management experience.

Mr. Karondo is an independent director and the Board chairperson as from 7th August 2023



Hon. Patrick Musili Mbangula

Hon. Patrick Musili Mbangula was born in 1979. He was appointed to serve in the board of Athi Water Works Development Agency with effect from 6th February 2023 vide Gazette Notice No 1389 issued on 10th February, 2023. He holds a Bachelors of Arts degree in Lands Economics (Hons) and a Diploma in Estate Management and Valuation. He is a member of the Institute of Surveyors of Kenya as well as a registered and practicing valuer registered with the Valuers Registration Board. He served the public as a Member of Nairobi City County Assembly from August 2017 –August 2022 when he was elected as the Deputy Minority Leader of the Assembly. He has over 20 years work experience and has held various job positions which include serving as Country Manager at Aga Khan Foundation.

Hon. Patrick Musili Mbangula is an independent director and the Chairperson of the Board. His term expired on 6th August 2023.

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Ms. Beryl Okumu

Ms. Okumu-Odinga was born 31st March 1956; she finished high school at the Kenya High School, Nairobi. A lawyer by profession, having obtained an LLB degree from the University of Nairobi and Diploma in Laws from the Kenya School of Law, she has extensive and exhaustive experience in Local Authorities governance. She was a lecturer and admin officer at the Kenya School of Law after graduation. She worked briefly with the Ministry of Co-operatives and was instrumental in the formation of the first Saccos in Kenya. She moved to Zimbabwe and was the first black woman and first black Town Clerk in the newly independent Zimbabwe. She was a pioneer in the formation/ creation of the Urban Development Corporation, a body established to provide services to local authorities, where she was the Corporation Secretary/ Legal Adviser. The body was similar to the Nairobi Metropolitan Services board. She has profound experience in county government matters through her work in local government, and was involved in infrastructure building and rehabilitation with the Urban Development Corporation as it took over infrastructure development of many local authorities. She's very experienced with boards and local governments having started as a Town Clerk and Corporate Secretary.

She was chairman of Kenya Railways Staff Retirement and Benefits Authority from 2008 to 2013. At the pension scheme, she was involved in the general improvement of the status of the pensioner and general rehabilitation of the Railways Pension properties. She joined Nairobi Water and Sewerage Company in 2019 as Chairman of the board and was instrumental in the improvement of the pension scheme and actively involved in clean water provision during the pandemic.

Ms. Beryl Okumu is an independent director and is the Chairperson of the Board.







Eng James Wainaina

Eng. James Wainaina was born on 27th November 1959 holds a Bachelor of Science degree in Civil Engineering from State University of Civil Engineering in Moscow. He holds a Masters Degree in Water and Sanitation Engineering from Delft University of Technology, and also holds an MBA in project planning and Strategic Management form Esami/Maastricht School of Management.


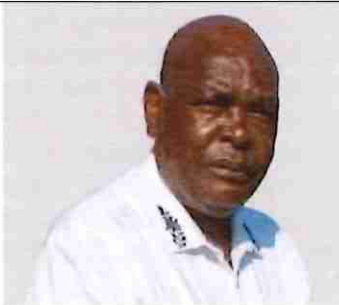


He is registered as a professional Engineer with the Engineers Board of Kenya (EBK) and had over 20 years' experience in planning, designs, construction, supervision, operations and management of urban and rural water supply and sanitation projects in Kenya. He has expertise in participatory planning, stakeholder co-ordination, capacity development and community empowerment.

Eng. James Wainaina has worked on various projects funded by International Development partners such as the World Bank, AfDB, Kfw, AFD, USAID & JICA and has over the years gained extensive knowledge of the donors/ stakeholders coordination and projects implementation procedures.

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 <p>Mr. Francis C. Bor</p>	<p>Mr. Francis C. Bor is the Alternate Director representing the Principal Secretary of State Department of Water and Sanitation, Ministry of Water, Sanitation and Irrigation. He was born on 23rd April, 1970. He holds a Bachelors of Arts degree from University of Nairobi and a Masters of Arts in Public Administration from Moi University.</p> <p>He has over 20 years of work experience in the Public Service. He previously served as a District Officer in the Office of the President in Makueni, Kitui and Kuria. Assistant Secretary Ministry of Agriculture; Under Secretary State Department for Land and the State Department for Public works and Deputy Director Administration at the National Land Commission;</p> <p>Currently, Mr. Francis C. Bor serves at the Ministry of Water Sanitation and Irrigation as the Senior Deputy Secretary State Department of Water and Sanitation.</p>
 <p>Mr. Francis Anyona</p>	<p>Mr. Francis Anyona is an alternate Director representing the Principal Secretary of the National Treasury. Holds a Masters and Bachelor's Degree in Economics from the University of Nairobi. Has over 25 years' experience in Planning and Budgeting/Public Finance Management in the Public Sector. Previously served as an Alternate Director in the National Government Constituency Development Fund, Kenya National Bureau of Statistics, and Coffee Research Foundation. Currently is the Director of Budget at the National Treasury and A Commissioner representing the Cabinet Secretary at the Salaries and Remuneration Commission.</p> <p>Mr. Francis Anyona is a member of resources and governance; audit and risk committee</p>
 <p>Mathew N. Macharia</p>	<p>Mr. Mathew Ngigi Macharia was born on 30th November 1966. He was appointed to serve in the board of Athi Water Works Development Agency with effect from 5th July 2022 vide Gazette Notice No. 8019 issued on 8th July 2022. He holds a MSC (Entrepreneurship) from Jomo Kenyatta University of Agriculture and Technology. He also holds a Bachelor of Commerce B.com Hons; (Marketing), a Diploma in Banking from the Kenya School of Monetary Studies and a Diploma in Cooperative Management from Cooperative College of Kenya. He is a Financial/Microfinance and enterprise development specialist with more than 18 years' experience. He is a corporate governance trainer.</p> <p>Board Term ended on 27th April 2023.</p>
 <p>David A. Hannigan</p>	<p>Mr. David Akumu Hannigan was born on 7th September 1987. He was appointed to serve in the board of Athi Water Works Development Agency with effect from 5th July 2022 vide Gazette Notice No. 8019 issued on 8th July 2022. He has a wealth of experience in construction and interior design. He is highly skilled in Project Management.</p> <p>Board Term ended on 27th April 2023.</p>

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 <p>Caroline Mugwe</p>	<p>Ms. Caroline Wanjiku Mugwe was born on 12th April 1963. She was appointed to serve in the board of Athi Water Works Development Agency with effect from 4th February 2022 as alternate Director, Principal Secretary, Ministry of Water, Sanitation and Irrigation. She is currently the Director, Human Resource Management Division in the Ministry of Education. She holds a Master's Degree in Business Administration, specializing in Human Resource Management (Kenyatta University, 2007), and a Bachelors of Commerce degree, Business Administration option (University of Nairobi, 1987). She is also CPS (K) and has attended numerous profession-oriented courses. She has been engaged in the Public Service and has gained 34 years' experience in various capacities. She further possesses great exposure in the private sector.</p> <p>Board Term ended on 27th April 2023.</p>
 <p>Joseph K. Muchina</p>	<p>Mr. Joseph Kamau Muchina was born on 17th September 1954. He was appointed to serve in the board of Athi Water Works Development Agency with effect from 5th July 2022 vide Gazette Notice No. 8019 issued on 8th July 2022. He has served the public in various positions including serving as a director at Agricultural Development Corporation. He holds a wealth of experience in leadership and management spanning over 41 years.</p> <p>Board Term ended on 27th April 2023.</p>
 <p>Benedict O. Kijuu</p>	<p>Mr Benedict O. Kijuu was born on 13th Feb 1962 and holds a Bachelor of Commerce Degree in Banking, and is a member of the Institute of Director's (IOD) Kenya. Mr. Kijuu has expansive experience in both the private and public sector. He has worked as a Trade Officer in the Ministry of commerce, the Personnel Manager of KPCU Ltd as well as the Claims Manager of Medi-Plus Ltd. He previously served as a board member in AWSB (now defunct) and is an elected Council member of the Agricultural Society of Kenya. Upon establishment of the Water Works Development Agencies vide Legal Notice No. 28 of 26th April 2019, he was appointed a member of the inaugural Board of Athi Water Works Development Agency.</p> <p>Board Term ended on 27th April 2023.</p>
 <p>Eng. Michael M. Thuita, MBS</p>	<p>Eng Michael Thuita, MBS was the Chief Executive Officer. He holds a Bachelor's Degree in Agriculture Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya.</p> <p>Eng. Thuita has more than 20 years practical Engineering and management experience in Water, Irrigation and Natural Resources. He was appointed on 6th June 2017 and his term ended on 23rd September 2023.</p>

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Eng. Joseph Mungai Kamau

Eng. Joseph Kamau is the Acting Chief Executive Officer. He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water.

Eng Joseph was appointed as the Acting CEO on 23rd September 2023.



CS. Joyce N. Mukururi





CS Joyce N. Mukururi is the corporation secretary and manager legal services.

She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 15 years standing and a registered member of the Institute of Certified Secretaries.




She is also a Certified Professional Mediator.

She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1st May 2021.


4. Key Management Team

	<p>1. Eng. Joseph Mungai Kamau, Eng. Joseph Kamau is the Acting Chief Executive Officer. He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water. Eng Joseph was appointed as the Acting CEO on 23rd September 2023.</p>	<p>Eng. Joseph Mungai Kamau is the Acting Chief Executive Officer as from 23rd September 2023</p>
	<p>2. Eng. Michael M. Thuita, MBS He has Bachelor's Degree in Agriculture Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya, with over 20 years practical Engineering and management experience in Water, Irrigation and Natural Resources.</p>	<p>Eng Michael Thuita, MBS was the Chief Executive Officer up to 22nd September 2023</p>
	<p>3. Eng. Joseph Kamau He holds a Bachelor's Degree in Civil Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water.</p>	<p>Eng. Joseph Kamau is the Chief Manager-Water, Sewer and Sanitation</p>
	<p>4. CPA Michael Kimotho He holds BA (Economics) and Masters In Business Administration from the University of Nairobi. He is a Registered member of the Institute of Certified Public Accountants and also a certified Information Systems Auditor. He has over 15 years' experience in Finance in both Public and private organizations.</p>	<p>CPA Michael Kihungi Kimotho is the Chief Manager Finance and Strategy</p>



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	<p>5. Mr. Joseph Mungai Kariuki He holds a Bachelor of Arts and has Over 13 years' experience in the public sector with a particular bias in administration.</p>	<p>Mr. Joseph Mungai Kariuki is the Chief Manager Corporate Services</p>
	<p>6. CS. Joyce N. Mukururi She is an Advocate of the High Court. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 15 years standing and a registered member of the Institute of Certified Secretaries. She is also a Certified Professional Mediator.</p>	<p>CS Joyce N. Mukururi is the corporation secretary and manager legal services</p>
	<p>7. CPA, Dr. Christine Mawia Julius She has over 16 years' experience in financial management. She is a certified public accountant of Kenya; she holds a Doctorate Degree in Business Administration-Finance, a master degree in Business Administration-Finance and a Bachelor Degree in Business Administration-Accounting Option.</p>	<p>CPA, Dr. Christine Mawia Julius is the Manager, Finance and Accounts</p>
	<p>8. CPA Matthew Ngugi Murigi He is a Certified Public Accountant of Kenya and a Certified Public Secretary of Kenya. He has a degree in Bachelor of Arts and 24 years' overall experience.</p>	<p>CPA Matthew Ngugi Murigi is the Manager, Internal Audit.</p>
	<p>9. Mr. Tom Ongaki He holds a Bsc Information Sciences and an Msc Computer Science. Mr. Tom Ongaki has over 25 years' experience.</p>	<p>Mr. Tom Ongaki is the Manager- Information Technology.</p>

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	<p>10. Mr. Jones Kilonzi Mwinzi He has an Msc. Procurement and Logistics, Bachelor in Purchasing and supplies Management. He has a diploma in purchasing and supplies management. He a member of Kenya institute of supplies management. He was appointed on 23rd March 2015. He has 39 years of experience in Procurement and supply chain management. Mr. Jones Kilonzi retired in April 2023</p>	<p>Mr. Jones Kilonzi Mwinzi is the Manager, Supply Chain Management</p>
	<p>11. Ms. Janet Lang'at Janet holds a Master's Degree in Project Planning Management from the University of Nairobi and an undergraduate degree in BBA (Entrepreneurship Option). She is a member of the Kenya Institute of Supplies Management, Chartered Institute of Purchasing and Supplies (UK), Certified Member of APMG on Public Private Partnership and Associate member Chartered Institute of Arbitration. She has over 10 years' experience in Procurement including Procurement and Implementation of Public Private Partnership Projects.</p>	<p>Ms. Janet Lang'at is the Acting Manager, Supply Chain Management</p>
	<p>12. Eng. Bonnie Nyandwaro Eng Bonnie Nyandwaro holds a Master Degree in Civil Engineering and a Bachelor Degree in Civil and Structural Engineering. She is a member of the Engineers Board of Kenya (EBK), a corporate Member of Institute of Engineers, Kenya, a founding Member of Kenya Young Water Professional Association and a founding Member Tunneling Association of Kenya. She has over 14 years' experience in Water and waste water engineering.</p>	<p>Eng. Bonnie Nyandwaro is the Manager, Water Works Infrastructure Development.</p>
	<p>13. Paul Muchai Mwika He holds a Bachelor of Commerce Degree in corporate Finance and has vast experience in the Water Sector having worked in both in Internal Audit and Finance Departments with several Water Institutions. He has over 20 years' experience in financial management.</p>	<p>Mr Paul Muchai is the Manager Resource Mobilization and Investments.</p>
	<p>14. Dr. Jackson Otieno He holds a Ph.D. in Economics from the University of Cape Town and a Master Degree in Economic Policy and Management (Makerere University). He also holds a Master Degree in Project Planning and Management and a BA (economics) from the University of Nairobi. He has over 17 years in strategy, economic planning and management in the public sector</p>	<p>Dr. Jackson Otieno is the Manager Strategy and Performance Management.</p>

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	<p>15. Eng. James Gathitu Muturi He has an Msc. Civil Engineering (Water Resources) and a Bsc. in Civil Engineering. He is a professional Engineer with Engineers Board of Kenya (EBK) and is registered as a Corporate Member of Institution of Engineers of Kenya (IEK). He has 16 years' experience in project planning, design, procurement and construction supervision of various water projects.</p>	<p>Eng. James Gathitu Muturi is the Manager, Sewerage and Sanitation Works Development.</p>
	<p>16. Ms. Loice Wairimu Kamau She has a post graduate training in Environmental Impact assessment and a Bachelors of Arts degree in Sociology. She is a registered Lead expert in Environmental and Social Impact Assessment and Environmental audits studies by NEMA. She has over 18 years of experience in Social Development and Safeguards.</p>	<p>Ms. Loise Wairimu Kamau is the Manager, Environmental Safeguards.</p>

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5. Chairman's Statement

It is with great pleasure that I present to you the Annual Financial Report for Athi Water Works Development Agency (AWWDA) for the financial year 2022-2023. The year has been marked by significant accomplishments, noteworthy successes, as well as challenges that have tested our resilience and determination. It is the resilience and focus on the strategic aspirations that ensured that the organization remained on course in spite of the challenges. I am proud to share with you the key activities, successes, challenges, and our vision for the future.

In line with its mandate, AWWDA undertook the following key activities all geared towards the enhancement of access to water and sanitation services:

Infrastructure Development: We continued our commitment to expanding and enhancing water infrastructure across our operational areas. Notable projects completed during the year include the Nairobi City Water Distribution Network and the Karimenu II Dam water supply project. Other projects which were under implementation included the Kenya Towns Sustainable Water Supply & Sanitation Programme, Nairobi Rivers Restoration Basin Programme- Phase 2, Nairobi Satellite Towns Water and Sanitation Program, Nairobi Water Distribution Network Phase I among other projects majorly focusing on the enhancement of expansion of water and Sanitation distribution networks, and the implementation of innovative water supply initiatives.

Community Engagement: Our agency remained actively engaged with local communities, conducting awareness campaigns, workshops, and meetings with local leaders in a bid to foster a strong sense of ownership among communities residing either in the areas of abstraction or transmission. These efforts are critical to the attainment of AWWDA's mandate because it enables the acquisition of land and wayleaves required for infrastructure development.

Promotion of research, development, and adoption of appropriate technology: In line with our commitment to innovation, we introduced advanced technologies for efficient water management, AWWDA took leadership in the development of the 'MyMaji' Application and the Project Issue Management system to help address the challenges that ail the sector.

Operationalization of the Bulk water supply: Operationalization of the Karimenu II Dam bulk water supply system led to increased access to water supply in Gatundu, Ruiru, Juja, and some parts of Nairobi by a total of 70,000M³/day.

I wish to acknowledge the management for their unwavering efforts which resulted in increased access to clean and safe water for thousands of households, positively impacting public health and quality of life and for ensuring that the Agency remained financially sustainable through prudent financial management and efficient resource allocation. By so doing, we have maintained a healthy financial position, enabling us to fund critical projects and initiatives without compromising our fiscal stability. Additionally, the organization became the first to be licensed as a bulk water service provider opening the doors for the implementation of more bulk water supply systems across the country.

It is noteworthy that the achievements and successes highlighted were a result of the high resilience of our staff and the clear strategic direction as defined in the 2023-2027 strategic plan coupled with the support of the Board of directors. The three critical factors enabled the Agency to conquer the challenges that threatened meaningful progress including resource limitations.

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Acknowledgement

On behalf of the Board, I wish to express my sincere appreciation to all our valued stakeholders for their continued support, mutual trust, and utmost confidence in AWWDA.

My deepest appreciation goes to the management and staff at all levels for their contributions, dedication, loyalty, and hard work, in working together for AWWDA's sustainability. I am very confident that with their continued commitment, perseverance, right attitude, and teamwork, AWWDA will without doubt realize its Vision, Mission, and Core Values.

Finally, I wish to place on record my deepest gratitude to my fellow members of the Board for their immense contributions, wise counsel and confidence in the direction of the Great Athi Team.

The Way Forward:

Given the current economic situation and the not-so-promising climatic changes, we shall embrace the following key strategies:

Resilience Building: We remain dedicated to enhancing our resilience against climate uncertainties by implementing climate-resilient water management strategies, including rainwater harvesting, and the adoption of efficient water recycling technologies.

Strengthening Partnerships: Collaborative partnerships with governmental bodies, international organizations, and private sector entities will be a cornerstone of our future growth. These partnerships will enable us to leverage expertise, resources, and funding to address challenges related to inadequacy of resources more effectively.

Innovation and Research: We will continue investing in research and innovative technologies to optimize water resource management, improve efficiency, and stay at the forefront in the provision of water supply solutions.

Capacity Building: Enhancing the skills and knowledge of our workforce will remain a priority. We will invest in training and professional development to ensure that our team is equipped to tackle emerging challenges.

In conclusion, the fiscal year 2022-2023 has been a year of achievement and adaptation for Athi Water Works Development Agency. I extend my gratitude to our dedicated employees, valued partners, and supportive stakeholders who have contributed to our success. As we navigate the evolving landscape of water infrastructure development and water supply management, we remain committed to our mission of providing sustainable water solutions that empower communities and foster a more secure and prosperous future.

Sincerely,



**MR. CHARLES KAMAU KARONDO
CHAIRMAN, ATHI WATER WORKS DEVELOPMENT AGENCY**

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6. Report of the Chief Executive Officer

I am pleased to share the financial report of Athi Water Works Development Agency (AWWDA) for the financial year 2022-2023 highlighting our accomplishments for the year. The year was the Agency's first year in the implementation of its 2023-2027 strategic plan, it was an election year for the country and it was a year that was affected by a global economic slowdown. Under the circumstances, I must commend the Great Athi Family for working overboard in order to register such a great performance despite the economic and political challenges faced.

Performance:

This year has been marked by significant strides, notable achievements, and the unwavering dedication of our team in the pursuit of our mission. Athi Water continues to enjoy a strong financial standing, as demonstrated by increasing Asset base from Ksh 110.055 billion to Ksh 119.023 billion in the previous financial year representing an increase of 8.15%.

During the year under review, AWWDA continued to implement its strategic plan which has achieved the following milestones:

- Timely completion of the Karimenu Dam project and the Northern Collector Tunnel.
- Managed the Development new water sources for the counties of Nairobi, Kiambu and Muranga which increased production by 334,000 m³/day.
- Managed the Development of new bulk water transmission infrastructure by an additional 350 Kilometers.
- Developed water treatments plants for the Metros with addition capacity of 196,000m³/day
- Increased the water distribution network in Nairobi and other towns by 1129 km.
- Prepare Water masterplan for Nairobi metropolitan area to facilitate infrastructure investments by 2035.
- Prepared the long-term sewerage development plans Nairobi metropolitan area.
- Managed Extension of trunk and reticulation sewers for Nairobi and other towns by an additional 1214 Kilometers.
- Increased the capacity of sewerage treatment plants for the Metros by an additional 96,000m³/day.
- Developed and implemented investment financing Strategies that generated financial resources of Kshs. 262.017 billion
- In consultation with the Ministry of Water, Irrigation and Sanitation, the Regulator and the stakeholders, we operationalized bulk water services provision.

We believe that the best way to deliver value to our stakeholders is by executing our increased capital investment plan that drives modernization, improves efficiency, and increases reliability and resiliency. This is the spirit that is captured under the 2023-2027 AWWDA's strategic plan which entered its first year of implementation during the reporting year. The Strategic Plan seeks to increase the Capital investment by Kshs 206 billion in the next 5 years reflecting the investments needed in the systems we acquire.

We are also keenly focused on customer affordability by focusing on the development of additional bulk Water sources through a disciplined approach, driving operating and capital efficiencies, seeking constructive regulatory and legislative policies, and leveraging a large, growing customer base. This will be done through effectively deploying technology, taking advantage of our size and scale through the supply chain, and driving our cost management through a culture of continuous improvement.

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The great milestones achieved in this financial year will not have been possible without our employees who refer to each other as the great Athi Family. Simply put, it is a privilege to work with such deeply committed, experienced and skilled employees every day. We are a community of passionate employees that care about our customers, our communities and each other. Our employees share a common purpose to keep life flowing by increasing access to water and sanitation services for millions of customers across the AWWDA Jurisdiction.

Sustainability:

I am pleased to report that Athi Water Works Development Agency's financial performance remains strong. Despite economic uncertainties and budget constraints, prudent financial management and strategic allocation of resources have enabled us to maintain stable financial health, effectively funding critical projects and initiatives.

AWWDA has put in place sound leadership and governance structures, engaged skilled employees and has over time earned stakeholder confidence all of which allow us to plan, execute and deliver services that exceed our customer expectations. The Agency has continued to take leadership in the sector on matters of Bulk water service provision and Private Public partnerships both of which have been identified to be the cornerstones for the sectoral financial sustainability.

In closing, I extend my gratitude to our dedicated team, supportive stakeholders, and valued partners who have contributed to our achievements. The journey ahead is challenging, but with a strong commitment to our vision and a resolute spirit, we are poised to surmount obstacles and continue making a lasting positive impact in the area of water infrastructure development and service provision.

Thank you for your trust and support.



**ENG. JOSEPH KAMAU
AG. CHIEF EXECUTIVE OFFICER**

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7. Statement of Performance against Predetermined Objectives for FY 2022/2023

In 2022/23 the Agency continued to implement its strategic plan for the period 2018-2022. The Agency's strategic plan had seven (7) strategic pillars. This included;

1. Water Coverage
2. Sewerage and Sanitation Coverage
3. Investment resources for water and sanitation infrastructure development
4. Operationalization of Bulk Water Services Provision
5. Research and Development
6. Leadership and Governance
7. Institutional Sustainability

Each of the key result areas/strategic pillars were to be achieved through a set of seven strategic objectives. The seven strategic objectives include;

1. To increase the percentage of the population with access to safe water within the area of jurisdiction from 72.1 percent to 80 percent by 2022.
2. To increase percentage of the population with access to sewerage within the area of jurisdiction from 35.4% to 60% by 2022
3. To initiate resource mobilization strategies to generate Kshs. 242,026 billion for financing water and sanitation infrastructure development by 2022.
4. To establish operational offices for Northern Collector System, Ruiru II Dam and Karimenu II dam by 2022
5. To promote research, development and adoption of appropriate technology.
6. To strengthen leadership and governance for efficiency and productivity.
7. To pursue water and sanitation infrastructure development while ensuring human resources, financial and environment sustainability.

In the FY 2022/23, AWWDA developed the institutional annual workplan which then informed performance contracting for the period 2022/23. The activities in the work plan were aligned to the strategic intent of the Agency during that period. Given that the FY2022/23 also marked the last year of implementation of the 2018-2022, the Agency reviewed the progress made in the implementation of the strategic plan as well the achievement realised in the implementation of the 2022/23 performance contract. In table 1, we present the status/progress made in the implementation of the strategic plan. In table 2, we present the Agency's performance as it related to the performance contracting period of 2022/23.

Table 1: Status of implementation of 2018-2022 strategic plan (Achievements)

Strategic Objectives	Strategies	Achievement
To increase the percentage of the population with access to safe water within the area of jurisdiction from 72.1 percent to 80 percent by 2022.	Develop new water sources to increase production from 664,000m ³ /day to 1,067,400/day by 2022	334,000m ³ /day additional water produced against a target of 403,400m ³ /day. The target will be met once ongoing projects are completed

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Strategic Objectives	Strategies	Achievement
	Increase bulk water transmission infrastructure by 206.5kms by 2022	350 km of bulk transmission infrastructure developed against a target of 206.5km.
	Develop water treatments plants for the Metros with addition capacity of 385,500m3/day by 2022	196,000m3/day additional treatment capacity achieved against a target of 385,500m3/day
	Strengthen water distribution network in Nairobi and other towns	Rehabilitation of existing networks in several neighbourhoods (Central Business District, Industrial area, Pumwani, Starehe) to reduce leaks and increase service pressure by implementing adequately sized pipes. Increase of water storage capacity with the construction of two new reservoirs (14,000 and 5,500 m3) in Uthiru and Kiambu, West of Nairobi;
	Prepare water development plans	Completed the sources master plan for Nairobi and satellite towns Completed The water distribution master plan for Nairobi Integrated masterplan for Muranga
To increase percentage of the population with access to sewerage within the area of jurisdiction from 47% to 70% by 2022	Prepare long term sewerage development plans	The sanitation master plan for Nairobi Metro was completed
	Extension of trunk and reticulation sewers for Nairobi and other towns by 1,369 Km by 2022	1214km of trunk and reticulation sewers completed against a target of 1369km
	Increase the capacity of sewerage treatment plants for the Metros by 123,500m3/day by 2022	96,000m3/day additional treatment capacity developed
To initiate resource mobilization strategies to generate Kshs. 242.026 Billion for financing water and sanitation	Develop and implement investment financing Strategies to generate financial resources of Kshs. 242.026 billion	Developed and implemented resource mobilization strategy that mobilized kshs.262.017Billion against a target of 242.026 billion

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Strategic Objectives	Strategies	Achievement
infrastructure development by 2022.	Increase AWWDA Income generating capacity by 5% annually through developing Self-sustainability funding initiatives.	Negotiated with the Banks and earned interest on bank deposit.
	Enhance financial prudence by 20%.	Procured, installed and operationalized the ERP for proper administration Increased absorption of internally and externally generated funds to 98% against a target of 100%
To operationalize bulk water services provision by 2020	Establish command and operation centers on a combination of advance technology, communication channels, hardware, software and physical infrastructure.	Operational centers opened and fully operationalized in Kigoro and Karimenu II
	In consultation with the regulator and the stakeholders, institutionalize bulk water operations	Key infrastructure has been identified and Gazetted as National Infrastructure for water Draft regulation has been developed and shared Initiated the bulk water tariff setting Developed the draft bulk water performance and financial management standards The concept for bulk water is done and submitted to the board
To promotes research, development and adoption of appropriate technology.	Facilitate investment in research and development that is able to increase corporate research output.	Development of MyMaji application for water and sanitation hailing services Development of Project Issue management platform Collaborative research in water
To strengthen leadership and governance for efficiency and productivity.	Maintain statutory and regulatory compliance	AWWDA continues to submit the required quarterly reports
	Enhance institutional integrity and anti-corruption measures	Undertook corruption risk management through the Corruption Prevention and Oversight Committee

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Strategic Objectives	Strategies	Achievement
	Review and strengthen instruments of leadership in the organization	Review and updating of the code of ethics for staff and Board of Directors
To pursue water and sanitation infrastructure development while ensuring human resources, financial and environment sustainability	To set aside Kshs 2 million per annum for environmental protection and climate change mitigation measures.	Funds set aside under the Kenya Towns Project
	To Reduce Non-Revenue Water to 30% by 2022	Network upgrading and replacement to reduce NRW Planned Customer Identification Survey to establish some of the service delivery anomalies
	To Ensure a smooth transition to the Water Act 2016 by 2019	Liaised with the Ministry of Water to ensure complete transition to Water Act 2016
	Improved work environment	Completed construction of Athi Water Plaza and occupied the facility in 2020
	Review AWWDA organizational structure by 2018 to support the AWWDA strategy	The organization structure was reviewed and aligned to the demands of the Water Act 2016 Put in place a stand-alone pension fund for AWWDA Successfully finalized job grading by SRC
Maintain statutory and regulatory compliance	Annual reports are prepared and submitted to OAG on time	

The Agency recorded a 97% achievement in the implementation of the 2018-2022 strategic plan. It is expected that the ongoing activities carried over will be finalised in the first year of implementation of 2023-2027.

During the FY 2022/23, the Agency set out its performance contract targets in line with the 19th cycle performance guidelines. In table 2, the achievements are presented along the seven (7) performance criteria.

Table 2: 2022/23 performance contract report.

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2021/22)	Target (FY 2022/23)	Actual (FY 2022/23)	Variance
A	FINANCIAL STEWARDSHIP						
A1	Absorption of Allocated Funds (GoK)	%	2	97	100	92	-8

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2021/22)	Target (FY 2022/23)	Actual (FY 2022/23)	Variance
A2	Absorption of Externally Mobilized Resources (Donor Funds)	%	3	100	100	100	0
A3	A-in-A	Kshs, (Million)	2	50.1	45	228.03	183.027
A4	Pending Bills	%	3	0.00	<1	0	0
	Weight Sub Total		10				
B	SERVICE DELIVERY						
B1	Implementation of Citizens' Service Delivery Charter	%	4	100	100	100	0
B2	Business Process Re-engineering	%	3	40	100	100	0
B3	Resolution of Public Complaints	%	3	95	100	100	0
	Weight Sub Total		10				
C	CORE MANDATE: AWWDA's priority projects/ programmes ("Big Four" Initiatives, Vision 2030 Flagship Projects, Projects/programmes aligned to SDGs and SPS)						
	"Big Four" Initiatives and Vision 2030 Flagship Projects						
C1	Ruiru II Dam Water Project Constructed	%	3	15.00	100.00	100.00	0
C2	Karimenu II Dam Constructed	%	4	90.00	10.00	10.00	0
C3	Ndakaini-Kigoro-Gigiri Water Transmission Pipeline Constructed	Km	2	22.00	10.00	13.5	3.5
C4	Kikuyu Water Supply and Sanitation Constructed	%	3	90.00	10.00	10.00	0
C5	Kiambu and Ruaka Water Supply and Sanitation Constructed	%	3	80.00	10.00	10.00	0
C6	Gatundu Urban Water Supply and Sanitation Constructed	%	2	50.00	6.00	6.00	0
C7	Limuru Water and Sanitation Constructed	%	3	80.00	20.00	20.00	0
C8	Makutano/Kenol Water and Sanitation Constructed	%	3	30.00	20.00	32.19	12.19
C9	Nairobi Satellite Towns Water Supply Improvement Project-Ruiru Water Supply Constructed	%	3	70.00	30.00	30.00	0

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2021/22)	Target (FY 2022/23)	Actual (FY 2022/23)	Variance
C10	Nairobi Satellite Towns Water Supply Improvement Project-Ongata Rongai/ Kiserian Water Supply Constructed.	%	3	70.00	30.00	30.00	0
Other Priority Projects/Programmes							
C11	Ithanga Water Supply – Last Mile Connectivity Implemented Phase III	Km	3	0.00	30.00	0	-30
C12	Kahawa West, Githurai, Kahawa Sukari Reticulation Sewer Constructed.	%	2	30.00	20.00	20	0
C13	Kasarani/Mwiki Sewerage Constructed	%	2	20.00	40.00	40.00	0
C14	Nairobi East/West sewerage Constructed	%	2	30.00	30.00	30.00	0
C15	Nairobi Water and Sanitation Program – Kabete Olesereni, West and South Nairobi constructed	%	2	N/A	5.00	2.00	-3
C16	Expansion of Dandora Estate waste water Treatment plant inlet works constructed	%	3	5.00	5.00	5.00	0
C17	Extension of Water and Sewerage Intervention for Informal Settlements Constructed	%	3	N/A	15.00	15.00	0
C18	Nairobi Water and Sanitation Programme – Eastern Nairobi Water and Sewerage Network Intensification Constructed	%	3	N/A	5.00	3.00	-2
C19	Implementation of Thika and Githunguri Water and Sanitation Programme.	%	3	5.00	95.00	95.00	0
C20	Project Completion Rate	%	2	100.00	100.00	100.00	0
C21	Science, Technology and Innovation mainstreaming	%	2	N/A	100.00	100.00	0
C22	Nairobi Inclusive Sanitation Improvement Project Implemented	%	2	N/A	100.00	100.00	0
C23	Nairobi Water and Sanitation Program – Construction Works for Transmission line Gigiri-Karura, and North Nairobi	%	2	N/A	5.00	2.00	-3

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2021/22)	Target (FY 2022/23)	Actual (FY 2022/23)	Variance
	Water and Sewerage Constructed						
	Weight Sub Total		60				
D	Implementation of Presidential Directives	%	2	100	100.00	100.00	0
E	Access to Government Procurement Opportunities (AGPO).	Kshs. (Million)	3	29.643	99.896	401.07	301.17
F	Promotion of Local Content in Procurement	Kshs. (Million)	2	4,553.04	1,299.84	1,820.62	520.85
G	CROSS-CUTTING						
G1	Asset Management	%	1	100.00	100.00	100.00	0
G2	Youth Internships/Industrial Attachments/Apprenticeships	No	1	51.00	55.00	61	6
G3	Competence Development	%	2	100.00	100.00	100.00	0
G4	Disability Mainstreaming	%	1	32.50	100.00	100.00	0
G5	Gender Mainstreaming	%	1	98.00	100.00	100.00	0
G6	Prevention of alcohol and drug abuse	%	1	43.50	100.00	100.00	0
G7	Prevention of HIV Infections and Non-Communicable Diseases	%	1	96.16	100.00	100.00	0
G8	National Values and Principles of Governance	%	2	84.00	100.00	100.00	0
G9	Road Safety Mainstreaming	%	1	100.00	100.00	100.00	0
G10	Corruption Prevention	%	2	89.50	100.00	100.00	0
	Weight Sub Total		13				
	Overall Total Weight		100				

Based on the status of current achievement, it is expected that the Agency has registered excellent performance as determined by the self-evaluation guideline of performance contracting.

8. Corporate Governance Statement

Introduction

The AWWDA Board is committed to maximizing the long term value of services to all stakeholders. The Board seeks to ensure that Athi Water Works Development Agency (AWWDA) is properly managed to protect and enhance stakeholder interests, and that AWWDA, its Board Members, officers and employees operate in an appropriate environment of corporate governance. The Board has developed a governance framework which includes adopting internal controls, risk management processes and corporate governance policies and practices designed to promote responsible management and ethical conduct. The Board Governance framework is documented and duly approved by the Board.

AWWDA has developed Governance instruments in line with the Constitution of Kenya 2010, Mwongozo -Code of Governance for State Corporations, the Water Act, 2016, the State Corporations Act, Cap.446 and other applicable Laws and best practises to facilitate good corporate governance practises in the Agency.

The Board

The Board comprises of a Chairperson, Board Members and the Chief Executive Officer. The Board is also supported by Board Committees and a Corporation Secretary.

The Board is the apex governance organ and provides overall strategic guidance for AWWDA and effective oversight of management. The Board sets and actualises the overall strategy and policy framework. This is enjoined with the formulation of AWWDA's vision, mission and core values. The Board also bears the responsibility of formulating, approving and ensuring operationalisation of the organisational structures, systems and governance policies.

Roles and Functions of the Board

The role and responsibilities of the Board are listed in Chapter 3 of the Board Charter and are summarised as follows:

- To review, evaluate and approve on a regular basis, long term plans for AWWDA
- To review, evaluate and approve AWWDA's budget and financial forecasts
- To review, evaluate and approve major resource allocations and capital investments
- To ensure that the procurement process is cost effective and delivers value for money
- To review and approve the operating and financial results for AWWDA
- To ensure effective, accurate, timely and transparent disclosure of pertinent information on AWWDA's operations and performance
- To ensure that effective processes and systems of risk management and internal controls are in place
- To review evaluate and approve the overall organisational structure, assignment of senior management responsibilities and plans for senior management development and succession
- To review, evaluate and approve the remuneration structure of AWWDA in consultation with relevant government agencies
- To adopt, implement and monitor compliance with AWWDA code of Conduct and Ethics
- To review the attainment of targets and objectives set in the agreed performance measurement framework within the Government of Kenya
- To review periodically AWWDA's strategic objectives and policies relating to sustainability and social responsibility/investment
- To monitor compliance with the Constitution, all applicable laws, regulations and standards
- To review and ensure that AWWDA is effective and effectively delivering on its mandate.

The Board has established committees with specific terms of reference so as to effectively discharge its mandate. The standing committees of the Board which are subject to review from time to time are as follows:

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- a) Water and Sewerage Committee
- b) Resources and Governance Committee
- c) Audit and Risk Committee

The Board Chairperson does not sit in committees.

Board Members remain individually and collectively responsible for the decisions and actions taken by any committee.

Board Charter

The roles and responsibilities of Board Members as well as functions and structure of the Board are provided in the Board Charter. The Board is structured in a way that supports the members in carrying out their oversight function. It provides the Board Members with an opportunity to think creatively and critically on how their strategic and operational plans align with the organisation's strategic direction and expectations founded on good governance. The Charter helps the Board in directing AWWDA to maximise long term value of services provided to all stakeholders.

The Charter has been adopted by AWWDA acting in accordance with Mwongozo; Code of Governance for State Corporations and is complementary to the requirements regarding the Board and the Board Members contained in applicable Kenyan Laws and regulations.

The Charter guides the Board on the following matters;

- Best practices and principles and Constitutional principles and requirements
- Board composition, terms and structures
- Board responsibilities, principles and procedures
- Board meetings, attendance and decisions
- Other Provisions- Conflict of interest of Board Members, Compensation of Board Members, Induction, ongoing training and Education, confidentiality etc

Appointment of Board Members

Board Members of AWWDA are appointed pursuant to section 66(1) of the Water Act, 2016. The Act provides that the Board should consist of a Chairperson and four other members appointed by the Cabinet Secretary responsible for matters relating to water and the Chief Executive.

Pursuant to section 6 of the State Corporations Act, Cap 446, the Board also comprises of the Principal Secretary of the parent Ministry (in the case of AWWDA; the Ministry of Water , Sanitation and Irrigation) and the Principal Secretary to the National Treasury.

The appointments are by name or by office and by notice in the Kenya Gazette.

The First Schedule of the Water Act, 2016 is applicable on matters of membership and procedure of Water Works Development Agencies. The schedule provides the following guidelines on appointment:

- **Qualification of members:** In making the appointments, the appointing authority shall have regard to Article 10 of the Constitution of Kenya on national values and principles of governance, Article 232 of the Constitution of Kenya on values and principles of public service, the academic qualifications, professional experience, character and integrity of the potential candidates for appointment, gender, regional and ethnic diversity. (section 2 of the Schedule)
- **Identification for appointment:** The Chairperson and members shall be identified for appointment through an open competitive process (section 2(2) of the First schedule)

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- **Term of office:** A member shall hold office for such term not exceeding three years as may be specified by the instrument of appointment. A member shall be eligible for reappointment for one further term.

Further, the Water Act, 2016 provides that the Chairman and the four other members appointed must be from a county within the basin area. The geographical area of jurisdiction of AWWDA is defined in Legal Notice 28 of 26th April 2019 as Nairobi, Kiambu and Muranga.

AWWDA Board Memberships

In the Financial year 2021/22, the board membership was as follows:

NAME	Office Held	Date of appointment	Date of Expiry	Nature of Directorship
Beryl Okumu	Chairperson	7/08/2020	10/02/2023 (revoked on 10/02/2023) and was replaced by Hon. Patrick Musili Mbangula	Independent
Patrick Musili Mbangula	Chairperson	10/02/2023	6/08/2023	Independent
Joseph Muchina	Member	5/07/2023	4/07/2026 (Revoked on 28.04.2023)	Independent
David A. Hannigan	Member	5/07/2023	4/07/2026 (Revoked on 28.04.2023)	Independent
Mathew Macharia	Member	5/07/2023	4/07/2026 (Revoked on 28.04.2023)	Independent
Ben Kijuu Omondi	Member	14/04/2023	13/04/2023 (Revoked on 28.04.2023)	Independent
James Wainaina	Member	28/04/2023	13/04/2025	Independent
Caroline Mugwe	Alt. Director to PS Ministry of Water, Sanitation and Irrigation	4/2/2022	6/3/2023	Alternate Director PS. Ministry of Water, Sanitation and Irrigation
Francis Bor	Alt. Director to PS Ministry of Water, Sanitation and Irrigation	6/03/2023		Alternate Director PS. Ministry of Water, Sanitation and Irrigation
Francis Anyona	Alt Director to PS –The National Treasury	17/04/15		Alternate Director, PS. National Treasury

The **Inspector-General (Corporations)** is represented by **Mr. Isaac Omondi Odek** who was appointed with effect from 13th July 2020 in accordance with section 18 of the State Corporations Act Cap.446.

Three of the Board Members appointed vide Gazette Notice No. 5479 published on 28th April 2023 are yet to receive their appointment letters and did not transact any business during the FY 2022/23. The three independent Board Members are as follows: Felistus Wangari Mwangi, Simon Eric Mukhwana and David Kipkorir Kemboi

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Following the revocation, Ms. Beryl Okumu was appointed Board Chairperson for a period of three (3) years with effect from 7th August 2020. The appointment was made vide Gazette Notice No. 5469 issued on 7th August 2020.

Succession Planning

The Code of Governance for State Corporations (Mwongozo) provides that the appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition. The AWWDA Board Charter at Clause 2.2.4 also provides for staggered retirement.

Removal of Board Members

Section 6(1) of First schedule of the Water Act, 2016 provides for circumstances under which the office of a member shall become vacant as follows:

- a) Such member dies, resigns or is removed from office
- b) Such member absents himself or herself from four consecutive meetings of the Board or committee which reasonable notice has been given to the member unless-
 - i) The board or committee has granted the member leave to be absent from those meetings or
 - ii) within four weeks after the last of the four meetings, the member is excused by the board or committee for having been absent from the meetings.
- c) The member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration or for their benefit
- d) Such member is adjudged or declared by any competent court or tribunal to be of unsound mind or
- e) Such member is convicted of an offence punishable by imprisonment for twelve months or more

If the office of a member becomes vacant, the appointing authority is mandated to fill the vacancy as prescribed in the Act. This process is also captured in the Board Charter at section 2.2.

Role of the Corporation Secretary

The Principle duties of the Corporation Secretary are as follows:

- a) Providing guidance to the Board and Board Members individually on their duties, responsibilities and powers and how these should be exercised in the best interest of AWWDA
- b) Ensuring that board procedures are followed and reviewed regularly and that the Board complies with the Laws and Regulations
- c) Assisting the Chairperson in organising Board activities including providing information, preparing the agenda, issuing notices and preparing for meetings, board evaluations and board development programs
- d) Providing secretarial services to the Board including ensuring that the Board Work Plan is prepared and adhered to.
- e) Ensuring the minutes of the Board and Board Committees are promptly prepared and circulated
- f) Keeping the Board abreast of and informed on current governance thinking and practice
- g) Coordinating the governance audit process.

Board Induction and Trainings

The Board has developed an induction program for new Board Members. All Board Members appointed during the year were properly inducted and/or trained.

Board Remuneration

Board Remuneration is determined by the Government of Kenya through relevant circulars and Regulations. Remuneration for the Board in the Financial Year 2022/23 was guided by GOK Circular OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004; the Guidelines on Terms and Condition of Service for State Corporations, Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff.

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Accommodation and travel allowances on local travel and International Travel and lunch allowance is governed by Circular No. OP/SCAC.9/21.2 Vol.1 (164) dated 28th April 2015.

Where applicable, the daily subsistence allowance was paid in accordance with Circular No. SRC/ ADM/CIR/1/13 Vol. IV (1). Other payments made were: Monthly honoraria for the chairman, telephone allowance for the chairman, transport reimbursements, Medical Cover as stipulated in the Government Circulars and Respective Appointment letters. The Board Members were remunerated in accordance with the aforementioned Circulars and other applicable regulations.

Board attendances

In line with Mwongozo and the First Schedule of the Water Act, 2016, the AWWDA Board Charter at Clause 4.1 provides that the Board shall meet as often as necessary but not less than four times a year. The meetings of the Board were scheduled in advance.

A total of 7 Board Meetings which were held during the financial year. The respective attendances by Board Members was as follows:

NATURE OF MEETING AND DATE	Hon. Patrick Musili Mbangula	Beryl Okumu	Benedict Kijuu Omondi	Caroline W. Mugwe	Francis Anyona	Mathew N. Macharia	Joseph K. Muchina	David Hannigan Akumu	F.C Bor	Eng. James Wainaina
7.09.2022 17 th Regular Meeting of the Board	N/A- PA Not Applicable as meeting was held prior to appointment	x	x	x	-	x	x	x	Not Applicable as meeting was held prior to appointment	Not Applicable as meeting was held prior to appointment
29.09.2022 18 th Regular Meeting of the Board	N/A- PA Not Applicable as meeting was held prior to appointment	x	x	x	-	x	x	x	Not Applicable as meeting was held prior to appointment	Not Applicable as meeting was held prior to appointment
13.10.2022 19 th Regular Meeting of the Board	N/A- PA Not Applicable as meeting was held prior to appointment	x	x	x	x	x	x	x	Not Applicable as meeting was held prior to appointment	Not Applicable as meeting was held prior to appointment
11.01.2023 20 th Regular Meeting of the Board	N/A- PA Not Applicable as meeting was held prior to appointment	x	x	x	x	x	x	x	Not Applicable as meeting was held prior to appointment	Not Applicable as meeting was held prior to appointment
26.01.2023 11 th Special Meeting of the Board	N/A- PA Not Applicable as meeting was held prior to appointment	x	x	x	x	x	x	x	Not Applicable as meeting was held prior to appointment	Not Applicable as meeting was held prior to appointment

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NATURE OF MEETING AND DATE	Hon. Patrick Musili Mbangula	Beryl Okumu	Benedict Kijuu Omondi	Caroline W. Mugwe	Francis Anyona	Mathew N. Macharia	Joseph K. Muchina	David Hannigan Akumu	F.C Bor	Eng. James Wainaina
13.04.2023 21 st Regular Meeting of the Board	x	Not Applicable as meeting was held After Revocation	-	Not Applicable as meeting was held After Revocation	-	x	x	x	x	Not Applicable as meeting was held prior to appointment
19.06.2023 12 th Special Meeting	x	Not Applicable as meeting was held After Revocation	Not Applicable as meeting was held After Revocation	Not Applicable as meeting was held After Revocation	Not Applicable as meeting was held After Revocation	Not Applicable as meeting was held After Revocation	Not Applicable as meeting was held After Revocation	-	x	x

Key

x- Present - Absent

Committee Meeting Attendances

A. WATER AND SEWERAGE COMMITTEE

A total of 3 committee meetings were held during the year. The attendances were as follows:

NATURE OF MEETING AND DATE	Mathew Macharia	Benedict Kijuu	Caroline W. Mugwe (ALT Rep MOWSI)	Francis C. Bor (ALT Rep MOWSI)	Isaac Odek IGC) (In attendance)
5.10.2022 11 th Regular Water and Sewerage Committee	x	x	x	N/A- PA	x
5.01.2023 12 th Regular Water and Sewerage Committee	x	x	x	N/A- PA	x
4.04.2023 13 th Regular Water and Sewerage Committee	x	-	N/A-Meeting held after Revocation	x	xccc

Key

x- Present - Absent
N/A- PA Not Applicable as meeting was held prior to appointment
IGC- Inspector General (Corporations)
MOWSI- Ministry of Water, Sanitation and Irrigation

B. RESOURCES AND GOVERNANCE COMMITTEE ATTENDANCES

A total of 5 committee Meetings were held during the financial year with the respective attendances by Board Members as follows:

NATURE OF MEETING AND DATE	Mathew Macharia	David Akumu	Francis Anyona (Alt Director PS. NT)	Isaac Odek IGC) (In attendance)
27.09.2022 13 th Regular Resources and Governance Committee	x	x	x	x

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NATURE OF MEETING AND DATE	Mathew Macharia	David Akumu	Francis Anyona (Alt Director PS. NT)	Isaac Odek IGC (In attendance)
7.10.2022 14 th Regular Resources and Governance Committee	x	x	x	x
6 th 01.2023 15 th Regular Resources and Governance Committee	x	x	-	x
26.01.2023 7 th Special Resources and Governance Committee	x	x	-	x
6.04.2023 16 th Regular Resources and Governance Committee	x	x	x	X

Key
 x- Present - Absent
 N/A- PA Not Applicable as meeting was held prior to appointment
 IGC- Inspector General (Corporations)
 NT- National Treasury

C. AUDIT AND RISK COMMITTEE ATTENDANCES

A total of 5 committee Meetings that were held during the financial year with the respective attendances by Board Members as follows:

NATURE OF MEETING AND DATE	Joseph Muchina	Ben Kijuu	Francis Anyona (Alt Director, PS. NT)	Caroline Mugwe (Alt Director, PS. MOWSI)	Francis C. Bor (ALT Rep MOWSI)	Isaac Odek (IGC) (In attendance)
6.10.2022 13 th Regular Audit and Risk Committee	x	x	x	x	N/A- PA	x
04.01.2023 14 th Regular Audit and Risk Committee	x	x	-	x	N/A- PA	x
5.04.2023 15 th Regular Audit and Risk Committee	x	-	-	-	X	x

Key
 x- Present - Absent
 N/A- PA Not Applicable as meeting was held prior to appointment
 IGC- Inspector General (Corporations)
 MOWSI- Ministry of Water, Sanitation and Irrigation
 NT- National Treasury

Board Performance Evaluation

In accordance with Mwongozo, the Board Charter provides at Clause 3.3.6.1 that the Board will conduct annual evaluation to appraise its performance. Clause 3.3.6.3 also provides that at least once a year, the Board shall discuss its own activities and those of its individual members, the effectiveness of such activities and the composition and competence of the Boards and its committees.

A board evaluation for the FY 2019/20 was carried out by the State Corporation Advisory Committee on 2nd July 2020. The Board Evaluation for the FY 2020/21 is scheduled for 20th July 2021.

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Conflict of Interest

AWWDA has a Conflict-of-Interest Policy whose purpose is to provide guidance in identifying and handling potential and actual conflicts of interest involving the Board of Board Members and AWWDA as a whole. AWWDA is committed to the highest levels of integrity. All the Board Members have taken an oath of office which was duly administered by a Commissioner for Oaths.

A conflict-of-Interest Register is maintained by AWWDA. Declaration of conflict of interest is a mandatory agenda item in all AWWDA board meetings.

Ethics and Conduct

The Board Members and employees of the AWWDA have a fiduciary duty to act honestly and in the best interest of AWWDA. Business transactions with all parties must be carried out at arm's length and with integrity. AWWDA has developed a Code of conduct and Ethics which sets out the minimum requirements expected of the Board Members as they carry out their functions either individually or collectively. Nevertheless, the Code applies to all members of AWWDA and the Board Members. All the Board Members and staff have subscribed to the Code of Conduct and Ethics. The code is reviewed and updated from time to time.

In addition to the Code of Conduct and Ethics, Board Members are governed by the applicable Laws and Regulations. The Board has further developed a whistle-blower policy with the aim of maintaining the highest standards of Ethical and legal conduct in all its activities, programs and transactions. Through the policy, the Board encourages, management, staff and other stakeholders to report suspected/ actual occurrence of unethical, inappropriate or illegal practices without reprisal. The policy assures protection to whistle blowers.

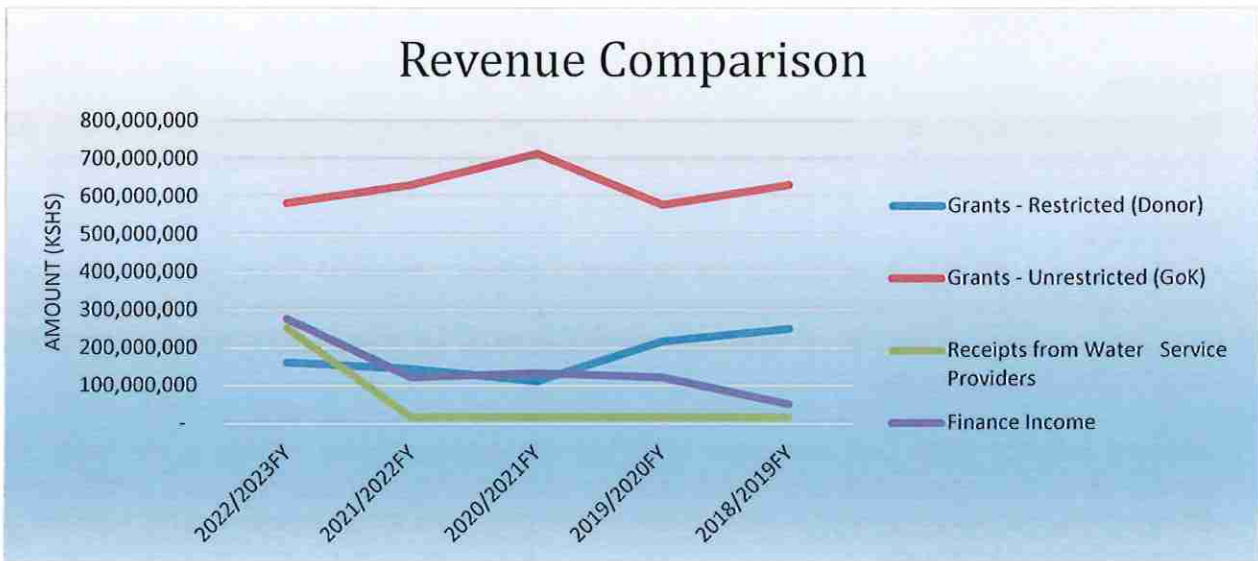
Governance Audit

A governance Audit is undertaken by an organisation to ensure that the organisation conforms to the highest degree of good governance. It is a requirement of Mwongozo that a Governance audit is conducted annually. In the year 2022/23 a governance audit duly conducted.

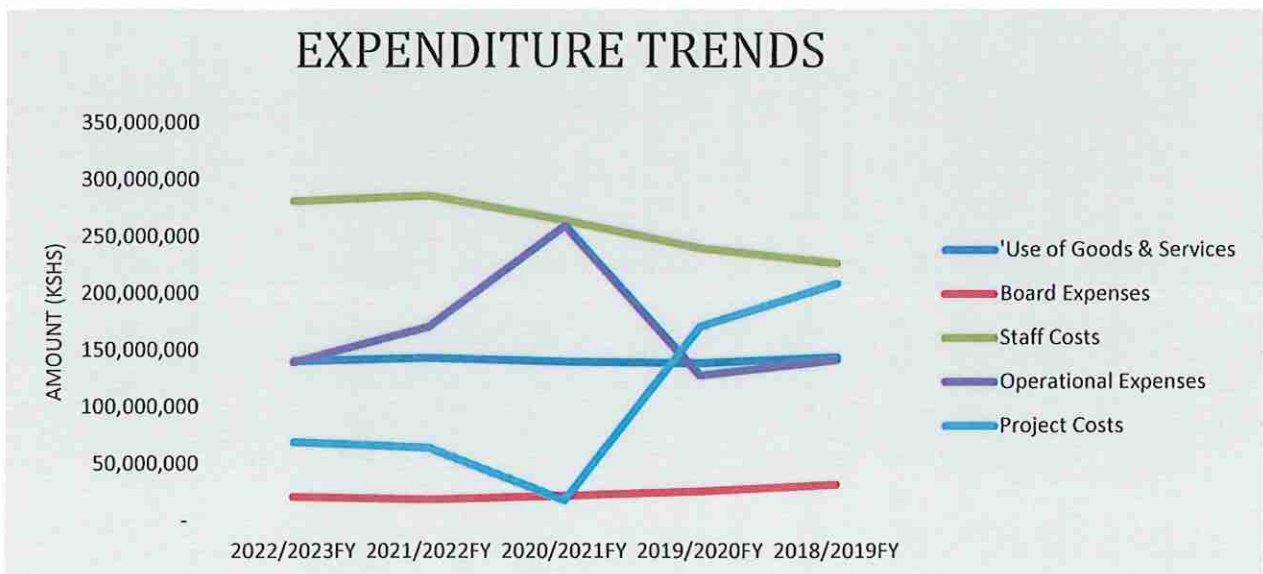
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9. Management Discussion and Analysis

During the financial year 2022/2023, AWWDA earned a total revenue of Kshs 1,279,220,099 comprising of donor grants of Kshs 160,936,295, GoK grants of Kshs 583,472,177 expected loan repayment receipts from Water Service Providers of Kshs 252,440,649 and Finance Income Kshs 282,370,978. As shown in the graph below most of the income categories experienced minimal variations except for loan repayment expected receipts from WSPs which was occasioned by the tariff approval for Nairobi City Water and Sewerage Company which clearly stipulated the amounts that the company was expected to remit to AWWDA on monthly basis.



As depicted by the chart below, the expenditure on use of goods and services and board expenses have remained fairly constant with a slight decline in the last two years. Operation costs hit their record high in the year 2020/2021 while the project costs were at their lowest the same year. The operation costs experienced a sharp decline in the year 2021/2022 while the project costs had a gradual increase the same year. Staff costs gradually increased to its highest in the year 2021/2022 after which it has remained fairly stable.



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Overallly the agency ensured compliance with the set budgetary levels while at the same time maintaining sound liquidity levels.

As at the close of the financial year, the agency had pending bills amounting to Kshs 3,683,496,566 occasioned by budgetary cuts which were implemented within the financial year.

Asset development

AWWDA developed and/or acquired assets worth Kshs 11,264,972,324.00 in the 2022/2023FY most of which are in work in progress.

The future

We are however happy to announce that the future can only get brighter with full implementation of Bulk Water Service Provision and with the Agency being the first to be licensed to operate a Bulk water supply system.

Major Risks

AWWDA is faced with delays due to land and wayleave acquisition challenges. Such delays result to lack of timely completion of projects hence delays in service delivery for the target population. Such delays continue to have a negative implication on donor confidence due to inability by the government to meet their commitment under the financing agreements.

Continued reduction of the GoK counterpart funds has far-reaching negative impacts on the ability of the Agency's ability to complete projects in a timely manner, submit statutory obligations (taxes) in a timely manner and wears way community confidence which in turn makes the project affected persons not to allow for early access to land and wayleaves.

Non-remittance of loan repayment monies by water service providers not only makes the sector to have the highest loan burden but also makes it unattractive for future financing.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

In performing her mandate, Athi Water is committed to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. AWWDA undertakes to conduct business in a way which will achieve sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts.

ii) Environmental performance

Introduction

AWWDA developed and operationalized the integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of AWWDA employees and communities, and ensure safe development of water and sanitation infrastructure. This policy statement provides a framework for developing environmental objectives, targets and programs.

The organizational service charter also includes the environmental considerations such as the enforcement of water quality monitoring.

AWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination (Amendment) Act of 2015. This is done in order to identify both potential positive and negative impacts. The process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.

Some of the environmental and social impact assessment reports prepared, approved and licensed by NEMA within the financial year include:

- Proposed Motoine Trunk Sewer Improvement Project Phase II (NaRSIP II)
- Proposed reticulation sewers for Juja and Thika South area
- Proposed construction of Kabete Water Treatment Plant- Mombasa Road Trunk Distribution Main
- Proposed Construction of Kangema Town Sewerage Project
- Proposed Construction of Kigumo Town Sewerage Project
- Proposed Construction of Kangare Town Sewerage Project

AWWDA has in place an operational Environmental and social safeguards division within the Water and Sanitation department responsible for Environmental and Social compliance and Management. The team comprises of both sociologists and environmentalists. They are tasked with managing the Environmental and social aspects of the organization and community.

Pollution Prevention and Abatement

AWWDA Complies with various legislations related to prevention and abatement of pollution such as EMCA (waste management) regulations, EMCA (water quality) regulations) EMCA (noise reduction) regulations, Water Act (water rules).

Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others.

The following are some of the measures employed by the organization to mitigate pollution

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.
- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.
- Compliance to the Occupational, Health and Safety Act, 2007
- Conformance to EMCA(Air quality regulations), 2014
- Compliance to EMCA (Noise and Vibrations pollution control), 2009
- Compliance to the national environmental Action Plan, 2009-2013
- The penal code chapter 63.

Climate Change Mitigation and adaptation

Climate change poses a significant challenge to the water sector impacting both water quality and availability. To mitigate climate change, AWWDA advocates for environmental sustainability and maintaining the natural ecosystem services of the environment. AWWDA has also liaised with various stakeholders to ensure that all projects within its jurisdiction comply with environmental legislations, regulations and Acts. The following are some of the measures taken by the Agency to mitigate climate change:

- a) Projects such as the Rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency by reducing the amount of GHG emission into the atmosphere. Efforts are also being directed towards exploring the possibility of trapping methane gas generated from the sewerage treatment plants for energy use.
- b) Oloitoktok Water Supply project is another project that aims at mitigating climate change by utilizing solar energy in its day to day operations, therefore complying with the renewable energy Act, 2019.
- c) AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.
- d) Water conservation through the use of water storage tanks- The organization has donated plenty of water tanks to community projects and schools.
- e) Waste water reuse and recycling-This involves treating of waste water and directing it to rivers. Community members are able to use the water for various purposes such as irrigation.
- f) Flood management- Projects such as NCT have been constructed to collect flood water. Therefore increasing the availability and quantity of clean drinking water.
- g) Tree planting- The agency has carried out various tree planting exercises as a climate change adaption measure to act as carbon sinks.

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Promoting Environmental protection and conservation through partnerships with stakeholders

Kenya has experienced prolonged droughts and as a result, livestock, nature and biodiversity loss has been witnessed to a higher magnitude as compared to other decades. In response to this, the government has initiated a national tree planting and restoration campaign to raise the forest cover by 2032.

AWWDA in association with other stakeholders such as County governments, community members, WRA, NEMA, WRUA, NGOs, private sector, local administrations etc have teamed up to carry out afforestation activities within its area of jurisdiction.

The following are the tree planting exercises carried out within the FY 2022-2023.

- a. Karimenu II Dam Phase I, II & III Tree Planting Drive conducted at the project site on June 2022, 2nd December 2022 and 28th April 2023
- b. Restoration of Sasumua Water Catchment Tree Planting Campaign
- c. Ministry of Water, Sanitation and Irrigation National Tree Planting and Restoration Campaign conducted at Lamu County on 25th April 2023
- d. Ministry of Water, Sanitation and Irrigation National Tree Planting and Restoration Campaign conducted in Nakuru, Itare Dam Water Catchment on 15th June 2023

Table 1: Tree planting exercise FY 2022-2023

S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
I.	Karimenu II Project	3600	Within the project. Borrow pits A, B and Quarry A Borrow pits C and Coffee factory Site	AWWDA, Stanbic Bank, Judiciary, Rodi Kenya, RUJWASCO and community.
II.	Sasumua Water Catchment	10,000	Catchment Area	AWWDA, Nairobi and Murang'a water, Central Rift Water Works Agency and community
III.	Lamu Sandunes in Lamu County	1,000	Catchment Area	AWWDA Ministry of water and Irrigation, Lamu County, Coast Water and Sewerage Company and Water Trust Fund and community
IV.	Nakuru, Itare Dam Water Catchment	1,000	Catchment area	AWWDA Ministry of Water and Irrigation, county government and water service providers and community

Social economic activities

Socio-economic impact assessment

It is the systematic analysis used during EIA to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. If such potential impacts are significant and adverse, SEIA can assist the developer, and other

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parties to the EIA process, find ways to reduce, remove or prevent these impacts from happening. It also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

AWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate'.

Enhancing benefits covers a range of issues, including: modifying project infrastructure to ensure it can also service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximizing opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people.

Where people's assets and properties are affected, AWWDA ensures that there is prior and informed consent from the project affected persons; that there is prompt and adequate compensation for any loss; and where people are resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other social sustainability activities include:

- i. Stakeholder engagement and public participation
- ii. Livelihood restoration
- iii. Community benefits/ projects
- iv. Economic development through initiatives such as ablution blocks that are handed over to CBOs

Environmental monitoring and reporting

AWWDA has established various mechanisms of tracking the performance of Environment, Health and Safety (EHS) for the various projects under implementation. Project implementation units are at the fore front of ensuring compliance to EHS. Monthly/quarterly and annual reports, site inspections, EHS monthly meetings, EHS committees and audits form part of EHS monitoring and reporting.

a) EHS committees, inspections and audits

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project. The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

b) Environmental and social sustainability management systems

AWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans.

c) Environmental and Social Management Plans

An Environmental and Social Management Plan (ESMP) provides the remedial measures to be taken, the responsible person(s) for execution, and the monitoring activities to be undertaken during the construction, operational and decommissioning phases.

An indication of the timing for implementation and the cost involved is also provided. It is a practical and achievable plan of management to ensure that any environmental impacts during the design, planning and construction phase are minimized. All contractors working with AWWDA submits an ESMP for their respective projects to AWWDA for review. AWWDA ensures that the ESMP is implemented at each phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

d) Health and Safety Management Plans

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HESMP) is prepared for each project being implemented by AWWDA. The objective of a HESMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

e) Grievance redress mechanism

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow for them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system.

The need for a GRM is obligated by the Land Act 2012 which recognizes the right of the affected persons to refer their disputes to the Land and Environment Court, while the Land Policy advocates for negotiation, mediation and arbitration to reduce the number of cases that end up in the court system and delayed justice. Similarly, project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project affected persons.

f) Gender Mainstreaming

Gender mainstreaming involves the integration of gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and programmes, with a view to promoting equality between women and men, and combating discrimination.

AWWDA and its many projects have both male and female employees. The organization has identified the following measures to enhance gender mainstreaming

- Both male and female employees are involved in decision making
- Equal access to and utilisation of services
- Use of gender sensitive information
- Equal treatment is integrated for both men and women is practised

g) Prevention of gender-based violence

AWWDA is integrating GBV trainings within the work sites to ensure that cases of sexual harassment and sexual exploitation and abuse within the work places are mitigated against. AWWDA has a GBV committee which is championing this together with a number of consultants who undertake sensitization activities. This will ensure

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that cases of sexual harassment are reported and that women/men will not fear reporting such cases due to fear of victimization.

Conclusion

AWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities within the organization's areas of operation. The Agency continuously works towards compliance with the national laws as well as international best practices relevant to the environmental and social safeguards to ensure sustainability.

iii) Employee welfare

AWWDA has developed an approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

Under the career development, AWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental work plans and the Government's performance contracting tool enables employees set their targets and eventually evaluated through annual appraisals. The evaluation enables employees of the Agency to be up skilled, helped or otherwise redeployed and up scaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

iv) Market place practices-

AWWDA has ensured that responsible competition practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, Multilateral and Bilateral Rules and Procedures governing Procurement of Goods Works and Services, The Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA. To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

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a) *Responsible competition practice.*

AWWDA has ensured that responsible competition practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, Bank Funded Rules and Procedures governing Procurement of Goods Works and Services, The Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA.

To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

- i. **Code of Conduct and Ethics:** The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff in the institution and for Supply Chain Management staff the practicing license issued by KISM explicitly prohibit corrupt practices, bribery, and unethical behaviour and ensures compliance by all stakeholders. The license also ensures that the supply chain staff are in good standing prior to renewal.
- ii. **Compliance Reports:** The Agency Prepares statutory compliance reports to the Various Regulatory Bodies i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts.
- iii. **Anti-Corruption Policies:** The Agency implements policies to prevent corruption, such as anti-bribery and anti-money laundering policies. These programs includes training on anti-corruption measures and responsible political involvement which is a continuous exercise.
- iv. **Fair Competition Practices:** The Agency promotes fair competition and adheres to antitrust laws to prevent monopolistic behaviour, price-fixing, bid-rigging, or other practices that harm competition by issuing Requests for Quotations to multiple suppliers in its registered list. For large complex and large contracts, competition is promoted through open competitive bidding both National and International bidders based on the threshold.
- v. **Supplier Appraisals and Sensitization Workshops:** The Agency conducts annual Sensitization workshops and due diligence on suppliers and business partners to ensure that they adhere to responsible business practices.
- vi. **Training and Awareness on the PPADA ACT 2015 and Ethics:** For the purpose of keeping staff, Board Members and Suppliers informed of the most recent ethical standards, compliance requirements and best practices, the Agency undertakes training and awareness on PPADA Act and ethical and integrity practices.
- vii. **Internal Controls and Audits:** The Agency implements internal controls and conducts regular Internal Audits, External Audits and ISO audits to monitor compliance with policies and identify any potential violations. Observations and recommendations from these audits are implemented to improve and ensure best practices within internal processes.

b) *Responsible Supply chain and supplier relations*

AWWDA has overtime honoured contracts and respected payment practices as a good business practice and treating suppliers responsibly as an essential aspect of building strong, sustainable, and ethical business relationships: Some of the practices include:

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- i. **Contract Negotiation:** The Agency engages in fair and transparent contract negotiations with its suppliers. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details.
- ii. **Compliance with Contract Terms:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contactors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
- iii. **Clear Payment Policies:** In compliance with the Agency's service charter, there are clear payment policies that specify payment terms, methods, and timelines which are agreed upon during contract negotiations.
- iv. **Automated Payment Systems:** The agency has implemented automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays.
- v. **Communication and Transparency:** Maintaining open and transparent communication with suppliers. If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
- vi. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from faster access to funds upon the provision of an advance payment guarantee.
- vii. **Supplier Diversity and Inclusion:** The agency practices supplier diversity and inclusion by providing opportunities to small and minority-owned businesses. (YAGPO Groups) by allocating 30% of its procurement budget annually.
- viii. **Supplier Performance Evaluation:** Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.
- ix. **Conflict Resolution Mechanism:** The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.

By implementing these measures, the Agency has created a strong foundation for responsible competition practices, fostering trust among stakeholders and contributing to a sustainable and ethical business environment.

c) Responsible marketing and advertisement

Advertisements by the Agency are based on accurate and verifiable information about the projects being procured. This is in line with provisions of section 74 of the PPAD Act and its attendant regulations. The Adverts are also detailed and clearly indicate the contact details for purposes of clarification and the mode of submission of tenders by specifying whether the submission shall be done electronically or manually.

An advertisement relating to an open tender under a preference and reservations scheme states that such tender is open to small and micro enterprises and to disadvantaged groups registered with the National Treasury or regions, as appropriate.

By following these principles and practices, AWWDA has built trust with their target audience, demonstrated ethical conduct, and contributed to a more responsible and sustainable marketing and advertising landscape through the advertisement of all tender opportunities either in the print media, website or its social media platforms.

d) *Product stewardship*

Outline efforts to safeguard consumer rights and interests.

v) *Corporate Social Responsibility / Community Engagements*

The organisation gives details of CSR activities carried out in the year and the impact to the society. Give evidence of community engagement including charitable giving (cash and material), Corporate Social Investment and other forms of community engagements.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the *Athi Water Works Development Agency's* affairs.

i) Principal activities

The principal activities of the continue to be:

- a) Undertaking the development, maintenance and management of National Public Waterworks;
- b) Operating the waterworks and providing water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over,
- c) Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d) Provide technical services and capacity building to such county government and water providers,
- e) Provide to the cabinet secretary technical support in discharge of his or her functions.

ii) Results

The results of the Entity for the year ended June 30, 2023, are set out on page 1-65

iii) Directors

The members of the Board of Directors who served during the year are shown on page viii. During the year, the appointment of 6 directors was revoked, 1 board member retired, and two were appointed with effect from 10/02/2023 and 28/04/2023.

iv) Surplus remission

The Entity did not make any surplus during the year (FY 2022/2023) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board

.....
Name: **Ms. Joyce N. Mukururi**

Corporation Secretary/Secretary to the Board

**Athi Water Work Development Agency
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12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012, and *section 14 of the State Corporations Act* require the Directors to prepare financial statements in respect of Athi Water Works Development Agency (AWWDA), which give a true and fair view of the state of affairs of AWWDA at the end of the financial year and the operating results of AWWDA for that year. The Directors are also required to ensure that AWWDA keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Agency*. The Directors are also responsible for safeguarding the assets of AWWDA.

The Directors are responsible for the preparation and presentation of the *AWWDA's* financial statements, which give a true and fair view of the state of affairs of the *Agency* for and as at the end of the financial year ended on June 30, 2023. 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 *Agency*; (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 *Agency*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for AWWDA'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, Water Act 2016 and the State Corporations Act. The Directors are of the opinion that AWWDA's financial statements give a true and fair view of the state of the *Agency's* transactions during the financial year ended June 30, 2023, and of the *Agency's* financial position as of that date. The Directors further confirm the completeness of the accounting records maintained for the *Agency*, which have been relied upon in the preparation of the *AWWDA'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 AWWDA 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 *Agency's* financial statements were approved by the Board on 31st AUGUST 2023 and signed on its behalf by:


.....

**Name: Mr. Charles Kamau Karondo
Chairperson of the Board**


.....

**Name: Eng. Joseph Kamau
Accounting Officer**

**Athi Water Work Development Agency
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for the year ended June 30, 2023.**

REPUBLIC OF KENYA



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HEADQUARTERS
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ATHI WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Athi Water Works Development Agency set out on pages 1 to 54, which comprise of the statement of financial position as

at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Athi Water Works Development Agency as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis), and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Outstanding Long-Term Receivables from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.4,486,048,000 and as disclosed in Note 20(b) to the financial statements. Included in the balance is Kshs.392,404,708 owed by various water service providers which has been outstanding for more than three hundred and sixty-five (365) days. Further, included in the balance is Kshs.4,317,945,792 owed to the Agency by Nairobi City County Water and Sewerage Company which has been outstanding for several years. However, the records of the Company reflects payables of Kshs.3,175,550,618 resulting in a variance of Kshs.1,142,395,174. In addition, the provision for bad and doubtful debts of Kshs.224,302,400 has remained static from previous year and may be considered inadequate for these long outstanding debtors.

In the circumstances, the accuracy, completeness and full recoverability of Kshs.4,486,048,000 could not be confirmed.

2. Lack of Land Ownership Documents

The statement of financial position reflects property, plant and equipment balance of Kshs.105,495,471,346 and as disclosed in Note 16 to the financial statements. Included in the balance is work in progress balance of Kshs.81,147,378,510 out of which Kshs.5,136,667,327 relates to land compensation paid to land owners over a year ago. However, despite the beneficiaries having been paid their monies, the Management has not transferred the parcels of land to the Agency.

In addition, and as reported in the previous years, the land on which the Athi Water Plaza is built does not have an ownership documents, despite a court case having been concluded and a ruling made in favor of the Agency on 23 July, 2019, which is more than four (4) years ago.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.105,495,471,346 could not be confirmed.

3. Default in Loans Repayment

The statement of financial position reflects loan balances of Kshs.77,984,907,940 and as disclosed in Note 27 to the financial statements. Included in the balance are two (2) loans of Kshs.2,881,503,879 and Kshs.14,523,822,608 from KFW- Nairobi City Water Distribution Network Modifications Project and Water and Sanitation Services Improvement Project respectively both amounting to Kshs.17,405,326,487 which remained static from the previous year. However, the interest accruing from the non-payment has not been disclosed in the financial statements. In addition, the Agency risks penalties and litigations due to non--repayment of loans.

In the circumstances, the accuracy and completeness of the loan balance of Kshs.17,405,326,487 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Termination of Contract for Construction of Ruiru II Dam Water Supply Project

A contract for construction of Ruiru II Dam Water Supply Project was awarded by Athi Water Works Development Agency on 30 May, 2017 at a contract sum of Euros 169,443,711(Kshs.22,874,900,985). The contract commencement date was 26 April, 2021 and the works were projected to be completed by 30 June, 2024.

On 19 July, 2021, the contractor suspended works due to expiry of the availability period for the financing. The availability period of the financing was extended to 14 December, 2024 by The National Treasury and an International Bank. However, the contractor issued a notice of termination to the Agency on 21 October, 2022 which became effective on the 8 November, 2022 but which the Agency disputed the contents on the notice and called on the advance payment and performance guarantee noting that the validity period of both guarantees was lapsing on 31 December, 2022. The Agency had made an advance payment of Euros 31,730,181 (Kshs.4,283,574,453) while the amount certified but not paid to the contractor amounted to Euros 8,887,373 (Kshs.1,199,786,468), resulting to a refund of advance payment balance of Euro 22,842,808 (Kshs.3,083,777,717) to the Agency on 5 February,2023.

In the circumstances, the expenditure of Euros 8,887,373.23 (Kshs.1,199,795,386.05) paid to the contractor has not achieved value for money and no report on current status of the project was provided for audit.

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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

1. Understaffing

The Agency's approved staff establishment allows for employment of a total number of 119 members of staff for the Authority to effectively carry out its duties and obligations as envision in the constitution of Kenya and the Irrigation Act 2019. However, out of the approved number of one hundred and nineteen (119) employees, the Authority has only eighty-one (81) employees, thus having an understaffing of thirty-one (31) employees.

In the circumstances, the effectiveness of service delivery to the public and stakeholders could not be confirmed.

2. Unconfirmed Control of Motor Vehicles

Review of motor vehicles fleet records provided for audit revealed that the Agency had not repossessed eighteen (18) vehicles from the contractors upon the completion of projects. Although, the Agency had recorded the vehicles in its records, the vehicles continued to be under the custody and use by the contractors despite the projects having been completed. Further, the Agency was in possession and control of other fifteen (15) vehicles which were handed over after projects were completed. However, the ownership documents had not been transferred in the name of the Agency and the number plates remained civilian instead of the required blue number plates.

In the circumstances, the control and safe custody of the motor vehicles could not be confirmed.

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 Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Agency'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 Agency or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with

relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency'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 Agency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


 FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 May, 2024

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14. Statement of Financial Performance for the year ended 30 June 2023

	Notes	Jun-23 KSH	Jun-22 KSH
REVENUE			
Revenue from non-exchange transactions			
Grants - Restricted (Donor)	<u>6</u>	160,936,295	144,824,267
Grants - Unrestricted (GoK)	<u>7</u>	583,472,177	631,498,062
Revenue from exchange transactions			
Receipts from Water Service Providers	<u>8</u>	252,440,649	16,939,500
Finance Income	<u>9</u>	282,370,978	122,819,629
TOTAL REVENUE		1,279,220,099	916,081,458
EXPENDITURE			
Use of Goods & Services	<u>10</u>	140,928,436	143,732,257
Remuneration of Directors and Board expenses	<u>11</u>	21,663,486	19,344,317
Employee Cost	<u>12</u>	281,506,213	286,401,695
Operational Expenses	<u>13</u>	139,903,774	170,746,450
Project Costs	<u>14</u>	69,749,152	64,587,196
Depreciation & amortization	<u>16 & 17</u>	755,445,737	720,228,858
Finance Cost	<u>27</u>	170,666,743	171,157,989
TOTAL EXPENDITURE		1,579,863,541	1,576,198,762
Other gains/(losses)			
Decrease/(increase) in provisions	<u>25</u>	(12,911,961)	1,432,943
Gain/(Loss) on asset disposal	<u>15</u>	-	5,329,207
NET SURPLUS/(DEFICIT) Before Tax		(287,731,481)	(656,221,040)
Tax on Interest Income	<u>18</u>	40,398,717	9,017,367
Corporate Tax		-	28,855,536
TRANSFER TO ACCUMULATED FUND		(353,954,120)	(691,228,057)

The notes set out on pages 8 to 48 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 48 were signed on behalf of the Board of Directors by:



Name: Eng. Joseph Mungai Kamau
Ag. Chief Executive Officer

Date: 31/08/2023



Michael Kihungi Kimotho
Chief Manager- Finance & Strategy
CPAK M/NO: 6490

Date: 31/08/2023



Mr. Charles Kamau Karondo
Chairman of the Board

Date: 31/08/2023

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15 Statement of Financial Position as at 30 June 2023

	Notes	2022-2023 Kshs	2021-2022 Kshs
Assets			
Current assets			
Cash and cash equivalents	<u>19</u>	3,137,687,765	2,375,100,528
Receivables from Exchange Transactions	<u>20 (a)</u>	235,501,149	-
Receivables from non-exchange transactions	<u>21</u>	6,414,809,110	8,181,174,585
Inventories	<u>22</u>	2,862,297	3,912,703
Prepayments	<u>23</u>	21,052,713	13,369,240
Subtotal current assets		9,811,913,034	10,573,557,056
Non-current assets			
Property, plant and equipment	<u>16</u>	105,495,471,346	94,995,813,750
Intangible assets	<u>17</u>	10,000,000	131,003
Long-Term Receivables from exchange transactions	<u>20 (b)</u>	4,486,048,000	4,486,048,000
Sub-total non-current assets		109,991,519,346	99,481,992,753
Total assets		119,803,432,379	110,055,549,809
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	<u>24</u>	3,683,496,566	4,826,634,250
Provisions	<u>25</u>	250,262,722	237,350,761
Employee entitlements and payroll creditors	<u>26</u>	490,809	5,386,371
Sub-total current liabilities		3,934,250,097	5,069,371,382
Non-current liabilities			
Loans	<u>27</u>	77,984,907,940	69,088,470,449
Deferred income long-term	<u>28</u>	39,415,858,258	37,075,337,775
Total Non-current Liabilities		117,400,766,198	106,163,808,224
Total liabilities		121,335,016,295	111,233,179,606
Net assets		(1,531,583,917)	(1,177,629,797)
Accumulated surplus	<u>29</u>	(1,531,583,917)	(1,177,629,797)
Total net assets and liabilities		119,803,432,379	110,055,549,809

The financial statements set out on pages 1 to 48 were signed on behalf of the Board of Directors by:



Name: Eng. Joseph Mungai Kamau
Ag. Chief Executive Officer

Date: 31/08/2023



Michael Kihungi Kimotho
Chief Manager- Finance & Strategy
CPAK M/N0: 6490

Date: 31/08/2023



Mr. Charles Kamau Karondo
Chairman of the Board

Date: 31/08/2023

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16. Statement of Changes in Net Assets for the year ended 30 June 2023

	Retained earnings Amount (Kshs)	Total Amount (Kshs)
At July 1, 2021	(486,401,740)	(486,401,740)
Total comprehensive income	(691,228,057)	(691,228,057)
At June 30, 2022	(1,177,629,797)	(1,177,629,797)
At July 1, 2022	(1,177,629,797)	(1,177,629,797)
Total comprehensive income	(353,954,120)	(353,954,120)
At June 30, 2023	(1,531,583,917)	(1,531,583,917)

**Athi Water Development Agency
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17. Statement of Cash Flows for the year ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants recurrent	30	372,499,999	422,833,333
Receipts from WSPs	31	16,939,500	16,939,500
Miscellaneous Finance income	32	275,363,573	122,819,629
Total Receipts		664,803,072	562,592,463
Cash payments for:			
Compensation of employees	33	286,401,775	286,774,792
Use of Goods & Services	34	187,960,220	175,168,411
Directors' remuneration and Board expenses	35	21,663,486	19,344,317
Operational costs	36	181,196,583	174,879,459
Other payments-project and GoK counterpart costs			
Total Payments		677,222,064	656,166,979
Net cash flows from operating activities		(12,418,993)	(93,574,516)
Cash payments for investing activities			
Purchase of property, plant, equipment and intangible assets	37	(11,264,972,324)	(30,305,759,451)
Proceeds from sale of property, plant, equipment and other items	38	4,450,752	823,305
Equipment			
Decrease/(Increase) in non-exchange receivables	39	1,768,922,128	8,975,883,814
Payments to Creditors	40	(1,143,137,684)	1,382,281,300
Increase in investments			
Net cash flows used in investing activities		(10,634,737,129)	(19,946,771,031)
Cash flows from financing activities			
Proceeds from borrowings	41	8,742,710,248	14,261,651,696
Repayment of borrowings	42	(16,939,500)	(16,939,500)
Increase in deferred income	43	2,683,972,613	5,302,212,947
Net cash flows used in financing activities		11,409,743,360	19,546,925,144
Net increase/(decrease) in cash and cash equivalents		762,587,238	(489,165,542)
Cash and cash equivalents at 1 JULY	19	2,375,100,528	2,868,520,930
Cash and cash equivalents at 30 JUNE		3,137,687,765	2,375,100,528

Athi Water Development Agency
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Receipts from Water Companies for loan repayment							
Loan repayment from other WSPs	16,939,500	-	16,939,500	252,440,649	-235,501,149	0%	Within Budget
Gross loan repayment fee	16,939,500	-	16,939,500	252,440,649	(235,501,149)	0%	within budget
Miscellaneous income	55,000,000	10,000,000	65,000,000	282,370,978	217,370,978	-334%	The Agency received the interest on call deposit within the year
GRANT INCOME							
Grants - Restricted (Donor)	150,000,000	-	150,000,000	160,936,295	(10,936,295)	-7%	within the budget
Grants -Recurrent (GOK)	390,000,000	(50,000,000)	340,000,000	372,499,999	32,499,999	-10%	Within Budget
Grant - Unrestricted Development (GoK)	240,000,000	-	240,000,000	210,972,178	(29,027,822)	12%	within the budget
Subtotal Grant Income	780,000,000	(50,000,000)	730,000,000	744,408,472	(7,464,118)	-2%	Within Budget
TOTAL INCOME	851,939,500	(40,000,000)	811,939,500	1,279,220,099	(25,594,289)	-58%	Within Budget
Expenses							
A) Use of Goods and Services			0				
Electricity & Water	2,040,000	1,560,000	3,600,000	4,364,572	-764,572	-21%	un anticipated increase in the tariff for water and electricity
Advertising Expenses	6,000,000	(2,500,000)	3,500,000	6,895,188	-3,395,188	-97%	Tere was need for increased publicity and publications related to operationalization of Bulk water supply
Entertainment & Office Tea	2,178,000	0	2,178,000	2,080,549	97,451	4%	Within Budget
General Office Running Expenses	3,500,000	0	3,500,000	4,840,391	-1,340,391	-38%	within budget
Printing & Stationery	5,000,000	-4,200,000	800,000	536,290	263,710	33%	within budget
Education and Training	8,000,000	-4,800,000	3,200,000	3,823,431	-623,431	-19%	within budget
Library & subscription Expenses	300,000	200,000	500,000	554,411	-54,411	-11%	Within budget
Workshops & seminars	11,499,941	-2,499,941	9,000,000	27,835,342	-18,835,342	-209%	The implementation of the Bulk water supply operations required heightened stakeholder engagements and public consultations
Travel and Accommodation	12,500,000	-5,000,000	7,500,000	7,346,969	153,031	2%	Within budget
Telephone Expenses	3,750,000	-750,000	3,000,000	3,103,179	-103,179	-3%	Within budget
Audit & Management fees	900,000		900,000	928,000	-28,000	-3%	Within budget
IT Costs & Accessories	6,000,000	-1,500,000	4,500,000	11,343,273	-6,843,273	-152%	The need to automate the bulk water billing systems
Transport operating	10,098,000	2,402,000	12,500,000	17,478,587	-4,978,587	-40%	Increase in fuel and maintenance cost for motor vehicles
Uniform & Clothing	2,374,500	-674,500	1,700,000	1,277,000	423,000	25%	within budget
Repairs& maintenances-Office Equipment, Furniture and Fittings	3,630,000	-3,030,000	600,000	680,055	-80,055	-13%	within budget

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Emergency Works and Hire of plant & Equipment	968,000	-968,000	0	0	0	100%	Within Budget
Professional Consultancy Fees	25,500,000	-19,500,000	6,000,000	5,480,490	519,510	9%	within budget
Monitoring and Evaluation	2,500,000	-900,000	1,600,000	1,705,297	-105,297	-7%	Within budget
Ground Maintenance, security & Utility	7,440,000	-1,140,000	6,300,000	7,098,693	-798,693	-13%	Within Budget
Building Maintenance	1,120,000	280,000	1,400,000	1,385,654	14,346	1%	Within Budget
Cleaning Services	4,847,080	552,920	5,400,000	6,542,462	-1,142,462	-21%	General increase in detergent prices and other cleaning materials
Bank Charges	1,500,000		1,500,000	1,384,164	115,836	8%	Most of the bank charges costs related to withholding on interest income which is reported separately
Membership of Professional Associations	1,820,000	(700,000)	1,120,000	951,423	168,577	15%	Within Budget
Insurance	6,500,000	3,000,000	9,500,000	23,293,016	-13,793,016	-145%	Increase in the value of new assets and also the increase of the insurance premium rates
Sub -total	129,965,521	(40,167,521)	89,798,000	140,928,436	(51,130,436)	-57%	
B) Remuneration of Directors							
Honoraria	960,000	-160,000	800,000	854,286	-54,286	-7%	within Budget
Sitting allowances	13,200,000	-5,000,000	8,200,000	6,566,000	1,634,000	20%	within Budget
Board Medical allowance	500,000		500,000	364,795	135,205	27%	within Budget
Induction and Training	9,000,000		9,000,000	8,677,274	322,726	4%	within Budget
Board travel and accommodation	2,000,000		2,000,000	1,998,488	1,512	0%	within Budget
Other allowances	200,000		200,000	171,000	29,000	15%	within Budget
Other board expenses	3,100,000		3,100,000	3,031,643	68,357	2%	Within Budget
Sub total	28,960,000	(5,160,000)	23,800,000	21,663,486	2,136,514	9%	
C) Employee Costs							
Basic pay	174,741,562	(15,980,799.33)	158,760,763	160,433,418	-1,672,655	-1%	Within Budget
House allowance	33,186,237	-	33,186,237	36,449,532	-3,263,295	-10%	Within the budget
Entertainment allowance	1,202,600		1,202,600	1,080,000	122,600	10%	Within the budget
Transport allowance	11,219,040	(1,219,040.00)	10,000,000	10,923,944	-923,944	-9%	within the budget
Leave and Passage allowance	2,092,050	1,500,000.00	3,592,050	3,632,625	-40,575	-1%	within the budget
Gratuity Contributions	14,000,000		14,000,000	14,137,953	-137,953	-1%	within the budget
Pension Contribution-Employer	16,924,180	(1,000,000.00)	15,924,180	16,830,334	-906,154	-6%	Within Budget
N.S.S.F Employers contribution	542,010		542,010	523,760	18,250	3%	Within Budget
Staff Welfare	5,250,000	(805,839.67)	4,444,160	3,988,800	455,360	10%	The increased cost was prompted by the support required of the Agency following the loss of one staff member

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Medical Expenses	25,266,800	(3,766,800.00)	21,500,000	28,089,405	-6,589,405	-31%	Competitive procurement of the insurance provider
Interns Allowance	3,750,000	(900,000.00)	2,850,000	3,086,892	-236,892	-8%	Increased number of interns engaged from the public service commission in line with the presidential directive
Other Allowances	2,400,000	-	2,400,000	2,329,550	70,450	3%	Within Budget
Sub total	290,574,479	(22,172,479)	268,402,000	281,506,213	(13,104,213)	-5%	Within the budget
E) Operation Expenses							
Planning and Design	1,000,000	(850,000)	150,000	123,900	26,100	0%	The Agency incorporated most of the ESIA aspects for projects under consultancies financed by development partners which lead to a reduction of the money spent from the recurrent budget.
Environmental impact Assessment	500,000	(495,000)	5,000	5,000	-	0%	The Agency ensured that most of the design aspects for projects were incorporated in the works contracts financed by development partners which lead to a reduction of the money sent from the recurrent budget.
Project costs	250,000,000	28,845,000	278,845,000	209,524,026	69,320,974	25%	This is a non-cash expenditure being appropriation from deferred income
Sub total	251,500,000	27,500,000	279,000,000	209,652,926	69,347,074	25%	
Depreciation			-	755,445,737	(755,445,737)		It is not a cashflow item hence was not budgeted for
Interest on loan/Loan repayments	112,939,500		112,939,500	170,666,743	(57,727,243)		This is the amount expected from the WSPs and it is transmitted to the National Treasury as received & Interest on loans
Corporation tax	35,000,000		35,000,000	-	35,000,000	100%	The corporation tax payable was dependent on the value of interest earned as income from special sources
Tax on Interest Income	3,000,000		3,000,000	40,398,717	(37,398,717)	-1247%	This was as a result of the huge income received from call account during the year
Sub total	150,939,500	-	150,939,500	966,511,197	(815,571,697)		
Total Expenditure	851,939,500	(40,000,000)	811,939,500	1,620,262,258	(808,322,758)		
Recurrent Surplus before provisions	-	-	-	(341,042,159)	782,728,469		
Less increase in provisions				12,911,961	(12,911,961)		It is not a cashflow item hence was not budgeted for
Gain on disposal of assets				-			
Recurrent Surplus after provisions				(353,954,120)			

19. Notes to the Financial Statements

1. General Information

Athi Water Works Development Agency (AWWDA) is established by and derives its authority and accountability from the Water Act 2016. AWWDA is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the AWWDA's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>IPSAS 41, is not applicable to AWWDA because the entity does not invest in financial instruments.</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and

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Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p>AWWDA does not offer social benefits hence the adoption of this standard will not have any impact.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>The amendments will have no impact on AWWDA's financial report upon adoption</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p>The amendments will have no impact on AWWDA's financial report upon adoption</p>

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Notes to the Financial Statements (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>AWWDA has no running leases and thus the adoption of this standard will have no impact on the Agency's financial report</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>AWWDA is a service agency and does not hold assets for sale. In effect, the agency will not be affected by the adoption of this standard.</i></p>

- iii. Early adoption of standards*

The Entity did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The *Entity* recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the *Entity* and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the *Entity* and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the *Entity's* right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for 2022/2023 financial year was approved by the National Assembly on *7th April 2022*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the *Entity* upon receiving the respective approvals in order to conclude the final budget. Accordingly, the *Entity* did not record any additional appropriations on the 2023 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The *Entity's* budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.***(entity to amend appropriately based on the model adopted)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) **Property, plant and equipment**

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

Depreciation is calculated on the straight-line basis, effective at the end of the month following capitalization, at annual rates estimated to write off the carrying values of the assets over their expected useful lives. The annual depreciation/amortization rates in use are:

Office Equipment – Computers	33 ¹ / ₃ %
Furniture and fittings	10%
Motor Vehicles	25%
Plant and Equipment	10%
Dams and Pans	2.5%
Water Meters	20%
Water & Sewerage Infrastructure	2.5%
Buildings	2.5%

f) **Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. AWWDA did not have any leasehold assets during the 2022/2023FY

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The *Entity* expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the *Entity* can demonstrate:

- i) The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii) Its intention to complete and its ability to use or sell the asset.
- iii) How the asset will generate future economic benefits or service potential
- iv) The availability of resources to complete the asset.
- v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. AWWDA did not incur any research and development costs in the financial year.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Agency's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) 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:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) 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*.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

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

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

t) Related parties

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

u) Service concession arrangements

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

v) Cash and cash equivalents

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Entity's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

		2023	2022
	Details	Kshs	Kshs
6	Donor Grants Restricted		
	ACP-EU	5,300,774	5,307,680
	IDA		2,883
	AFD	66,340,114	66,340,114
	WaSSIP		90,104
	KISSIP	5,573,900	5,573,900
	KFW-NTS		38,696,130
	KFW-NCWDN	20,141,671	
	ADB - Kibera	9,118,596	7,055,399
	KAJIADO RURAL		
	BADEA	26,004,897	
	NISIP	28,456,343	21,758,057
	Total-it includes income earned from donor financing	160,936,295	144,824,267
7	Government of Kenya Grants-Un restricted		
	Government of Kenya-AWWDA administration recurrent Grants	372,499,999	390,000,000
	Government of Kenya Grants-Project related grants	210,972,178	241,498,062
	Total	583,472,177	631,498,062
8	Receipts from Water Service Providers for loan repayment and administration fees		
	Administration fee from Nairobi Water & Sewerage Company		
	Administration fee from Other WSP's		
	Loan repayment from NCWSC	235,501,149	
	Loan repayment from other WSPs	16,939,500	16,939,500
	Total	252,440,649	16,939,500
9	Finance Income		
	Miscellaneous income	12,999,647	66,020,507
	Interest on deposit	269,371,331	56,799,122
	Total-it includes majorly income from sale of tenders, and interest earned on bank deposits	282,370,978	122,819,629
10	Use of Goods and Services		
	Electricity & Water	4,364,572	6,508,321
	Advertising Expenses	6,895,188	2,699,023
	Entertainment & Office Tea	2,080,549	2,704,601
	General Office Running Expenses	4,840,391	4,108,565
	Printing & Stationery	536,290	
	Education and Training	3,823,431	18,817,301
	Library & subscription Expenses	554,411	157,386
	Workshops & seminars	27,835,342	18,269,653
	Travel and Accommodation	7,346,969	18,475,526
	Telephone Expenses	3,103,179	2,795,120
	Audit & Management fees	928,000	928,000
	IT Costs & Accessories	11,343,273	9,039,803
	Transport operating	17,478,587	19,690,098
	Uniform & Clothing	1,277,000	1,462,930
	Repairs& maintenances-Office Equipment, Furniture and Fittings	680,055	212,063

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	Professional Consultancy Fees	5,480,490	11,950,309
	Monitoring and Evaluation	1,705,297	1,607,890
	Ground Maintenance, security & Utility	7,098,693	9,937,375
	Building Maintenance	1,385,654	17,055
	Cleaning Services	6,542,462	0
	Bank Charges	1,384,164	419,383
	Membership of Professional Associations	951,423	3,380,728
	Insurance	23,293,016	10,551,127
	Total	140,928,436	143,732,257
11	Remuneration of Directors and Board expenses		
	Honoraria	854,286	960,000
	Sitting allowances	6,566,000	9,795,600
	Board Medical allowance	364,795	
	Induction and Training	8,677,274	
	Board travel and accommodation	1,998,488	2,701,487
	Other allowances	171,000	129,200
	Other board expenses	3,031,643	5,758,030
	Total	21,663,486	19,344,317
12	Employee Costs		
	Basic Pay	160,433,418	156,440,683
	House Allowance	36,449,532	35,710,000
	Entertainment Allowance	1,080,000	990,000
	Transport Allowance	10,923,944	11,070,226
	Leave and Passage allowance	3,632,625	3,236,745
	Gratuity Contribution	14,137,953	10,572,534
	Pension Contribution-Employer	16,830,334	17,994,311
	N.S.S.F Employers Contribution	523,760	242,800
	Staff Welfare	3,988,800	6,722,657
	Medical Expenses	28,089,405	33,680,095
	Intern Allowance	3,086,892	2,237,263
	Other Allowances	2,329,550	7,504,381
	Total	281,506,213	286,401,695
13	Operational Expense		
	Planning and Design	123,900	328,720
	Environmental Impact Assessment	5,000	233,360
	GOK-Counter funds-Project costs	139,774,874	170,184,370
	Total	139,903,774	170,746,450
14	Project Cost		
	NARSIP II	29,022,909	-
	KFW-NST		39,347,850
	AFD - NCT	432,680	-
	NISIP	28,456,343	25,239,346
	AFD-Nairobi Water & Sanitation Services	11,837,220	
	Total	69,749,152	64,587,196
15	Gain/(Loss) on disposal of assets		
	Furniture and fittings		
	Motor vehicles and Cycles, assorted ICT Items		5,329,207
	Total	-	5,329,207

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16. Property plant and equipment for the year ended 30th June 2023: Fixed Asset Schedule

	Office Equipment	Furniture & Fittings	Motor Vehicles & cycles	Plant & Equipments	Dams & Pans	Land	Building	Meters	Water Infrastructure	Sewerage Infrastructure	Work in Progress	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Fully depreciated	109,246,503	0	212,740,121	30,555,495				5,012,100				357,554,219
Cost Depreciable	10,906,138	28,177,614	104,955,948	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	12,231,690,166	8,700,108,099	43,620,434,090	69,002,222,922
Subtotal Cost As at 1 July 2021	120,152,641	28,177,614	317,696,069.00	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	12,231,690,166	8,700,108,099	43,620,434,090	69,359,777,142
Additions												0
Purchase											30,305,759,451	30,305,759,451
Disposal			-42,976,891									-42,976,891
Reclassification			39,588,040						3,994,199,315		-4,033,787,355	0
As at the 30 June 2022	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	69,892,406,186	99,622,559,702
Cost Fully depreciated	109,246,503	0	169,763,230	30,555,495				5,012,100				314,577,328
Cost Depreciable	10,906,138	28,177,614	144,543,988	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	16,225,889,481	8,700,108,099	69,892,406,186	99,307,982,376
Subtotal Cost As at 1 July 2022	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	69,892,406,186	99,622,559,704
Additions												0
Purchase											11,254,972,324	11,254,972,324
Disposal	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification												0
As at the 30 June 2023	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	81,147,378,510	110,877,532,028
DEPRECIATION												
As at 1 July 2021	116,180,988	0	251,027,071	125,036,388	746,961,608	0	0	82,218,600	1,534,319,003	1,152,063,451	0	4,007,807,109
Charge for the year	3,635,379	2,817,761	17,866,822	24,371,838	81,295,214	0	8,573,429	0	305,852,586	217,502,702		661,915,731
Depr/adj for Disposed Assets			-42,976,891									-42,976,891
As at 30 June 2022	119,816,367	2,817,761	225,917,002	149,408,226	828,256,822	0	8,573,429	82,218,600	1,840,171,589	1,369,566,153	0	4,626,745,949
As at 1 July 2022	119,816,367	2,817,761	225,917,002	149,408,226	828,256,822	0	8,573,429	82,218,600	1,840,171,589	1,369,566,153	0	4,626,745,949
Charge for the year	336,274	2,817,761	27,763,832	11,378,285	81,295,214	0	8,573,429	0	405,647,237	217,502,702		755,314,734
Depr/adj for Disposed Assets												0
As at 30 June 2023	120,152,641	5,635,522	253,680,834	160,786,511	909,552,036	0	17,146,858	82,218,600	2,245,818,826	1,587,068,855	0	5,382,060,683
Net Book Value 30th June 2023	-	22,542,092	60,626,384	66,999,225	2,342,256,527	436,768,406	325,790,301	0	13,980,070,655	7,113,039,243	81,147,378,510	105,495,471,346
Net Book Value 30th June 2022	336,274	25,359,853	88,390,216	78,377,510	2,423,551,741	436,768,406	334,363,730	0	14,385,717,892	7,330,541,945	69,892,406,186	94,995,813,750

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17. Intangible assets as at 30th June 2023

Description	2023	2022
	Kshs	Kshs
COST		
Cost Fully depreciated	74,210,588	74,210,588
Cost Depreciable	173,249,373	173,249,373
Subtotal Cost As at beginning of the year	247,459,962	247,459,962
Additions		
Purchase	10,000,000	
Disposal		
Reclassification		
As at the 30 June	257,459,962	247,459,962
Amortization and impairment at the beginning of the year	247,328,959	189,015,832
Amortization for the year	131,003	58,313,127
Amortization adj for transferred/disposed Assets		
As at end of the year	247,459,962	247,328,959
Net Book Value 30th June	10,000,000	131,003

		2023	2022
	Details	Kshs	Kshs
18.	Tax on Interest income		
	Tax charges on Interest income	40,398,717	9,017,367
	Total	40,398,717	9,017,367
19.	Cash & Bank Balances		
	Current account	2,562,385,372	1,546,402,179
	On - call deposits	574,111,868	827,500,000
	Fixed deposits account	1,108,385	1,108,385
	Staff car loan/ mortgage		
	Others-cash in hand	82,140	89,964
	Total cash and cash equivalents	3,137,687,765	2,375,100,528

19 (a) Detailed analysis of cash and cash equivalents			
		2023	2022
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank-KISSIP	1143199359	30,361,179	732,499
Kenya Commercial bank-WASSIP-AF	1139107380	1,177,354	1,121,361
Kenya Commercial bank-AFD-NCT	1156760372	1,107,658	147,455,327
Cooperative Bank-Escrow	01141084618500	10,500,479	10,236,175
Cooperative Bank-operations	01136084618500	46,897,892	487,791,459
NCBA Bank-ADB NARSIP	1000017414	21,469,397	3,257,765
SBM Bank-Current	0212056995003	13,540,594	13,045,634

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19 (a) Detailed analysis of cash and cash equivalents			
		2023	2022
Financial institution	Account number	Kshs	Kshs
CFC-Stanbic	0100007078263	2,295,692,002	28,727,003
SBM Bank-Saving Account	0212056995007	7,640,325	7,244,521
Cooperative Bank-Development	01141084618501	941,255	509,410,342
Nairobi Water & Sanitation Project-AFD	1279693258	132,548,253	337,380,093
NCBA-Kenya Towns Sustainable WSSP		508,984	
Sub- total		2,562,385,372	1,546,402,179
b) On - call deposits			
Cooperative Bank		574,111,868	827,500,000
Cooperative Bank		-	-
Sub- total		574,111,868	827,500,000
c) Fixed deposits account			
Cooperative Bank		1,108,385	1,108,385
SBM Bank		-	-
Sub- total		1,108,385	1,108,385
d) Others			
cash in hand		82,140	89,964
Sub- total		82,140	89,964
Grand total		3,137,687,765	2,375,100,528

20.	Receivable from Exchange Transaction		
	a) Current Receivables from Exchange Transactions		
	Description	2023	2022
		KShs	KShs
	Current Receivables		
	Receivables-WSPs		
	Receivable NCWSC	235,501,149	
	Total current receivables	235,501,149	0

The current receivables relate to loan receivable from NCWSC for the months of April, May and June 2023 as defined under the tariff

	b) Long-term Receivables from Exchange Transactions		
	Description	2023	2022
		KShs	KShs
	Total Receivables		
	Receivables-WSPs	392,404,608	392,404,608
	Receivable NCWSC	4,317,945,792	4,317,945,792
	Less: Provision for bad and doubtful debts	(224,302,400)	(224,302,400)
		4,486,048,000	4,486,048,000
	Current portion transferred to current receivables	0	0
	Total non-current receivables	4,486,048,000	4,486,048,000
	Total receivables (a+b)	4,721,549,149	4,486,048,000

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Notes to the Financial Statements (Continued)

(c) Ageing analysis for Receivables from exchange transactions				
Description	2023		2022	
	Kshs		Kshs	
	2022/2023	% of the total	2021/2022	% of the total
Less than 1 year	235,501,149	5%	0	0%
Between 1- 2 years		%	0	0%
Between 2-3 years		%	0	0%
Over 3 years	4,486,048,000	95%	4,486,048,000	100%
Total (a+b)	4,721,549,149	100%	4,486,048,000	100%

(d) Reconciliation for Impairment Allowance/Provision on Receivables from Exchange Transactions		
Impairment Allowance/ Provision	2023	2022
	KShs	KShs
At the beginning of the year	224,302,400	224,302,400
Additional provisions during the year	11,775,057	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	236,077,457	224,302,400

21. Receivables from Non-Exchange Transactions

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Other Debtors	1,534,853,667		256,925,916	
Receivable insurance Reimbursement	7,007,405			
Receivable 4th Quarter	721,750,000			
Receivables on disposals	(35,850)		4,505,902	
Receivable SBM-KIDIC	7,362,977		7,862,977	
Staff Debtors	3,139,612		8,113,250	
Advance payments	4,138,549,937		7,903,085,179	
Transport operating deposit	200,000		200,000	
Rent Deposit	481,361		481,361	
Fuel Deposit	1,500,000		0	
Total receivables from non- exchange transactions	6,414,809,110		8,181,174,585	
Ageing Analysis- Receivables from non-exchange transactions	2023	% of the total	2022	% of the total
Less than 1 year	733,361,167	11%	269,545,068	3%
Between 1-2 years	5,673,884,965	88%	7,903,085,179	97%
Over 3 years	7,562,977	0%	8,544,338	0%
Total	6,414,809,110	100%	8,181,174,585	100%

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The Agency did not provide for impairment on non-exchange receivables because none was doubtful as of the end of the financial year.

		2023	2022
Details		Kshs	Kshs
22.	Inventory		
	Office consumables	2,862,297	3,912,703
	Total	2,862,297	3,912,703
23.	Prepayments	2023	
	Prepaid maintenance	1,708,584	380,000
	Prepaid insurance	19,344,129	12,989,240
	Total	21,052,713	13,369,240
24.	Trade & Other payables from Exchange transactions		
	Accounts Payable	3,546,304,800	4,510,069,510
	VAT & W/holding Tax	137,191,766	316,564,741
	Total	3,683,496,566	4,826,634,250

Description	2023		2022	
	Kshs		Kshs	
Trade payables	3,683,496,566		4,826,634,250	
Payments received in advance	0			
Employee payables	490,809		5,386,371	
Third-party payments	0		0	
Other payables				
Total trade and other payables	3,683,987,375		4,832,020,621	
Ageing analysis: (Trade and other payables)	2023	% of the Total	2022	% of the Total
Under one year	1,086,490,509	29%	3,699,142,713	77%
1-2 years	1,662,657,410	45%	626,856,240	13%
2-3 years	442,724,033	12%	104,790,601	2%
Over 3 years	492,115,423	13%	401,231,067	8%
Total	3,683,987,375	100%	4,832,020,621	100%

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25.	Current provisions					
		Untaken leave benefits Kshs	Audit and management fees Kshs	Provision for bad debts Kshs	Amount in KDIC Kshs	Total Kshs
	Balance as at 1st July 2021	5,690,327	928,000	224,302,400	7,862,977	238,783,704
	Provision added for the year	-	-	-	-	-
	Provision utilized in the year	-	-	-	-	-
	Provision as at 30th June 2022	4,257,384	928,000	224,302,400	7,862,977	237,350,761
	Increase/decrease in provisions	(1,432,943)	-	-	-	(1,432,943)
	Balance as at 1st July 2022	4,257,384	928,000	224,302,400	7,862,977	237,350,761
	Provision added for the year	1,136,904	-	11,775,057	-	12,911,961
	Provision utilized in the year	-	-	-	-	-
	Provision as at 30th June 2023	5,394,288	928,000	236,077,457	7,862,977	250,262,722
	Increase/decrease in provisions	1,136,904	-	11,775,057	-	12,911,961

26.	Employee entitlements and payroll creditors	2023	2022
	Employee Entitlements	13,978	68,256
	Payroll creditors	476,831	5,318,115
	Total	490,809	5,386,371

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Notes to the Financial Statements (Continued)

27. LOANS						
Loan Balances 2021/2022						
Loan	Principal loan amount	Interest charge for the year	Interest Balance as at 1/7/2021	Payments During the year	Total loan as at 30/6/2022	
	Kshs	Kshs	Kshs	Kshs	Kshs	
a. Loans-AFD	3,097,428,323	89,825,421	164,122,968	16,939,500.00	3,334,437,212	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	162,665,135		5,666,168,865	
c. LOAN KfW-NST	1,708,517,113				1,708,517,113	
d. LOAN KfW-NCWDN	2,881,503,879				2,881,503,879	
e. Loan-AFD NTC	6,415,416,006				6,415,416,006	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	4,978,078,666				4,978,078,666	
i. Loan-AFD RUIRU II DAM	4,345,082,876				4,345,082,876	
j. LOAN-NAIROBI RIVER PHASE II	2,182,005,618				2,182,005,618	
k. LOAN-KARIMENU II DAM	18,377,380,715				18,377,380,715	
l. Loan-AFD Nairobi Water & Sanitation	337,342,994				337,342,994	
Total	68,607,463,855	171,157,989	326,788,103	16,939,500	69,088,470,446	
Loan Balances 2022/2023						
Loan	Principal loan amount	Interest charge for the year	Interest Balance as at 1/7/2022	Payments During the year	Total loan as at 30/6/2023	
a. Loans-AFD	3,080,488,823	89,334,176	253,948,389	16,939,500.00	3,406,831,888	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	243,997,702		5,747,501,432	
c. LOAN KfW-NST	2,146,776,971				2,146,776,971	
d. LOAN KfW-NCWDN	2,881,503,879				2,881,503,879	
e. Loan-AFD NTC	8,054,451,572				8,054,451,572	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	6,354,939,673				6,354,939,673	
i. Loan-AFD RUIRU II DAM	4,345,082,876				4,345,082,876	
j. LOAN-NAIROBI RIVER PHASE II	3,566,797,806				3,566,797,806	
k. LOAN-KARIMENU II DAM	22,276,629,812				22,276,629,812	
l. Loan-AFD Nairobi Water & Sanitation	341,855,527				341,855,527	
Total	77,333,234,604	170,666,743	497,946,091	16,939,500	77,984,907,938	

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Notes to the Financial Statements (Continued)

		2023	2022
		Kshs	Kshs
28.	Deferred Income-Long Term		
	ACP-EU	68,690,462	73,991,236
	KISSIP	157,673,079	163,246,979
	ADB	132,829,172	141,947,768
	Kajiado rural	1,957,250	1,957,250
	BADEA	1,006,999,580	1,033,004,477
	WSTF	250,000,000	250,000,000
	GOK	32,429,185,521	30,445,157,700
	AFD	2,921,129,658	2,550,719,772
	Ithanga Component I	1,005,327,568	1,005,327,568
	Ithanga Component II	864,400,195	864,400,195
	KfW-NCWDN	525,443,159	545,584,830
	Thika Githunguri	52,222,614	
	Total	39,415,858,258	37,075,337,775
29.	Accumulated Fund		
	Opening Balance	(1,177,629,797)	(486,401,740.18)
	Prior year		
	Surplus for the period	(353,954,120)	(691,228,057)
	Total	(1,531,583,917)	(1,177,629,797)
30.	GoK cash receipts Recurrent		
	Bank	372,499,999	422,833,333
	Less amount not received by end of the year		
	Total	372,499,999	422,833,333
31.	Receipts from WSPs		
	Opening balance	4,486,048,000	4,486,048,000
	Billing in the year	252,440,649	16,939,500
		4,738,488,649	4,502,987,500
	Closing balance	4,721,549,149	4,486,048,000
	Total	16,939,500	16,939,500
32.	Miscellaneous Receipts during the year		
	Receipts from Miscellaneous Income		
	Miscellaneous	12,999,647	66,020,507
	Receivable insurance reimbursement	(7,007,405)	
	Interest on and deposits	269,371,331	56,799,122
	Total	275,363,573	122,819,629
33.	Cash paid for employee compensation		
	Employee costs	281,506,213	286,401,695
	(Increase)/ Decrease in payroll creditors	4,841,284	0
	(Increase)/ Decrease in employee entitlements	54,278	0
	Total	286,401,775	286,401,695

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		2023	2022
		Kshs	Kshs
34. Cash paid for Use of Goods and Services			
Administration costs		140,928,436	143,732,257
Increase/(Decrease) in inventory		(1,050,406)	-
Increase/(Decrease) in prepayments		7,683,473	0
Tax on interest income		40,398,717	9,017,367
Corporation Tax			28,855,536
Total		187,960,220	181,605,160
35. Cash paid for directors remuneration & Board expenses			
Directors honoraria, allowances and other expenses		21,663,486	19,344,317
Total		21,663,486	19,344,317
36. Cash paid for operation and project costs			
Operation expenses		139,903,774	170,746,450
Project costs		69,749,152	64,587,196
(Increase)/Decrease in creditors			
Less Operation expenses paid as direct payments		(28,456,343)	-60,454,187
Total		181,196,583	174,879,459
37. Cash paid for Purchase of property, plant, equipment and intangible assets			
Cost of PPE purchased		11,254,972,324	30,305,759,451
Cost of Intangible assets Purchased		10,000,000	
WIP adjustment/(disposals)			
Total		11,264,972,324	30,305,759,451
38. Cash proceeds from sale of property, plant, equipment and other items			
Value of disposed items		-	5,329,207
Receivables on disposal		4,450,752	4,505,902
Total		4,450,752	823,305
39. Increase/(decrease) in non-exchange receivables			
Other Debtors		(1,277,927,751)	(4,505,902)
Receivable 4th Quarter		(721,750,000)	
Receivables on disposals		91,000	-
Receivable SBM-KIDIC		500,000	
Staff Debtors		4,973,638	-
Advance payments		3,764,535,242	-
Transport operating deposit		-	(32,833,333)
Rent Deposit		-	-
Fuel Deposit		(1,500,000)	
Total		1,768,922,128	(37,339,235)
40. Payments to Creditors			
Closing creditor balance		3,683,496,566	4,826,634,250
Opening creditor balance		4,826,634,250	3,444,352,950
Total		-1,143,137,684	1,382,281,300

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		2023	2022
		Kshs	Kshs
41.	Proceeds from borrowings		
	Closing balance	77,984,907,938	69,088,470,446
	Add loan repayments in the year	16,939,500	16,939,500
	Less interest charge for the year	170,666,743	171,157,989
	Less Opening balance	69,088,470,446	54,672,600,263
	Loan amount received during the year	8,742,710,248	14,261,651,695
42.	Repayment of borrowings		
	Bank-AFD loan repayment	16,939,500	16,939,500
	Total	16,939,500	16,939,500

43. Increase/Decrease in deferred income					
	Increase in deferred income	Opening balance	Transfer to Grant income	closing balance	Increase /(Decrease) in deferred income 2021/22
	IDA short-term	1,704,675	1,701,792	2,883	-
	Kajiado rural	2,281,200	323,950	1,957,250	-
	GOK	19,621,236,252	319,958,605	25,930,027,645	6,628,749,999
	AFD	2,055,900,000	66,340,114	2,617,059,886	627,500,000
	WASSIP	8,281,070	8,190,966	90,104	-
	ACP-EU	84,606,596	5,307,680	79,298,916	-
	ADB	156,429,791	7,426,624	149,003,167	-
	KISSIP	174,394,779	5,573,900	168,820,879	-
	BADEA	573,264,021		1,033,004,477	459,740,456
	Ithanga Component I	1,005,327,568		1,005,327,568	-
	Ithanga Component II	753,324,315		864,400,195	111,075,880
	deferred Income-WSTF Non-current			250,000,000	250,000,000
	Total	24,436,750,267	414,823,631	32,098,992,970	8,077,066,335

	Increase in deferred income	Opening balance	Transfer to Grant income	closing balance	Increase /(Decrease) in deferred income 2022/23
	Kajiado rural	1,957,250		1,957,250	-
	KfW-NCWDN	545,584,830	20,141,671	525,443,159	-
	GOK	30,445,157,700	210,972,178	32,429,185,521	2,194,999,999
	AFD	2,550,719,772	66,340,114	2,921,129,658	436,750,000
	ACP-EU	73,991,236	5,300,774	68,690,462	-
	ADB	141,947,768	9,118,596	132,829,172	-
	KISSIP	163,246,979	5,573,900	157,673,079	-
	BADEA	1,033,004,477	26,004,897	1,006,999,580	-
	Ithanga Component I	1,005,327,568		1,005,327,568	-
	Ithanga Component II	864,400,195		864,400,195	-
	WSTF non-current	250,000,000		250,000,000	-
	Thika Githunguri			52,222,614	52,222,614
	Total	37,075,337,775	343,452,130	39,415,858,258	2,683,972,613

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Notes to the Financial Statements (Continued)

44. Surplus Remission

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

45. Taxation

	2022-2023	2021-2022
	Kshs	Kshs
Income tax paid during the year	(40,398,717)	(37,871,212)
At end of the year	(40,398,717)	(37,871,212)

Although AWWDA is not taxable, the Agency earned interest income which is considered a specialised source of income and is eligible to 30% tax charge regardless of the financial position of the organization.

Notes To the Financial Statements (Continued)

46. Cash Generated from Operations

Description	2022/23	2021/22
	Kshs	Kshs
Surplus for the year before tax	(353,954,120)	(691,228,057)
Adjusted for:		
Depreciation	755,445,737	720,228,858
Non-cash grants received	(371,908,473)	(386,322,329)
Non-Cash project costs	28,456,343	60,454,187
Contributed assets	-	-
Impairment		
Gains and losses on disposal of assets	-	(5,329,207)
Contribution to provisions	12,911,961	(1,432,943)
Contribution to impairment allowance		
Finance income		
Finance cost	170,666,743	171,157,989
Working capital adjustments		
Increase in inventory	1,050,406	-
Increase in receivables	(247,404,119)	38,896,987
Increase in Prepayments	(7,683,473)	-
Increase in deferred income	-	-
Increase in payables		
Increase in payments received in advance	-	
Net cash flow from operating activities	(12,418,993)	(93,574,515)

47. Financial Risk Management

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

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Notes to the Financial Statements (Continued)

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2023				
Receivables from exchange transactions	4,721,549,149	235,501,149	4,249,970,542	236,077,457
Receivables from non-exchange transactions	6,414,809,109	6,414,809,109		
Bank balances	3,137,687,765	3,129,824,788		7,862,977
Total	14,274,046,022	9,780,135,046	4,249,970,542	243,940,434
At 30 June 2022				
Receivables from exchange transactions	4,710,350,400		4,486,048,000	224,302,400
Receivables from non-exchange transactions	8,181,174,585	8,181,174,585		
Bank balances	2,375,100,528	2,367,237,551		7,862,977
Total	15,266,625,513	10,548,412,136	4,486,048,000	232,165,377

Notes to the Financial Statements (Continued)

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2023				
Trade payables	143,972,951	35,183,513	3,504,340,102	3,683,496,566
Provisions	1,136,904		4,257,384	5,394,288
Deferred income			0	0
Employee benefit obligation	476,831		13978	490,809
Total	145,586,686	35,183,513	3,508,611,463	3,689,381,663
At 30 June 2022				
Trade payables	1,221,625,368	244,756,131	3,360,252,751	4,826,634,250
Provisions			237,350,761	237,350,761
Deferred income			0	0
Employee benefit obligation	5,386,371			5,386,371
Total	1,227,011,739	244,756,131	3,597,603,512	5,069,371,382

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

AWWDA has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. AWWDA's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

AWWDA has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. Since most of such contracts are development partner funded, AWWDA has mitigated the risk by enforcing direct payments as the preferred method of disbursement hence minimizing the exposure. AWWDA did not have foreign denominated monetary assets as at 30 June 2023

Notes to the Financial Statements (Continued)

Financial Risk Management

AWWDA did not have any foreign currency-denominated monetary assets and monetary liabilities at the end of the reporting period.

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates whenever placing any deposits on call or fixed deposits. Majority of the Agency's current accounts do not attract interest. Additionally, AWWDA did not have any loans with commercial banks during the year under review

Financial Risk Management

Sensitivity analysis

The Entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

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

AWWDA did not have any financial instruments during the 2022/2023FY

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Financial Risk Management

The Agency did not have any financial and non-financial assets recorded at fair value because all the assets are recorded at cost.

iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Revaluation reserve	-	
Retained earnings	(1,531,583,918)	(1,177,629,797)
Total assets	119,803,432,378	110,055,549,809
Total funds	118,271,848,461	108,877,920,012
Total borrowings	77,984,907,940	69,088,470,449
Less: cash and bank balances	(3,137,687,765)	(2,375,100,528)
Net debt/(excess cash and cash equivalents)	74,847,220,175	66,713,369,921
Gearing	63%	61%

48. Related Party Disclosures

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.

Government of Kenya

The Government of Kenya is the principal shareholder of AWWDA, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Ministry of Water and Sanitation;
- iv) Water Services Regulatory Authority
- v) Water Service Providers;
- vi) County Governments of Nairobi, Kiambu and Murang'a
- vii) Key management;

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viii) Board of directors;

	2022/2023	2021/2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	N/A	N/A
Rent income from govt. Agencies	N/A	N/A
Water sales to govt. Agencies	N/A	N/A
Others (specify) e.g. interest and bank charges	N/A	N/A
Total		
B) purchases from related parties		
Purchases of electricity from KPLC	4,466,927	3,629,316
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. Agencies		
Others (specify)		
Total	4,466,927	3,629,316
b) Grants /transfers from the government		
Grants from national govt	2,501,499,999	5,146,628,116
Grants from county government		
Donations in kind		
Total	2,501,499,999	5,146,628,116
c) Expenses incurred on behalf of related party		
N/A	-	-
N/A	-	-
Total		
d) Key management compensation		
Directors' emoluments	21,663,486	19,344,317
Compensation to key management	19,656,000	19,117,659
Total	41,319,486	38,461,976

49. Segment Information

AWWDA has no segments.

50. Contingent Assets and Contingent Liabilities

During the year 2022/2023FY AWWDA did not have any contingent assets or liabilities.

51. Capital Commitments

AWWDA all authorised capital commitments were implemented within the year.

52. Events after the Reporting Period

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

53. Ultimate And Holding Entity

Athi Water Works Development Agency is a Semi- Autonomous Government Agency under the Ministry of Water, Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

54. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Long-Term Receivables from Exchange Transactions</p> <p>The statement of financial position as at 30 June, 2022 reflects long-term receivables from exchange transactions amounting to Kshs.4,486,048,000, as further disclosed in Note 20(b) to the financial statements. The amounts include receivables from by Nairobi City County Water and Sewerage Company totaling to Kshs.4,317,945,792 which has been outstanding for several years. Further, the amounts include receivables from Water Service Providers totaling to. Kshs.392,404,708 out of which 373,358,151 has been outstanding for over three (3) years. The provision for Bad and Doubtful debt of Kshs. 224,302,400 as reflected in Note 20(b) of the financial statement is considered inadequate. In the circumstances, the accuracy, completeness and recoverability of the long-term receivables from exchange transactions of Kshs.4,486,048,000 could not be confirmed.</p>	<p>We confirm the accuracy and completeness of the Kshs. Kshs.4,486,048,000. We further confirm that the provision of bad and doubtful debts amounting to Kshs.224,302,400 is in line with 5% general provision as per our debt management policy.</p> <p>In terms of recoverability, we confirm that the management has made several efforts in a bid to collect the debt including:</p> <ul style="list-style-type: none"> • Holding a meeting with NCWSC, WASREB and AWWDA • Holding a workshop in Naivasha with the Kiambu county WSPs together with the county leadership • Signing re-payment plans with NCWSC • Initiating the process to engage a professional debt collector through a board approval after guidance by WASREB • The Attorney General however advised that AWWDA should explore for alternative debt collection efforts in the spirit of intergovernmental relations Act; including mediation process incorporating the National Treasury and Planning, the Ministry of Water & 	Not Resolved	Ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>Sanitation and Irrigation, AWWDA and any other relevant agency. AWWDA was advised that engagement of a debt collector should be option as a last resort</p> <ul style="list-style-type: none"> • AWWDA wrote to the Ministry requesting for guidance on the collection of the outstanding debts • Further AWWDA has ensured the outstanding amounts have been incorporated in all the affected WSP's Tariffs as approved by WASREB 		
2.	<p>Long Term Receivables from Non-Exchange Transactions The statement of financial position as at 30 June, 2022 reflects receivables from non-exchange transactions amounting to Kshs.8,181,174,585. The amount includes advance payments amounting to Kshs.7,903,085,179 as disclosed in Note 21 to the financial statements. The amount includes advance payments of out of which outstanding advances of Kshs.2,768,709,591 due from twelve (12) contractors had not been recovered from certificates issued by contractors and whose completion are at between 2% to 85%. In the circumstances, the accuracy, completeness, and recoverability of the long-term receivables from non-exchange transactions of Kshs. 2,768,709,591 could not be confirmed.</p>	<p>Advance payments are recovered once the progress of works attain the disclosed threshold (between 20-30%) and are expected to be fully recovered by the time the works attain a completion rate of 90%. Recovery of the advance payments is therefore an ongoing process until such thresholds are attained. The Agency confirms full compliance to the contract provision in relation to validity of the advance guarantees and the periodical recovery of the same. Given that the advance payments are guaranteed monies and the recovery is done as required, we confirm that the recoverability of the said amounts is not in doubt.</p>	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	<p>Long outstanding Amounts Owed to Suppliers Review of accounts payables revealed long outstanding amounts owed to various creditors amounting to Kshs.4,826,624,250. The amounts include long outstanding payables amounting to Kshs.3,058,229,409 owed to suppliers and Kshs.161,419,134 owed to Kenta Revenue Authority in the form of Withholding Tax and VAT. However, penalties and Interest for non-remittance of taxes have not been factored in the financial statements. In the circumstances, the accuracy completeness and full settlement of the outstanding payables of Kshs3,219,648,543 could not ne confirmed.</p>	<p>AWWDA always pays creditors within the credit period for all approved payments. Out of the outstanding creditors balance a total of Kshs 3,703,458,828.19 (77%) relates to retention which is only payable upon the lapsing of the defects liability period and it continues to increase as more works get certified. The reported withholding tax and VAT amounts were current and they were since cleared upon receipt of the 4th Quarter exchequer in July 2022 together with all the other creditors which didn't relate to retention.</p>	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	Other matters			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Non-Execution of Governance Audit The Management did not subject the Agency to an annual governance audit as required by the Code of Governance. This is contrary to Governance Practice 1.13(1) of the Mwongozo: Code of Governance which stipulates that the Board in consultation with the Oversight Office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.</p>	<p>AWWDA had made provision for Governance Audit for the FY 2020/2021 in its approved board almanac, which was shared with the parent Ministry, Ministry of Water, Sanitation and Irrigation and the Oversight Authority – State Corporations Advisory Committee (SCAC) for appointment of the governance auditors to undertake the exercise. SCAC had not appointed the auditors and thus the audit had not been done by the close of the financial year. However, the delay in undertaking the governance audit, we confirm that there was no risk of abuse or bypassing of systems because the Agency has strong internal controls.</p>	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2.	The Agency's financial performance for the year under review reflects deficit of Kshs.691,228,057 (2021: deficit Kshs.562,253,418, 2020: deficit Kshs.605,978,830) resulting to decreased retained earnings of negative Kshs.1,177,629,797, negative Kshs.486,401,740 and Kshs.75,851,678 for 2022, 2021 and 2020 respectively. However, Management has not given explanations for posting deficits and reducing retained earnings which may result to failure to continue to sustain its services.	Being a non-commercial infrastructure development agency, the value of depreciable assets has continued to increase over time hence the high levels of depreciation expense (non-cash expense). As the depreciation provisions increase without commensurate revenue, it is expected that the Agency will continue to post higher deficits over time. We however confirm that the long-term sustainability of the Agency is not in doubt because the Agency has developed innovative ways of revenue generation including the Bulk water service provision and the Water Levy	Resolved	N/A

ENG. JOSEPH MUNGAI KAMAU
AG. CHIEF EXECUTIVE OFFICER

Date: 31/08/2023

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Appendix II: Projects implemented by Athi Water Works Development Agency

S/No	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Extension of Nairobi Water Supply (Northern Collector)	1107101300	World Bank & AFD	Apr 2014-Dec 2023	10,568	Yes	Yes
2	Nairobi Water Distribution Network Phase I	1107101000	KfW	Jul 2014-Dec 2021	4,266	Yes	Yes
3	Nairobi Satellite Towns Water and Sanitation Program	1107101100	KfW	Jul 2014-Dec 2023	2,781	Yes	Yes
4	Thika and Githunguri Water and Sanitation Project	1107108100	DANIDA	Jul 2017-June 2024	215.50	No	Yes
5	Kenya Town Sustainable water Supply and Sanitation Programme - Athi	1107111400	AfDB	Mar 2017-Dec 2025	8,140	Yes	Yes
6	Nairobi Metro Area Bulk water sources - Karimenu II	1107111701	EXIM BANK	Jan 2018-Dec 2022	30,820	No	Yes
7	Nairobi Metro Area Bulk water sources - Ruiru II Dam	1107107100	DEUTCHE BANK	Jul 2017-Jan 2022	7,142	No	Yes
8	Ithanga Water supply Phase III	1107109900	BELGIUM	Sept 2017-Sept 2020	576	No	Yes
9	Nairobi Rivers Basin Rehabilitation and Restoration Programme: Sewerage Improvement Project: Phase II	1109102101	AfDB	Nov 2018- Feb 2023	8,279	Yes	Yes
10	Nairobi Inclusive sanitation project	1109121600	AfDB	Jul-2020- June 2023	172.50	Yes	Yes
11	Expansion Works for Dandora Estate Sewage Treatment Plant (Ruai)	1109121300	GOK		730.00	No	Yes
12	Nairobi Water and Sanitation Project, CKE 1135	1109122000	GOK		1,367.50	No	Yes
13	Nairobi City regeneration Programme	1109113300	GOK		2,460.00	No	Yes

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S/No	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
14	Murang'a cross county water supply project	1109125702	GOK		200	No	Yes
15	Kiambu cross county water supply project	1109125701	GOK		200	No	Yes
					77,917		

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	1109101000 Nairobi Water Distribution Network Phase I	4,265.60	4,296.00	100%	60.00	26.26	KfW
2	1109101100 Nairobi Satelite Towns Water and Sanitation Program	2,780.50	2,637.00	80%	276.50	422.14	KfW
3	1109101300 Extension Of Nairobi Water Supply (Northern Collector)	10,568.00	9,068.00	85%	1,539.00	1,564.39	AFD
4	1109102100 Nairobi Rivers Restoration Basin Programme- Phase 2	8,278.90	3,336.00	52%	1,650.00	1,626.90	AfDB
5	1109107100 Nairobi Metro Area Bulk water sources - Ruiru II Dam	7,142.00	1,058.00	5%	263.00	-	Deutsche Bank -EPC-F
6	1109108100 Thika and Githunguri Water and Sanitation Project	215.50	159.00	3%	1,581.50	70.27	Danida

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SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
7	1109109900 Ithanga Water supply Phase III	576.00	350.00	8%	205.00	115.18	Belgium
8	1109111400 Kenya Towns Sustainable Water Supply & Sanitation Programme - Athi	8,140.00	7,031.00	65%	2,475.00	1,864.71	AfDB
9	1109107300 Nairobi Metro Area Bulk water sources - Karimenu II	30,820.00	3,025.00	90%	5,060.00	4,535.33	China Exim Bank
10	1109113300 Nairobi City Regeneration Programme	2,460.00	2,460.00	85%	85.00	135.13	GoK
11	1109121300 Expansion works for Dandora Estate Sewerage Treatment	730.00	1,362.00	94%	450.00	615.99	GoK
12	1109121600 Nairobi Inclusive Sanitation Improvement Project	172.50	25.00	95%	27.50	18.08	AfDB
13	1109122000 Nairobi Water and Sanitation Project, CKE 1135	1,367.50	360.00	20%	4,237.50	217.43	AFD
15	Athi WWDA Projects : Kiambu	200.00		0%	100.00	37.79	GoK
16	Athi WWDA Projects : Muranga	200.00		0%	100.00	52.13	GoK
	Total	77,916.50	35,167.00		18,110.00	11,301.73	

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Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans	
Ministry of water sanitation and irrigation	4-Aug-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	9-Sep-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	9-Oct-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	15-Nov-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	13-Dec-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	5-Jan-23	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	6-Feb-23	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	23-Mar-23	Recurrent	15,000,000	15,000,000					15,000,000
Ministry of water sanitation and irrigation	31-Mar-23	Recurrent	17,500,000	17,500,000					17,500,000
Ministry of water sanitation and irrigation	14-Apr-23	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	6-Jun-23	Recurrent	15,833,333	15,833,333					15,833,333
Ministry of water sanitation and irrigation	29-Jun-23	Recurrent	15,833,333	15,833,333					15,833,333
Ministry of water sanitation and irrigation	30-Jun-23	Recurrent	15,833,333	15,833,333					15,833,333
Ministry of water sanitation and irrigation	29-Sep-22	Development Funds - 1st Quarter	939,000,000			939,000,000			939,000,000
Ministry of water sanitation and irrigation	29-Sep-22	Groundwater exploration, cross county, water for schools	14,000,000			14,000,000			14,000,000
Ministry of water sanitation and irrigation	22-Feb-23	Nothern collector tunnel	312,250,000			312,250,000			312,250,000

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans	
Ministry of water sanitation and irrigation	15-Mar-23	Nothern collector tunnel	124,500,000			124,500,000			124,500,000
Ministry of water sanitation and irrigation	12-May-23	Kenya Towns Programme	50,000,000			50,000,000			50,000,000
Ministry of water sanitation and irrigation	6-Jul-23	Development Funds - 4th Quarter	721,750,000			721,750,000			721,750,000
Satellite Town -KfW	Various	Direct Payment	359,653,169					359,653,169	359,653,169
Kenya Towns Programme (KTSWSSP)	Various	Direct Payment	1,442,409,139					1,442,409,139	1,442,409,139
Karimenu II Dam	Various	Direct Payment	3,899,248,972					3,899,248,972	3,899,248,972
Narsip II	Various	Direct Payment	1,930,238,444					1,930,238,444	1,930,238,444
Ithanga	Various	Direct Payment	114,606,562					114,606,562	114,606,562
NISIP	24-Apr-23	Direct Payment	18,076,920	18,076,920			18,076,920		18,076,920
NCT Phase I	Various	Direct Payment	667,381,444					667,381,444	667,381,444
Total			10,933,114,648	358,076,919	0	2,161,500,000	18,076,920	8,413,537,729	10,933,114,648

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Appendix V- Inter-Entity Confirmation Letter

The Agency did not make transfers to other agencies within the year

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Source Of Funds				Implementing Partners
				Q1	Q2	Q3	Q4	
Catchment protection around the Karimenu II Dam	Tree planting Within the project. Borrow pits A, B and Quarry A Borrow pits C and Coffee factory Site	Catchment protection	Planted 3,600 trees		3,393,170.00			AWWDA, Stanbic Bank, Judiciary, Rodi Kenya and RUJWASCO
Tree planting around the Sasumua Dam	Contribution to the 15 billion tree planting government initiative	Forest cover restoration	Tree planting		50,000			AWWDA, Nairobi and Murang'a water and Central Rift Water Works Agency
Tree planting in Lamu County	Contribution to the 15 billion tree planting government initiative	Forest cover restoration	Tree planting			100,000		AWWDA Ministry of water and Irrigation, Lamu County, Coast Water and Sewerage Company and Water Trust Fund and community
Tree planting with Itare Dam area	Contribution to the 15 billion tree planting government initiative	Forest cover restoration	Tree planting			100,000		AWWDA Ministry of Water and Irrigation, county government and water service providers and community
Supply and delivery of branded plastic water tanks to schools		Enhancement of roof catchment	Supply and delivery of branded 6000L tanks to schools around the AWWDA's area	1,081,000.23				AWWDA

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Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments