

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

KENYA WATER TOWERS AGENCY

FOR THE YEAR ENDED

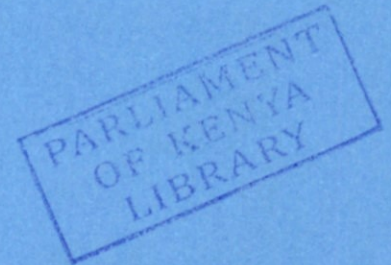
30 JUNE, 2023

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 07 MAR 2024 DAY: Pthuis

LED Hon Naomi wago, mp
Deputy majority whip
A. Shubako

ERNAT
E. L. P. L. B.

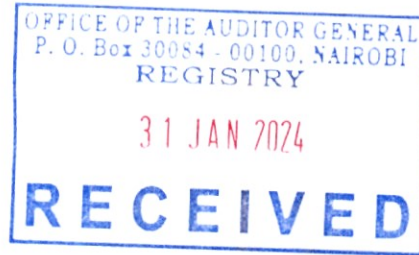






K E N Y A
WATER TOWERS
A G E N C Y

Conserved Water Towers: Our Shared Heritage



KENYA WATER TOWERS AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2023

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Kenya Water Towers Agency
Annual Report and Financial Statements
For the year ended June 30, 2023.

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) BACKGROUND INFORMATION

(a) Who We Are

The Kenya Water Towers Agency is a State Corporation under the Ministry of Environment and Forestry. It was established in 2012 vide Kenya Gazette Supplement, Legal Notice No. 27/2012 on 20th April, 2012.

(b) Our Vision

A Global leader in Sustainable Management of Water Towers.

(c) Our Mission

To sustainably manage Water Towers and their Ecosystems through coordination and conservation for socio-economic development.

(d) Our Mandate

To co-ordinate and oversee the protection, rehabilitation, conservation, and sustainable management of Water Towers.

(e) Core Values

We shall be guided by the following core values, which provide an integrated focus towards enhancing provision of acceptable quality service. They are summarized in an acronym DEPITS.

- Diligence
- Equity
- Professionalism
- Integrity
- Teamwork
- Sustainability

(f) Strategic Objectives

- To coordinate water towers ecosystem health and resilience.
- To coordinate and oversee securing of catchment lands, wetlands and critical biodiversity hotspots within the water towers ecosystems.

- To acquire appropriate infrastructure to support sustainable management of water towers.
- To promote sustainable livelihood support programmes within the water towers.
- To establish strategic partnerships and linkages for sustainable management of water towers.
- To undertake institutional strengthening for effective service delivery.

(b) KEY MANAGEMENT

The day-to-day management of Kenya Water Towers Agency is entrusted to the following key organs:

- Board of Directors
- Chief Executive Officer
- Directors
- Head of Departments
- Corporation Secretary

(c) 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	Prof. Julius Gordon Tanui PhD. EBS
2.	Ag. Director Ecosystem Protection Rehabilitation and Conservation	Mr. Molu Wato
3.	Director Ecosystems Research Planning and Audit	Dr. Winfred M Musila
4.	Ag. Director Community Partnership and Sustainable Development	Ms. Susan Boit
5.	Ag. Director Corporate Services	Mr. Richard Krop, HSC
6.	Ag. Head of Internal Audit	Lorna Chepkirui
7.	Head of Human Resource and Administration	Ms. Jane Muthoni Mbae
8.	Manager, Finance and Accounts	Mr. CPA Saitoti Sirere
9.	Head of Supply Chain Management	Ms. Brenda Korir
10.	Corporation Secretary	Mr. Robert Mounde Omosa

(d) FIDUCIARY OVERSIGHT ARRANGEMENTS

BOARD OF DIRECTORS

1. Chairman
2. Rep. Cabinet Secretary – The National Treasury & Economic Planning
3. Rep. Principal Secretary- State Department for Environment and Climate Change
4. Rep. Principal Secretary – State Department for Water and Sanitation
5. Rep. Principal Secretary – State department for Energy
6. Five (5) independent directors
7. Chief Executive Officer

The Board of Directors is responsible for formulating the Agency's vision, realization of its mission and achievement of strategic objectives in line with the approved strategic plan.

Board Committees

The Board has Four (4) Committees with specific delegated authorities. These are the Board Audit Committee, the Board Finance and Resource Mobilization Committee, Human Resource and Corporate Affairs and Technical Committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. The composition of each committee is shown below.

FINANCE AND RESOURCE MOBILIZATION

1. Chairperson (Rep. Cabinet Secretary – The National Treasury & Economic Planning)
2. Two (2) – Independent Directors
3. Rep. Principal Secretary- – State Department for Energy
4. Rep. Principal Secretary- State Department for Environment and Climate Change
5. Rep. Inspectorate of State Corporations

The main function of the Finance and Resource Mobilization Committee is review, oversee the creation of accurate, complete, timely and meaningful financial statements for presentation to the Board for approval and oversee the Agency's financial management including the quarterly and annual plans, budgets, work plans and reports.

AUDIT COMMITTEE

1. Chairperson – Independent Director
2. Two (2) Independent Directors
3. Rep. Cabinet Secretary – The National Treasury & Economic Planning
4. Rep. ISC

The Audit committee has the responsibilities of ensuring existence of requisite financial reporting processes, strong systems of internal controls, risk management and efficient operational activities carried out under existing Government laws and regulations for the Agency to achieve its objectives.

TECHNICAL & STRATEGY COMMITTEE

1. Chairperson – Independent Director
2. Rep. Principal Secretary- – State Department for Energy
3. Rep. Principal Secretary – State Department for Water and Sanitation
4. Rep. Principal Secretary- State Department for Environment and Climate Change
5. Rep. ISC

The technical Committee responsible for ensuring; policy oversight, operational and legal compliance, advising the Board on proposed subsidiary legislation, effective management of water towers, effective organizational structures for water towers areas as well as approvals of technical policies, strategies and system

HUMAN RESOURCE AND CORPORATE AFFAIRS COMMITTEE

1. Chairperson – Independent Director
2. Three (3) - Independent Directors
3. Rep. Principal Secretary – State Department for Water and Sanitation
4. Rep. ISC

The Human resource and Corporate Affairs Committee is responsible for overseeing HR processes and policies including recruitment and retention, training, learning and development and making recommendations to the Board for approval

(e) ENTITY HEADQUARTERS

Post Office Box 42903 – 00100,
General Post Office,
N.H.I.F Building 15th Floor,
Ragati Road, Upper hill,
Nairobi - Kenya.

(f) ENTITY CONTACTS

Telephone: (254) 020 2711437
E-mail: info@kwta.go.ke
Website: www.watertowers.go.ke

(g) ENTITY BANKERS

1. National Bank of Kenya

Hill Plaza Branch
P.O. Box 45219-00100
The: +254(0)202722211
E-mail: hill@nationalbank.co.ke
Website: www.nationalbank.co.ke

2. Kenya Commercial Bank

Capital Hill Branch
P.O. Box 69695-00400
Tel: +254-20-2737103/2720208/2720207
Fax: +254-20-2737107
E-mail: capitalhill@kcb.co.ke
Website: www.kcbbankgroup.com

(h) INDEPENDENT AUDITORS

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

Kenya Water Towers Agency
Annual Report and Financial Statements
for the year ended June 30, 2023.

Nairobi, Kenya

(i) **Principal Legal Adviser**

The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

2. THE BOARD OF DIRECTORS



Hon. Rashid M. Echesa
Chairperson, Kenya Water
Towers Agency Board

Hon. Rashid Mohammed Echesa was appointed by His Excellence the President to be the Chairperson of The Kenya Water Towers Agency Board for a period of three (3) years effective the 19th May 2023 through a Gazette Notice No. 6282.

He holds a Diploma in Business Administration from Regional Curriculum Management College. Currently pursuing a Bachelor's Degree in Business Administration.

In 2006- 2007, the late, President Kibaki appointed Hon. Echesa the Western Region Coordinator of Party of National Unity (PNU) a time when it was very unpopular.

His performance was exemplary considering that it was Orange Democratic Party (ODM) which was very popular in Western Kenya.

In 2009-2010, he joined ODM on whose ticket he vied as Youth President and won the elections. He remained in ODM until 2014 after which he joined Jubilee Party. In 2017, he vied for Mumias West Parliamentary seat on Jubilee ticket and against all odds became the second.

In 2018-2019, he was appointed Cabinet Secretary Sports Heritage and Culture by the retired, President Uhuru Kenyatta Muigai. Through his good leadership, he championed for the return of World Safari Rally after an eighteen (18) - year hiatus.

Other major achievements made throughout his span of career, was bringing the World under 20 Athletics to Nairobi Kenya, taking Harambee Stars to AFCON which was held in Egypt and pushing a Sports (Amendment) Bill 2018 through parliament to give the Sports Ministry a Fund. He left the Ministry with a healthy fund of KES.18 billion.

After his exit from the Ministry of Sports, he went back to manage his private business (Company Oust and Aust International).

Upon his appointment, the Chairman has picked up the job with a lot of vibrance and hopes to leave a mark considering his track record everywhere he has worked.



Prof. Julius G. Tanui, PhD, EBS
Chief Executive Officer

Prof. Tanui has over twenty years' experience in Environmental Geo-information and Sustainable Development. He holds a PhD from Nelson Mandela Metropolitan University, South Africa, whose research was "Towards Community Environmental Education using current Institutional Resources, GIS and Remote sensing, and local knowledge: A case of the Nandi Hills and Nandi Forests, Western Kenya."

He has worked at the Kenya Institute of Surveying and Mapping - Teaching in the field of Thematic Cartography and Computer Mapping, Geographic Information System (GIS) and Geography, as a Senior Lecturer and Associate Professor of Moi University offering lectures in the area of Environmental Education, Environmental Planning Research, Geographical Information Systems (G.I.S) Environmental Information System (E.I.S), Environmental Modelling and System Analysis.

He has also served as Moi University Director, International Programmes & Linkages, Moi University Development Unit (MUDU) Project Leader-Centre of Excellence in Education Research Methodologies in East and South Africa (CERM-ESA) which include: Oldenburg University – Germany, Nelson Mandela Metropolitan University South Africa, Uganda Management Institute, Dar-es-salaam University and Moi University. He has published twenty-three refereed articles in acclaimed Journals with a bias on Environment and Conservation of Forests and Water Catchment areas, presented papers in professional conferences, undertaken various researches, and supervised doctorate, master's and bachelor's degree students undergoing research.

He coordinated the writing of a project proposal that attracted DAAD funding of over 3.5 Billion Euros, which established the Centre of Excellence in Education and Research Methods at Moi University in collaboration with Nelson Mandela Metropolitan University-South

	<p>Africa, Oldenburg University-Germany, Dares Salaam University, Tanzania and Uganda Institute of Management, Uganda. As Director of International Programmes, he established collaborations between Moi University with other universities like University of Haifa and Hebrew University of Jerusalem both in Israel, University of Tennessee at Chattanooga and Alexandria University Egypt.</p> <p>He joined the Agency on 1st November, 2016 as Director for Partnerships, Business Development & Community Livelihoods and subsequently as acting Director General from January, 2018 to date. He has a passion for sustainable management of water towers as an enabler of the Big Four National Development Agenda. He has spearheaded successful resource mobilization towards conservation of water towers. He is also a recipient of the Head of State commendation as Elder of Burning Spear (EBS) and Moran of the Burning Spear (MBS) because of his innovation of Heuristic Model in Natural Resource Management, Peace Initiatives in the Diocese of Eldoret with the Late Bishop Cornelius K. Korir and distinguished service at Kenya Water Towers Agency.</p>
 <p>Ms. Agnes Yobterik,OGW</p>	<p>Ms. Agnes Yobterik was appointed on as alternate Member to Principal Secretary, State Department for Environment and Climate Change.</p> <p>She holds a Master’s Degree in Forestry from the University of Toronto, Canada and two Bachelor’s Degrees; BSc in Forestry from Moi University and BA Development Studies from Kimmage DSC of Ireland/MSTCDC Arusha, Tanzania. Currently, she is undertaking her PhD studies at the University of Eldoret.</p> <p>Agnes is currently working as the Director, Programs, Projects & Strategic Initiatives, Ministry of Environment and Forestry providing leadership in designing and developing project proposals and overseeing projects funded by the Ministry. Additionally, as the National Focal Point Officer for Lake Victoria Basin Commission (LVBC), an organ of the East African Community (EAC), she leads Kenyan delegates at Senior Officials Sessions as well as Coordination Committee levels and is well versed with matters affecting the EAC region particularly with respect to the Lake Victoria</p>

Basin. As a member of the National Task Force for the Vision and Strategy Development for Lake Victoria and its Catchment, the document prepared formed the basis for the formation of the LVBC, with its Headquarters in Kisumu, Kenya, and its implementation strategy. As the Global Environment Facility (GEF) Desk Officer at the Ministry, she works closely with GEF accredited Agencies such as UNDP, UNEP, FAO, UNIDO, WWF, IUCN and IFAD, among others, to affirm that project proposals are consistent with national plans and priorities and facilitating GEF coordination, integration, and consultation at country level. Kenya and USA have recently entered into negotiations on Free Trade Agreement and Agnes is the Team Lead for the Environment Chapter of the Kenya-US FTA.

Previously, Agnes worked with various organizations and institutions undertaking field based integrated community-based programs scaling up existing successes on natural resources management and introducing ecosystem-wide approaches to achieve sustainable land management best practices emphasizing community driven development process.

Agnes was awarded the Presidential Honours of the Order of the Grand Warrior (OGW) in December, 2011 and was nominated for the Best Performing Staff female category for the Public Servant of the Year Award, Ministry of Environment, November, 2016. Agnes brings on board a wealth of experience and knowledge to the Board of KWTA.



Ms. Esther Wangombe,OGW

Ms. Esther Wangombe represents the Principal Secretary; State Department for Energy She joined the Board on 10th May 2013. She holds a Bachelor's of Science in Forestry from Moi University and Masters in Environmental Sciences from Kenyatta University. She also acquired a Post Graduate Diploma in Forestry for Rural Development from (ITC, Netherlands). Ms. Wangombe has vast experience in the Public Sector and she currently holds the position of Deputy Director, Renewable Energy in the Ministry of Energy and Petroleum



Mr. David Bosuben

Mr. David Bosuben is the alternate Director to Principal Secretary, State Department for Water and Sanitation. He has over 30 years in the Water Resources sub-sector. He holds a Master of Science degree from UNESCO IHE Delft Institute, the Netherlands in Water Management with specialization in transboundary water resources conflict management; he also has a Postgraduate Diploma in Shared Water Resources from Cairo University, Arab Republic of Egypt and a Bachelor of Science degree from University of Nairobi.

He has special interests in watershed hydrology and in particular how that relates to water flows and how the same can be safely harnessed to support socioeconomic development for basin communities in the face of climate change and other anthropogenic influence.

He comes to the Kenya Water Towers Agency Board with a wealth of experience in water resources management and development including hands on experience in policy development and implementation.



Hon. Elisha Busienei

Hon. Elisha Busienei was appointed to be a Board Director at the Agency on 19th May 2023. Hon. Busienei served as Member of Parliament for Turbo Constituency from 2013 to 2017. During this period, he was a member of the Parliamentary Committee on Defence and Foreign Relations. He has also served as Board Director for Lake Basin Development Authority from 2018 to 2022. While at the Authority, he served as the Chairman for Strategic Planning and Development Committee. Prior, in 2007 to 2012, he worked as a Councillor in the Eldoret Municipality.

Hon. Busienei hold a bachelor's degree in Development Studies from Mt. Kenya University where he studied from the year 2013 to 2016. He also holds a diploma in Public Administration from Moi University where he also studied from 2012 to 2013. Hon. Busienei currently serves as the Chairman of Audit Committee at the Agency. The Agency banks on his administrative skills to streamline water towers



Mr. Michael Waititu Maina

Mr. Michael Waititu Maina was appointed on 19th May, 2023 to Kenya Water Towers Agency Board for a period of three (3) years. He is a leadership and strategic management professional graduating with a Master of Business Administration -Strategic Management Degree from the University of Nairobi, Holds a Bachelor of Arts Degree in Business Studies and Economics from Kenyatta University and a Diploma in Human Resources Management from Kenya Institute of Management. He has over two decades of experience in the Government & Corporate commercial Industry spearheading management of general organizational functions and implementing strategic management policies and strategies in different capacities. Prior to his appointment as a Director of Kenya Water Towers Agency, he served as Senior Key Expert - Financial Services, with the Institute of Public Finance, which is a premier non-profit think tank providing Technical Assistance for governments in Africa on Public Finances.



Mr. Feisal Mohammed

Mr. Feisal Mohamed is the Alternate Director to the Cabinet Secretary, The National Treasury and Economic Planning at the Board of the Kenya Water towers Agency. He was appointed to the Board in September 2022. He is a Public Financial Management Specialist with an interest in Public Policy and Public Finance. He holds an MSc in Political Economy from the London School of Economics and a Bachelor's Degree in Financial Mathematics.



Ms .FlorenceAuma Oluoch

Mrs Florence Auma Oluoch was appointed on 9th June 2023 to the Kenya Water Towers Board for a period of three (3) years. She is a business professional with extensive experience in the financial services and insurance industry, having worked as a financial advisor with Britam Insurance for a period of twenty years. She is currently the managing director of Woolsack Holdings Limited, Woolsack is involved in the hospitality industry and real estate sector.

Mrs Florence Auma is a member of the Kenya Association of Insurers. She holds a certificate of proficiency from the College of Insurance, a Diploma in Sales and Marketing from the University of Nairobi, and a Bachelor of Business Management, (Marketing Management) from Mount Kenya University



Mr. Adan Omar Enow

Mr. Adan Omar Enow, a leadership and strategic management professional graduating with a PhD in Leadership and Governance, Kisii University. He holds a Masters of Business Administration-Strategic Management from Kenyatta University, Bachelors of Science Education, Mathematics and Physics from Kampala International University and a Diploma in Science Education from Kenya Science Teachers College.

He has 20 years of experience of which 13 years is in senior management position, spearheading management in diverse sectors and change agent who consistently refines and revitalizes strategies driven by team collaborations.

Prior to his appointment as a director of Kenya Water Towers Agency, He served as a board member of Kerio Valley Development Authority, chairing Development and Environment Committee, Trustee of Water Sector Trust Fund, Chairing Finance and HR Committee and Trustee of National Sports Fund Currently Sports, Arts and Social Development Fund, chairing HR Committee of the Board. He also served as County Chief Officer in Wajir County Government. He has a distinguished career in the Teachers Service Commission (TSC) as Chief Human Resource Officer, District Human Resource Officer and Head of Mathematics and Sports Department. He has also served in various Boards within the

county including District Hospital Management Board and co-opted member Rural Roads Authority. Mr. Adan is a trained volleyball referee/coach and trained physical education teacher.



Ms. Rose Ombaki

Ms. Rose Gesare Ombaki was appointed to the Board of Kenya Water Towers on 7th June 2023 for a period of three (3) years.

Ms. Ombaki is a business lady by profession and has been a Director of Rogem Estates Limited, an investment and real estate company based in Nairobi. She has a bachelor's degree in Business Management (Finance option) from Marist International University College (MIUC) and is currently pursuing a Master of Business Administration (MBA) at the Catholic University of East Africa (CUEA). Ms. Ombaki also has a Diploma in Business Administration from MIUC. She also has a Certificate in Development Studies and Social Work as well as Life Skills both from MIUC.

The Agency banks on her business and financial acumen to drive the affairs of the Human Resources & Corporate Affairs and Audit Committee in which she is a member. These Committees review and guide Management on all matters relevant to communication, human resources, ICT, Finance, and Audit.



Robert Mounde Omosa
 Corporation Secretary

Mr. Robert Mounde Omosa is the Ag. Corporation Secretary and Head of Legal Service. He holds Master's Degree in Education from Kenyatta University, a Bachelor of Laws degree from The University of Nairobi, a Bachelor in Education from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law, an Advanced International Certificate in Educational Sector Planning from IIEP/UNESCO Paris, a Certificate in Local Education Administration from JICA Sapporo Japan, a certificate in Strategic Leadership Development Programme from the Kenya School of Government Nairobi and Certificate in Corporate Governance from the Centre for Corporate Governance. He is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya.

	<p>Mr. Mounde has worked in the Public Sector for the last thirty two years in various positions. Currently he is working in Kenya Water Towers Agency on secondment from the Office of the Deputy President.</p>
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3. MANAGEMENT TEAM



Prof. Julius Gordon Tanui. PhD, EBS
Chief Executive Officer

Prof. Tanui has over twenty years' experience in Environmental Geo-information and Sustainable Development. He holds a PhD from Nelson Mandela Metropolitan University, South Africa, whose research was "Towards Community Environmental Education using current Institutional Resources, GIS and Remote sensing, and local knowledge: A case of the Nandi Hills and Nandi Forests, Western Kenya."

He has worked at the Kenya Institute of Surveying and Mapping - Teaching in the field of Thematic Cartography and Computer Mapping, Geographic Information System (GIS) and Geography, as a Senior Lecturer and Associate Professor of Moi University offering lectures in the area of Environmental Education, Environmental Planning Research, Geographical Information Systems (G.I.S) Environmental Information System (E.I.S), Environmental Modelling and System Analysis.

He has also served as Moi University Director, International Programmes & Linkages, Moi University Development Unit (MUDU) Project Leader- Centre of Excellence in Education Research Methodologies in East and South Africa (CERM-ESA) which include; Oldenburg University – Germany, Nelson Mandela Metropolitan University South Africa, Uganda Management Institute, Dar-es-salaam University and Moi University. He has published twenty-three refereed articles in acclaimed Journals with a bias on Environment and Conservation of Forests and Water Catchment areas, presented papers in professional conferences, undertaken various researches, and supervised doctorate, master's and bachelor's degree students undergoing research.

He coordinated the writing of a project proposal that attracted DAAD funding of over 3.5 Billion Euros which established the Centre of Excellence in Education and Research Methods at Moi University in collaboration with Nelson Mandela Metropolitan University-South Africa, Oldenburg University-Germany, Dares Salaam University-Tanzania and Uganda Institute of Management, Uganda. As Director of International Programmes, he established collaborations between Moi University with

other universities like University of Haifa and Hebrew University of Jerusalem both in Israel, University of Tennessee at Chattanooga and Alexandria University Egypt.

He joined the Agency on 1st November, 2016 as Director for Partnerships, Business Development & Community Livelihoods and subsequently as acting Director General from January, 2018 to date. He has a passion for sustainable management of water towers as an enabler of the Big Four National Development Agenda. He has spearheaded successful resource mobilization towards conservation of water towers. He is also a recipient of the Head of State commendation as Elder of Burning Spear (EBS) and Moran of the Burning Spear (MBS) on account of his innovation of Heuristic Model in Natural Resource Management, Peace Initiatives in the Diocese of Eldoret with the Late Bishop Cornelius K. Korir and distinguished service at Kenya Water Towers Agency.



Mr. Molu Wato
Ag. Director Ecosystem
Protection, Rehabilitation and
Conservation

Mr. Molu Wato is the Acting Director for Ecosystem Protection, Rehabilitation and Conservation. He joined the Agency on 5th February, 2018. Mr. Molu has a vast experience spanning the Public Service and Civil Society Organization with over 17years. He holds Masters Degree in Environmental Studies (Climate Change and Sustainability) from Kenyatta University and a Bachelor of Science in Wildlife Management from Moi University and currently a PhD Candidate in Environmental Policy at the University of Nairobi, Centre for Advanced Studies in Environmental Law and Policy (CASELAP). He has as attended several skill enhancement and management courses like Senior Management and Strategic Leadership at Kenya School of Government. He is a Lead Expert on Environmental Impact Assessment and Audit and a Member of Environmental Institute of Kenya.



Dr. Winfred M. Musila, PhD
Director Ecosystems Assessment
Planning and Audit

Dr. Winfred Musila is in charge of Ecosystem Assessment, Planning and Audit Directorate. She joined the Agency on 1st November 2016. She is an environmentalist/ecologist and holds a PhD in Forest Ecology from University of Hohenheim, Germany, M.Phil in Environmental Science from Moi University and a BSc in Botany and Zoology from Egerton University. She has over fifteen years' experience in ecological research, natural resource management, community mobilization, capacity building, project management and stakeholder engagements. She is a member of Tropical Biology Association, African Forest Forum (AFF), Nature Kenya (East African Natural History Society), Forestry Society of Kenya and the Kenya Forest Working Group.



Ms Susan Boit
Ag. Director Community
Partnerships and Sustainable
Livelihoods

Ms Susan Boit is in charge of Community Livelihood. She joined the Agency on 1st October 2013. She holds a master's degree in Food Science at the university of Reading United Kingdom as well as a bachelor's degree in Home Economics from Kenyatta University with a working experience of over twenty years in the field.



Mr Richard Krop
Ag Director Corporate Services

Mr. Richard Krop is the Ag. Head of Corporate Services. He is also overseeing the Directorate of Planning Strategy and Quality Assurance Mr. Krop has extensive expertise and experience in program management, strategic partnerships, strategy, monitoring & evaluation, peace building & conflict management, sports development and resource mobilization garnered in the past 15 years having worked with Civil Society Organizations and most recently in Government Agencies.

Mr. Krop is pursuing a PhD in Entrepreneurship and Small Business Development, a holder of MBA Strategic Management and BA Commerce, Human Resources Option from the University of Nairobi. He is a member

of Institute of Human Resource Management (IHRM) and Kenya Institute of Management (KIM)



Lorna Chepkirui
Ag. Head of Internal Audit.

Lorna Chepkirui is the Ag. Head of Internal Audit. She is overseeing the Department of Internal Audit. Lorna is a self-motivated and meticulous internal auditor with over 8 years working experience in the public and private sector. She has extensive expertise and experience in performing comprehensive internal auditing operations, combined with inherent leadership, interpersonal, and organizational skills.

Ms Lorna is pursuing an MBA in Information Systems at the University of Nairobi, a holder of a Bachelor of Arts Degree (Economics and Communication) also from the University of Nairobi and a Certified Accountant of Kenya (CPAK). She is a member of Institute of Certified Accountants of Kenya (ICPAK) and the Institute of Internal Auditors, Kenya (IIAK).



Ms. Jane Muthoni Mbae
Head of Human Resource and
Administration

Ms. Jane Muthoni Mbae is the Head of Human Resource and Administration Department at the Agency. She joined the Agency in October, 2020 bringing a wealth of knowledge and experience in Human Resource and Administration. She has over nineteen (19) years from both the public and private sector. She holds a Master Degree in Business Management (Human Resource Management) from Kenyatta University, Bachelors in Business Administration (Human Resource Management) and Diploma in Business Management from Kenya Methodist University. She is a Certified Human Resource Professional (CHRP-K) as well as a member of the Institute of Human Resource Management in Good Standing.



Mr. Saitoti Sirere

Head of Finance and Accounts

Mr Saitoti Sirere is the Head of Finance and Accounts with effect from 1st October, 2018. He has over twelve (12) years' experience in both public and private sectors. He holds a master of Science in Finance from the University of Nairobi, Bachelors in Business Administration (Accounting & Finance) and certificate on Budgeting and Financial Management in the Public Sector from Duke center for International Development, Duke University (North Carolina).

He is also a Certified Public Accountant of Kenya - CPA (K) as well as a member (In Good Standing) with the Institute of Certified Public Accountants of Kenya (ICPAK).



Ms. Brenda Korir

Head of Supply Chain
Management

Ms. Brenda Korir is the Head of Supply Chain Management She joined the Agency on 14th June, 2022. She has over Ten (10) years' experience in both Public and Private sector. She holds a Master Degree in Business Administration (Purchasing and Supplies Management option) from The University of Nairobi, a Post-Graduate Diploma in Purchasing and Supplies from Kenya Institute of Management and Bachelor's degree in Education (Arts) from Kenyatta University.

She is Certified Procurement and Supply Professional (CPSP), a Licensed Supplies Practitioner and Full Member of Kenya Institute of Supplies Management (KISM) among other qualifications.



Robert Mounde Omosa
Corporation Secretary

Mr. Robert Mounde Omosa is the Ag. Corporation Secretary and Head of Legal Service. He holds Masters Degree in Education from Kenyatta University, a Bachelor of Laws degree from The University of Nairobi, a Bachelor in Education from Moi University, a Post Graduate Diploma in Law from the Kenya School of Law, an Advanced International Certificate in Educational Sector Planning from IIEP/UNESCO Paris, a Certificate in Local Education Administration from JICA Sapporo Japan, a certificate in Strategic Leadership Development Programme from the Kenya School of Government Nairobi and Certificate in Corporate Governance from the Centre for Corporate Governance. He is an Advocate of the High Court of

Kenya and a member of the Law Society of Kenya.

Mr. Mounde has worked in the Public Sector for the last thirty two years in various positions. Currently he is working in Kenya Water Towers Agency on secondment from the Office of the Deputy President.

4. CHAIRMAN'S STATEMENT

Water Towers are critical ecosystems that influence various aspects of the economy by providing freshwater for agriculture (irrigation), energy (hydropower), tourism (wildlife), urban development water supply, industry water supply, tea sector, amelioration of climate and climate change reliance among others. Therefore, these ecosystems are national assets for social economic development and surrounded by communities who for a long time have continued to depend on the ecosystem for goods and services

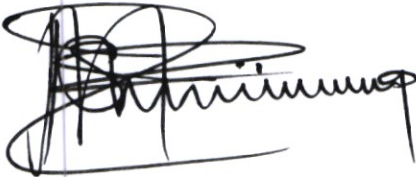
The Kenya Water Towers Agency (KWTA) is mandated to coordinate and oversee conservation, protection, rehabilitation and sustainable management of all the water towers in the country. The Agency has gazetted 18 water towers key among them being Mau Complex, Mt. Kenya, Aberdare's, Cherangany and Mt. Elgon. In collaboration with key stakeholders in Government and non-government organizations, 70 other water towers have been proposed and will undergo the criteria of water tower identification before Gazettement.

In terms of our approach, KWTA Strategic Plan, has key focal areas: Water Towers Research, Planning and Information Management; Corporate, Governance and Institutional Framework; Securing, Protection and Rehabilitation; Community Livelihood Improvement; and Partnership and Collaboration for Resource Mobilization and Capacity Development. This will inspire social transformation with regard to the Kenya's environment. Key achievements of the Agency include Development of Draft Water Towers Coordination and Conservation Policy and Bill, 2019, Fencing of 30Km in Maasai Mau Forest, Assessment of status of water towers, Rehabilitation of degraded sites, development of conservation plans and promotion of community livelihoods programs to ease pressure from the water towers and expansion of our collaborators and networks in conservation.

On behalf of the Board of Directors of KWTA, I am pleased to present the 2022/2023 financial statement. It is important to note that Financial Reports forms the backbone for financial planning, analysis, benchmarking and decision making of the Agency. Therefore, quality accounting and reporting frameworks are essential in policy making, and in strategic decision making. The overall performance of the Agency is in line with our strategic focus.

Kenya Water Towers Agency
Annual Report and Financial Statements
for the year ended June 30, 2023.

The Board is therefore committed in ensuring well utilization of resources towards sustainable conservation of water towers as a driving factor in the achievement of the Bottom-up Economic Transformation Agenda (BETA). We thank the Presidency and the Ministry of Environment, Climate Change and Forestry for the support towards conservation of water towers as well as all the stakeholders for their good will.



Hon. Rashid M. Echesa
Chairperson, Kenya Water Towers Agency Board

5. REPORT OF THE CHIEF EXECUTIVE OFFICER

Kenya Water Towers Agency is committed in fulfilling its mandate to ensure water towers in the country are conserved and sustainable managed. In the FY 2022/2023, the Agency has undertaken various initiatives such as development of draft Water Towers Conservation Policy and Bill, assessment and dissemination of status of water towers, development of conservation management plans, rehabilitation of degraded sites, development of an integrated water tower monitoring framework and community livelihood programs.

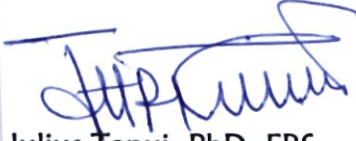
As the Chief Executive Officer, I have provided leadership and guidance to ensure that the Agency meets its performance targets, employ best practices in water towers conservation by employing prudent environmental governance and harness stakeholder's goodwill in protection and conservation. Also I will ensure inclusion of all stakeholders in sustainable livelihood programmes for employment and wealth creation and engage a participatory business approach to natural resource management.

I am pleased to present the financial results of the Agency for the financial period ended on 30th June 2023. The agency received Kshs 494,000,000 from GOK for recurrent vote and Kshs 51,250,000 for the Development Vote against the approved estimates of Ksh 494, 000,000 for Recurrent and Ksh 205,000,000 for Development respectively. The agency received Donor Funds amounting Ksh 739,762 from Global Environmental Facility through Food Agricultural organization and Ksh 1,000,000 from Nairobi Securities Exchange.

However, the amount received for Development is far below the requirement of the Agency. In this financial year, however, the Agency continues to deliver its mandate despite the challenges related to inadequate budgetary allocation. The Agency hopes to raise enough resources with the support of the Parent Ministry, the National Treasury and other development partners.

While KWTA grapples with a far-reaching and comprehensive approach to the sustainable management of Water Towers, we are aware that we need to deepen and also communicate our understanding of the Water Towers ecosystems, their interactions, hydrological cycle, socio-economic opportunities derived from the ecosystem disturbances, the anthropogenic factors, the impact of climate change on Water Towers ecosystem and the resilience of the ecosystem to external forces.

In conclusion, I appreciate the support from the Parent Ministry and guidance of the Board during the year under review. I am grateful for the continued confidence of my management team as well as my fellow staff members and hope the same will continue as the Agency grows.



Prof. Julius Tanui, PhD. EBS
Chief Executive Officer

6. CORPORATE GOVERNANCE STATEMENT

We believe in good corporate governance as an organization. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the Agency. The Board has the appropriate mix of skills, knowledge and experience to perform its role effectively.

Board meetings are held quarterly. The Board has a formal schedule of matters specifically reserved for deliberation. The Agency ensures that it provides the necessary resources and expertise to the Board of directors to assist them in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Board has a duty to the people of Kenya to ensure that the KWTA achieves its objectives efficiently and effectively and in compliance with the Legal Notice No 27 of 2012. Statutory powers of the KWTA Board include:

- Approve and ratify the policies of the Agency.
- Manage, control and administer the assets of the Agency in such manner and for such purposes as are best to promote the purposes for which the Agency is established.
- Receive any gifts, grants, donations or endowments made to the Agency.
- Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Agency.
- Approve the Performance Contract and annual budgets and work plans for the Agency.
- Open a banking account or banking accounts for the funds of the Agency.
- Determine and issue the terms and conditions for the appointment and enlistment of personnel to the Agency.
- Co-operate with other organizations undertaking functions similar to the Agency's whether within Kenya or otherwise.

In working to meet its obligations, the Board shall focus on matters of corporate governance, ensure that personal and private interest are put aside for the good of the Agency, and delegate matters of management to staff.

Specific Responsibilities

Given the powers afforded above and taking into consideration matters of corporate governance, the KWTA Board will execute the following specific responsibilities;

- Determine a clear statement of KWTA's vision, mission, purpose and values.
- Make recommendations for appointment of the Chief Executive Officer
- Monitor and appraise the performance of the Chief Executive Officer
- Appoint and appraise other senior managers
- Ensure accountability through quality management systems
- Ensure adequate strategic planning
- Ensure adequate operational planning
- Ensure KWTA has adequate financial resources
- Ensure adequate financial reporting
- Ensure adequate standards of internal controls
- Performance Contracting
- Ensure Efficient Performance of Regional Offices
- Approve staff employment policies and practices.
- Assess corporate performance through external evaluations.
- Manage, protect and enhance KWTA's reputation.
- Ensure an efficient and effective functioning Board.

Except for direction and guidance on general policy, the Board has delegated the authority for the conduct of day-to-day business to the Chief Executive Officer and the Management.

Directors' remuneration

The remuneration of all directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate as provided for by law. The directors are paid a sitting allowance for meetings attended.

Internal Controls

The Agency has in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorized, validated and reported in line with International Financial Reporting Standards.

Board Committees


The Board has Four Committees with specific delegated authorities. These are the Board Audit Committee, the Board Finance and Resource Mobilization committee, Human Resource and Corporate Affairs and the Technical and Strategy committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. All directors are subject to a three-year term renewable once (for independent members appointed by name in accordance with the Legal Notice. On first appointment, the directors go through an induction program covering the organization's operations and an appreciation of the key risk areas. The directors are advised of the legal, regulatory and other obligations of a director of a listed company on an ongoing basis. The directors also receive both internal and external training on corporate governance through a comprehensive training by the Centre for corporate governance.

Conflicts of interest

The directors are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Agency's business. The Agency has established a robust process requiring directors to disclose outside business interests before they are entered into. Any potential or actual conflicts of interest are reported to the Chief Executive Officer.

Compliance

The Board confirms that it is satisfied that the Agency has adequate resources to continue in operating for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements. The Board is satisfied that the Agency has to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the State Corporations Act and the Legal Notice no: 27. Further disclosures on compliance are set out in the Directors statement of responsibilities and notes to the financial statements.



Hon. Rashid M. Echesa
Chairperson
Kenya Water Towers Agency Board



Prof. Julius Tanui, PhD. EBS
Chief Executive Officer
Kenya Water Towers Agency

7. MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

In the Financial Year 2022/2023, the Agency has implemented the following programs under the development vote:

SUB-PROGRAMME: WATER TOWERS CONSERVATION AND MANAGEMENT

Mitigation and management of Soil Loss

Mitigating and managing soil loss/ erosion will improve the quantity and quality of water, upon which universal health care on clean and safe water, food & nutrition security through provision of sufficient water for agriculture and industrialization, manufacturing and agro-processing - water for H.E.P are dependent on.

Objective; the project aims at improving Water Towers Ecosystem Health and resilience by mitigating and sustainably managing soil loss to increase the quality and quantity of water towers resources

Key Achievements for the Financial Year 2022/2023

- Maintenance and monitoring of the 30km Maasai Mau Fence
- During the year, the Agency coordinated and facilitated the Joint Enforcement Unit (JEU) in protecting 142,601 Ha of Mau Forest Complex. The aim is to contain destruction, encroachment and illegal extraction of Water Towers resources. The culprits are normally arrested and taken to court of law. During the quarter about 66 suspects were arrested, 43 fined, 2 jailed and nine released. "12 Cases are still pending in court"
- During the year, there was progress in the legal anchorage of the Agency. The Ministry gave a directive that the Agency drop the National Water Towers Policy and Kenya Water Towers Bill as was initially drafted and harmonise with Draft National Forest Policy and the Agency be anchored as a regulator in the Conservation and Management amendment Bill 2023.
- A technical team with several working sessions on enactment of Forest Conservation and Management amendment Bill 2023. The team reviewed and harmonized the following documents. Consequently, draft provisions for regulator has been developed to be part of the Forest Conservation and Management Act(Amendment) Bill 2023.

- Completed Nyambene Hills Water Tower Total Economic Valuation report.
- Reviewed Mt. Kulal and Loita Hills Water Tower Total Economic Valuation reports in readiness for the planned subsequent activities in the next financial year.
- During the quarter, the Revision and re-evaluation of the Degradation Mapping of Nuu Hills and Ngaya water tower were done after field validation
- Data was uploaded onto 2 modules of the IWTMS:
 - The Fire Monitoring Module Three (3) water towers were uploaded: Loima Hills, Tinderet and Marmarnet Water Tower. A total of 36 water towers have been uploaded up to date under this module

Community Livelihood Improvement Programme (CLIP)

In addressing the vulnerability of water towers, a situation informed by the growing demand for their resources, KWTA is implementing CLIP intervention with an aim of easing the pressure on these ecosystems. Cognizant of the Big Four Agenda, the project through; establishment of nature based enterprise including bamboo initiative as an alternative livelihood will address and improve food & nutrition security, affordable housing, industrialization, manufacturing and agro-processing, Bio-prospecting activities will contribute towards universal health care.

Objective: is to provide alternative livelihood solutions for communities and creation of economic buffers for socio economic development within water towers ecosystems.

Key Achievements for the Financial Year 2022/2023

- The Agency delivered a total of 180 Bee hives to NkaroniTirap Group in Maasai Mau, Gwasi Hills CFA and Kiptogot CFA.
- The Agency has developed TORs on establishment of Commercial Fruit Tree Nurseries (Kwale) and establishment of Aloe Vera Value Chain Enterprise (Baringo)
- The Agency has identified the groups to be supported in different water towers ecosystem.

The Agency undertook Capacity building of Mogotio Aloe Management Cooperative Society on Aloe Vera value chain.

- The Agency has developed TORs on Promotion of Renewable Energy through Briquette Making Enterprises (Taita Taveta) and Establishment of a model school with solar Energy system (Maasai Mau Forest).

- The Agency received Donation of Kshs. 1,000,000 from the Nairobi Security Exchange during the Charity Trading Day and undertook the following:
 - Development of a Roadmap for the development and implementation of mobile-based virtual reality application for experiential learning under Environmental education
 - Development of Work-plan for the implementation of the Environmental Education Guide and Manual under Virtual Reality.
 - Undertake the procurement services for the development of the virtual reality mobile-based application.
- Developed and submitted a proposal to the Ministry of Energy and Petroleum on the rehabilitation of 100Ha in Mt. Elgon Water Tower and undertaking capacity building of youth groups on tree nursery management under the Kenya Energy Sector Environment and Social Responsibility programme (KEEP).

The approved budget for financial year 2022/2023 is as follows:

	Printed Estimates Recurrent /Development Budget FY 2022/2023
Approved Recurrent Budget FY 2022/2023	Grants:- 494,000,000
Approved Development Budget 2022/2023	Grants:- 205,000,000

The total Disbursements received are tabulated below:

1. RECURRENT VOTE

DATE	AMOUNT
22 nd August ,2022	123,500,000
14 th November, 2022	123,500,000
10 th February, 2023	123,500,000
9 th June, 2023	123,500,000
	494,000,00

2. DEVELOPMENT VOTE

DATE	AMOUNT
02 nd May 2023	51,250,000
18 th April 2023	739,762
22 nd February 2023	1,000,000
	52,989,762

The entity's financial probity and serious governance issues

The Agency is not faced with any major financial improbity by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight; neither does it have any governance issues or conflict of interest.

Major risks facing the entity

- Delay in receiving exchequer releases from the National Treasury
- Inadequate Funding
- Climate change impact (Floods, Drought)
- Fires
- Litigation Risk
- Covid -19 Pandemic

Entity's compliance with statutory requirements

The Agency is fully compliant with Statutory requirement in remitting all statutory deduction and taxes. It also pays all its bills on a timely basis. The Agency is therefore not exposed to any contingent liabilities.

8. STATEMENT OF MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

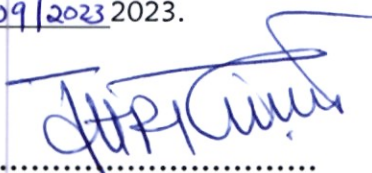
The Accounting Officer in charge of Kenya Water Towers Agency is responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year(period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of Kenya Water Towers Agency accepts responsibility for the entity's financial statements, which have been prepared on the Accrual basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS).The Accounting Officer is of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer in charge of Kenya Water Towers Agency further confirms the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the Kenya Water Towers Agency confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

Approval of the financial statements

The entity's financial statements were approved and signed by the Accounting Officer on 12/09/2023 2023.



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Prof. Julius G. Tanui, PhD. EBS
Chief Executive Officer



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CPA Saitoti Sirere
Head of Finance and Accounts
ICPAK M/No 8419

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 KENYA WATER TOWERS AGENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Water Towers Agency set out on pages 37 to 69, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effects of the matter described in the Basis for Qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Water Towers Agency as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Legal Notice No. 27/2012.

Basis for Qualified Opinion

Fully Depreciated Motor Vehicles

The statement of financial position as at 30 June, 2023 reflects property, plant and equipment net book value balance of Kshs.29,072,790 as per Note 20 to the financial statements. Included in the balance is Kshs.12,982,387 in respect of motor vehicles. However, twenty-five (25) motor vehicles that have been fully depreciated and still in use have not been revalued to reflect their fair values based on the assets' economic values in line with IPSAS 17 Paragraph 67 which provides that the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date to determine their fair values.

In the circumstances, the net book value of Kshs.12,982,387 for motor vehicles is not fairly stated in relation to their economic values.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted and actual revenue of Kshs.712,928,353 and Kshs.550,452,839 respectively resulting to budget deficit of Kshs.162,475,514. Similarly, the statement reflects budgeted expenditure of Kshs.712,928,353 against actual expenditure of Kshs.571,306,791 resulting to under expenditure of Kshs.141,621,562 or 20% of the budget.

The under-funding and under expenditure may have affected the planned activities of the Agency.

My opinion is not modified in respect of this matter.

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 to report in the year under review.

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, an issue was raised on the Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issue or provided reasons for the delay in resolving the prior year audit issue as required by the Public Sector Accounting Standards Board template and The National Treasury's Circular Ref.AG.3/88 Vol.VII (28) of 9 May, 2023.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Legal Existence of Kenya Water Towers Agency

The Agency was established through Legal Notice No. 27 of 13 April, 2012 and which should have been regularized within ten (10) years through an Act of Parliament. However, as at the time of audit in November 2023, being eleven (11) years since the gazettment of the Order, the Legal Notice had not been regularized contrary to Section 21(1) of the Statutory Instruments Act, 2013 which states that, "a statutory instrument shall be automatically revoked on the day that is ten (10) years after the date that the instrument came into operation unless it is sooner repealed or expires or regulation is made exempting it from expiry."

Although the Management explained that the Finance Act, 2023 repealed Section 21 of the Statutory Instruments Act, in December 2023, the Court of Appeal quashed the repeal of Statutory Instruments Act in the Finance Act, 2023.

In the circumstances, the legal existence of the Agency is in doubt.

2. Continued Operation of Joint Enforcement Unit (JEU)

Note 12 to the financial statements reflects payments of Kshs.57,184,593 on temporary committee (Joint Enforcement Unit) which includes payments of monthly allowances, meal allowances for local administrators and fuel expenses. The unit which comprises of uniformed officers from the Kenya Police Service, Kenya Forest Service, Kenya Wildlife Service and County Government of Narok was a recommendation of the Report of the Prime Minister's Task Force on the Conservation of the Mau Forests Complex of 2009. The Agency has been funding and coordinating the unit for several years' contrary to provisions of Section b (iv) of the Report which states that the unit should report on operational, administrative and financial matters to an Enforcement Committee chaired by the then Provincial Commissioner, Rift Valley with a fixed-term limit of not more than two years.

In addition, there was no documentary evidence of a signed agreement between the participating government agencies on their roles, number of officers, areas of operation, period and expected deliverables.

In the circumstances, the effectiveness and efficiency of the unit could not be confirmed and Management was in breach of the task force recommendations.

3. Failure to Maintain Asset Register

In the year under review, the Agency did not maintain an asset register contrary to Regulation 170(1) of the Public Procurement and Asset Disposal Regulations, 2020 which requires the Accounting Officer to maintain an asset register of assets under his or her control or possession as prescribed by the relevant laws. Although the Management claimed to have a draft fixed assets register, it has not explained how it tracks and monitors the usage of its assets in the absence of an approved fixed assets register.

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

4. Staff Serving in an Acting Capacity for more than Six (6) Months

The staff payroll revealed that a number of employees have been serving in acting capacity for position above their grade for periods longer than six months without the positions being substantially filled. This was contrary to the Public Service Code of Regulation 2006, J.4(4) which provides that when a substantive vacancy occurs and a recommendation for an acting appointment is being made to the Public Service Commission of Kenya, such recommendation should be accompanied by a draft indent for advertisement of the vacancy in question.

It has not been clearly explained why the positions have not been substantially filled through external advertisement or confirmation of the current position holders.

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAI) 4000. The standard requires that I comply with ethical

requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements 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 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

Manual Accounting System

The Management maintains its accounting records in manual form which exposes the records to errors of omission and commission. Management has indicated that it's in the process of operationalizing the accounting module in the existing Enterprise Resource Programme (ERP) system.

In the circumstances, the effectiveness of the manual accounting system in detecting and correcting errors could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (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 the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply 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 Agency'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 audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

29 February, 2024

Kenya Water Towers Agency
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10. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Public contributions and donations – GOK Grants	6	545,250,000	674,000
Transfers from other governments – Project	6	739,762	13,288
Other Income: NSE	6	1,000,000	
Finance income – Interest from Banks	7	3,463,077	7,054
Total revenue		550,452,839	694,342
Expenses			
Employee costs	8	271,783,207	277,783
Board Expenses	9	9,720,445	13,389
Depreciation and amortization expense	10	5,479,557	6,374
Repairs and maintenance	11	8,579,018	13,836
Administrative Expenses	12	119,566,499	136,707
Grants and subsidies – Development Expenditure	13 (a)	91,966,808	121,895
Grants and subsidies – Donor Projects	13 (b)	13,708,850	
General Operational expenses	14	54,524,841	112,208
Finance costs	15	1,457,125	1,507
Total expenses		576,786,348	683,703
Surplus/(deficit) for the period/year		(26,333,509)	10,638

The notes set out on pages 44 to 70 form an integral part of these Financial Statements.

The Financial Statements set out on pages 37 to 43 were signed on behalf of the Board of Directors by:

Hon. Rashid M. Echesa
 Chairperson

Kenya Water Towers Agency

Signature:

Date: 29-01-2024

Prof. Julius G. Tanui, PhD. EBS
 Chief Executive Officer

Kenya Water Towers Agency

Signature:

Date: 29-01-2024

CPA Saitoti Sirere (M/No: 8419)
 Head of Finance and Accounts

Kenya Water Towers Agency

Signature:

Date: 29-01-2024

Kenya Water Towers Agency
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14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	71,316,777	137,456,634
Receivables from exchange transactions - Prepayments	17	22,096,998	20,622,428
Receivables from non-exchange transactions	18	938,891	1,465,692
Inventories	19	3,485,000	7,836,155
Sub-total		97,837,666	167,380,909
Non-current assets			
Property, plant and equipment	20	29,072,790	32,627,585
Intangible assets	21	3,567	3,567
Sub-total		29,076,357	32,631,151
Total assets		126,914,023	200,012,060
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	33,595,768	84,889,470
Deferred income	23		-
Employee benefit obligation – Gratuity	24	5,241,728	5,936,987
Sub-total		38,837,496	90,826,457
Non-current liabilities			
Non-current employee benefit obligation - Gratuity	25	5,224,431	
Total liabilities		44,061,927	90,826,457
Net assets		82,852,096	109,185,604
Reserves			6,903,579
Accumulated surplus/(Deficit)		82,852,096	102,282,026
Total net assets and liabilities		82,852,096	109,185,605

The financial statements set out on pages 37 to 41 were signed on behalf of the Board of Directors by

Hon. Rashid M. Echesa
 Chairperson

Prof. Julius G. Tanui, PhD. EBS
 Chief Executive Officer

CPA Saitoti Sirere (M/No: 8419)
 Head of Finance and Accounts

Kenya Water Towers Agency Kenya Water Towers Agency

Kenya Water Towers Agency

Signature: 

Signature: 

Signature: 

Date: 29-01-2024

Date: 29-01-2024

Date: 29-01-2024

15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2023

	notes	Revaluation reserve	Fair value adjustment reserve	Revenue Reserves	Capital/ Development Grants/Fund	Total
As at June 30, 2022		6,903,579		107,748,619	(5,466,593)	109,185,605
As at 1 st July, 2022		6,903,579		107,748,619	(5,466,593)	109,185,605
Revaluation gain		-	-	-	-	-
Transfer of excess depreciation on revaluation		(-)	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-
Prior Year Adjustments		-	-	-	-	-
Surplus/ deficit for the year		-	-	(26,333,509)	-	(26,433,077)
Capital/Development grants received during the year		-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	(-)	-
As at June 30, 2023		6,903,579		81,415,110	(5,466,593)	82,852,096

Note:

1. For items that are not common in the financial statements, the Entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustment should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

		2022-2023	2021-2022
	Notes	Kshs	Kshs
Cash flows from operating activities			
Net Operating Surplus for the year		(26,333,509)	10,638,658
Adjustments for			
Depreciation & amortization of Plant, Property and Equipment	10	5,479,557	6,374,695
Cash in transit			45,000,000
Net Cash flow generated from operating activities before changes in working capital		(20,853,952)	62,013,353
Changes in working capital			
Decrease in Trade and Receivable	18	526,801	(1,135,692)
Decrease in Trade and other Payables	22	(51,293,701)	(96,069,425)
Decrease in Inventory	19	4,351,155	(462,395)
Increase in Prepayments	17	(1,474,570)	(2,455,957)
Increase in gratuity payable	24	4,529,172	(16,401,389)
No change in Imprest		-	4,550,800
Net cash flows from operating activities		(43,361,142)	(111,974,058)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(1,924,762)	(2,920,993)
Proceeds from sale of property, plant and Equipment			
Net cash flows used in investing activities		(1,924,762)	(2,920,993)
Cash flows from financing activities			
Repayment of borrowings			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(66,139,857)	(52,881,698)
Cash and cash equivalents at 1 st July 2022	16	137,456,634	190,338,332
Cash and cash equivalents at 30 th June 2023	16	71,316,777	137,456,634

The financial statements set out on pages 37 to 41 were signed on behalf of the Board of Directors by:

Hon. Rashid M. Echesa
 Chairperson


Kenya Water Towers Agency

Signature: 

Date: 29-01-2024

Prof. Julius G. Tanui, PhD. EBS
 Chief Executive Officer

Kenya Water Towers Agency

Signature: 

Date: 29-01-2024

CPA Saitoti Sirere (M/No: 8419)
 Head of Finance and Accounts

Kenya Water Towers Agency

Signature: 

Date: 29-01-2024

Kenya Water Towers Agency
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17. 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
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Public contributions and donations	699,000,000	-	699,000,000	545,250,000	153,750,000	78%
Other Income-Donor	13,928,353	-	13,928,353	739,762	(13,188,591)	5%
Other Income: NSE donation	-	-	-	1,000,000	1,000,000	-
Finance Income – Interest	-	-	-	3,463,077	3,463,077	-
Total income	712,928,353	-	712,928,353	550,452,839	141,561,409	
Expenses						
Compensation of employees	295,322,223	5,104,020	290,218,203	271,783,207	18,434,996	93.6%
Goods and services	168,233,421	-5,682,561	173,915,982	166,872,331	7,043,651	95.9%
Finance cost	1,500,000	-	1,500,000	1,457,125	42,875	97.1%
Rent paid	28,944,356	578,541	28,365,815	25,518,471	2,847,344	90.0%
Grants and subsidies paid	218,928,353	-	218,928,353	105,675,658	113,252,695	48.3%
Total expenditure	712,928,353	-	712,928,353	571,306,791	141,521,994	80.1%
Surplus/ (deficit) for the period				(20,853,952)		

18. Notes to the Financial Statements

1. General Information

The Kenya Water Towers Agency is a State Corporation under the Ministry of Environment and Forestry. It was established in 2012 vide Kenya Gazette Supplement, Legal Notice No. 27/2012 on 20th April, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activities are to co-ordinate and oversee the protection, rehabilitation, conservation, and sustainable management of Water Towers

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity'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 Kenya Water Towers Agency.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. (Entity to state the impact of the amendments to the financial statements)</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(State the impact of the standard to the entity if relevant)</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <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

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Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. (State the impact of the standard to the entity if relevant)</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <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. (State the impact of the standard to the entity if relevant)</p>

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021/2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) Revenue recognition
 - i) Revenue from non-exchange transactions
 - Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. 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.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of nil on the 2022-2023 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a

Kenya Water Towers Agency
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comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

c) **Taxes**

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

e) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i) Raw materials: purchase cost using the weighted average cost method.
- ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

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

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

g) Provisions

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Nature and purpose of reserves

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

i) 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.

j) **Employee benefits**

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) **Foreign currency transactions**

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

l) Related parties

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

m) Cash and cash equivalents

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

n) Comparative figures

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

o) 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. State all judgements, estimates and assumptions made: e.g.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Operational grant	545,250,000	674,000,000
Other grants-Donor (FAO)	739,762	13,288,591
Nairobi Securities Exchange	1,000,000	-
Total Unconditional Grants		
Conditional grants		
Total government grants and subsidies	546,989,762	687,288,591

Description	2022-2023	2021-2022
	KShs	KShs
Other Income		
Finance Income	3,463,077	7,054,050
Total Other Income	3,463,077	7,054,050

b) 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 recognised in capital fund. KShs	Total	Prior year
				transfers 2022/2023	2021-2022
				KShs	KShs
State Department for Environment and Climate Change	545,250,000	-	-	545,250,000	674,000,000
Total	545,250,000	-	-	545,250,000	674,000,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Finance Income

Description	2022-2023	2021-2022
	KShs	KShs
Finance Income	3,463,077	7,054,050
Total Finance Income	3,463,077	7,054,050

8. Employee Cost

	2022-2023	2021-2022
	KShs	KShs
Salaries and wages	167,776,668	162,385,753
Employer contribution to pension schemes	22,949,708	20,855,491
Special Duty and Acting allowances	3,663,687	2,369,279
Housing benefits and Commuter allowances	67,734,549	63,370,060
Extraneous Allowance	574,387	627,000
Gratuity	5,241,728	23,199,009
Employer contribution to N.S.S.F	990,880	683,100
Leave Allowance	2,060,000	1,935,000
Responsibility Allowance	720,000	2,359,197
Employer contribution to N.I.T.A	71,600	-
Employee costs	271,783,207	277,783,889

9. Board Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Chairman's Honoraria	868,645	582,857
Director's emoluments	8,851,800	12,806,554
Total Board Expenses	9,720,445	13,389,411

10. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
	KShs	KShs
Property, plant and equipment	5,479,557	6,374,695
Intangible assets	-	-
Total depreciation and amortization	5,479,557	6,374,695

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11. Repairs and Maintenance

Description	2022-2023	2021-2022
	KShs	KShs
Vehicles	2,871,180	4,698,068
Computers and accessories	5,707,838	9,138,271
Total repairs and maintenance	8,579,018	13,836,340

12. Administrative Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Office Rent	22,623,111	18,938,790
Parking Charges	2,895,360	5,790,720
Temporary Committees (Joint Enforcement Unit)	57,184,593	57,942,800
Group life and Group Personal Insurance	1,615,667	1,923,225
Medical Insurance	28,945,805	23,225,950
Insurance - WIBA	1,171,793	2,133,547
Motor Vehicle Insurance	3,003,770	2,883,205
Audit Fees	660,000	330,000
Internal Audit Operations	1,275,900	-
Recruitment	-	21,399,368
Office Partitioning	-	954,866
Legal Fees	190,500	1,185,215
Total administrative expenses	119,566,499	136,707,686

13. (a) Grants and Subsidies

Description	2022-2023	2021-2022
	KShs	KShs
Audit of Rehabilitation Activities	-	1,631,300
Assessments of Critical water Catchment	546,000	1,473,900
Development of water tower catalogues	2,377,700	-
Ecosystems Management Plan	1,129,800	2,449,410
Establishment of Bamboo Enterprise	342,800	8,060,862
Implementation of CLIP interventions in Water Towers - CDAPS	-	540,300
Rehabilitation through tree planting (Bamboo Nurseries)	2,606,790	-
Multilateral Engagements and Strategic Plan	761,600	1,293,998
Monitoring and Evaluation	11,263,900	9,785,500
Communication, and ICT	2,754,400	319,200
Corporation collaboration	-	711,400
Water Towers Status Report	1,184,400	3,634,900
Total Economic Valuation	-	932,400

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Environmental Awareness Education	-	285,600
Nature-based enterprises and capacity building	1,353,100	4,433,000
Honey Equipment and bee apiaries	2,157,600	-
Alovera Enterprise Establishment	781,400	-
Resource Mobilization and Green – branding & promotion	9,060,600	1,122,816
Capacity Dev-WRUAs	-	1284300
Construction of JEU Camps	1,345,800	67200
Construction of Biogas in schools (Model School)	764,100	2,860,088
Contracted Rehabilitation-Tree planting	1,453,800	-
Fencing of Mau Complex	-	28,380,535
Policy and Bill	4,539,400	1,607,300
Branding and awareness	6,770,900	-
Corporate Social Responsibility	8,021,990	4636000
Regional Project Planning and Implementation	818,400	1,980,000
Community Scouts	-	1,560,000
Water Towers Emergency Fund	-	940,800
10% National Tree Cover	26,505,608	41,905,115
Fence maintenance of Mau Complex	5,426,720	-
Total grants and subsidies	91,966,808	121,895,924

13.(b) Donor Projects

	2022-2023	2021-2022
	KShs	KShs
Donor Project expenditure		
WRUA KIRISIA (FAO) Expenditure	3,643,550	-
IUCN TWENDE project Expenditure	10,065,300	
Total donor projects expenditure	13,708,850	-

14. General Operational Expenses

	2022-2023	2021-2022
	KShs	KShs
Advertising and Promotion	1,371,805	2,810,467
Fuel	4,399,570	4,917,750
General Office Supplies	4,023,057	6,032,185
Accommodation, Travel and transport	16,176,175	39,150,263
communication and supplies	789,500	76,560
Hospitality	4,743,227	2,140,987
Regional office Expenses	4,897,327	3,772,413
Telephone, Mobile services	7,166,500	7,030,000
Training	4,660,742	10,684,325

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Corporation tax	2,055,061	8,945,023
Foreign Travel	-	2,779,440
Policy and Bill	-	14,207,840
Asset Tagging	-	991,200
Customer Satisfaction	-	1,960,500
ERP Acquisition	1,113,676	1,564,500
HIV/AIDS Training	487,200	1,390,100
HR Consultancy	500,000	800,000
Mainstreaming	988,200	493,500
Subsistence Allowance	-	2,461,000
Road safety Mainstreaming	499,400	
Alcohol and drug abuse	300,000	
Corruption prevention costs	353,400	
Total	54,524,841	112,208,053

15. Finance Costs

Description	2022-2023	2021-2022
	KShs	KShs
Bank Charges	1,457,125	1,507,985
Total finance costs	1,457,125	1,507,985

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Current account	71,316,777	92,456,634
Total cash and cash equivalents	71,316,777	92,456,634

(a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current account			
Kenya Commercial bank Development	1169617867	21,590,959	64,458,333
Kenya Commercial bank – EU	1206871059	623	622.50
National Bank of Kenya - Recurrent	01001094665400	44,363,284	22,871,290
National Bank of Kenya - Gratuity	01001094665401	5,361,912	5,126,388
Grand total		71,316,777	92,456,634
b) Others(specify)			
Cash in transit		-	45,000,000
cash in hand			
Total		71,316,777	137,456,634

17. Receivables from Exchange Transactions - Prepayments

	2022-2023	2021-2022
	KShs	KShs
Current receivables - Prepayments		
Medical Insurance (9 months)	19,468,820	20,622,428
Group life Insurance (9 months)	2,628,178	
Total current receivables -Prepayments	22,096,998	20,622,428

18. Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current receivables		
Staff salary advance	938,891	1,465,692
Total current receivables	938,891	1,465,692

19. Inventories

Description	2022-2023	2021-2022
	KShs	KShs
Consumable stores	3,485,000	7,836,155
Total inventories at the lower of cost and net realizable value	3,485,000	7,836,155

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20. Property, Plant and Equipment

	Motor vehicles 25%	Furniture and fittings 12.5%	Computer 30%	Total
COST				
<i>As at beginning of the period 1st July 2020</i>	127,709,387	39,055,798	48,916,802	215,681,987
Adjustments:	-	-	-	-
Loss/Gain on Revaluation	-	-	-	-
Additions	-	337,500	1,762,600	2,100,100
Disposal	-	-	-	-
<i>As at end of period 30th June 2021</i>	127,709,387	39,393,298	50,679,402	217,782,087
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2020</i>	82,799,653	13,138,595	48,324,097	144,262,345
Adjustments:	-	-	-	-
Depreciation on disposal	-	-	-	-
Charge for the year	31,927,347	4,924,162	586,946	37,438,455
<i>As at end of period 30th June 2021</i>	114,727,000	18,062,757	48,911,042	181,700,800
NET BOOK VALUE AS AT JUNE 2021	12,982,387	21,330,541	1,768,359	36,081,287
COST				
<i>As at beginning of the period 1st July 2021</i>	127,709,387	39,393,298	50,679,402	217,782,087
Adjustments:	-	-	-	-
Loss/Gain on Revaluation	-	-	-	-
Additions	-	1,639,700	1,281,293	2,920,993
Disposal	-	-	-	-
<i>As at end of period 30th June 2022</i>	127,709,387	41,032,998	51,960,695	220,703,080
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2021</i>	114,727,000	18,062,757	48,911,042	181,700,800
Adjustments:	-	-	-	-
Depreciation on disposal	-	-	-	-
Charge for the year	-	5,129,125	1,245,570	6,374,695
<i>As at end of period 30th June 2022</i>	114,727,000	23,191,882	50,156,613	188,075,495
NET BOOK VALUE AS AT JUNE 2022	12,982,387	17,841,116	1,804,082	32,627,585

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	Motor vehicles 25%	Furniture and fittings 12.5%	Computer 30%	Total
COST				
<i>As at beginning of the period 1st July 2022</i>	127,709,387	41,032,998	51,960,695	220,703,080
Adjustments:				
Loss/Gain on Revaluation				-
Additions	-	1,396,700	528,062	1,924,762
Disposal				
<i>As at end of period 30th June 2023</i>	127,709,387	42,429,698	52,488,757	222,627,842
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2022</i>	114,727,000	23,191,882	50,156,613	188,075,495
Adjustments:				
Depreciation on disposal	-	-	-	-
Charge for the year	-	5,303,712	175,845	5,479,557
<i>As at end of period 30th June 2023</i>	114,727,000	28,495,594	50,332,457	193,555,052
NET BOOK VALUE				
<i>As at the End of 30th June 2023</i>	12,982,387	13,934,104	2,156,299	29,072,790
<i>As at the End of 30th June 2022</i>	12,982,387	17,841,116	1,804,082	32,627,585

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
	33.3%	33.3%
Cost		
<i>As at beginning of the period 1st July 2021</i>	3,566,669	3,566,669
Additions		
As at 30th June 2022	3,566,669	3,566,669
Amortization and impairment		
<i>As at beginning of the period 1st July 2022</i>	3,563,102	3,563,102
Amortization for the Period	0	0
As at 30th June 2023	3,563,102	3,563,102
NBV AS AT 30TH JUNE 2023	3,567	3,567

21 (b) Summary of Depreciation

	2022-2023	2021-2022
Asset	Depreciation	Depreciation
Motor Vehicles	-	-
Furniture and fittings	5,303,712	5,129,125
Computer and accessories	175,845	1,245,570
Intangible Asset-Software's	-	-
Total	5,479,557	6,374,695

22. Trade and Other Payables

Description	2022-2023	2021-2022
	KShs	KShs
Trade payables	33,595,768	84,889,470
Other payables		
Total trade and other payables	33,595,768	84,889,470

23. Deferred Income

There was no deferred income recognized

24. Current Provisions (Gratuity)

Description	Leave provision	Gratuity Provision	Other provision	Total
	KShs	Kshs	KShs	KShs
Balance b/d as at 1 st July 2022		-		-
Additional Provisions		5,339,771		5,339,771
Provision utilised		(5,241,728)		(5,241,728)
Change due to discount and time value for money				
Transfers from non-current provisions		-		-
Transfers to non-current provisions		(98,043)		(98,043)
Total current provisions as at 30th June 2023		5,241,728		5,241,728

25. Non-Current Provisions (Gratuity)

Description	Long service leave	Gratuity provisions	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	5,126,388		5,126,388
Additional Provisions for the year	-	98,043		98,043
Provision utilised for the year	-	-	-	-
Balance at the end of the year	-	5,224,431	-	5,224,431

29 Financial Risk Management

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

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

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

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assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment

Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Receivables from exchange transactions	22,096,998	22,096,998	-	-
Receivables from non-exchange transactions	938,891	938,891	-	-
Bank balances	71,316,777	71,316,777	-	-
Total	94,352,666	94,352,666	-	-
As at 30 June 2022			-	-
Receivables from exchange transactions	20,622,428	20,622,428	-	-
Receivables from non-exchange transactions	1,465,692	1,465,692	-	-
Bank balances	137,456,634	137,456,634	-	-
Total	159,544,754	159,544,754	-	-

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Notes to the Financial Statements (Continued)

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Trade Payables	-	3,396,985	30,198,783	33,595,768
Current portion of borrowings	-	-	-	-
Provisions				
Deferred Income				
Employee Benefit Obligation	-	-	5,126,388	5,126,388
Total	-	3,396,985	35,325,171	38,722,156
As at 30 June 2022			-	-
Trade Payables	-	-	84,889,470	84,889,470
Current portion of borrowings	-	-	-	-
Provisions				
Deferred Income				
Employee Benefit Obligation	-	-	5,936,987	5,936,987
Total	-	-	90,826,457	90,826,457

iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

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

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

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
Revaluation reserve	-	6,903,579
Revenue Reserves	(26,433,077)	10,638,658
Accumulated Surplus (Deficit)	109,185,605	91,643,368
Total funds	82,752,528	109,185,605
Less: cash and bank balances	71,316,777	137,456,634
Net debt/ (excess cash and cash equivalents)	-	-
Gearing (there is no debt in the capital structure)	-	-

30 Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

Other related parties include:

- (i) The National Government;
- (ii) The Parent Ministry;
- (iii) Employees
- (iv) Board of directors

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Relates Party Disclosures

- ii) Key management;
- iii) Board of directors;

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	545,250,000	674,000,000
Grants from Donors	739,762	13,288,591
Donations in kind	1,000,000	-
Total	546,989,762	687,288,591
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	271,783,207	261,382,500
Payments for goods and services	299,523,585	301,148,784
Total	571,306,791	562,531,284
c) Key management compensation		
Directors' emoluments	9,720,445	13,389,411
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	9,720,445	13,389,411

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 Contingent Assets and Contingent Liabilities

There was no any contingent liability reported under the FY 2020/2021

31 Events after the Reporting Period

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

32 Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Environment and Forestry. Its ultimate parent is the Government of Kenya

33 Currency

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

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19. Appendix

Appendix1: 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)
AA/KWTA/1/2021-2022/VOL.1(4)	Un-operationalized Water Towers Conversation Fund	Management sent a letter to the Parent Ministry requesting for operationalization of the Conservation Fund.	Not Resolved	Awaiting of appointment of Fund Committee by the Parent Ministry

Prof Julius Tanui, PhD. EBS
 Chief Executive Officer
 Kenya Water Towers Agency

Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by Kenya Water Towers Agency.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Mitigation and Management of Soil Loss		GoK		NIL	No	No
2. Community Livelihood Improvement Program (CLIP)		GoK		NIL	No	No

Status of Projects completion

	Project	Total project Cost Ksh. Millions	Total expended to date Ksh. Millions	Completion % to date	Budget	Actual	Sources of funds
1	1106102500:Mitigation and Management of Soil Loss	1,500	520	35%	65	15	GOK
2	1106102900: Community Livelihood Improvement Program (CLIP)	2,000	688.75	34%	55	13.75	GOK
3	Innovative Approaches on Sustainable management of Water Towers Programme	1,500	3.75	0.25%	15	3.75	
4	Securing and protection of water towers programme	1,910	1.25	0.07%	5	1.25	

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		KENYA WATER TOWERS AGENCY		
Break down of Transfers from Ministry of Environment and Forestry				
FY 2022/2023				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/08/2022	123,500,000	FY 2022/2023
		14/11/2022	123,500,000	FY 2022/2023
		10/02/2023	123,500,000	FY 2022/2023
		9/06/2023	123,500,000	FY 2022/2023
		Total	494,000,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		02/05/2023	51,250,000	FY 2022/2023
		18/04/2023	739,762	FY 2022/2023
		Total	50,510,238	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	NSE	22/02/2023	1,000,000	FY 2022/2023
		Total	1,000,000	

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

Finance Manager,
CPA Saitoti Sirere
Kenya Water Towers Agency

Head of Accounting Unit
CPA Penina Njuguna
State Department for Environment and
Climate Change

Sign



Sign

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Ministry of Environment, climate change and Forestry	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
State Department of Environment & Climate Change	22/08/2022	Recurrent	123,500,000	123,500,000	-	-	-	-	123,500,000
State Department of Environment & Climate Change	14/11/2022	Recurrent	123,500,000	123,500,000	-	-	-	-	123,500,000
State Department of Environment & Climate Change	10/02/2023	Recurrent	123,500,000	123,500,000	-	-	-	-	123,500,000
State Department of Environment & Climate Change	9/06/2023	Recurrent	123,500,000	123,500,000	-	-	-	-	123,500,000
State Department of Environment & Climate Change	02/05/2023	Development	51,250,000	51,250,000	-	-	-	-	51,250,000
FAO	18/04/2023	Donor	739,762	739,762	-	-	-	-	739,762
NSE	22/02/2023	Donation	1,000,000	1,000,000	-	-	-	-	1,000,000
Total			546,989,762	546,989,762	-	-	-	-	546,989,762

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