

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 14 MAR 2024 DAY: *Tuesday*
TABLED
CLERK AT THE TABLE:
*Hon Naomi Wago, mp
Deputy Majority Whip
A. Shibusko*

REPORT

OF

THE AUDITOR-GENERAL

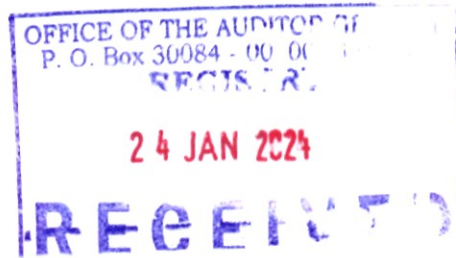
ON

**REGIONAL CENTRE ON GROUNDWATER
RESOURCE EDUCATION, TRAINING AND
RESEARCH IN EAST AFRICA
(RCGWRET&REA)**

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

PARLIAMENT
OF KENYA
LIBRARY





**Regional Centre on Groundwater
Resources Education, Training & Research**
OASIS OF GROUNDWATER KNOWLEDGE

**REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION
TRAINING AND RESEARCH IN EASTERN AFRICA**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2023**

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Table of Contents.....

1. Acronyms, Abbreviations and Glossary of Terms.....

2. Key Entity Information Management.....

4. The Board of Directors.....

4. Key Management Team.....

5. Chairperson's Statement.....

6. Report of the Chief Executive Officer.....

8. Corporate Governance Statement.....

9. Management Discussion and Analysis.....

10. Environmental and Sustainability Reporting.....

11. Report of the Directors.....

12. Statement of Directors' Responsibilities.....

13. Report of the Independent Auditors for The Regional Centre on Groundwater Resources
Education Training and Research.....

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

15. Statement of Financial Position as at 30 June 2023.....

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

17. Statement of Cash Flows for the year ended 30 June 2023.....

18. Statement of Comparison of Budget and Actual Amounts for year ended 30 June 2023.....

19. Notes to the Financial Statements.....

20. Appendices.....

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
RCGW	Regional Centre on Groundwater Resources
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank

B: Glossary of Terms

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

Comparative Year- Means the prior period.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

2. Key Entity Information Management

(a) Background information

The Regional Centre on Groundwater Resources Education Training and Research was formed through Legal Notice No. 252 of 18th December 2015. This was the culmination of a Memorandum of Understanding signed between the Kenya Government and UNESCO to set up a Category 2 Centre in the country to spearhead research and education on groundwater resources. This is a State Corporation under the Ministry of Water, Sanitation, and Irrigation. At the policy level, the Centre is headed by the Chairperson of the Board of Directors who is responsible for policy and strategic direction of the Centre.

(b) Principal Activities

The principal activities of the Centre are to carry out research, capacity building and education/ public Awareness on groundwater resources occurrence and its status.

(c) Key Management

The Regional Centre on Groundwater Resources Education Training and Research's Day to day management is under the following key organs:

1. The Board of Management
2. Chief Executive Officer
3. Senior Management

(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.	Chief Executive Officer	Mrs. Agnes W. Mbugua
2.	Head of Research	Mr Patrick Murunga
	Head of Capacity Building	Mr. Samwel Kamau
	Head of Technical	Mr Frank Mcharo
3.	Head of Finance and Accounts	CPA John Mbugua
		CPA Fredrick Njuki
4.	Head of Administration	Mr. Edward Nyabiba Mokweri
		Mr Benson Kimotho
5.	Head of Supply Chain Management	Mr. Brian Letuati
6.	Head of Internal Audit	CPA. James Areba
		CPA Janiffer Ndibaru

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

RCGW's oversight responsibility is vested in the;

- 1) Board of Management which had 7 members.
- 2) Research, Education and Training Committee which had 3 members.
- 3) Finance and Administration Committee which had 3 members.
- 4) Audit and Risk Committee which had 3 members.

(f) Entity Headquarters

Regional Centre on Groundwater Resources Education Training and Research
Bishop Rd, NSSF Building Blok A 16th Floor Western-Wing
P. O. Box 41156-00100
Nairobi, KENYA

(g) Entity Contacts

Tel: 020 8008004
Cell No.: +254-722606830
Email: info@rcgw.go.ke
Website: www.rcgw.go.ke

(h) Entity Bankers

Kenya Commercial Bank of Kenya
Moi Avenue
P.O. Box 30081, GPO 00100
NAIROBI, KENYA

(i) Independent Auditors

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**



4. The Board of Directors

Ref	Directors	Details
1.	 <p data-bbox="675 992 1002 1084">Ms. Rhoda Amimo Murwa Board Chairperson</p>	<p data-bbox="1106 539 1584 808">Ms. Rhoda is a highly experienced project management professional with over 30 years of project management experience in both public and private sectors. She has a diverse background in industries such as banking, academia, real estate, pension funds, and not-for-profit organizations.</p> <p data-bbox="1106 860 1584 1285">She is a PhD candidate in Project Management, holds an MBA in Operations Management, a Master's degree in Land Economics, a post-graduate Diploma in Property Valuations and Management, a Certificate in International Diploma in Supply Chain Management. Additionally, she is a trained trainer with the International Trade Centre in Supply Chain Management and holds certifications in ISO 9001 Internal Audit, Health and Safety Internal Audit, and Corporate Governance among others.</p> <p data-bbox="1106 1337 1584 1525">Rhoda has honed her skills in various areas including project management, supply chain management, asset valuation, real estate management, training, resource mobilization, and board experience.</p> <p data-bbox="1106 1576 1584 1644">In her free time, Rhoda enjoys gardening and serving in her church and the wider community.</p>



**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

2.	 <p style="text-align: center;">Geol. Elema Isacko Fila Independent Board Member Chair Education and Research Committee of the Board</p>	<p>Geol. Elema Isacko Fila is a Practicing Geologist with over 31 years' experience in Groundwater matters. He holds a BSc. (Combined Hons) in applied and Environmental Geology from University of Plymouth (UK) and Diploma in Water Technology from KEWI.</p> <p>He has worked in the northern Kenya and Turkana for the Ministry of Water and Irrigation being the Lead Expert in Groundwater exploration and drilling and community water supply.</p> <p>For over 10 Years, he has worked as the water advisor of Catholic Diocese under MISEREOR a Germany funded water project. Mr.Elema earlier worked as a Board Member in Kirdi and Ewaso North. He has over 10 years experience in Oil and Gas exploration having served as stakeholder engagement manager for Tullow Oil Exploration company in Marsabit and Turkana.</p> <p>He is an Independent Board Member</p>
3.	 <p style="text-align: center;">Eng. Wambutura Justus Gitobu Independent Board Member Chair Finance and Administration Committee of the Board</p>	<p>Engineer Gitobu holds of B.Sc. Electrical Engineering from University of Nairobi, M. B.A Strategic Management from University of Nairobi and a member of IEEE.</p> <p>He has over 44 years' experience in the private and public sector. Having served in the Board of Kenya Maritime Authority, Turkana University Council gives him vast experience in Board governance.</p> <p>He is an Independent Board Member</p>



**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

4.	 <p>Mr. Kungu Waweru Independent Board Member Chair Audit and Risk Committee of the Board</p>	<p>Mr. Kungu Waweru holds a B.Sc. (Gen) from the University of Nairobi. He has over 40 years' experience in public and private sector in which; For 7 years he worked at Kenya Power and Lighting Company Limited as Computer programmer/system analyst, 4 years at Mutual Insurance Company as the Computer Manager, 10 years at Sterling Winthrop as Management Information Manager and finally has been employed for over 25 years. He is an Independent Board Member</p>
5.	 <p>Vainadu Titus Zakayo Ingana Board Member Representing the PS University Education and Research</p>	<p>Vainadu Titus Zakayo Ingana is a holder of Bachelors and master's Degrees in Geology from the University of Nairobi. He is currently employed as Head of Research, Science and Technology (RST) in the Ministry of Education. Ingana consults in amongst others; Leadership and management, Strategic management, Human resource, Business and Policy planning, Performance contracting, Occupational Health and Safety Audits (OHS), Research and Development (R&D), Innovation commercialization, etc. He has worked as a Consultant in Rwanda and as United Nations (UN) Advisor in Timor Leste under the programme.</p> <p>Ingana has authored thirty-one (31) Books in various fields; which include Literature, Research and Development, Corporate governance, Leadership and management, Politics, Human resource, religious studies, Strategic planning, Brain drain and Brain Entrepreneurship and innovation, Policy formulation, Knowledge-based Economy etc. His Books, "The Politicians Speech" is being prepared to be acted as a Movie. On the other side, Ingana was ordained in the position of Vainadu in December 2020. This is a position above Archbishop for 5-fold ministry</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

		<p>firmworders' Church whose headquarters is Kenya. He represents the Principal Secretary, State Department of Higher Education and Research, Ministry of Education on the Board of Research Centre for Ground Water-RCGW.</p>
6.	 <p>Mr. Feisal Mohammed Board Member Representing the CS, National Treasury</p>	<p>Mr. Feisal Mohammed is a Public Finance management specialist at the National Treasury, with an interest in public policy and public finance with over 10 years' experience in the area. He is a holder of MSc. Political Economy, Merit, London school of Economics and BSc. (Hons) Financial Mathematics 1st Class. Currently, he's assistant director financial and sectoral affairs at the National Treasury where he is the deputy head Global fund unit. Prior to this, was senior fiscal Analyst at the Office of Controller of Budget. Mr Feisal has been a Research assistant at Strathmore University Governance Centre and London School of Economics, Centre for Economic Performance. He is a Member of Institute Certified Investment and Financial Analysts (ICIFA). He is the Alternate of the CS, National Treasury.</p>
7.	 <p>Geol. Gichangi Wotuku Board Member Representing the PS, Ministry of Water, Sanitation, and Irrigation</p>	<p>Geol. Gichangi Wotuku was born holds a B.Sc. Geology from the University of Nairobi.</p> <p>Currently, he is the Deputy Director, Groundwater Resources Division in the Department of National Water Resources, Ministry of Water and Sanitation & Irrigation and also the Project Co-ordinator, Horn of Africa Groundwater for Resilience Project.</p> <p>He has over 26 years' experience Water and Sanitation & Irrigation and working as a Geologist in the Public Sector with extensive knowledge in Policy formulation on Water Resources Management, Groundwater Data Management, Hydrogeological Surveys, Drilling</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

		<p>& Equipping of boreholes and Borehole infrastructure development.</p> <p>He is the Alternate of the Principal Secretary Ministry of Water and Sanitation & Irrigation</p>
8.	 <p>CS. James Musee Nduna Corporate Secretary</p>	<p>James Musee Nduna is an Advocate of the High Court of Kenya admitted to the Bar 28th November 1996. He is certified Secretary of 27 years standing since 1996. He holds an LLB from the University of Nairobi and an MBA from USIU-A. an academic and professional qualification</p> <p>James is a career civil servant with over 25 years experience in the public sector having served as a Magistrate, Corporation Secretary and Registrar of companies. He is currently State Counsel in the State Law Office of the Ministry of water as the Director of Services.</p>
10.	 <p>Geol. Agnes W. Mbugua Chief Executive officer, Regional Centre on Groundwater Resources Education Training and Research</p>	<p>Geol. Agnes Mbugua holds an MSc.in Hydrogeology and Groundwater Management and BSc.in Geology from UON. She is a member of Geological Society of Kenya, Geological Registration Board and Licensed Qualified Professional (Hydrogeologist)</p> <p>She is the Chief Executive officer, Regional Centre on Groundwater Resources Education Training and Research, having worked in the Water sector in the last 25 years in various capacities. Previously headed the Research Data Division as a Chief Water Researcher coordinated several groundwater mapping/research programmes both at National and Regional level including assessment of groundwater potential, borehole site investigations in various locations in the</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

		<p>She held the position of the UNESCO desk officer at the Ministry of Water, Technical contact person at the office of UNESCO Special Envoy for Water in Africa (The 3rd President of Republic of Kenya), Task Force Member in development of UNESCO-IHP 9th Strategic Plan and National and Regional International Atomic Energy Agency (IAEA) Technical Cooperation Programmes Coordinator of Isotope Hydrology projects in the water sector.</p>
--	--	--

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**


4. Key Management Team

	Management	Details
1.	 <p>Geol. Agnes W. Mbugua Chief Executive officer</p>	<p>Geol. Agnes W. Mbugua holds an MSc.in Hydrogeology and Groundwater Management BSc.in Geology from UON. She is a member Geological Society of Kenya, Geological Registration Board and Licensed Qualified Resource Professional (Hydrogeologist). She is Chief Executive officer, Regional Centre on Groundwater Resources Education Training; Research having worked in the Water sector last 24 years in various capacities.</p>
2.	 <p>Mr. James Musee Nduna LLB and MBA Corporate Secretary</p>	<p>James Musee Nduna is an Advocate of the Court of Kenya admitted to the Bar 28 years. He is certified Secretary of 27 years standing since 1996. He holds an LLB from the University of Nairobi and an MBA from USIU-A. among other academic and professional qualifications.</p> <p>James is a career civil servant of over 20 years experience in the public sector having served as a Magistrate, Corporation Secretary and Deputy Registrar of companies.</p>
2.	 <p>Geol Patrick M. Wakhungu BSc, MSc, R. Geol, FGSK, MEIK</p>	<p>Geol. Patrick Murunga Wakhungu is a registered hydrogeologist with over 15 years experience in geology, hydrogeology, the academia, and research activities. Mr. Murunga is also a remote sensing analyst with a bias in groundwater resources development and modelling projects. He has a master's in Geoinformation science from University of Twente in the Netherlands and a bachelor's degree in Geology from the University of Nairobi. He also holds a Diploma in Water Engineering from KEWI. Currently he is an Assistant Director for groundwater research and mapping at Regional Centre on Groundwater Resources Education Training and Research</p>




**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	<p>In charge of Research and Mapping,</p>	<p>(RCGW). Prior to this, he was Assistant Lecturer at Tharaka University, Dean of Students at KEWI Chiakariga Campus and Assistant Hydrogeologist at Earth Water Limited.</p> <p>Patrick has taken leading roles in many research and consultancy projects as well as outreach and CSR activities. Besides hydrogeology and GIS, his research interests have also focused on water engineering, meteorology, and chemistry. His professional experience includes projects in the East Africa region especially in Somaliland, Rwanda, South Sudan, Uganda and Kenya to ensure improvement in water supply systems and processes in WASH programs He is a member in good standing with the Geological Registration Board (GRB), Geological Society of Kenya (GSK), and Licensed Qualified Water Resource Professional (Hydrogeologist) and Environmental Institute of Kenya (EIK)</p>
<p>3.</p>	<div data-bbox="343 1220 746 1659" data-label="Image"> </div> <p>Geol Samwel M. Kamau and Geospatial Technology Geological Engineering, Groundwater In charge of Capacity Building</p>	<p>Mr. Samwel holds a BSc. degree in Geology from the University of Nairobi-Kenya and an MSc. degree in Engineering and Environmental Geology from the University of Twente in the Netherlands (Faculty of Geo-Information Science and Earth Observation-ITC). Mr. Samwel has previously worked on a number of projects related to groundwater exploration and mapping, sustainable management of natural resources, mapping of water resources in Arid and Semi-Arid Lands (ASALs), data analytics and geostatistics, spatial modelling, water, sanitation, and hygiene (WASH) projects, spatial epidemiology, and the use of geo information technology in the management of natural resources.</p> <p>Samwel has experience working with a wide range of organizations, including the national</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

		<p>government, county governments, non-governmental organizations, the commercial sector, and institutions of higher learning.</p> <p>He has more than ten years of experience in development and management of training and capacity-building programmes, with a focus on instilling knowledge and technical expertise in groundwater exploration, geohazards assessment, environmental assessment, geospatial modeling, research project development and management, implementation of UN Sustainable Development Goals (SDGs), geodatabase management, and geotechnical investigations. Samwel is a professional member of the Geological Society of Kenya (GSK) and is presently the department head for Training and Capacity Building (TCB) at the Regional Centre on Groundwater Resources (RCGW) as well as the project coordinator for the Horn of Africa Groundwater for Resilience (HoAHW4RP) (2022-2027).</p>
4.	 <p>CPA Fredrick Njuki MBA Finance, BSc. H&I Management, CPA(K)</p>	<p>CPA Fredrick Njuki holds a master's in business administration (MBA Finance), BSc. H&I Management, CPA-K and is an active member of the Institute of Certified Public Accountants of Kenya (ICPAK).</p> <p>He is in charge of Finance Department having 20 years' experience in the field.</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

<p>5.</p>	 <p>CPA Janiffer G. Ndibaru MSc Finance Ongoing, Bachelor of commerce Finance, CPA(K)</p>	<p>CPA Janiffer G. Ndibaru is currently pursuing MSc Finance. She holds Bachelor of Commerce in Finance, CPA-K and an active member of Institute of Certified Public Accountants of Kenya ICPAK and Institute of Internal Auditors of Kenya IIAK</p> <p>She is in charge of Internal Audit Department having over 15 years' experience in the field</p>
<p>7.</p>	 <p>Mr. Brian Letuati Kasura In Charge of Supply Chain Management</p>	<p>Mr. Brian Letuati Kasura holds a Bachelor of Business Administration major in Procurement, Supply chain and Logistics Management, Diploma in Business Management, CIPS and an active member of Chartered Institute of Procurement and Supply (MCIPS-UK)</p> <p>He is in charge of Procurement and Supply chain management operations having experience in the field.</p>
<p>8.</p>	 <p>Mr. Benson Kimotho Wanjiku Master of Public Policy, BSc Environmental Planning and Management</p>	<p>Mr. Benson Kimotho Wanjiku holds a Master of Public Policy, BSc Environmental Planning and Management option. NEMA Lead Expert and a Member of Environmental Institute of Kenya. He is in charge of administration, having over 10 years' experience in the field.</p> <p>In Charge of Corporate Services</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

5. Chairperson's Statement

It gives me great pleasure to present the Centre's Financial Report and Financial Statement for the year ending 30th June, 2023.

The Board and its organs

The board of Management was fully constituted with its 3 (three) Board Committees as follows:

- Research, Education and Training Committee
- Finance and Administration Committee
- Audit and Risk Committee.

Corporate Performance

During the period under review the Centre was able to achieve the following.

- a) The Centre maintained the bank accounts for Recurrent and Development Expenditure opened with authority from the National Treasury. This afforded the Centre a level of autonomy since it manages its own expenditure albeit with a bit of support from the Ministry.
- b) The Centre had a Budget of Kshs 99 million, that is 69 million Recurrent and 30 million development Budget, that was fully disbursed by the Ministry. Additionally, 7.7 million was disbursed under special request thus the Ministry transferred a total of Kshs 106.7 million to the Centre. In addition, the Centre received a special grant of Kshs 1,191,207 from UNDP. With this support the Centre was able to achieve most of its targets.
- c) Participation in Mid Term Expenditure Framework Planning meetings organized by the Ministry of Finance to prepare for the fourth Medium Term Plan (MTP). This was to ensure the Centre was captured in the Government Financial Planning Cycle for 2023/2024 financial year.
- d) Engagement of 21 staff on Permanent and Pensionable terms to boost staff capacity.
- e) Mentorship of deployed interns from Public Service (PSC) in keeping with the Government policy of exposing youths to practical work experience.
- f) The Centre implemented its five Performance Contract successfully by adhering to the set PC guideline under cycle 19.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Acknowledgement

I would like to extend my appreciation to the Cabinet Secretary and Principal Secretary from the parent Ministry for their guidance and support. I would also want to commend the Board of Directors, CEO and the Centre's staff for their dedicated service which enabled the Centre to operate despite many challenges.



**Ms. Rhoda Amimo Murwa
Chairperson, Board of Management**

Date: 22/01/24.....

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

6. Report of the Chief Executive Officer

I present the Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Report and Financial Statements for the FY 2022/2023. During this period, the Centre fared reasonably well as disbursements from the Government were received although sometimes, late. The biggest challenge that was faced by the Centre was Budgetary constraints and inadequate staffing levels. I am pleased to report that the Centre Management handled the challenges well through strict planning and prudent utilization of the available resources namely, Human, Systems, Financial and Physical Facilities; this was supported by financial and technical backstopping of the Parent Ministry. The key matters during the period under review are summarized as follows;

- **Inadequate funding:**

During the financial year, the Centre received Kshs 69 million recurrent budget, Kshs 30 million Development and Kshs 7.7 million under special request from the Ministry, totaling to Kshs 106.7 million. However, this budget was not adequate to cover the operation and maintenance costs or allow for hiring of adequate staff to boost staff capacity further. In addition, the Centre needs enough space and resources to operationalize its research, training and public awareness Facilities such as geophysical equipment, drilling rigs, test pumping units, field vehicles, Ground and Remote Sensing Laboratory, Data Base Equipment, Isotope Hydrology and Hydrochemical laboratories. This is hampered by lack of funds.

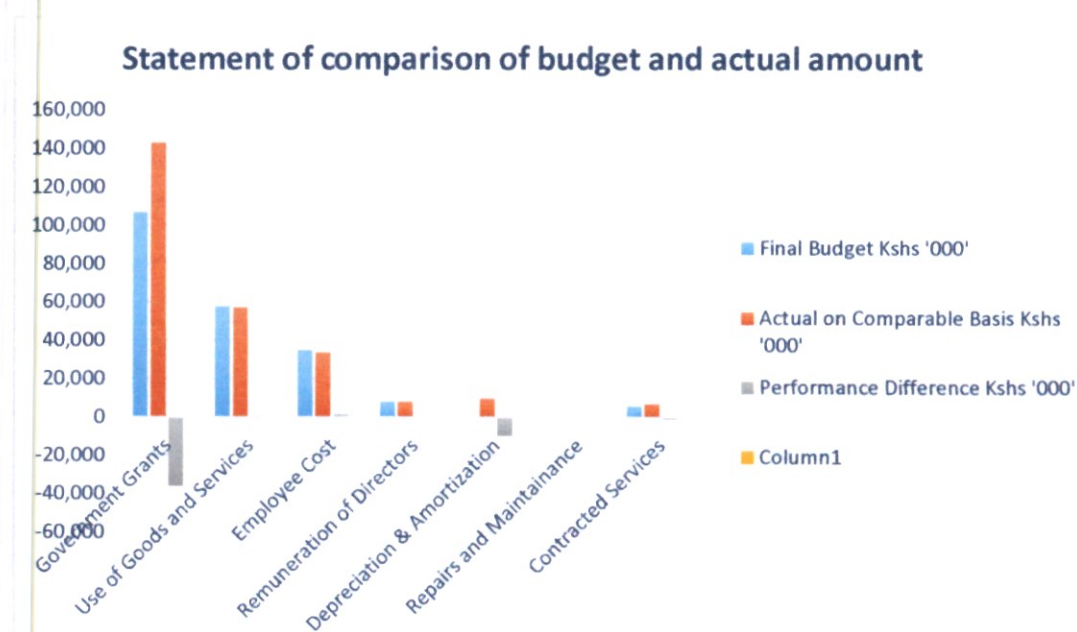
- **Inadequate staffing:**

Currently the CEO and 25 permanent and pensionable staff are the only substantive staff against an establishment of 83. To mitigate this gap the Centre has 4 staff deployed from the Parent Ministry, 7 interns and 5 contracted staff. The Centre has requested additional Personnel Emolument (PE) funding to enable it to fully operationalize and to minimize some of the shortcomings noted in the management level.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

• **Financial Results**

An illustration of Centre’s performance has been shown in **Graph 1.0**



Graph 1.0

Future Outlook

In the short time that the Centre has been in the existence, we take cognizant of the progressive allocation of recurrent budget and development budget over the years. Moving forward, this progressive allocation will enhance human resources capacity and enhance the initiated capital projects. However, allocation for implementation of programmes and development/improvement of research which is crucial for effective fulfilment of the Centre’s mandate was not addressed as expected.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Acknowledgement

I thank the Government through the Ministry of Water, Sanitation, and Irrigation for the financial and technical support. I would like to thank the Centre's board of Management for their leadership and guidance. I appreciate the contribution and support made by the Centre's departments, partners and stakeholders in the implementation of the programs. Finally, we could not have achieved this far without the staff teamwork, hence their cooperation is highly appreciated.



Geol. Agnes W. Mbugua (Mrs.)

Chief Executive Officer,

Regional Centre on Groundwater Resources Education Training and Research

Date: 22/01/2024

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

7. Statement of Performance against Predetermined Objectives for FY 2022/23

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

Regional Centre on Groundwater Resources Education Training and Research has four strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

- i) Training and Outreach
- ii) Research and Consultancy
- iii) Institutional Capacity
- iv) Partnerships and Collaboration

The Regional Centre on Groundwater Resources Education Training and Research develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Centre achieved its performance targets set for the FY 2022/23 period for its four strategic pillars.

Key Result Areas	Strategic Objectives	Strategies	Achievement
<ul style="list-style-type: none"> ▪ Training and Groundwater Outreach 	To Offer Quality training in groundwater development and management	<ul style="list-style-type: none"> • To develop training programmes in groundwater management and development 	<ul style="list-style-type: none"> • Training and civic education guidelines developed. • Training programmes in groundwater management and development highlighting key topics developed
		<ul style="list-style-type: none"> • To conduct training programmes in groundwater management and development 	<ul style="list-style-type: none"> • Conducted National and Regional Managed Aquifer Recharge (MAR) training sessions geared towards Water Banking, Increase water storage, Water Availability and for sustainable management of Groundwater resources. • Conducted training on the application of GIS tools, Remote Sensing, Google

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Result Areas	Strategic Objectives	Strategies	Achievement
			Climatic Engine Automatic Classi Earth Observation Landsat and Sent Satellite Images, Pro Resistivity M Hunan Pugj Geol Exploration (PQV equipment operat interpretation and manipulation for groundwater map the Application o science i.e Isotop hydrology for grc source/Origin,Ag and quality asses
	To enhance awareness on groundwater resources	<ul style="list-style-type: none"> • Develop groundwater awareness programmes. • To reach out to all levels of society with groundwater management information and best practices 	<ul style="list-style-type: none"> • Groundwater Pub awareness progra developed • Conducted Grou awareness forums: Ewaso Ng'iro (Ti Athi Basin (coast region), Lake Vic North (Kakamega counties) and Lak Victoria South Ca Areas (Kisumu & Bay counties) to j knowledge on Groundwater Res Management and groundwater cons protection, develc

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Result Areas	Strategic Objectives	Strategies	Achievement
			management & governance.
		<ul style="list-style-type: none"> Participate in relevant forums and articulate groundwater best practice 	<ul style="list-style-type: none"> Participated in twenty (20) regional forums.
<ul style="list-style-type: none"> Research and Consultancy 	To generate knowledge on groundwater resources	<ul style="list-style-type: none"> Validate and implement groundwater research guidelines NB: Registration with NACOSTI 	<ul style="list-style-type: none"> Developed Research, Consultancy, Training and Civic Education Guidelines
		<ul style="list-style-type: none"> Undertake research activities 	<ul style="list-style-type: none"> Collected preliminary data to determine Managed Aquifer Recharge (MAR) potential in Nairobi sub Basin in Athi Basin Area. Conducted hydrogeological, hydrochemical and hydrological assessment in Athi Basin (Loitokitok, south of Rhombo, Nairobi Aquifer, Tiwi), Rift Valley basin (Nakuru), Ewaso Ng'iro Basin, (Timau Catchment) and Tana Basin (Sasumua)
	To provide consultancy services on management and development of	<ul style="list-style-type: none"> Develop capacity for the Centre to offer consultancy services 	<ul style="list-style-type: none"> Professional staff at the Centre and in the region were trained on key areas of Groundwater Research, Management, and development

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Result Areas	Strategic Objectives	Strategies	Achievement
	groundwater resources	<ul style="list-style-type: none"> • Offer consultancy services in groundwater management and development 	<ul style="list-style-type: none"> • Developed consultancy guidelines
<ul style="list-style-type: none"> ▪ Institutional Capacity 	To Enhance Corporate Governance	<ul style="list-style-type: none"> • Enhance Effectiveness of the Board of Directors 	<ul style="list-style-type: none"> • Enhanced through appointment of sub-committees to ensure: <ol style="list-style-type: none"> i. Full participation of Board members in decision-making process. ii. Contribution of each member's unique expertise. iii. Delegated management to the sub-committees
		<ul style="list-style-type: none"> • Ensure Compliance with laws and policies 	<ul style="list-style-type: none"> • Developed institutional policies to ensure the Centre is in compliance with government guidelines
		<ul style="list-style-type: none"> • Create corporate image and customer experience 	<ul style="list-style-type: none"> • Protection and development of employees and customer relationships strengthened.
		<ul style="list-style-type: none"> • Enhance Centres Regional presence 	<ul style="list-style-type: none"> • Enhanced the Centre's Regional presence through active participation in national and regional forums and conducting public awareness forums in Athi River, Athi Valley, Tana, Athi Ewaso Ng'iro National Park to promote knowledge

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Result Areas	Strategic Objectives	Strategies	Achievement
			groundwater resources management.
		<ul style="list-style-type: none"> • Embrace Corporate Social Responsibility 	<ul style="list-style-type: none"> • Donated tree seedlings and sanitary towels in Meru, Kitui, Mombasa, Kwale, Taita Taveta and Kilifi Counties.
	To build Optimal Human Capacity	<ul style="list-style-type: none"> • Implement the approved staff establishment 	<ul style="list-style-type: none"> • Employed twenty six (26) staff on Permanent and Pensionable terms of service.
		<ul style="list-style-type: none"> • Undertake Human Resource development 	<ul style="list-style-type: none"> • Undertook both internal and external trainings for staff to build their capacity
		<ul style="list-style-type: none"> • Nurture a conducive working environment 	<ul style="list-style-type: none"> • Conducive and productive working environment for the staff nurtured by providing staff with adequate office space, working tools and other important amenities needed by staff to comfortably perform their duties effectively.
		<ul style="list-style-type: none"> • Establish performance management system 	<ul style="list-style-type: none"> • Signed and implemented Performance Contracts. • Established an internal staff appraisal system (SPAS) on a quarterly and annual basis
		<ul style="list-style-type: none"> • Manage talent 	<ul style="list-style-type: none"> • Managed talents through engagement of interns and attaches.
	Develop infrastructural	<ul style="list-style-type: none"> • Determine infrastructural and 	<ul style="list-style-type: none"> • Refurbishment of the proposed laboratory completed.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Key Result Areas	Strategic Objectives	Strategies	Achievement
	capacity for the Centre	<ul style="list-style-type: none"> equipment requirements. ▪ Acquisition and equipping of Offices and Laboratories 	<ul style="list-style-type: none"> • Installed laboratory equipment and the accessories
	To mobilize, utilize and manage financial resources	<ul style="list-style-type: none"> ▪ Develop and implement resource mobilization strategy 	<ul style="list-style-type: none"> • Developed the resource mobilization strategy
		<ul style="list-style-type: none"> ▪ Ensure Prudent utilization of financial resources 	<ul style="list-style-type: none"> • Ensured prudent utilization of financial resources through financial reporting and auditing.
	To Integrate ICT in Centre's system	<ul style="list-style-type: none"> ▪ Automate Centre's systems 	<ul style="list-style-type: none"> ▪ The process has commenced under the current financing.
		<ul style="list-style-type: none"> ▪ Ensure safety of Centre's ICT systems 	<ul style="list-style-type: none"> • Installed anti-virus software on all computers.
Partnerships and collaborations	To create synergy towards realisation of Centres mandate	<ul style="list-style-type: none"> ▪ Develop and implement Collaboration framework ▪ Sharing of resources and information 	<ul style="list-style-type: none"> • Signed the MoU with the International Centre for Water Security and Sustainable Management (i-WSSM) Korea for collaboration. • Finalized the MoU with JKUAT and UNEP for category II Centre for Water Harvesting in Khartoum Sudan.
	To Promote Inclusivity and ownership of the Centre programmes among partners	<ul style="list-style-type: none"> ▪ Market the Centre's products and services ▪ Stakeholder engagement 	<ul style="list-style-type: none"> • Developed a Marketing business Plan.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

8. Corporate Governance Statement

The Governing Board of the Centre as established through Legal Notice No. 252 of 18th December 2015 is made up of three independent Board members and a chairperson, appointed by name. The Board membership also comprises alternates of the Principal Secretaries for the Ministry of Water, Sanitation and Irrigation, Ministry of Education and The National Treasury and Economic Planning. The Chief Executive Officer is an *ex officio* member of the Board.

In considering nominations to the Board, professional qualifications, gender, experience, and diversity is considered. The Board exercises prudent management, leadership, integrity, innovativeness, and judgement in managing the Centre.

The Directors are provided with all the available appropriate and timely information that enables them to exercise full and effective control over strategic, financial, operational and compliance issues.

The daily operations of the Centre are done by the Chief Executive Officer who is ably supported by a dedicated team of staff. They are responsible for establishing and maintaining internal controls for the realization of the Centre's mandate.

All the members of the Board are taken through a comprehensive induction programme and the SCAC Mwingozo training. They are further trained on their roles through various corporate governance trainings locally and internationally. The Board, the Sub-committees and individual Directors are expected to be evaluated by an independent body against targets agreed to at the beginning of the year.

Board Sub-committees:

The Board is assisted in its work by Board Sub committees attending to specific issues. The Sub-committees report to and are accountable to the Board. The Board Sub-committees' main task is to deal more in detail with matters and cascade the same upwards to the Board for further deliberation and ruling. The Board has three standing committees which should meet at least quarterly under terms of reference set by the Board. The sub-committees are constituted as follows: -

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Education, Research and Training Board Committee

This committee is charged with responsibility of developing research, training, public awareness, consultancy guidelines, seeking partnerships, and funding for research, and coordinating all groundwater research and capacity building activities to ensure quality, knowledge management and prevention of plagiarism. It advises the Board on how to leverage research, capacity building and consultancy. In addition, this sub-committee reviews all training needs assessments done and advises the Board on how to source resources and expertise to carry out the trainings and capacity building.

Finance and Administration Board Committee

This Board committee guides the Management in the preparation of annual budgets, work programmes and procurement plans. It reviews the Centre's long term financial needs and ensures they are well reflected in the various planning cycles for incorporation in future budgets. It also reviews expenditure of the Board to ensure optimal utilization of funds.

Audit and Risk Board-Committee

This committee is responsible to the Board for the establishment of internal control and risk management systems. It meets quarterly to review expenditure and to ensure adherence to laid down regulations regard to the management of public funds. They also audit reports and guide the Management in continual improvement and elimination of qualified audits.

Role of the Board of Directors

The role of the Board of Directors, as guided by the State Corporations Act is to provide overall direction and leadership by reviewing the Centre's long- and short-term plans and strategies to mobilize resources. It provides effective leadership and control to ensure realization of the Centre's mandate and the country's long term development goals. It monitors the Centre's plans and strategies, ensures prudent management of the Centre's resources, reviews the risk management strategy while ensuring adherence to laid down government regulations and policies.

The Board also guides the Centre's Human Resource Management plans and determines appointments to top level management positions. It also determines remuneration and career progression to ensure uninterrupted operations at the Centre.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Every quarter, the Board meets to deliberate on reports from the sub-committees. The Board has an annual calendar of scheduled meetings which is developed at the beginning of the financial year.

Board evaluation

It is a statutory requirement to have the Board evaluated. The Board was evaluated during the review period. This is vital in improving Board performance.

Directors' remunerations

In accordance with the State Corporations Act and SCAC guidelines, the Directors are paid a taxable sitting allowance for every meeting attended. They are further paid accommodation and a mileage allowance where applicable. The Chairperson is paid a taxable monthly honorarium.

Statement of Compliance

The Board of Directors confirm that the Centre has throughout the year under review complied with statutory and regulatory requirements and that the Centre has been managed in accordance with the principles of corporate governance.

Internal control and risk management

The Directors are responsible for reviewing the effectiveness of the Centre's system of internal control which is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against unauthorized use or disposition and maintenance of proper accounting records and reliability of financial information used within the business or for publication. These controls are designed to manage rather than to eliminate the risk of failure to achieve business objectives due to circumstances which may be reasonably foreseen and can only provide reasonable but not absolute assurance against material misstatement or loss.

Organization structure

The Centre has an organization structure which clearly defines lines of authority and responsibility. The professionalism and competence of staff will be maintained through a rigorous program of training and performance appraisal. Training plans will be developed to ensure staff acquire and maintain relevant skills to ensure professional management of the Centre.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Strategic Plan

The Centre developed a five-year strategic plan. The strategic plan will form the basis for the development of annual budgets and work plans while maintaining strategic focus to ensure the achievement of the Centre's long-term goals.

Internal control framework

The Centre will continue to review its internal control mechanisms to ensure it maintains an effective internal control environment. Business processes and controls will be reviewed on a regular basis. A risk base audit plan which provides assurance over key business processes and financial risks facing the Centre will be approved by the Audit and Risk Management sub-committee. Where risks are identified the Audit sub-committee will ensure the Management takes appropriate actions to mitigate the risks.

Risk Management

The Centre will have a structure to help identify, assess, and manage risks. This process was reviewed during the review period. The Management team will review all the identified risks and update the risk register and ensure that all new and emerging risks are appropriately dealt with.

The Management Team

The management team implements the Board decisions and policies through action plans. The Management team meets regularly to review these action plans to ensure that they are effectively and efficiently implemented. These action plans are in the form of Annual work plans, budgets, procurement plans and purchase contracts.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

9. Management Discussion and Analysis

The Centre has relied on grants from the Government to support its activities together with in-kind support from International Atomic Energy Agency (IAEA). The Regional Centre's mandate is to spearhead research, training, and education (Public Awareness) on groundwater resources in the region. During the period under review, the Board guided the Centre in carrying out programmes geared towards implementing the Centre's FY 2022-23 Performance Contract (PC) activities drawn from Strategic Plan (2018-2022). Some of the key achievements includes:

a) Groundwater Assessed and Water Quality Determined

- i. Conducted geophysical survey within the Tiwi aquifer (Athi catchment) at two sites using the electromagnetic equipment to understand the recharge process within the aquifer system and inform on the groundwater pollution vulnerability in the area.
- ii. Conducted five (5) Hydrogeological, Hydrological and Hydro chemical assessment of Kilimanjaro-Chyulu Aquifer system and Nairobi Aquifer System (NAS) and its environs that is in Kajiado, Kiambu, Nairobi and Machakos counties to identify interaction of surface and groundwater and suitable MAR zones.
- iii. Conducted three (3) groundwater assessment in Rift Valley Catchment Area (Nakuru, Eburu and Samburu) to identify suitable areas of Managed Aquifer Recharge Zone (MAR).
- iv. Conducted one (1) groundwater quality, hydro-chemical and isotope sampling exercise in Tana Catchment Area (Murang'a).
- v. Collected two hundred (200) Samples from Athi, Tana and Rift Valley Catchment. Forty (40) Samples were analyzed for both Chemical and Isotope in Morocco. Thirteen (13) samples collected from the Nairobi Aquifer were analyzed for isotope at KALRO, sixteen (16) samples were analyzed for hydro-chemical and seven (7) for bacteriological testing.
- vi. The Centre rehabilitated the Global Network of Isotopes in Precipitation (GNIP) station in Oloitotok by clearing the bushes around the station, fencing, installing a gate and mounting a clearly labelled signpost for identification.

b) A Comprehensive Water Sector Assessment towards the Sustainable Management of Water Resources Implemented

- i. Nominated four (4) officers for the IAEA Technical Cooperation (TC) fellowship. Two (2) of the nominated officers went for a Physical training at CNESTEN in Rabat Morocco.
- ii. Developed a first draft Isotope Hydrology Curriculum in partnership with Local Universities

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

c) Specialized Water Sector Groundwater Laboratory Operationalized

- i. The Centre received hydrogeological and geophysical, hydrological, meteorological, hydrochemical, laboratory and field equipment from IAEA.
- ii. The Centre trained nine (9) RCGW staff on the use of the PQWT machine and Sysca Equipment and enrolled six (6) technical staff for a two week training on hydrogeology modelling and groundwater mapping using remote sensing techniques.

d) Knowledge on Groundwater Resources Promoted

- i. The Centre conducted four (4) public awareness forums within the coastal region of Mombasa, Kwale, Taita Taveta and Kilifi Counties and further installed two (2) GNI at Kongowea Secondary School (Mombasa County) and Mtwapa Energy Centre (Kilifi County). They also planted 2000 tree seedlings.
- ii. The Centre participated in sixteen (16) regional forums (both Physical and Virtual) on groundwater information Networking, publicity, and resource mobilization.

e) Training and Capacity Building on Groundwater Management, Development and Governance Undertaken

- i. The Centre conducted physical National groundwater trainings in Kajiado, Ngong'o and Nakuru on geophysics and isotope hydrology.
- ii. The Centre conducted a virtual regional training on Managed Aquifer Recharge (MAR) training was facilitated by an expert from Texas University.
- iii. The Centre conducted a training on water resource management with a key highlight groundwater management. The training was facilitated by an expert from Korea.

f) Groundwater Database and Knowledge Management System Updated and Upgraded

Installed and updated to Sequence Query Language (SQL) which is a standardized programming language that is used to manage relational databases and perform various operations on the data in them. The software was later updated from PostgreSQL version 15.1 to SeedDMS (a document management system) to organize the database in a structured manner.

g) Research Concept Papers for Partnership Developed

The Centre developed seven (7) concept papers for partnership:

Positive Water Impact for Groundwater Sustainability for partnership with Safaricom, Improving Groundwater Quality and Quantity for Water Supply availability and sustainability in Nakuru and its Environs for partnership with Japan International Cooperation Agency (JICA), Water for People for partnership with IHE Delft, Knowledge Sharing Program by the Government of the Republic of Korea, Kachiboni Groundwater Assessment, Murang'a Groundwater Assessment, Groundwater Resources Assessment for Socio-economic Development of Mbeere North Constituency, Meru Groundwater Assessment

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

h) Trainers of Trainers Engaged

- i. The Centre engaged sixty (60) groundwater professionals as Trainers of Trainers (ToTs). Some of the trainings attended were capacity building program for Groundwater Resources in Kenya, “Developing a Comprehensive Water Sector Assessment towards the Sustainable Management of Water Resources by Using the Water Availability Enhancement Approach.”, “The Use of Nitrogen Isotopes in Water Pollution Studies” for English-speaking Countries ,Microbiological Analysis of drinking water using the bacteriological kit,hydrogeological modelling and groundwater mapping using remote sensing techniques, application of science, technology, and innovation in water management and climate action and IAEA program aimed at developing a comprehensive Integrated Water Resources Management (IWRM), using the IAEA Water Availability Enhancement (IWAVE) approach towards sustainable water resource management.

i) Science, Technology and Innovation (STI) Mainstreamed

- i. Implementation of STI programmes by the Centre has ensured equal representation of both genders as well as inclusion of people with disability.
- ii. The Centre carried out resource mobilization for additional funding of its STI programmes.
- iii. The Centre through the CEO participated in the 2022 UN Water Summit on Groundwater, 'Making the Invisible Visible' event hosted by the International Atomic Energy Agency (IAEA) highlighting some of the roles and application of Research, Science, Technology and Innovation in sustainable groundwater management.
- iv. The Centre signed and operationalized an MoU with the International Centre for Water Security and Sustainability Management (UNESCO i-WSSM) under which both parties will identify and implement common areas of interest where collaborations can create synergy in terms of knowledge development, capacity building and research.
- v. The Centre's STI Focal Person and Champions participated in Korea International Water Week (KIWW) and attended exhibitions and expert dialogues on implementation and infusion of Science, Technology and Innovation in the Korean water sector
- vi. The Centre's STI Focal Person and Champions participated in the 2nd Multi-sectoral conference held by NACOSTI and held an exhibition where they got to showcase how they harness Science, Technology and Innovation in groundwater research.

Major risks facing the Centre.

Operational risk: - staff shortage

Finance risk: - limited resources and inadequate funding from the government and partners

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

10. Environmental and Sustainability Reporting

The Regional Centre on Groundwater Resources Education Training and Research exists to improve the lives of the people it serves. This is our purpose; the driving force behind everything we do. It's what guides us to our strategy, putting the customer/Citizen first, delivering relevant services, and improving our performance to excellence. Below is an outline of the Centre's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Centre is regional in its scope of coverage, and it is one of its kind. The top management ensures that sustainable strategies are put in place to edge against unfavorable Social-political and macroeconomic volatility that may have negative impact to Centre's operation and also its reputation. Sustainable priorities, reference to international best practices, is observed.

ii) Environmental performance

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy's successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce the environmental impact of the organisation's products.

iii) Employee welfare

Give account of the policies guiding the hiring process and whether they take into account gender equality ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal, and reward systems. The organisation also disclose their policy on safety and compliance with the Occupational Safety and Health Act (OSHA).

iv) Marketplace practices-

The Centre has made efforts to:

a) Responsible competition practice.

The Centre gives fair chance to all their Suppliers regardless of their race, ethnicity, or gender. Market surveys are always done before settling on Suppliers.

b) Responsible Supply chain and supplier relations

The Centre maintains a cordial relationship with its suppliers through fair competition and awarding of jobs as stipulated in Public Procurement and Disposal Acts and other relevant regulations. Prompt payment is made upon invoicing.

c) Responsible marketing and advertisement

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Through the Centers social Media pages, some research knowledge has been disseminated to the public thus creating awareness.

d) Product stewardship

Clients research information is ethically and properly kept; Information is only shared to third parties upon authorization.

v) Corporate Social Responsibility / Community Engagements

In the year under review, the Centre engaged with communities through public awareness forums in the Coastal Region. The objective was to create awareness on surface water and groundwater interaction as well as obtain the groundwater challenges in the region. The Centre also participated in World Water Day celebrations in Samburu County where the Centre also engaged in tree planting activities and exhibitions aimed at highlighting the role of the organization in sustainable management of groundwater resources in the Country.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

11. Report of the Directors

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Centre's affairs.

i) Principal activities

The principal activity of the Board is to guide the Regional Centre in fulfilling its mandate of training, and research on groundwater resources.

ii) Results

The results of the Centre for the year ended June 30, 2023, are set out on page 1.

iii) Directors

The members of the Board of Directors who served during the year are shown in the table below.

S/N	Name	Organization	Appointment Date	Description
1.	Ms. Rhoda Amimo Murwa	Independent	06/10/2021	Chairman
2.	Eng. Wambutura Justus Gitobu	Independent	05/07/2022	Member
3.	Mr. Kungu Waweru	Independent	05/07/2022	Member
4.	Geol. Elema Isacko Fila	Independent	14/04/2022	Member
5.	Vainadu Titus Zakayo I.	Ministry of Education	3/10/2022	Member
6.	Mr. Moses Kanagi	National Treasury	29/03/2016 - 30/09/2022	Member
7.	Mr. Feisal Mohammed		30/09/2022	Member
8.	Mr. Gichangi Wotuku	MWS&I	12/7/2019	Member
9.	Mr. James Musee Nduna	MWS&I	01/10/2022	Secretary

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) 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 Centre did not make any surplus during the year (FY 2022-23 Ksh Nil) and hence no remittance to the Consolidated Fund.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

v) Auditors

The Auditor General is responsible for the statutory audit of the Regional Centre on Groundwater Resources Education, Training and Research in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2023.

By Order of the Board



CS. James Musee Nduna

Ag. Corporate Secretary

Regional Centre on Groundwater Resources Education Training and Research

Date: 22/01/2024

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

12. Statement of Directors' Responsibilities

Section 81 of the Public Finance Management Act, 2012 require the Directors to prepare statements which give a true and fair view of the state of affairs of the Centre at the end of the year/period and the operating results for that year/period. The Directors are also required to ensure that the Organization keeps proper accounting records which disclose with reasonable accuracy the financial position of the Entity. The Directors are also responsible for safeguarding the assets of the Centre. The Directors are responsible for the preparation and presentation of the Centre's financial statements which give a true and fair view of the state of affairs of the Centre for and as at the end of the year (period) ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate internal control management arrangements and ensuring that these continue to be effective throughout the year/period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that the financial statements are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Centre; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Centre's financial statements, which have been prepared in accordance with appropriate accounting policies supported by reasonable and prudent judgements and in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2023 and the Centre's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Centre. The Directors have been relied upon in the preparation of the Centre's financial statements as well as the design and implementation of the systems of internal financial control.

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Approval of the financial statements

The Centre's financial statements were approved by the Board on 16/09/ 2023 and signed on its behalf by:



.....
Ms. Rhoda Amimo Murwa
Chairperson, Board of Management



.....
Geol. Agnes W. Mbugua
CEO RCGW

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON REGIONAL CENTRE ON GROUNDWATER RESOURCE EDUCATION, TRAINING AND RESEARCH IN EAST AFRICA (RCGWRET&REA) 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 the 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

Opinion

I have audited the accompanying financial statements of Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa set out on pages 1

to 30, which comprise of the statement of financial position, as at 30 June, 2023, 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, the financial statements present fairly, in all material respects, the financial position of Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa as at 30 June, 2023 and of its financial performance, statement of cash flows for the year then ended, in accordance with International Public Accounting Standards (Accruals Basis) and comply with the Legal Notice No. 18 of 2015, 18 December, 2015 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Assurance Engagements (ISAEs) issued by the International Auditing and Assurance Standards Board (IAASB) and International Standards for Audit Institutions (ISSAIs). I am independent of the Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other professional responsibilities in accordance with the ISSAI and in accordance with other 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 opinion.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

There were issues raised in the audit report for 2021/2022 financial year of the Regional Centre on Ground Water Resources Education Training and Research in Eastern Africa Management report or recommendations from the oversight bodies were submitted for audit verification and clearance. Further, the issues remain unresolved contrary to Section 68(2) of the Public Finance Management Act, 2012 which require accounting officers designated for national government entities to try to resolve any issues resulting from an audit and remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Resources.

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.

Basis for Conclusion

Lack of a Pension Scheme

During the year under review, the full board meeting held on 11 January, 2023 approved the procurement of an individual pension scheme with a fund administrator, fund manager and a custodian in line with The National Treasury circular 2010. As at the time of audit in the month of December 2023, Management had not provided evidence of existence of a pension scheme yet it had proceeded to deduct pension from salaries. Failure by the Management to operationalize the management of Pension Fund by the Fund Manager is contrary to Section 32 of the Retirement Benefits Act No. 3 of 1997.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 comply 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 and based on the audit procedures performed, except for the matters described in the Basis for Conclusion on the 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 governance were not effective.

Basis for Conclusion

1. Lack of approved Information and Communication Technology (ICT) Policy

As previously reported, review of the Centre's information technology systems revealed that the Centre did not have an approved IT Policy in place for the governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the Centre realize long term ICT strategic goals. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Centre's ICT assets.

Further, without a sound and approved framework, users do not have any rules and

procedures to follow in order to minimize risk of errors, fraud and loss confidentiality, integrity and availability.

In the circumstances, existence of effective ICT controls could not be confirmed.

2. Lack of approved Risk Management Policy and Disaster Recovery Plan

During the year under review, the Centre had no approved Risk Management strategies and risk register to mitigate against risk. It was therefore, not explained how the Management manages risk exposures. This is contrary to the provisions of Regulation 165(1) of Public Finance Management (National Government) Regulations, 2012 which requires an Accounting Officer of National Government entity to develop risk management strategies which include fraud prevention mechanisms and a system of risk management and internal control that build robust business operations.

In the circumstances, existence of effective risk management measures could not be confirmed.

3. Weak Internal Controls in Assets and Inventory Management

Review of assets and inventory management revealed the following unsatisfactory issues;

i. Lack of Segregation of Duties

Review of stores management practices of the Centre revealed lack of clear segregation of duties and responsibilities. The head of procurement assumed multiple roles: as the procuring officer, receiving officer, and issuing officer. This lack of segregation of duties creates a vulnerability for the organization, increasing the risk of theft, and potential errors in records management.

ii. Lack of Fundamental Safety Equipment

The laboratory lacked safety equipment such as fire extinguishers which raised concerns about the laboratory's ability to address potential fire hazards properly and effectively. In the absence of proper internal control systems on assets and inventory management, there is a significant risk as it hinders the ability to monitor, control, prevent misuse, potential theft, and unauthorized usage of assets within the organization.

In the circumstances, effective management of assets and inventory and control could not be confirmed.

The audit was conducted in accordance with the International Standards for Assurance Engagements (ISSAIs) 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Centre'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 Centre 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.

Those charged with governance are responsible for overseeing the Centre's financial reporting process, reviewing the effectiveness of how 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 compliance, I consider internal controls 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 to report in the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal control system that might be material weaknesses under the ISSAIs. A material weakness is a deficiency, or combination of deficiencies, 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 of material amounts that would be material in relation to the financial statements being audited will 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 controls may not prevent or detect all 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 Centre's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 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 Centre'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 the report. However, future events or conditions may cause the Centre 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 Centre 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and 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

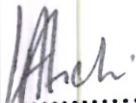
30 January, 2024

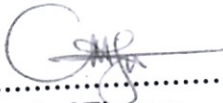
**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

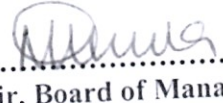
14. Statement of Financial Performance for the year ended 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from Ministries, Departments and Agencies	6	142,871,853	62,999,996
Total revenue		142,871,853	62,999,996
Expenses			
Use of goods and services	7	57,207,649	42,344,881
Employee costs	8	33,395,785	15,184,539
Remuneration of Directors	9	7,857,667	4,370,447
Depreciation and amortization expense	10	9,651,002	5,053,771
Repairs and maintenance	11	345,775	533,175
Contracted services	12	6,655,494	2,273,089
Total expenses		115,113,372	69,759,902
Surplus (Deficit) for the Year		27,758,481	(6,759,906)

The notes set out on pages 6 to 29 form an integral part of these Financial Statements


.....
Chief Executive Officer
Geol. Agnes W. Mbugua


.....
Head of Finance
CPA Fredrick Njuki
ICPAK Member No.11894


.....
Chair, Board of Management
Ms. Rhoda Amimo Murwa

Date 22/01/2024

Date 22/01/24

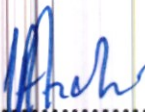
Date 22/1/24


**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**


15. Statement of Financial Position as at 30 June 2023

	Note	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	14,152,212	7,354,439
Trade and other receivables	14	22,500,000	1,507,781
Total Current Assets		36,652,212	8,862,220
Non-current assets			
Property, plant and equipment	15	45,866,310	18,160,166
Total Non- Current Assets		45,866,310	18,160,166
Total assets		82,518,522	27,022,386
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	32,304,630	4,566,975
Non-Current liabilities			
Deferred Income	17	3,968,451	3,968,451
Total liabilities		36,273,081	8,535,426
Net assets			
Revenue reserves		46,245,441	18,486,960
Total net assets		46,245,441	18,834,960
Total net assets and liabilities		82,518,522	27,022,386

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Management by:


.....
Chief Executive Officer
Geol. Agnes W. Mbugua


.....
Head of Finance
CPA Fredrick Njuki
ICPAK Member No.11894


.....
Chair, Board of Management
Ms. Rhoda Amimo Murwa

Date.....
22/07/2024

Date.....
22/01/24

Date.....
22/1/24

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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

	Note	Revenue Reserves	
		Kshs	
At June 30, 2021		25,246,866	25,246,866
At July 1, 2021		25,246,866	25,246,866
Addition for the period		-	
Surplus/(deficit) for the period		(6,759,906)	(6,759,906)
Audit fee adjustment		-	
As at June 30, 2022		18,486,960	18,486,960
Balance as at July 1/ 2022		18,486,960	18,486,960
Surplus(deficit) for the period		27,758,481	27,758,481
As at June 30, 2023		46,245,441	46,245,441

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

17. Statement of Cash Flows for the year ended 30 June 2023

		2022-2023	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	142,871,853	62,999,996
Total Receipts		142,871,853	62,999,996
Payments			
Use of goods and services	7	57,207,649	42,344,881
Employee costs	8	33,395,785	15,184,539
Remuneration of directors	9	7,857,667	4,370,447
Depreciation and amortization expense	10	9,651,002	5,053,771
Repairs and maintenance	11	345,775	533,175
Contracted services	12	6,655,494	2,273,089
Total Payments		115,113,372	69,759,902
Cash flows from/ (used in) operating activities		27,758,481	(6,759,906)
Adjust for;			
Increase in receivables		(20,992,219)	(1,507,781)
Increase in payables		27,737,655	3,950,326
Adjustment for Depreciation		9,651,002	5,053,771
Increase in capital funds			-
Prior year Adjustment			-
Net cash flows from/ (used in) operating activities	18	44,154,919	736,410
Cash flows from investing activities			
Purchase of property, plant, equipment, and intangible assets	19	(37,357,146)	(2,615,297)
Net cash flows from/ (used in) investing activities		(37,357,146)	(2,615,297)
Net increase/(decrease) in cash and cash equivalents		6,797,773	(1,878,887)
Cash and cash equivalents at 1 July	13	7,354,439	9,233,326
Cash and cash equivalents at 30 June	13	14,152,212	7,354,439

Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.

18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% Of utilization	Explanation
	Kshs	Kshs	Kshs	Kshs	Kshs		
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100	
Revenue							
Government grants and subsidies	99,000,000	7,700,000	106,700,000	142,871,853	(36,171,853)	134%	a
Total income	99,000,000	7,700,000	106,700,000	142,871,853	(36,171,853)	134%	
Expenses							
Use of goods and services	35,080,959	11,240,000	46,320,959	45,792,937	528,022	99%	
Employee costs	39,971,826	(5,040,000)	34,931,826	33,395,785	1,536,041	96%	
Remuneration of directors	6,400,697	1,500,000	7,900,697	7,857,667	43,030	99%	
Rent	11,453,710	-	11,453,710	11,414,712	38,998	100%	
Repairs and Maintenance	450,000	-	450,000	345,775	104,225	77%	b
Depreciation and amortization exp	-	-	-	9,651,002	(9,651,002)	0%	c
Contracted services	5,642,808	-	5,642,808	6,655,494	(1,012,686)	118%	d
Total	99,000,000	7,700,000	106,700,000	115,113,372			
Surplus for the period				27,758,481			

Explanations.

- a) The Centre received donations in kind from the International Atomic Energy Agency (IAEA) in the form of assets worth Kshs 34,980,646 and a cash transfer from UNDP to purchase assets of Kshs 1,191,207. These unexpected donations which were not budgeted for explain the variance.
- b) The variance resulted from unprocured vehicles and hence there were not many repairs as had been planned

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

19. Notes to the Financial Statements

1. General information

The Regional Centre on Groundwater Resource Education Training and Research is established by and derives its authority and accountability from public finance management Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's Principal activity is to carry out research, capacity building and civic education on groundwater resources.

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 RCGW'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 the Centre.

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.

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022. IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset and the 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 42: Social Benefits</p>	<p>Applicable: 1st January 2023 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>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>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</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 cash flows of an Entity.</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

	The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, 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 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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022/2023

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

financial position and realised in the statement of comprehensive income over the useful life of the assets that have been acquired using such funds.

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly on 10th June 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.

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 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

A statement to reconcile the actual amounts on a comparable basis included in the statement of financial performance, a comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of these financial statements.

d) 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 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.

e) Property, plant, and equipment

All property, plants 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. Where significant parts of property, plant and equipment are required to be replaced at intervals, management 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 maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in an exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- 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 than 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.

g) Financial instruments

i) Financial assets

Initial recognition and measurement

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

Loans and receivables

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. At initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into

account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

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

ii) Financial liabilities

Initial recognition and measurement

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

h) 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 Centre.

i) 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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

j) 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.

k) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose realization is contingent on the occurrence or non-occurrence of one or more uncertain future events within the control of the Entity in the notes to the financial statements. Contingent assets are recognized in the financial statements only when it is probable that an inflow of economic benefits or service potential will arise and its value can be measured reliably, the asset and the related revenue are recognized in the statements of the period in which the change occurs.

l) Nature and purpose of reserves

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

m) 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.

n) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees. Defined contribution plans (including employment benefit plans under which an entity pays fixed contributions into a separate entity (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 future periods. The contributions to fund obligations for the payment of retirement benefits are charged to the income in the year in which they become payable.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

o) 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.

p) 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.

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.

q) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Assets so recognized are measured at their fair value. To the extent that an asset has been reclassified, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) 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.

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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 values

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. 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

6. Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance. KShs	Amount deferred under deferred income. KShs	Amount recognized in capital fund.	Total transfers 2022/23	Prior 2021/22
			KShs	KShs	KShs
Ministry of Water Sanitation & Irrigation	106,700,000	-	-	106,700,000	62,99
UNDP	1,191,207			1,191,207	
International Atomic Energy Agency (IAEA)	34,980,646			34,980,646	
Total	142,871,853	-	-	142,871,853	62,99

7. Use of Goods and Services

Description	2022-2023	2021
	KShs	
Advertising	565,045	
Administration fees *	2,375,955	1,74
Audit fees	398,000	80
Conferences and delegations	4,296,455	1,28
Consumables/Hospitality	658,596	60
Local travel/Subsistence	3,440,800	4,79
Foreign Travel	1,882,870	2,63
Fuel and oil	1,395,657	1,33
Subscription to professional body	51,690	2
Training	9,959,434	2,88
Telecommunication and postage	926,992	84
Printing and stationery	1,704,923	77
Rental	11,298,332	11,29
Bank charges	33,992	1
Research expenses	15,947,671	13,24
Social Club Subscription	68,000	3
Recruitment Cost	2,203,237	
Total	57,207,649	42,34

*The administration fees include a provision of Kshs 500,000 towards pension fund set up cc

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

8. Employee Costs

Description	2022-2023	2021-2022
	KShs	KShs
Basic salary	19,098,043	9,419,675
Housing benefits and allowances	5,769,762	1,653,403
Gratuity	1,218,493	2,935,925
Employee related costs - contributions to pensions	2,578,903	963,736
Travel, motor car, accommodation, subsistence, and other	4,562,906	192,000
Social Contribution	164,480	19,800
NITA	3,200	-
Employee costs	33,395,787	15,184,539

Travel, motor car, accommodation, subsistence, and others include Special duty allowance, Leave allowance, Remunerative allowance, and Extraneous allowance.

9. Board /Council Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Chairman/Directors' Honoraria	960,000	707,097
Sitting allowances	3,480,000	2,240,000
Induction and Training	1,368,400	-
Travel and accommodation	710,667	290,350
Subsistence allowance and meetings facilitation	1,338,600	1,133,000
Total	7,857,667	4,370,447

10. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant, and equipment	9,651,002	5,053,771
Total depreciation and amortization	9,651,002	5,053,771

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

11. Repairs and Maintenance

Description	2022-2023	2021-2
	KShs	K
Vehicles	330,875	474,
Equipment and Machinery	14,900	47,
Building	-	11,
Total repairs and maintenance	345,775	533,

12. Contracted Services

Description	2022-2023	2021-2
	KShs	K
Medical insurance	5,132,686	750,
Contracted cleaning services	1,522,808	1,522,
Total contracted services	6,655,494	2,273,

13. Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2022-2023	2021-2
		KShs	K
a) Current account			
Kenya Commercial bank (Rec)	1198339578	14,133,546	7,094,
Kenya Commercial bank (Dev)	1278105972	18,666	259,
Sub- total			7,353,
Others(specify)			
cash in hand		-	
Sub- total		-	
Grand total		14,152,212	7,354,

14. Trade and Other receivables

Description	2022-2023	2021-2
	KShs	K
Prepaid medical costs	-	1,507,
Ministry of Water, Sanitation, and Irrigation	22,500,000	
Total trade and other receivables	22,500,000	1,507,

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

15. Property, Plant and Equipment

	Furniture and fittings	Computers	Equipment, Camera and others	Total
Property, plant, and equipment	Rate 12.5%	Rate 33.33%	Rate 25%	
Cost	Shs	Shs		Shs
At 1st July 2021	14,958,427	5,730,435	4,554,654	25,243,516
Additions	82,800		2,532,497	2,615,297
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
As at 30th June 2022	15,041,227	5,730,435	7,087,151	27,858,813
Additions	1,488,500	762,000	126,000	2,376,500
Disposals	-	-	-	-
Transfers/asset donations	-	-	34,980,646	34,980,646
Disposals	-	-	-	-
At 30th June 2023	16,529,727	6,492,435	42,193,797	65,215,959
Depreciation and impairment				
At 1 July 2021	1,634,662	2,744,071	266,143	4,644,876
Charge for the year	1,873,254	1,910,124	1,270,393	5,053,771
At 30 June 2022	3,507,916	4,654,195	1,536,536	9,698,647
Depreciation	2,004,195	1,838,240	5,808,567	9,651,002
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30 June 2023	5,512,111	6,492,435	7,345,103	19,349,649
Net book values				
At 30 June 2023	11,017,616	-	34,848,694	45,866,310
At 30 June 2022	11,533,311	1,076,240	5,550,615	18,160,166

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

16. Trade and Other Payables

Description	2022-2023	2021-
	KShs	
Accrued Audit fees	696,000	69
Accrued WHT	3,398	
Accrued PAYE	1,091,991	48
Gratuity	872,658	2,93
Staff Pension	2,970,088	44
Employee related cost	17,619,467	
Third-party payments	9,051,028	
Total trade and other payables	32,304,630	4,56

17. Deferred Income

Description	2022-2023	2021-
	KShs	
Opening balance	3,968,451	3,96
Less Amortization charge	-	
Total deferred income	3,968,451	3,96

The deferred income relates to donated Laboratory Equipment by IAEA Valued at Kshs 4,200,000 less wear and tear charge of Kshs 267,358.

18. Cash Generated from Operations

Description	2022-2023	2021-
	KShs	
Surplus for the year before tax	27,758,481	(6,759
Adjusted for:		
Increase in capital funds	-	
Depreciation	9,651,002	5,05
Working Capital adjustments		
Increase in payables	27,737,655	3,95
Increase in receivables	(20,992,219)	(1,507
Net cash flow from operating activities	44,154,919	73

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

19. Purchase of Property plant, Equipment and intangible assets

Description	2022-2023	2021-2022
	KShs	KShs
Furniture & Fittings	1,488,500	82,800
Computer	762,000	-
Equipment	35,106,646	2,532,497
Total	37,357,146	2,615,297

20. Financial Risk Management

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

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

i) Credit risk

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

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:

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

	Total amount	Fully performing	Past due	Imp
	Kshs	Kshs	Kshs	K
As at 30 June 2023				
Bank balances	14,152,212	-	-	
Total	14,152,212	-	-	
As at 30 June 2022				
Bank balances	7,354,439	-	-	
Total	7,354,439	-	-	

The customers under the fully performing category are paying their debts as they continue to pay. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognized in the financial statements is considered adequate to cover any potential irrecoverable amounts. The board of directors sets the Entity's credit policies and objective 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 established an appropriate liquidity risk management framework for the management of the entity's short, medium-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 and their remaining contractual maturities at the reporting date. The amounts disclosed in the table represent contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

	Less than 1	Between 1-3	Over 5	Total
	month	months	months	
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Trade payables	32,304,630	-	-	32,304,630
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	32,304,630	-	-	32,304,630
As at 30 June 2022				
Trade payables	4,566,975	-	-	4,566,975
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	4,566,975	-	-	4,566,975

iii) Market risk

The Centre has put in place an internal audit function to assist it in assessing the risk faced by the organization 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 Centre'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Notes to the Financial Statements (Continued)

The Centre'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 day-to-day implementation of those policies. There has been no change to the entity's exposure to risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are made 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.

The entity manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected foreign currency requirements.

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 exposure is classified as 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 endeavored to bank with institutions that offer competitive and favorable interest rates.

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 as the base, the sensitivity analysis indicates the impact on the statement of comprehensive income if current interest rates increase/decrease by one percentage point as a decrease/increase.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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 Centre'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 Centre considers relevant and observable market prices in its valuations where possible.

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	46,245,441	18,486,960
Capital reserve	-	-
Total funds	46,245,441	18,486,960
Total borrowings	-	-
Less: cash and bank balances	(14,152,212)	(7,354,439)
Net debt/ (excess cash and cash equivalents)	-	-
Gearing	0%	0%

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

21. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise 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 the Regional Centre on Groundwater Resources, holding 100% of the Centre's equity interest. The Government of Kenya has provided guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry
- ii) County Governments
- iii) Key management.
- iv) Board of directors

22. Events after the Reporting Period

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

23. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Water Sanitation & Irrigation Its ultimate parent is the Government of Kenya.

24. Currency

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

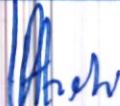
**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

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)
n/a	n/a	n/a	n/a	n/a


Chief Executive officer.

Date 22/01/2024

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Appendix II: Projects implemented by the Entity

Projects implemented by the State Corporation/ SAGA Funded by development partners :
Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)
1. Evaluation of surface and Ground water interaction using Isotope technology	1109116000	-	4 Years	-	No
2. Establish Aluminum residue in drinking water	1109116200	-	4 Years	-	No

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Evaluation of surface and Groundwater interaction using Isotope technology	400M	27.5M	7%	10M	10M	Gok
2	Establish Aluminum residue in drinking water	300M	40M	13%	20M	20M	Gok

**Regional Centre on Groundwater Resources Education Training & Research in Eastern
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Appendix III: Inter-Entity Transfers

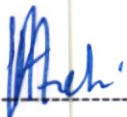
REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION TRAINING AND RESEARCH				
Breakdown of Transfers from the State Department of Water and Sanitation				
FY 2022/2023				
a.	Recurrent Grants	Bank Statement Date	Amount (KShs)	The Amounts relat FY
		4-Aug-2022	5,750,000.00	2022/2023
		9-Sep-2022	5,750,000.00	2022/2023
		5-Oct-2022	5,750,000.00	2022/2023
		4-Nov-2022	7,700,000.00	2022/2023
		15-Nov-2022	5,750,000.00	2022/2023
		13-Dec-2022	5,750,000.00	2022/2023
		5-Jan-2023	5,750,000.00	2022/2023
		6-Feb-2023	5,750,000.00	2022/2023
		23-Mar-2023	5,750,000.00	2022/2023
		14-Apr-2023	5,750,000.00	2022/2023
		6-Jun-2023	5,750,000.00	2022/2023
		26-Jun-2023	5,750,000.00	2022/2023
		30-Jun-2023	5,750,000.00	2022/2023
		Total	76,700,000.00	
b.	Development Grants	Bank Statement Date	Amount (KShs)	The Amounts relat FY
		29-Sep-2022	7,500,000.00	2022/2023
		6-Jul-2023	22,500,000.00	2022/2023
		Total	30,000,000.00	

The above amounts have been communicated to and reconciled with the parent Ministry.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
Annual Report and Financial Statements
for the year ended June 30, 2023.**

Accounting Officer

Regional Centre on Groundwater
Resources Education Training and Research

Sign: -----

Head of Accounting Unit

Ministry of Water, Sanitation and
Irrigation

Sign: -----

