

REPUBLIC OF KENYA



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 JUN 2024	DAY: WEDNESDAY
TABLED BY: HON. DWEN BATA (DEPUTY MAJORITY LEADER)	OF
CLERK-AT-THE-TABLE: J. LEMERELLE	

PARLIAMENT
OF KENYA
LIBRARY

REPORT

THE AUDITOR-GENERAL

ON

KENYA WATER INSTITUTE

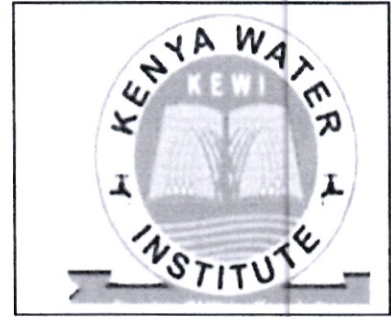
**FOR THE YEAR ENDED
30 JUNE, 2023**



OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100 NAIROBI
REGISTRY

18 MAR 2024

RECEIVED



KENYA WATER INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Table of Contents.....	Page
1. Acronyms, Abbreviations and Glossary of Terms.....	iii
2. Key Entity Information and Management.....	iv
3. The Board of Directors/Council.....	viii
4. Key Management Team.....	xiii
5. Chairman’s Statement.....	xiv
6. Report of the Chief Executive Officer.....	xv
7. Statement of Performance against Predetermined Objectives for FY 2022/2023.....	xvii
8. Corporate Governance Statement	xxii
9. Management Discussion and Analysis	xxiii
10. Environmental and Sustainability Reporting	xxiv
11. Report of the Directors	xxvii
12. Statement of Directors Responsibilities	xxix
13. Report of the Independent Auditor for the Financial Statements of Kenya Water Institute...	xxx
14. Statement of Financial Performance for the year ended 30 June 2023.....	1
15. Statement of Financial Position as at 30 June 2023	2
16. Statement of Changes in Net Assets for the year ended 30 June 2023	3
17. Statement of Cash Flows for the year ended 30 June 2023	4
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023.....	5
19. Notes to the Financial Statements.....	6
20. Appendices.....	25

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

1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

KEWI	Kenya Water Institute
SAGA	Semi-Autonomous Government Agency
CEO	Chief Executive Officer
AIA	Appropriation-in-Aid
TVETA	Technical and Vocational Education and Training Authority
CBET	Competency-Based Education and Training
TVC	Technical and Vocational College
CSR	Corporate Social Responsibility
IPSAS	International Public Sector Accounting Standards
PFM ACT	Public Finance Management Act, 2012
WIP	Work in Progress
ICPAK	Institute of Certified Public Accountants of Kenya
ERP	Enterprise Resource Planning
KRA	Kenya Revenue Authority
PRN	Payment Registration Number
KPLC	Kenya Power & Lighting Company

B: Glossary of Terms

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

Governing Council- Board of Management

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Kenya Water Institute (KEWI) is a Semi-Autonomous Government Agency (SAGA) established through the Kenya Water Institute Act 2001 Revised Edition 2012. The Institute is currently under the Ministry of Water, Sanitation and Irrigation. The Institute is a body corporate with perpetual succession and a common seal. Its governance, control and administration are vested in the Governing Council. The Institute has four campuses, namely: Nairobi, Kitui, Kisumu and Chiakariga which are located in Nairobi, Kitui, Kisumu and Tharaka Nithi Counties respectively.

(b) Principal Activities

The mandate of KEWI is as follows:

- i. To provide directly or in collaboration with other institutions of higher learning, services in human resource development, consultancy, research and development in the water sector on a commercial basis to the public sector, state corporations, local authorities, the private sector and all other persons (local or foreign) who may request for such services from the institute;
- ii. To provide training programmes, seminars and workshops and produce publications aimed at maintaining standards in the water sector;
- iii. To provide a forum for effective collaboration between the public and private sectors and other interested parties for the development of the water sector; and
- iv. To conduct examinations and award diplomas, certificates and other awards to successful candidates.

Vision

A world class centre of excellence in training, research and consultancy in water, sanitation, irrigation and related sectors.

Mission

To offer competency-based training, research, consultancy and outreach services in water, sanitation, irrigation and related sectors for sustainable development.

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

(c) Key Management

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

No.	Designation	Name
1.	Governing Council Members	1. BRIG. (RTD) Stephen Njung'e Kihu 2. Ms. Eunice M'Mboga 3. Ms. Nancy Mugure Waweru 4. Mr. Peter Kahara 5. Eng. Peter Odhiambo Wanday 6. Mr. Mohamed Osman Hassan 7. Mr. Festus Mwanzi Peter 8. Ms. Malia Ndunga
2.	Director/ CEO	Dr. Leiro Letangule, Ph.D., EBS.
3.	Deputy Director Research, Consultancy & Training Services	Mr. Leonard W. Makokha
4.	Deputy Director Academic Affairs	Mr. Joseph Kihara
5.	Deputy Director Corporate Services	Mr. Eric Wamiti
6.	Principal Supply Chain Management Officer	Mr. James Mutio
7.	Manager, Internal Audit and Risk Assurance	Mr. Felix N. Kyalo
8.	Deputy Director Research, Consultancy & Training Services	Mr. Leonard W. Makokha
9.	The Academic Board Members	1. Dr. Leiro Letangule, Ph.D., EBS. 2. Mr. Eric Wamiti 3. Mr. Leonard W. Makokha 4. Ms Beatrice Lang'at 5. Ms. Dorice Situma 6. Mr. Peter Nawiri 7. Mr. Joseph Kihara 8. Ms. Evelyne Nyakundi 9. Mr. James Mweni 10. Ms. Carolyn Mburugu 11. Mr. Felix Ndimu

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20xx and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director/CEO	Dr. Leiro Letangule, Ph.D., EBS.
2.	Deputy Director Research, Consultancy & Training Services	Mr. Leonard W. Makokha
3.	Deputy Director Academic Affairs	Mr. Joseph Kihara
4.	Deputy Director Corporate Services	Ms. Eric Wamiti
5.	Principal Supply Chain Management Officer	Mr. James Mutio
6.	Manager, Internal Audit and Risk Assurance	Mr. Felix N. Kyalo

(e) Fiduciary Oversight Arrangements

KEWI's oversight responsibility is vested in the:

- 1) Governing Council which had 9 members
- 2) Academic, Research and Development Committee which had 3 members
- 3) Corporate Services Committee which had 3 members
- 4) Audit and Risk Committee which had 4 members
- 5) Independent Internal Audit Function

(f) Entity Headquarters

Kenya Water Institute,
 Nairobi South C,
 Ole Shapara Avenue,
 P.O. Box 60013 – 00200,
 Nairobi, KENYA.

(g) Entity Contacts

Tel: 254-20-6003893/6003905/6007433/25
 CELL No: 0722-207757
 Fax No: 254-20-6006718
 Email: inquiries@kewi.or.ke
 info@kewi.or.ke
 Website: www.kewi.or.ke

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

(h) Entity Bankers

1. Kenya Commercial Bank of Kenya,
Moi Avenue,
P.O. Box 30081,
GPO 00100,
Nairobi, Kenya.
2. National Bank of Kenya Limited,
Harambee Avenue,
P.O. Box 72866-00200,
Nairobi, Kenya.



(i) Independent Auditor



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

(j) Principal Legal Adviser

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

3. The Board of Directors/Council

Directors	Details
 <p>BRIG. (RTD) Stephen Njung'e Kihu.</p> <p>Chairperson, Governing Council</p> <p>KEWI</p>	<p>Brigadier. (Rtd) Stephen Njung'e Kihu was born in 1958 and holds a Master of Business Administration (Executive) (Aviation Option) from Moi University, a Master in International Studies (UK), a Diploma in Strategic Studies from the University of Nairobi, Aviation Security Instructor (AVSEC), Grade One Staff Course, RCDS (UK), Peace Support Operations Course, Total Quality Customer Service Programme, Grade Two Staff Course, PSC(K), Joint Air Warfare Course (JAW) (India), Grade Three Staff College, (G3) and Flight Instructors Course, QFI (UK).</p> <p>He is an experienced manager of both personnel and equipment. He is a successful Senior Executive Officer who has a track record of leading the Kenya Air Force to deliver outstanding results both in the air and on the ground. He has the vision needed to see the most challenging, exciting and inspiring possibilities clearly. He is a multi-skilled, multi-faceted and experienced leader who is able to bring a fresh perspective into an organization.</p> <p>Having served in the Kenya Air Force for 35 years, He has vast experience in command and leadership. He has a flying experience of over 3,500 hours and is a UK-trained flying instructor pilot. He trained many fighter pilots during his career.</p> <p>He chaired the Central Rift Valley Water Works Development Agency (CRVWWDA) with great achievements. He is also heading a team of retired officers and men to form an association that will contribute to the aviation industry in Kenya.</p>
 <p>Eunice M'Mboga Rep. Principal Secretary The National Treasury</p>	<p>Ms. Eunice was born in 1968. She is pursuing a Ph.D. in Business Administration (Strategic Management). She holds MBA in Strategic Management, a Bachelor of Business Administration (Human Resource Management option), a Higher National Diploma in Human Resource Management and a Diploma in Personnel Management.</p> <p>She is a holder of Corporate Governance, Senior Management Course (SMC) and Strategic Leadership and Development Program (SLDP). She is a practicing member of the Institute of Human Resource Management and a full member of IHRM. She joined the Governing Council on 3rd May, 2023 as the representative of the Principal</p>

	<p>Secretary of the National Treasury. She is a member of the Audit and Risk Committee as well as the Corporate Services Committee.</p>
 <p>Ms. Nancy Mugure Waweru</p> <p>MSc. (Environmental Engineering)</p> <p>BSc. (Civil Engineering)</p>	<p>Ms. Nancy Mugure was born in 1988. She holds MSc. Degree in Environmental Engineering from SUST, China, and a BSc. in Civil Engineering from the University of Nairobi. She is an Associate Member of the Association of Business Executives, United Kingdom (ABE-UK) and a trained Project Management Professional (PMP®).</p> <p>She is a member of the Engineers Board of Kenya (EBK) and currently undertaking Ph.D. in Civil Engineering at UoN. She is profoundly knowledgeable and analytical in the built environment as a civil engineer and Project Management professional, where she offers consultancy services. She has a remarkable commitment to teaching, research, service and other scholarly activities. She is a published scholar and presently a tutorial fellow at the University of Nairobi (UoN).</p> <p>She is the Chairperson of the Corporate Services Committee and a member of the Academic, Research and Development Committee. She is a representative of public universities</p>
 <p>Mr. Peter Kahara</p> <p>Masters (Economics)</p> <p>Bachelor of Arts (Economics)</p>	<p>Mr. Peter Kahara was born in 1969 and holds a Master's degree in Economics (UoN), a Bachelor of Arts in Economics and a Diploma in Teaching and Training from City and Guilds – UK.</p> <p>He is an expert in Financial Management, Monitoring and Evaluation of Projects and Programmes, Strategic Planning and Development and Participatory Approaches to Training and Development. He has worked in the UK for ABANTU as Acting Regional Programmes Manager. Mr. Kahara has also worked in the Ministry of Water and Sanitation and the Ministry of Planning as an Economist. He has experience working in Government, Private and Voluntary sectors at Senior Management levels.</p> <p>He is an independent member of the KEWI Governing Council and is the Chairman of the Audit and Risk Committee and a member of the Academic, Research and Development Committee.</p>

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



Eng. Peter Odhiambo Wanday
BSc. (Civil Engineering)

Eng. Peter Odhiambo Wanday was born in 1964 and holds a BSc. (Civil Engineering), University of Nairobi, Registered Consulting Engineer (Engineers Board of Kenya), Licensed Qualified Water Resource Professional (Engineer), Fellow Member of the Institution of Engineers of Kenya.

He has extensive experience in the design, documentation, supervision, and contract administration of various infrastructural projects. Eng. Wanday has worked on infrastructure projects in several countries around East, Central and Southern Africa.

He is the Chairman of the Academic, Research and Development Committee and a member of the Corporate Services Committee.



Mr. Mohamed Osman Hassan
**Representative of Registered
local Non-Governmental
Organization involved in
activities related to the water
sector**

Mr. Mohamed Osman Hassan was born on 17th July, 1957 and holds a Master of Arts degree in Management from Metropolitan University in London. He worked in the Ministry of Education as a trained S1 teacher and later as a School Inspector before transferring his service to the Office of the President as an Administrator in 1985. In provincial Administration, he worked both in the field and in Central Government and rose in rank to the level of a Deputy Secretary in the Office of the President. He later joined the Independent Electoral and Boundaries Commission (IEBC) as an Ag. Director, Human Resource and Administration where he retired in 2019.

He is a member of the Audit and Risk Committee.



Mr. Festus Mwanzi Peter
**Rep. Principal Secretary
The National Treasury**

Mr. Festus Mwanzi Peter was born on 3rd July, 1977. He has completed coursework in the Master of Business Administration (MBA) Finance option degree and currently writing a research project. He further holds a degree in Business Administration from Kenyatta University, a Certified Public Accountant CPA (K), and a member of ICPAK.

Currently, He is the Assistant Director Investments at the National Treasury having served as a Chief Investment Officer in the Government Investment and Public Enterprise (GIPE).

He has served as a Sub-County Youth and Gender Officer, Acting District Officer; Mukaa District, Youth Officer in Makueni County, Ministry of Youth Affairs and Sports, Department of Youth Development as well as a Youth Officer II; Ministry of Youth Affairs and Sports in Makueni County.

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

	<p>He was a member of the Audit and Risk Committee as well as the Finance and Human Resource Committee up to the 3rd Quarter of FY 2022/2023.</p>
 <p>Ms. Malia Ndunga Rep. Principal Secretary Ministry of Water, Sanitation and Irrigation</p>	<p>Ms. Mary M. Ndunga is a Ph.D. student at Daystar University, She holds a Master's degree in Corporate Communication from the same university, a Postgraduate Diploma in Mass communication from Kenya Institute of Mass Communication, a Bachelor's degree, from Maseno University (2nd class upper Division); having majored in Kiswahili language. She also holds an Advanced Diploma in Public Administration from Kenya School of Government.</p> <p>She is a holder of the Strategic Leadership Development Program (SLDP); Senior Management Course (SMC); Strategic Leadership, Emotional Intelligence, and Result Based Initiative certificates as well as a National examiner in secondary schools.</p> <p>She has worked in various government Institutions; the Ministry of Education, Ministry of Health, Ministry of Lands, Ministry of Housing, Transport and Infrastructure, State Department of Irrigation; Ministry of Water, Sanitation and Irrigation. She has also worked as A News Anchor with Royal Media Services, a privately owned media house. Contributing her wide wealth of experience. She was a member of the Audit and Risk Committee as well as the Finance and Human Resource Committee up to the 2nd Quarter FY 2022/2023.</p>
 <p>Ms. Lesley Khayadi Rep. Principal Secretary, Ministry of Devolution and Planning</p>	<p>Ms. Lesley Khayadi was born on 10th October, 1972. She holds a Master of Public Policy and Administration from Kenyatta University and a Bachelor of Arts from the University of Nairobi.</p> <p>She has 14 years of experience working in local economic development, governance, public finance and service provision. She is currently an Assistant Director Devolution in the Ministry of Devolution and Semi-Arid Areas. Previously she has served as a Municipal Council Town Clerk in Ruiru, Mwingi, Vihiga, Bungoma, Webuye and Malaba, and Sub-County Administrator in the County Government of Kiambu.</p> <p>She is the Alternate of the Principal Secretary; Ministry of Devolution and Semi-Arid Areas. She was a member of the Audit & Risk Committee and the Academic, Research and Development Committee up to the 3rd Quarter of FY 2022/2023.</p>
<p>Corporate Secretary</p>	<p>KEWI is in the process of hiring the Corporate Secretary. Meanwhile, the Director/CEO is the one discharging the duties of that office.</p>



Dr. Leiro Letangule, Ph.D.,
EBS.

**Director/CEO
Kenya Water Institute &
Secretary to the KEWI
Governing Council**




Dr. Solomon Leiro Letangule was born in 1985. He is the Director/Chief Executive Officer of Kenya Water Institute (KEWI). He joined the Institute in February 2023 from the Kenya School of Government (KSG) where he provided distinctive leadership as the Director of KSG Baringo Campus.

He is an accomplished Business Strategy and Change Management Professional with experience in both the public and private sectors. Before joining KSG, he worked with public institutions such as the Judiciary, Ministry of Foreign Affairs and the then Ministry of Home Affairs. He has been instrumental in setting up effective business strategies and management systems.

Dr. Letangule has published in internationally recognized journals such as the *International Journal of Management and Business Studies*. His published research works include: "*The Link between Strategic Management and Strategic Knowledge Management*", "*Challenges of Successful Implementation of Performance Management in Kenyan Commercial Banks*" and "*The Effects of Innovation Strategies on Performance of Firms in the Telecommunication Sector in Kenya.*"

He holds a Doctorate of Philosophy (Ph.D.) in Business Administration (Strategic Management) from Jomo Kenyatta University of Agriculture and Technology; Masters degree in Management and Leadership from the Management University of Africa; a Master of Business Administration (Strategic Management) from Kenya Methodist University; and Bachelor of Arts from the University of Nairobi.

4. Key Management Team

Management Team Members	Designation
 <p>Dr. Leiro Letangule, Ph.D., EBS. Doctorate of Philosophy (Ph.D.) in Business Administration (Strategic Management)</p>	<p>Director/CEO Kenya Water Institute</p> <p>Serving as the Director/CEO of the Institute from 21st February, 2023 to date.</p>
 <p>Joseph Kihara Master of Science in Entrepreneurship & Innovation Management</p>	<p>Ag. Deputy Director Academic Affairs</p> <p>Served as the Ag. Deputy Director Academic Affairs in the Institute from 20th March, 2023.</p>
 <p>Leonard W. Makokha MSc. in Computer-based Information Systems, BSc. in Physics.</p>	<p>Ag. Deputy Director Research, Consultancy & Technical Services.</p> <p>Served as the Ag. Deputy Director Research, Consultancy & Technical Services of the Institute from 26th November, 2021.</p>
 <p>Eric Wamiti B.Ed. in Science, MSc in Social Statistics, PG Certificate in Spatial Modelling for Integrated Water Resources Management.</p>	<p>Ag. Deputy Director Corporate Services</p> <p>Served as the Ag. Deputy Director Corporate Services of the Institute from 20th March, 2023.</p>
 <p>Felix N. Kyalo (B.Com. Accounting)</p>	<p>Ag. Manager Internal Audit and Risk Assurance</p> <p>Served as the Ag. Manager Internal Audit and Risk Assurance of the Institute from 8th November, 2022</p>

5. Chairman's Statement

It gives me great pleasure to present to you the Kenya Water Institute Report and Financial Statements for the Financial Year 2022/2023. KEWI strives to be a world class leader in Training, Research, Consultancy and Outreach Services. This will be achieved through a deliberately well-planned, carefully and transparently executed investment in Human Resource, teaching and learning systems and well-developed physical facilities for both learners and trainers.

Financial Results

During the period, the Institute received Ksh. 183,000,000 for recurrent budget and Ksh. 165,546,310 for the development budget.

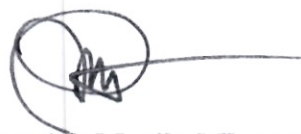
The Institute generated Ksh. 234,499,617 in Appropriation in Aid (AiA) compared to the previous period where Ksh. 232,301,804 were generated. This translates into a 1 % increase in AiA generation compared to the previous year's collections.

Future Outlook

The challenges being experienced in the Water, Sanitation and Irrigation sector in the country, place KEWI in an advantaged position as far as playing a critical role in capacity development for the sector. The Government's focus on irrigated agriculture as a key strategy for addressing persistent food shortages and enhancing disposable income for those involved in agricultural activities provides the Institute with a massive opportunity to be a critical player in Kenya's economic development. It is in this regard that KEWI embarked on the process of constructing a Water Resource Centre to act as the hub of water knowledge in the region. Along the same line, the Institute is sourcing funds to complete the construction of the school for irrigation in the Chiakariga Campus. It is envisaged that the school will enhance training for irrigation practitioners for the Country and the region. It is further envisaged that the completion of those two major activities will also enhance research activities in the sector and create a platform for knowledge sharing, especially on modern techniques of irrigation.

Acknowledgement

As we soldier on in our quest to fulfil the Institute's mandate of providing Training, Research, Consultancy and Outreach Services to the Kenyan populace and beyond, it is my sincere appeal to the Government of Kenya to continue supporting the Council to make KEWI the fountain of water Knowledge.



Patrick Musila Mbangula
Chairperson, Governing Council
Date: 14th March, 2024

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

6. Report of the Chief Executive Officer



I present the Kenya Water Institute Report and Financial Statements for the FY 2022/2023. During this period, the Institute fared reasonably well as disbursements from the Government were received. The challenge that was faced by the institute was the reduction of the recurrent budget in the supplementary budget by Ksh. 20,000,000. I am pleased to report that KEWI Management handled these challenges well through strict planning and prudent utilization of the available resources namely; Human, Systems, Financial and Physical Facilities; this was supported by technical backstopping of the Parent Ministry.

Financial Results

The Institute during the reporting period experienced some challenges majorly insufficient direct G.O.K. budgetary allocations to enable the Institute to equip training and learning facilities which in return would attract more trainers.

During the reporting year, the Institute received Ksh. 183,000,000 for recurrent budget and Ksh. 165,546,310 for the development budget.

The Institute also generated Ksh. 234,499,617 as Appropriation in Aid (AiA) compared to the previous year where Ksh. 232,301,804 was generated. This translates into a 1 % increase in AiA generation compared to last year's collections. The AiA collections of Ksh. 234,499,617 was above the targeted amount of Ksh. 205M.

Future Outlook

Over the years KEWI has been unable to sufficiently enhance its human resources capacity in terms of numbers and am glad to report that additional resources will be made available to reduce the shortfall on remuneration vote. However, the allocation for implementation of programs and development/improvement of infrastructure which is crucial for the effective fulfilment of its mandate of capacity building, training, research and consultancy in the water sector was not addressed as expected.

KEWI plans to complete a number of projects, programmes and activities to diversify her revenue streams to reduce the financing gap. The Institute's revised development budget for this Financial Year 2022/2023 is Kshs. 371,000,000 with Kshs. 125,000,000 and Kshs. 246,000,000 being for KEWI modernization and AfDB projects respectively.

Other programmes aimed at enhancing service delivery include maintaining and improving e-learning infrastructure, curriculum review and development, development of training and learning facilities in Kisumu, Kitui and Chiakariga campuses, and the initiation of programmes in other counties as stated in the KEWI's Strategic Plan 2021-2026.

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

It is envisaged that these projects and programmes will strengthen KEWI's revenue streams thus reducing her over-reliance on the exchequer.

Acknowledgement

I would like to thank the Government through the Ministry of Water, Sanitation & Irrigation for the continued financial and technical support to KEWI. My heartfelt gratitude goes to the Cabinet Secretary, Ministry of Water, Sanitation & Irrigation and the Principal Secretary for their tireless support. I would like to thank the Governing Council for their leadership and direction. I also appreciate the contribution made by our development partners and other stakeholders to improve KEWI. To the management team, employees, students and guardians: I appreciate your cooperation and ideas, which have led to improved performance in service delivery during the year.

It is my sincere hope that you will all continue supporting KEWI in the coming years as she endeavours to deliver training, research, consultancy and outreach services in the water sector.



**Leiro Letangule, Ph.D., EBS.
Director/CEO,
Kenya Water Institute
Date: : 14th March, 2024**

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

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

KEWI has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for FY 2021- FY 2026. These strategic pillars/ themes/ issues are as follows:

- Key Result Area 1: Training and Human Resources Development
- Key Result Area 2: Research, Innovation and Community Outreach
- Key Result Area 3: Resource Mobilisation and Consultancy Services
- Key Result Area 4: Institutional Capacity
- Key Result Area 5: Leadership and Integrity

KEWI develops its annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2022-2023 period for its 5 strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Key Result Area 1: Training and Human Resources Development	To improve access, quality and relevance of training programmes and increase enrolment from 4,397 to 10,000 by 2026.	Level 6 CBET Curriculum Implemented	Design patterns of attendance for five CBET Level 6 programmes	Patterns designed
			Develop CBET assessment tools	CBET assessment tools developed.
			Sensitize 80 trainers on registration with TVETA, CBET and CBET implementation	Trainers sensitized
			Develop 6 CBET practical manuals	CBET practical manuals developed.
			Assess and certify 400 students	Students assessed.
		New CBET Programs Developed	Develop Level 6 Water Information Technology and Level 4; a) Sewerage Operators Course b) Drilling Operations Course	Finalized in FY 2022/23
E-Learning Implemented	Enrol and train new 500 students	Over 500 students enrolled and trained		

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

			Train an additional 20 Staff as e-learning champions	Staff trained
		Water, Sanitation and Irrigation Reference Library Established	Train 50 staff and 400 students on e-resources access	52 staff and over 400 students trained
			Catalogue 15 e-resources quarterly	e-resources catalogued,
			Subscribe to 20 established journals	50 journals subscribed
		KEWI is Accredited as a Technical Centre of Excellence in Training, Research, Innovation and Consultancy for the Water, Sanitation and Irrigation Sector	Registration of the Institution as a TVET Center	Registration renewed
			Register with the Kenya Association of Technical Training Institutions (KATTI)	Not finalized
			Register as a TVET Assessment and Certification Center	KEWI registered as a TVET Assessment and Certification Center
			Register as a TVET Recognition of Prior Learning Center	KEWI registered with TVETA
			Initiate the process of upgrading KEWI from Technical and Vocational College (TVC) to a National Polytechnic	Not finalized
Key Result Area 2: Research, Innovation and Community Outreach	To increase research outputs through publications, patents, innovations and outreach by 2026.	Science, Technology and Innovation Mainstreaming	Develop STI Strategy	STI Strategy developed
			Ensure annual budgetary allocation for R&D is at least 2% of the total allocated budget	Annual budgetary allocation for R&D is above the recommended 2% of the total allocated budget

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

			Undertake research & technology innovation and technology transfer & commercialization	Research undertaken.
			Disseminate research findings/ recommendations and technology innovations through conferences, workshops, seminars	NRW symposium conducted in 9th and 10th May, 2022
		Research and Outreach Implemented	Groundwater/ Rainwater Harvesting project in Kitui	There were financial constraints to facilitate research
				A progress report was prepared
			Land Degradation/ Land Cover/ Land Use Mapping in Turkana/ West Pokot	Data collection is done Data analysis and report developed
			Water Quality/Hydrogeological survey: Nairobi Metropolitan areas	Water quality database developed-baseline Data analyzed Report done
			Non-Revenue Water and Water Governance	Report prepared and presented at Non-Revenue Management Symposium
			Catchment Modelling /Aquaponics in Kisumu	Reconnaissance study and Baseline survey done
		Research Results Disseminated	Geographic Information Systems -Earth Observation symposium proceedings/ magazine	Magazine and book of abstracts developed and uploaded on the website

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

			Geographic Information Systems Symposium (Non-Revenue Water and Water Quality)	NRW Management symposium held.
Key Result Area 3: Resource Mobilisation and Consultancy Services	To enhance KEWI financing by mobilizing Kshs. 38.07 Billion to support programmes and projects by 2026	Establish links/partnerships	Establish links with 4 University Libraries	Not finalized
			Establish links with Kenya National Library Services and with 3 other local libraries	Not finalized
		Consultancy & technical services/planning resource mobilization and business development	Drill 5 Boreholes	5 Boreholes drilled
			Test 500 water samples	Over 500 water samples tested
Key Result Area 4: Institutional Capacity	(a) To increase KEWI staff establishment from the current 22% of the approved establishment to 100% and enhance their skills and competencies. (b) To expand KEWI physical infrastructure in all Campuses (movable and immovable assets) and capacity	Temporary Staff Absorbed	Technical staff (lecturers, researchers, instructors, technicians)	14 staff were absorbed
			Support Staff	28 support staff were absorbed.
		Students Welfare Improved	Engage locum nurse on campuses	4 (Four) Locum nurses recruited
			Review the KEWI Students Association Constitution	Constitution approved by the governing council
			Equip sickbay with facilities and equipment and drugs in all KEWI campuses	Nairobi campus equipped.
		Project implementation	Equipping of Water Resource Center	Equipping water resource centre is at 85%.
			ISO/IEC 17025-2017	80% of manuals done

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

	to provide for an additional 5,603 students moving from the current 4,397 to 10,000 by 2026			
Key Result Area 5: Leadership and Integrity	To strengthen internal corporate governance systems	Develop policies	Develop a CBET Curriculum development policy	Draft policy awaiting Governing Council approval
			Develop Student's transition policy	Draft policy awaiting Governing Council approval
			Develop a credit transfer policy	Draft policy awaiting Governing Council approval
			Develop and implement a blended learning policy	A blended learning policy developed and implemented
			Develop a Water, Sanitation and Irrigation Reference Library policy	Draft policy awaiting Governing Council approval

8. Corporate Governance Statement

The Institute's governance, control and administration are vested in the Governing Council, whose members are nominated by the Cabinet Secretary in charge of Water, Sanitation & Irrigation and is composed of Government representatives from key Ministries and independent members drawn from different but relevant professional fields. The Governing Council is responsible for ensuring that Kenya Water Institute embraces and upholds good corporate governance and practices. The Council is accountable to the Government through the Ministry of Water, Sanitation & Irrigation and is responsible for ensuring that the Institute complies with the highest standards of corporate governance and business ethics. One of its critical activities is to ensure the Institute conducts or delivers service to all with integrity and by generally accepted corporate practice and principles.

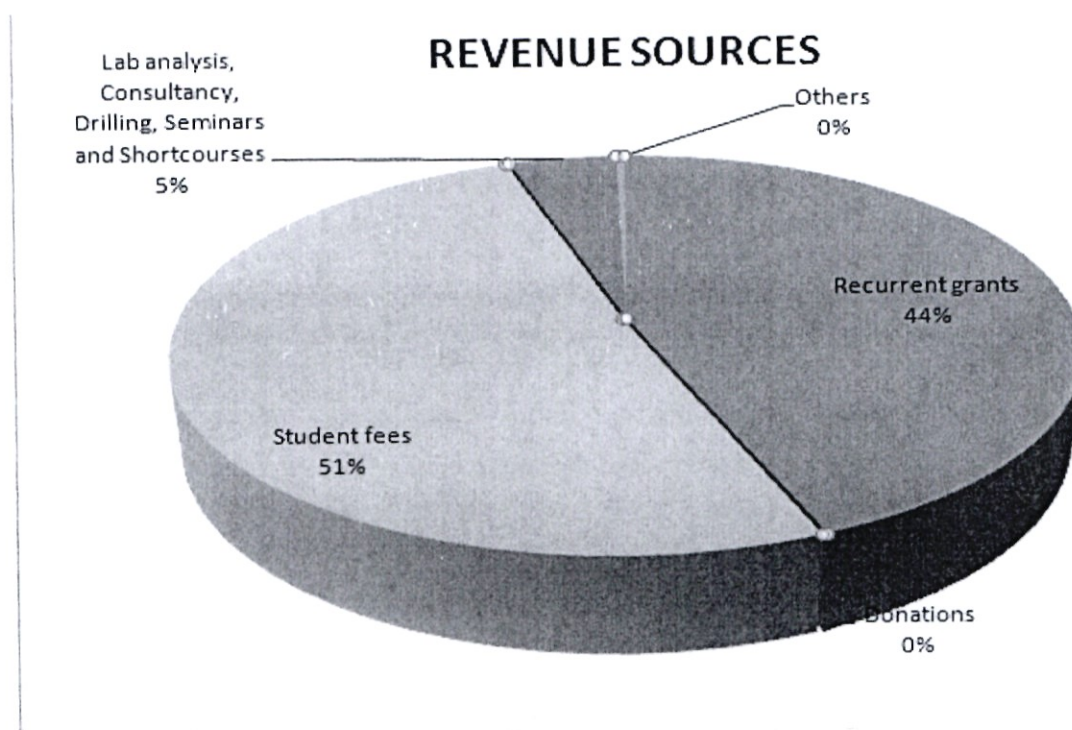
The Governing Council ensured that corporate governance and good business ethics were practiced at all times during the reporting period. This enabled the Management to deliver on the Institute's strategic objectives and maintain effective control of the financial, operational and compliance issues.

Under the KEWI Act, the responsibility of appointing and removing the Governing Council members and the Chairperson is vested in the Cabinet Secretary in charge of Water and Sanitation and irrigation. The process of appointment, roles, functions, remuneration and evaluation of the board is guided by Mwongozo. The institute has been observing the guidelines provided in Mwongozo strictly.

The Chairperson and the other members of the Governing Council were inducted by the Inspectorate of State Corporations and internally by Management.

9. Management Discussion and Analysis

Traditionally, the Institute has relied on grants from the Government to support its activities. Student fees contributed 51% of the total revenue generated during the year ended 30th June, 2023. Government Grants contributed 44% of the total revenue. The Management has taken cognizance of the fact that these two sources cannot sustain the operation of the Institution. The inflow of grants has continued to dwindle while the Institute has continued to expand both in terms of the students' intake and geographical coverage. Most of the students come from economically disadvantaged families hence increasing school fees to support them is not tenable. This has led to a high rate of fee defaulters. Analysis of revenue by sources is given below:



To deliver her mandate within the aforementioned macroeconomic environment, the Management has embarked on programmes aimed at raising revenue through commercial engagements. This includes upscaling the drilling services, constructing an ultra-modern complex for conference facilities, engaging the industry to tailor-made their training needs and offering short courses and grant proposal writing and consultancy in the industry.

This will reverse the worrying trend where the Institute's financial performance has been on deficits

10. Environmental and Sustainability Reporting

KEWI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

i) Sustainability strategy and profile

The Institute takes cognizance of the Kenya Vision 2030, UN sustainable development goals, the Constitution of Kenya and other legal and policy documents in the implementation of its programs and is based on stakeholder participation, good governance and a professional approach to doing business.

ii) Environmental performance

Kenya Water Institute developed its Environment Policy in 2013. The Institute, recognizes that its operations affect the environment; believes that it has a responsibility to care for and protect the environment in which it operates; and commits to integrating the consideration of environmental concerns and impacts into all decision-making and activities. The Institute recognizes key environmental impacts to be in areas such as Procurement, Energy use, Water use, and Waste generation and management. The Institute therefore strives to; Comply with the constitution, legal requirements and voluntary commitments, Prevent pollution, Reduce risk, Use resources sustainably, Communicate its environment policy, Train to increase awareness and Improve continually.

iii) Employee welfare

The Institute is guided by the Human Resource Policy and Procedures Manual, 2018 in the hiring, promotion, disciplining and termination of employees. Further, the Institute undertakes continuous improvement training for staff in relevant areas to ensure that staff have relevant skills to discharge their duties. The organization is in full compliance with the Occupational Safety and Health Act of 2007, (OSHA) by having a medical cover, Group Personal Accident (GPA) and Work Injury Benefits Act (WIBA) for employees.

iv) Market place practices

a. Responsible supply chain and supplier relations

The Institute is guided by the Public Procurement and Asset Disposal Act, 2015 and its regulations. The Institute adheres to the 30% rule to reserve all procurement for Special Groups (women, youth and Persons with Disabilities).

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

b. Responsible ethical practices

The Institute has a Code of Conduct Policy to guide employees. In addition, there is a whistle-blowing policy in place to report any corrupt practices. There is also a Service Delivery Charter that provides guidelines on service delivery.

c. Regulatory impact assessment

The Institute has in place a Complaints Handling Committee which takes feedback from relevant stakeholders and resolves any complaints that may arise. Any unresolved complaints by the Committee are escalated to the relevant officers for resolution.

v) Corporate Social Responsibility/Community Engagements

KEWI defines Corporate Social Responsibility as the business strategy that defines the values underpinning the Institute's mission and the choices made each day by its staff as they engage with society. We believe in maximizing the benefit of the resources bestowed to us, being accountable in whatever we do and responsive to stakeholders.

Our Corporate Social Responsibility (CSR) encompasses the economic, environmental and social aspects of our business.

Under our economic view of CSR, we ensure the cost of our products like charging college fees, drilling boreholes and offering consultancy in the water sector is set at an appointment that does not exclude the less privileged. It will also be noted that KEWI takes sharing of water knowledge as a moral obligation as such creating an environment that allows wide spread of the same to its key operations. This in essence has become the foundation of KEWI's programming which is rooted in the corporate social responsibility principle.

Environment - KEWI is a training and research Institution for the water sector, sustainable management of water resource is the backbone of the Institute, and our training programmes on water resource management is specifically designed to enable the trainees to acquire the knowledge of managing the water resources sustainably.

Our social aspect of CSR in KEWI places emphasis on Responsibility and Accountability. KEWI takes the issue of CSR seriously as evidenced in our daily dealings, for instance when an employee is dealing with a customer(s), the Institution expects him/her to behave honestly and ethically. In that regard, the issue of corporate social responsibility is quickly moving from a "nice to have" to an "absolutely must have."

As KEWI's mandate is to offer training, research, consultancy and outreach most of our specific CSR activities revolve around the water and natural resources, as will be seen from some of the activities undertaken and mentioned below;

Every year the institute has always undertaken servicing of community boreholes in selected counties. During the period under review, KEWI trained selected water users in Kakamega to equip them with

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

the skills necessary for them to continue servicing the boreholes that KEWI had drilled on behalf of NGAAF. This guaranteed the sustainability of the project and provided a source of revenue to those trained. KEWI also on an annual basis participates in the Ndakaini marathon, cleaning the river banks and the general surrounding areas we operate in. KEWI was also involved in erecting water tanks in Kakamega County, as well as training residents on how to properly clean their hands in the fight against COVID-19 and other water-borne diseases. The Institute participated in maintaining trees in the Labwe forest and Kitui Campus and planting trees in Eldoret and Lamu. Participated in World Water Day. Most of these activities are made possible through partnerships and collaborations.

KEWI also has a mentorship programme, this programme targets school-going girls, to mentor them to be responsible students. The key focus of the program is on encouraging girls to take science subjects, this was informed by the hitherto stereotype of science subjects/ courses being a preserve of men.

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

11. Report of the Directors

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

i) Principal activities

The principal activities of the Institute are to provide Training, Research, Consultancy and Outreach Services

ii) Results

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

iii) Directors

The members of the Governing Council who served during the year are shown in the table below.

S/N0.	Name	Organization	Appointment Date	Designation
1	BRIG. (RTD) Stephen Njung'e Kihu	Independent	8 th July, 2022- 7 th August 2023	Chairperson
2	Ms. Nancy Mugure Waweru	Representative of Public Universities	8 th July, 2022	Member
3	Mr. Peter Kahara	Representative of Private Community Based Water & Sanitation Programmes	8 th July, 2022	Member
4	Eng. Peter Odhiambo Wanday	Representative of Professional bodies	8 th July, 2022	Member
5	Mr. Mohamed Osman Hassan	Representative of a registered local Non-Governmental Organization involved in activities related to the water sector	8 th July, 2022	Member
6	Mr. Eden Dida	Representative of Local Non- Government Organizations	8 th July, 2022	Member
7	Mr. Festus Mwanzi	Alternate to PS National Treasury	8 th July, 2022	Member
8	Ms. Malia Ndunga	Alternate to PS Ministry of Water & Sanitation and Irrigation	8 th February 2022	Member
9	Ms. Lesley Khayadi	Alternate to PS Ministry of Devolution & Planning	8 th July, 2022	Member
10	Ms. Eunice M'Mboga	Alternate to PS National Treasury	3 rd May, 2023	Member
11	Ms. Nancy Koech	Alternate to PS Ministry of Water, Sanitation and Irrigation	24 th July, 2023	Member
12	Kennedy R.O. Riaga	Kenya Water Institute	26 th November, 2021 – 18 th December 2022	Secretary to the

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

				Governing Council.
13	Eric K. Wamiti	Kenya Water Institute	19 th December 2022 – 20 th February 2023	Secretary to the Governing Council.
14	Dr. Leiro Letangule, Ph.D. EBS	Kenya Water Institute	21 st February 2023	Secretary to the Governing Council.

iv) Surplus Remission

The Institute made a surplus during the year (FY2022/2023) of Ksh. 32,892,073.00. However, the Institute is not a regulatory agency and therefore did not remit the surplus to the Consolidated Fund.

v) Auditors

The Auditor General is responsible for the statutory audit of the Kenya Water Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2023.

By Order of the Governing Council.



**Leiro Letangule, Ph.D., EBS.
Director/CEO/Secretary to the Governing Council,**

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

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*Section 14 of the State Corporations Act, and Kenya Water Institute Act, CAP.372A, Section 1*), require the Governing Council to prepare financial statements in respect of Kenya Water Institute, which gives a true and fair view of the state of affairs of the Institution at the end of the financial period and the operating results of the Institute for that year. The Directors are also required to ensure that the Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Directors are also responsible for safeguarding the assets of the Institute.

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as of the end of the financial year ended on June 30, 2023. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Institute; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and the manner required by the PFM Act, 2012 and Kenya Water Institute Act, 2001. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial year ended June 30, 2023, and of the Institute's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Institute's financial statements were approved by the Board on 28th August, 2023 and signed on its behalf by:



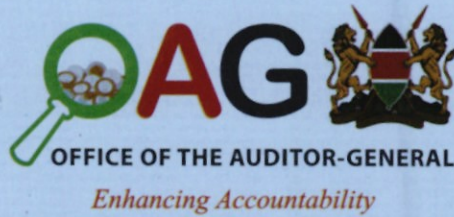
**Patrick M. Mbangula
Chairperson, KEWI Governing Council**



**Leiro Letangule, Ph.D. EBS
Director/CEO**

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 INSTITUTE 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 Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Water Institute set out on pages 1 to 27, 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Water Institute 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 Kenya Water Institute Act, 2001 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs.388,000,000 and Kshs.430,400,210 respectively, resulting to an overcollection of Kshs.42,400,210 or 11% of the budget. Similarly, the Institute spent Kshs.397,508,137 against an approved budget of Kshs.502,200,000 resulting to an under-expenditure of Kshs.104,691,863 or 21% of the budget.

The overcollection and under-absorption affected the planned activities and may have impacted negatively on service delivery to the public.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and

Governance. However, Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the 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. Delayed Projects Completion

1.1 Chiakariga Campus Classrooms Project

As previously reported, the statement of financial position reflects work-in-progress amount of Kshs.1,309,176,270 as disclosed in Note 20 to the financial statements. Included is an amount of Kshs.17,268,014 in respect to construction of classrooms at Chiakariga Campus at a contract sum of Kshs.19,903,802. The works commenced on 27 September, 2017 for a period of forty-two (42) weeks, which was later extended by a further twenty-four (24) months to March, 2019. However, physical inspection conducted in the month of February, 2024 revealed that the classrooms were yet to be completed and the construction had stalled. Further, the contractor had abandoned the site and a valid performance security bond was not provided for audit.

In the circumstances, value for money may not be achieved.

1.2 Anomalies in Construction of a Resource Centre

As previously reported, a contract for construction of a Resource Centre was awarded to a construction firm at a sum of Kshs.245,658,688 which was later revised to Kshs.266,616,477. The work commenced in 2015/2016 financial year. However, the following anomalies were noted:

- i. The vendor account reflects total payments of Kshs.287,229,378 to the contractor which includes direct payments of Kshs.275,338,793 and retention of Kshs.11,890,585. However, this amount exceeded the contract sum of Kshs.266,616,477 by Kshs.20,612,901 implying the Institute overpaid the contractor for undelivered works.
- ii. The building is a three (3) storey building with one wing designed for a hotel and accommodation. However, there is no lift installed making the building not suitable to persons living with disabilities.

In the circumstances, value for money on the construction of the Centre could not be confirmed.

2. Issuance of Multiple Imprest

Review of imprest management, revealed officers with multiple imprests. Six (6) officers were issued with a cumulative imprest amount of Kshs.10,476,588, which had not been surrendered as at 30 June, 2023. This is contrary to Regulation 93(8) of the Public Finance Management (National Government) Regulations, 2015, which states that in order to effectively and efficiently manage and control the issue of temporary imprests, an Accounting Officer or AIE holder shall ensure that no second imprest is issued to any officer before the first imprest is surrendered or recovered in full from his or her salary.

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

3. Violation on a Third Rule on Basic Pay

Analysis of payroll revealed that the net pay for six (6) employees totaling Kshs.46,417 was less than a third of their corresponding basic pay of Kshs.86,323. This was contrary to Section 19(3) of the Employment Act, 2007 and Section C.1(3) of the Public Service Human Resource Policies and Procedures Manual 2016, which states that Public Officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource should ensure compliance.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack of a Debt Collection Policy

Review of debtors' policy revealed that the Institute has not implemented a Debt Collection Policy, and therefore there are no guidelines on how the recovery of debts should be done.

In the circumstances, guidelines on debt collection and action to be taken in case of non-recovery of debts could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Governing Council

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

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

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

The Governing Council is responsible for overseeing the Institute'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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable 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 Institute'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 Institute to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


03 April, 2024

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

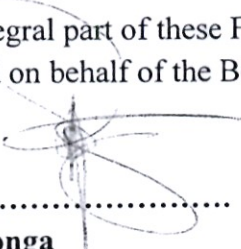
14. Statement of Financial Performance for the year ended 30 June 2023

		FY	FY
	Note	2022/2023	2020/2021
		Kshs	
Revenue from non-exchange transactions			
Government grants & Other Donations	6	195,900,593	204,863,600
		195,900,593	204,863,600
Revenue from exchange transactions			
Rendering of services	7	231,028,407	228,331,031
Rental revenue from facilities and equipment	8	1,296,872	3,350,871
Other income	9	2,174,338	619,902
		234,499,617	232,301,804
Total revenue		430,400,210	437,165,404
Expenses			
Use of Goods and Services	10	109,284,848	142,322,309
Employee costs	11	236,473,119	218,052,219
Remuneration of Governing Council	12	17,718,002	21,630,911
Depreciation and amortization expense	13	15,660,635	24,185,530
Repairs and maintenance	14	10,826,060	8,267,994
Contracted services	15	7,545,472	9,676,987
Total expenses		397,508,137	424,135,950
Surplus (Deficit) for the Year		32,892,073	13,029,454


The notes set out on pages 6 to 26 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Leiro Letangule, Ph.D., EBS.
Director/CEO



Elvis M. Songa
Head of Finance



Patrick M. Mbangula
Chairperson, Governing Council

Date: 14/03/2024

ICPAK M/No: 23792

Date: 14/03/2024

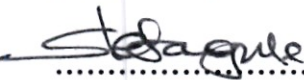
Date: 14/03/2024

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

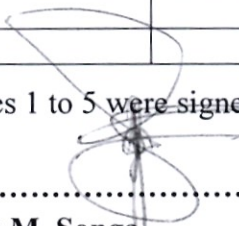
15. Statement of Financial Position as at 30 June 2023

	Note	FY 2022/2023	FY 2021/2022
Assets			
Current assets			
Cash and cash equivalents	16	68,687,001	25,580,053
Receivables from exchange transactions	17	96,411,138	99,569,896
Receivables from Non- exchange transactions	18	38,402,481	14,703,614
Inventories	19	6,696,548	8,913,844
Total Current Assets		210,197,167	148,767,407
Non-current assets			
Property, plant and equipment	20	1,469,348,112	1,464,445,478
Work In Progress	20	1,309,176,270	1,243,152,998
Total Non- Current Assets		2,778,524,382	2,707,598,476
Total assets		2,988,721,549	2,856,365,883
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	870,031,099	941,815,881
Refundable deposits from students	22	6,258,480	4,506,500
Provisions for Audit fees		580,000	580,000
Deferred income	23	26,561,320	22,611,235
Total liabilities		903,430,899	969,513,616
Net assets			
Capital Reserves		144,184,894	144,184,894
Revaluation Reserves		1,393,516,687	1,393,516,687
Revenue Reserves		99,762,396	66,870,322
Capital Fund		447,826,674	282,280,364
Total net assets		2,085,290,651	1,886,852,267
Total net assets and liabilities		2,988,721,549	2,856,365,883


The financial statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



Leiro Letangule, Ph.D., EBS.
Director/CEO



Elvis M. Songa
Head of Finance



Patrick M. Mbangula
Chairperson, Governing Council

Date: 14/03/2024

ICPAK M/No: 23792
 Date: 14/03/2024

Date: 14/03/2024

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

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

	Capital Reserves	Capital Fund	Revaluation Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2021	144,184,894	242,280,364	1,393,516,687	53,840,868	1,833,822,813
Addition for the period	-	40,000,000	-	-	40,000,000
Surplus/(deficit) for the period	-	-	-	13,029,454	13,029,454
Transfers to/from accumulated surplus	-	-	-	-	-
Balance as at 30 June 2022	144,184,894	282,280,364	1,393,516,687	66,870,322	1,886,852,267
Addition for the period	-	165,546,310	-	-	165,546,310
Surplus/(deficit) for the period	-	-	-	32,892,073	32,892,073
Transfers to/from accumulated surplus	-	-	-	-	-
Balance as at 30 June 2023	144,184,894	447,826,674	1,393,516,687	99,762,396	2,085,290,651

Note:

1. The first Kenya Water Institute audited accounts for the FY 2003/2004 show that the original valuation of Kenya Water Institute Property, Plant and Equipment to the tune of Kshs. 141,627,439 was carried out by a valuation firm in the year 2000 and Kshs. 125,578,337 valuations by an inter-ministerial technical committee on the transition of Kenya Water Institute to a Semi-Autonomous Government Agency. These valuations have been used to come up with the reported capital reserves of Ksh.144, 184,894.

In the Financial Year 2013/2014, the Institutes' assets were revalued at Kshs 1,393,516,687 and this is the valuation used to come up with the reported revaluation reserve of Kshs 1,393,516,687.

2. The addition in the capital fund relates to Shs. 125,000,000.00 from the Ministry of Water, Sanitation and Irrigation and Shs. 40,546,310 from the African Development Bank (AfDB).

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

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

		FY 2022/2023	FY 2021/2022
	Notes	Kshs	Kshs
Cash flow from Operating Activities before changes in working capital			
Surplus for the period		32,892,073	13,029,454
Adjustment for depreciation		15,660,635	24,185,530
		48,552,709	37,214,985
Changes in working capital			
Decrease in Receivables	25	(20,540,108)	(14,548,014)
Decrease in Inventories	25	2,217,297	1,803,802
Decrease in Payables	25	(66,082,717)	5,318,119
Net Cashflow generated from operating activities		(84,405,529)	(7,426,093)
Cash flow from Investing Activities			
Acquisition of Property, Plant and Equipment & WIP		(86,586,542)	(55,777,652)
Net Cash flow from financing activities		165,546,310	40,000,000
Net Decrease in Cash and Cash equivalents		43,106,948	14,011,239
Cash and cash equivalents at the start of year	16	25,580,053	11,568,814
Cash and cash equivalents at end of year	16	68,687,001	25,580,053

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

		Original Budget	Adjustments	Final Budget	Actual on	Performance	Differ	Explanatio
	Note	2022-2023	2022-2023	2022-2023	Comparable	Difference	ence	n of
		Shs	Shs	Shs	Basis	Shs	%	material
					2022-2023	2022-2023		variances
Revenue								
Government grants and Other Donations	7	203,000,000	20,000,000	183,000,000	195,900,593	12,900,593	7%	
Rendering of services	8	202,000,000	-	202,000,000	231,028,407	29,028,407	14%	
Rental revenue from facilities and equipment	9	2,000,000	-	2,000,000	1,296,872	- 703,128	-35%	a)
Other income	10	1,000,000	-	1,000,000	2,174,338	1,174,338	117%	
Total income		408,000,000	20,000,000	388,000,000	430,400,210	42,400,210		
Expenses								
Use of Goods and Services	16	101,280,000	- 9,000,000	110,280,000	107,522,748	2,757,252	3%	
Compensation of employees	11	209,580,000	- 13,376,206	222,956,206	236,473,119	- 13,516,913	-6%	
Remuneration of Governing Council	12	20,000,000	1,400,000	18,600,000	17,718,002	881,998	5%	
Rent paid	13	2,868,000	- 52,000	2,920,000	1,762,100	1,157,900	40%	b)
Repairs and maintenance	14	9,000,000	- 4,800,000	13,800,000	10,826,060	2,973,940	22%	
Contracted services	15	9,272,000	628,206	8,643,794	7,545,472	1,098,322	13%	
Development Expenditure	20A/2 1	500,000,000	- 375,000,000	125,000,000	86,683,262	38,316,738	31%	c)
Non-Cash Expenses		852,000,000	- 400,200,000	502,200,000	468,530,763	33,669,237		
Depreciation & Amortization	13	-	-	-	15,660,635	-		
Bad Debts		-	-	-	-	-		
Development Expenditure					- 86,683,262			
Total expenditure		852,000,000	- 400,200,000	502,200,000	397,508,137	33,669,237		
Surplus for the period	-	- 444,000,000	420,200,000	- 114,200,000	32,892,073	8,730,973		

Budget notes

- a) The negative variance in rental revenue from facilities and equipment is as a result of reduced activities on short courses and seminars and workshops.
b) The other income is miscellaneous in nature.

19. Notes to the Financial Statements

1. General Information

Kenya Water Institute (KEWI) was established by and derives its authority and accountability from Kenya Water Institute Act No. 11, 2001. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institutes' principal activity is to provide directly or in collaboration with other institutions of higher learning services in human resource development, consultancy, research and development, training programmes, seminars and workshops in the water sector on a commercial basis and to conduct examinations and award diplomas, certificates and other awards to successful candidates.

2. Statement of Compliance and Basis of Preparation

The KEWI financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Institute and all values are rounded to the nearest Shilling (Ksh). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost modified to include the revaluation of certain classes of assets and estimation of the extra useful life of the fully depreciated assets unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	Kenya Water Institute adopted International Public Sector Accounting Standards in the year ended 30 th June 2014 and therefore provisions of first time adoption of accrual basis do not apply to the Institute.
IPSAS 34: Separate Financial Statements	Kenya Water Institute does not have any subsidiaries, joint ventures, or investments and therefore the standard does not apply.
IPSAS 35: Consolidated Financial Statements	Kenya Water Institute does not have any subsidiaries, joint ventures, or investments and therefore the standard does not apply

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

Standard	Impact
IPSAS 36: Investments in Associates and Joint Ventures	Kenya Water Institute does not have investments in associates or joint ventures.
IPSAS 37: Joint Arrangements	Kenya Water Institute does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of Interests in Other Entities	Kenya Water Institute does not have any interests in other entities and therefore the standard does not apply.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

These are revenues received from non-arms-length transactions. They include recurrent grants from the Government, as well as, donations from development partners. These are recognized when received.

ii) Revenue from exchange transactions

Rendering of services

Fees

Fees represent invoiced value of services rendered during the year in relation to training, consultancy and miscellaneous revenue taking care of the deferred income. However, this revenue is recognized on accrual basis.

Other Income

This constitutes miscellaneous, sale of tender and surcharges. These are revenues that do not recur and are not earned from the Institute's core activities. They are recognized when earned.

Rental Revenue from Facilities and Equipment

This is revenue earned from hiring out conference halls, grounds and rental income from staff houses. This revenue is recognized when earned.

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

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

from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented on page 5 of these financial statements and report.

c) Taxes

The Institutes major source of income comprises government grants. In addition, the Institute is a non-commercial entity, thus, exempt from paying corporation taxes. However, the Institute is a withholding agent for VAT, Withholding income tax and PAYE.

d) Property, plant and equipment

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

Depreciation and amortization are calculated on a straight-line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives at the rates below:

Buildings	2.00%
Plant and Equipment	12.50%
Furniture	10.00%
Motor Vehicles	20.00%
Computers	30.00%
Software	20.00%

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

e) Research and development costs

Kenya Water Institute expenses research costs as and when incurred. Development costs on individual projects are recognized as intangible assets when the Entity can demonstrate:

- i) Its intention to complete and its ability to use the asset
- ii) How the asset will generate future economic benefits or service potential

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

f) Trade and other receivables

These comprise; receivables from exchange transactions, that is, trade receivables, student receivables and prepayments; and receivables from non-exchange transactions - staff receivables. The receivables from exchange transactions are aged into; 1-30, 31-60, 61-90 and > 90 days. They are recognized when earned and accounted for, net of provision for bad and doubtful debts

g) Inventories

Inventories are valued at the lower cost and net realizable value. Cost comprises expenditure incurred in the normal course of business, including direct material costs on a weighted average basis. Net realizable value is the price at which the stock can be realized in the normal course of business after allowing for the costs of the realization and, where appropriate, the cost of conversion from its existing state to a realizable condition. Provision is made for obsolete, slow-moving and defective stocks as and when determined.

h) Provisions for Bad and Doubtful Debts

Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success. The institute's policy on provision for bad debts is 15%, 20%, 25% and 35% for debts aged, 1-30, 31-60, 61-90 and > 90 days respectively.

i) Contingent liabilities

In the year 2016, Kenya Revenue Authority audited the Institute for the period July 2011 to June 2016 and assessed an amount of Ksh.51M claimed to be outstanding tax. However, the Institute raised an objection where there was a directive that the Institute settles what's not in objection, i.e. 18M. A payment plan was agreed upon between the Kenya Revenue Authority and the Institute to be settling Ksh. 500,000 every month for six (6) months as per a letter dated 6th August 2020. The payment plan was subject to review after the end of the period.

Due to the historical nature of the liabilities KRA officials agreed to be generating the Payment Registration Number (PRN) and send it to KEWI for payment. So far KEWI has received PRN for

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

Kshs. 2M and paid in full. But since October, 2020 KEWI is yet to receive any PRN despite continuous reminders from the Institute.

j) Nature and purpose of reserves

The reserves comprise of accumulated revenue and capital reserves as set out in the Statement of Changes in the Net Assets.

k) Employee benefits

Retirement benefit plans

The Institute has sponsored a defined contribution pension scheme for permanent staff whereby it contributes 15% while the employees contribute 7.5% of the basic salary. For employees on contract, the Institute pays gratuity at the expiry of the contract, which is calculated at the rate of 31% of the basic salary. The Institute has a medical cover for all permanent employees.

l) Related parties

The institute is wholly owned and controlled by the government. Thus, there are no subsidiaries and directors who have shares in the Institute.

Details of other related parties are as follows;

i) National Government

The institute is under the Ministry of Water and Sanitation & Irrigation and grants of Ksh. 308,000,000 were received; recurrent grant of Ksh. 183,000,000 and a development grant of Ksh. 125,000,000. Besides, the ministry sponsors their technical staff to be trained in the institute.

ii) County Governments

The institute actively trains the technical staff of water companies from the County Governments. In addition, the counties sponsor students on long-term courses.

Kenya Water Institute offers consultancy and outreach programmes to the same institutions mentioned above, the main client being the Nairobi City Water and Sewerage Company, Kakamega and Turkana County Governments.

iii) Governing Council

This is the body entrusted with the overall management of the institute. The members do not earn a salary except the chair who earns honoraria of Ksh. 80,000 per month. The other council members only benefit from sitting and other applicable allowances.

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, Paybill A/C and cash at bank. The Institute's Bank account balances include amounts held at the Kenya Commercial Bank and National Bank at the end of the financial year.

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

n) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year

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. These assumptions include;

- a) The Government will continue to support the Institute's budgetary requirement that will be demanded by the entire water sector.
- b) The macroeconomic environment will be conducive for the Institute to continue discharging its mandate.
- c) The Kenya Water Institute legislation that is proposed will be enacted and will include a training levy fee in the water sector.
- d) There shall be a continued demand for Kenya Water Institute Courses and programs in the water sector.

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

Notes to the Financial Statements (Continued)

6. Transfers from Other Government Agencies

Description	FY	FY
	2022/2023	2021/2022
Unconditional Grants		
Unconditional recurrent grants	183,000,000	203,000,000
Total Unconditional Grants	183,000,000	203,000,000
Conditional Grants amortised/ transferred to revenue		
Other Organizational Grants - DANIDA	12,900,593	0
NUFFIC	0	1,863,600
Total Government grants & Other Donations	195,900,593	204,863,600

The Shs. 125,000,000 was GOK development allocation for the year. Shs. 12,900,593 from DANIDA was to sponsor students for artisan courses.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Entity Sending The Grant	Amount Recognized to of Statement Financial Performance	Amount Recognized in Capital Fund	Total Transfers 2022-2023	Prior Year 2021-2022
	KSh.	KSh.	KSh.	KSh.
State Department for Water & Sanitation	183,000,000	125,000,000	308,000,000	243,000,000
AfDB		40,546,310	40,546,310	0

Shs. 40,546,310 from AfDB was for Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project.

7. Rendering of Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Tuition fees - Students	143,047,125	125,558,975
Registration fees-500004	883,300	881,300
ID Card	994,000	981,700
Examination Fee-500007	14,600,350	13,080,250
Accomodation-500001	31,299,880	20,138,520
Kitchen Cash Sales	345,825	641,465
Graduation fees	3,251,500	4,745,300
Student Refers	494,750	752,250
Students lunch fee	129,250	67,800
Lab analysis	4,922,024	5,501,752

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

Consultancy fee	-	5,368,300
Application fee	743,000	830,530
Seminars and Workshops	803,956	275,280
Short Courses	9,862,497	19,192,890
Drilling Revenue	3,373,150	15,788,269
Activity fee	3,183,500	2,870,500
KUCCPS Processing Fee	25,500	216,000
Medical examination	654,000	375,000
Students Welfare	7,592,000	6,759,200
Students Medical	4,798,000	4,305,750
KNEC Fee	24,800	-
Total	231,028,407	228,331,031

8. Rental Revenue from Facilities and Equipment

Description	2022/2023	2021/2022
	Kshs	Kshs
Hire of Conference Facilities	1,296,872	3,350,871
Total	1,296,872	3,350,871

9. Other Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Miscellaneous Income	82,740	516,262
Sale of Tender Documents	17,550	5,000
Library fines and Staff Surcharges	72,145	20,310
Cheque Clearance fee	-	4,830
Gain on Disposal of Assets	-	-
Rental income	71,500	73,500
Decrease in provision for the bad and doubtful debts	1,930,402.55	-
Total	2,174,338	619,902

10. Use of Goods and Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Electricity	6,653,105	7,376,811
Water & Connections	2,150,587	1,445,798
Gas Expenses	3,018,424	3,633,307
Telephone Expenses	1,063,881	1,430,953
Internet Connections	2,626,201	3,220,537
Postal & Courier	72,717	186,095
Publishing & Printing	1,379,695	958,025

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

Subscription to Newspapers	180,550	96,000
Advertising	1,862,239	2,875,200
Trade Shows	-	58,100
Payment of Rent & Rates	1,762,100	4,306,456
Training Expenses	148,570	964,884
Graduation Expenses	1,057,600	1,646,295
Catering Expense	8,600,497	6,285,458
Plant, Equip & Machinery Insurance	-	1,100,883
Motor Vehicle Insurance	1,011,859	1,442,018
Fungicides	1,099,502	386,308
Purchase of Workshop Tools	738,675	1,521,128
Lab Materials & Supplies	3,089,711	2,825,324
Education & Lib Suppls	6,146	493,510
Food & Rations	19,844,928	23,098,574
Purchase of staff uniforms	-	592,730
Purchase of Beddings	-	1,860,800
General Office Supplies	2,505,535	6,198,551
Suppls & Accessories	1,106,510	832,669
Sanitary & Cleaning Materials	2,597,430	2,908,498
Refined Fuels - transport	3,855,182	2,468,382
Bank Charges	552,493	620,573
Membership Fees, Dues	1,028,500	1,119,400
Sports & Related Activities	4,247,660	1,123,655
Legal fees	5,000	210,262
Audit Fees	580,000	1,160,000
Bad Debt	-	6,840,874
Research Expenses	1,864,578	1,430,740
Pre-Feasibility	9,598,669	32,920,379
Capacity Building	4,667,870	1,938,543
Drilling Expense	6,245,317	12,652,115
Irrecoverable taxes	-	-
Hire of transport	1,341,431	835,629
School Examination & Invigilation fee	438,000	-
Value Added Tax	-	1,256,848
DANIDA expenses	12,283,685	-
Total	109,284,848	142,322,309

11. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries & Wages	132,945,933	133,933,912
Medical Insurance	22,396,725	15,680,909

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

Group Personal Insurance	204,990	614,970
Contribution to Pensions	10,857,670	8,597,630
Gratuity	1,309,355	759,903
Travel Costs-Domestic	888,207	641,250
Accommodation-Domestic	-	-
Daily Subsistence-Domestic	6,334,395	13,686,640
Travel Costs(Airlines)-Foreign	1,353,555	-
Accommodation-Foreign	1,451,016	-
Daily Subsistence Allowance- Foreign	480,657	295,507
Other allowances	20,010,446	16,913,909
Housing allowances	38,232,092	26,839,646
Overtime payments	8,078	87,943
Total	236,473,119	218,052,219

12. Remuneration of Governing Council

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria	960,000	582,857
Other allowances	16,758,002	21,048,054
Total Governing Council Emoluments	17,718,002	21,630,911

13. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
14. Depreciation and amortization expense		
Property, plant and equipment	15,660,635	24,185,530
Intangible assets	-	-
Total depreciation and amortization	15,660,635	24,185,530

Some of the assets were fully depreciated as at the end of the last financial year.

14. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Maintenance of Motor vehicles	1,394,398	2,060,362
Maintenance of computers	804,278	2,074,124
Maintenance of buildings & stations	6,330,279	2,082,493
Maintenance of office furniture	521,258	27,600
Maintenance of Plant & machinery	1,363,517	1,223,640
Refurbishment of buildings	-	799,775
Maintenance of Bore holes	412,330	-
Total	10,826,060	8,267,994

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

15. Contracted Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Contracted Guards	7,530,472	9,676,987
Contracted Technical Services	15,000.00	-
Total	7,545,472	9,676,987

16. Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Account with Kenya Commercial Bank-current	12,315,184	14,869,552
Account with Kenya Commercial Bank -Project Account	55,632,160	7,886,930
Account with National Bank	616,908	2,798,119
KEWI Paybill Account	122,748	24,431
Cash in Hand	-	1,020
Total	68,687,001	25,580,053

17. Receivables from Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade Receivables	132,229,469	137,093,975
Less: Prov. For bad debts	- 41,799,810	- 43,730,213
Net Receivables	90,429,659	93,363,762
Prepayments	5,981,479	6,206,134
Total	96,411,138	99,569,896

18. Receivables from Non-Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Receivables from Non- exchange transactions		
Staff Receivables	38,402,481	14,703,615
Total receivables from non- exchange transactions	38,402,481	14,703,615

19. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Main Campus	4,965,352	6,104,940
Kisumu Campus	84,595	113,491
Chiakariga Campus	1,531,420	2,497,710
Kitui Campus	115,181	197,703
Total	6,696,548	8,913,844

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

20. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Plant & Equipment)	Capital & Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As At 1 st July 2021	1,044,642,000	487,301,089	23,000,000	15,500,997	23,628,371	84,474,139	1,198,436,984	1,678,546,596
Additions	-	5,996,690	-	257,900	1,324,649	3,482,400	44,716,013	11,061,639
Disposals	-	-	-	-	-	-	-	-
As at 30 th June 2022	1,044,642,000	493,297,779	23,000,000	15,758,897	24,953,020	87,956,539	1,243,152,997	1,689,608,235
Additions	-	3,980,439	9,762,300	3,015,800	548,430	3,256,300	66,023,273	86,586,542
Disposals	-	-	-	-	-	-	-	-
As at 30 th June 2023	1,044,642,000	497,278,218	32,762,300	18,774,697	25,501,450	91,212,839	1,309,176,270	1,776,194,777
Depreciation And Impairment	-	87,740,374	1,952,460	10,688,013	-	-	-	-
As At 1 st July 2021	-	77,874,418	23,000,000	9,112,123	18,284,111	72,706,574	-	200,977,226
Depreciation	-	9,865,956	-	1,575,890	1,749,118	10,994,567	-	24,185,531
As at 30 th June 2022	-	87,740,374	23,000,000	10,688,013	20,033,229	83,701,141	-	225,162,757
Depreciation	-	9,875,334	1,952,460	1,642,052	1,591,430	599,360	-	15,660,636
Disposals	-	-	-	-	-	-	-	-
As at 30 th June 2023	-	97,615,708	24,952,460	12,330,065	21,624,659	84,300,501	-	240,823,393

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

Net Book Values								
As at 30 th June 2022	1,044,642,000	405,557,405	-	5,070,884	4,919,791	4,255,398	1,243,152,997	1,464,445,478
As at 30 th June 2023	1,044,642,000	399,662,510	7,809,840	6,444,632	3,876,791	6,912,338	1,309,176,270	1,535,371,384

The Work in Progress of Ksh. 1,309,272,990 is in respect of the Water Resource Centre, Mechanical Production Unit, Kitui Campus Fencing, and Construction of an Irrigation and Drainage Engineering block and a Gate at KEWI Chiakariga Campus, Kisumu Campus fencing, KEWI modernization and New ERP system.

The Work in Progress includes a fee note of Kshs.869,612,396 for the Master plan, architectural, structural and civil drawings consultancy for KEWI Modernization project.

21. Trade and Other Payables from Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Staff Payables	3,485,485	210,018
Student Payables	11,063,337	17,331,001
Trade Payables	838,288,346	904,580,931
Retention Fee	17,193,932	19,693,932
Total	870,031,099	941,815,881

Staff payables include pension deductions for newly recruited staff of Shs. 3,275,467 and terminal dues of Shs. 210,018 for a former member of staff.

22. Refundable Deposits from Students

Description	2022/2023	2021/2022
	Kshs	Kshs
Caution Money	5,123,250	3,371,250
Medical funds	1,135,230	1,135,250
	6,258,480	4,506,500

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

23. Deferred Income

Description	2022/2023	2021/2022
	Kshs	Kshs
Tuition fee	21,184,200	19,795,825
Accomodation fee	5,377,120	2,815,410
Total	26,561,320	22,611,235

24. Prepayments

VENDOR NAME	VALUE	CONTRACT PERIOD	REMARKS	PREPAYMENT	EXPENSE FOR THE YEAR
Pioneer General Insurance Limited	833,410	12.04.22 TO 11.04.2023	Motor Vehicle Insurance	-	625,058
Pioneer General Insurance Limited	1,337,785	12.06.23 TO 11.06.2024	Motor Vehicle Insurance	1,226,302.92	111,482
Sanlam General Insurance Limited-R	819,960	12.10.21 TO 11.10.22	Group Personal Accident Insurance	-	204,990
Jubilee Insurance Co.	10,752,173	11.01.22 TO 10.01.23	Staff Medical Insurance	-	5,376,087
Jubilee Insurance Co.	9,510,353	11.01.23 TO 10.01.24	Staff Medical Insurance	4,755,176.50	4,755,177
	23,253,681			5,981,479	11,072,793

25. Cash Generated from Operations

Description	FY	
	2022	2023
	Kshs	
Surplus for the year before tax	32,892,073	13,029,454
Adjusted for:		
Depreciation	15,660,635	24,185,530
	48,552,709	37,214,985
Working capital adjustments		
Decrease in Receivables	(20,540,108)	(14,548,014)
Decrease in Inventories	2,217,297	1,803,802
Decrease in Payables	(66,082,717)	5,318,119
Net Cashflow generated from operating activities	(84,405,529)	(7,426,093)

26. Risk Management Objectives and Policies

Financial Risk Management

Financial risk management is the process of understanding and managing the financial risks that your business might be facing either now or in the future. The idea is to understand what risks the organization is willing to take, what risks you would rather avoid, and how the organization is going to develop a strategy based on your risk appetite.

The key to any financial risk management strategy is the plan of action. These are the practices, procedures and policies your business will use to ensure it does not take on more risk than it is prepared for. In other words, the plan will make it clear to staff what they can and cannot do what decisions need escalating, and who has overall responsibility for any risk that might arise.

Risk is inherent in any business operation and good risk management is essential if an organization is going to identify and stop revenue leakage. Of the various types of risks an organization might face, financial risk has the most immediate impact on your cash flows and going concerns. One can anticipate these risks and head them off in the pass with a solid financial risk management plan. Anything that relates to money flowing in and out of the business is a financial risk. Since the list of potential risks is so long, most analysts place them into one of four categories as market, credit, liquidity and operational risk. The Institute is exposed to these risks in the course of executing its mandate. The Institute's risk policy focuses on mitigating the adverse effects in the event that the said risks crystallize. The Governing Council through the Audit and Risk Committee gives policy direction on the overall risk management and sets the risk appetite levels. The Management is responsible for assessing and profiling the various risks, their treatment and overall risk Management.

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

i) Credit risk

Credit risk is the possibility that the organization will lose money because someone fails to perform according to the terms of a contract. Organisations must retain sufficient cash reserves to cover their accounts payable or they are going to experience serious cash flow problems.

Credit risk is the risk of financial loss to the Institute when a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from the operations and that a counterparty will be unable to pay amounts in full when due. There is an implied credit rating when dealing with various customers based on the amount and previous experience.

The Institute manages, limits and controls the concentration of credit risks periodically against internal and regulatory requirements with respect to individual parties

- Salary advance and salary in advance to staff have been serviced and are kept low
- All amount due from the government grants was received
- No collateral is held for any of the Institute's assets

The Institute establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables by providing for bad and doubtful debts to mitigate credit risk.

The Management is responsible for oversight of the Institute's credit risk through

- For exchange transactions, customers make a deposit before drilling work is commenced
- Establishing approval to grant credit to customers

ii) Liquidity risk management

Also known as funding risk, this category covers all the risks you encounter when trying to sell assets or raise funds. If something is negatively affecting the ways of raising cash fast, then it is classified as a liquidity risk. Liquidity risk also includes **currency risk** and **interest rate risk**. What would happen to cash flows if the exchange rate or interest rates were to suddenly change? In KEWI prospective risk can arise that the Institute is unable to meet its short-term obligation and long-term maturing obligations when they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed operations, without incurring unacceptable losses. The Institute has a list of all liabilities and assets in maturity date order.

The analysis below shows the financial liabilities that will be settled on the remaining maturity date from the financial statements date to the contractual maturity date.

To mitigate liquidity risks

- Students pay 60% before they are admitted and the balance before sitting for the exams
- For exchange transactions, clients make a 30% deposit before the work can commence
- The Institute has ensured that all government grants are timely disbursed

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

- There is good working capital management where all payables are known and planned for saving for a real emergency once which is rare. This is managed by entering into innovative contracts that are negotiated to be paid 30 days after delivery or completion of the assignment
- There is a follow-up of revenue from trade debtors to ensure they honor their obligations
- There fidelity guarantee of officers handling cash and insurance of cash in the office and transit, and reduction of payment in cash

iii) Market risk

As the name implies, market risk is any risk that comes out of the marketplace in which your organization operates. More generally and whatever sector you're in, every business runs the risk of being outpaced by competitors. If the organization does not keep up with consumer trends and pricing demands, then it is likely to lose market share. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters. The Institute is exposed to the following market risks: -

a) Foreign currency risk

Most of the carrying amounts of the institute currency is denominated in local currency, Kenya Shillings. Thus changes in the Kenya Shilling, any appreciation or depreciation against the other currencies will have no direct impact on the Institute's reporting. During the financial year 2018/2019, the foreign exchange loss was insignificant.

b) Interest rate risk

The Institute's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Institute does not have any borrowings. Equally, the Institute does not hold investments that would be subject to interest rate risk; hence this risk does not apply.

iv) Operational Risks

Operational risk is a term that covers all the other risks an organization might encounter in its daily operations. Staff turnover, theft, fraud, lawsuits, unrealistic financial projections, poor budgeting and inaccurate marketing plans can all pose a risk to the going concern line if they are not anticipated and handled correctly.

Operational risk is the risk of direct or indirect losses arising from a wide variety of causes associated with the Institute's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risk arising from legal and statutory requirements. The Institute seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor, control and report such risks. The Management has the overall responsibility of ensuring compliance with operational risk policies and procedures.

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

a) Compliance and regulatory risk

Compliance and regulatory risk include the risk of non-compliance with regulatory requirements. The Institute has complied with all externally imposed requirements throughout the year.

b) Legal risks

The likelihood of the potential loss arising from the uncertainty of legal proceedings, including reputational loss, arising from defective transactions or contracts, labor disputes, claims being made, or some other event resulting in a liability or loss for the Institute. A court case of the former Director on alleged unfair termination was ruled in his favor. The case was determined at a total cost of Ksh. 8,211,290. The Institute has fully settled the amount.

b) Related Party Disclosures

The institute is wholly owned and controlled by the government. Thus, there are no subsidiaries and directors who have shares in the Institute.

Details of other related parties are as follows;

a) National Government

The institute is under the Ministry of Water and Sanitation & Irrigation and grants of Ksh. 308,000,000 were received; recurrent grant of Ksh. 183,000,000 and a development grant of Ksh. 125,000,000. Besides, the ministry sponsors their technical staff to be trained in the institute.

b) County Governments

The institute actively trains the technical staff of water companies from the County Governments. In addition, the counties sponsor students on long-term courses.

Kenya Water Institute offers consultancy and outreach programmes to the same institutions mentioned above, the main client being the Nairobi City Water and Sewerage Company, Kakamega and Turkana County Governments.

c) Governing Council

This is the body entrusted with the overall management of the institute. The members do not earn a salary except the chair who earns honoraria of Ksh. 80,000 per month. The other council members only benefit from sitting and other applicable allowances.

Transactions with related parties	2022-2023	2021-2022
	Kshs	Kshs
a) Purchases from related parties		
Purchase of electricity from KPLC	6,653,105	5,332,222
Purchase of water from government service providers	2,150,587	2,338,629
Total	8,803,692	7,670,851
b) Grants/ Transfers from the government		
Grants from national government	183,000,000	204,863,600
Total	183,000,000	204,863,600
c) Key management compensation		
Governing council emoluments	17,718,002	12,095,938

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

Compensation to key management	5,868,208	8,184,518
Total	23,586,210	20,280,456

c) Contingent Liabilities

In the year 2016, Kenya Revenue Authority audited the Institute for the period July 2011 to June 2016 and assessed an amount of Ksh.51M claimed to be outstanding tax. However, the Institute raised an objection where there was a directive that the Institute settles what's not in objection, i.e. 18M. A payment plan was agreed upon between the Kenya Revenue Authority and the Institute to be settling Ksh. 500,000 every month for six (6) months as per a letter dated 6th August 2020. The payment plan was subject to review after the end of the period.

Due to the historical nature of the liabilities KRA officials agreed to be generating the Payment Registration Number (PRN) and send it to KEWI for payment. So far KEWI has received PRN for Kshs. 2M and paid in full. But since October, 2020 KEWI is yet to receive any PRN despite continuous reminders from the Institute.

d) Capital Commitments

Capital commitments this financial year were in respect of the following approved projects:

Commitments	Kshs
Modernization of KEWI infrastructure	125,000,000
Total	125,000,000

e) Events after the Reporting Period

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

f) Ultimate And Holding Entity

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

g) Currency

The Institute's financial statements have been presented in Kenya shillings (Kshs) which is the functional and reporting currency of the institute and all values are rounded to the nearest Kenya Shilling.

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

20. Appendices

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

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

Audit basis	Management response to Audit opinion	Current status
<p>1. Property, Plant & Equipment - The Institute has included in its statement of financial position land valued at Kes 1,044,642,000, however, the Institute has not secured the land by obtaining valid title deeds. - The Institute acquired a piece of land in Kisumu in FY 2013/14. However, the Management did not have in their custody documents to support the purchase: an official search document, transfer form duly executed, survey plan of this land, letter of consent from the commissioner of lands or Land Control Board, valuation report for stamp duty purposes and the sale agreement duly executed.</p>	<p>The Management has developed terms of reference for legal services to help acquire title deeds for the parcels of land in Nairobi, Kitui and Chiakariga campuses; and also to convert the certificate of title for the parcel of land in Kisumu. The procurement process is ongoing.</p>	<p>Not Resolved</p>
<p>3.0 Un-reconciled Cash and Cash Equivalents The Institute did not prepare bank reconciliation statements for all the months except June, 2022.</p>	<p>Bank reconciliation was done for the entire financial year and one reconciliation statement for the entire year prepared as at 30th June 2022 – not for the month of June 2022 only.</p> <p>However, it was not done on a monthly basis as required. We have made arrangements to close reconciliation as at 15th July 2023 and subsequently, it will be done on a monthly basis.</p>	<p>Unresolved</p>

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

Audit basis	Management response to Audit opinion	Current status
<p>4.0 Receivables from Exchange Transactions 5.0 Variances in Receivables from Exchange Transactions Receivables from exchange transactions balance of Ksh. 99,569,896 – Supporting schedules amounts to Ksh. 93,189,656 resulting in an unexplained variance of Ksh. 6,380,240.</p> <p>6.0 Long Outstanding Student Fees 7.0 Student receivables (Note 18A) of Ksh. 43,151,752 include student balances which have been outstanding for more than 3 years.</p>	<p>The balance of Ksh. 99, 569,896 is supported by receivables schedule of Ksh. 93,363,762 and prepayments of Ksh. 6,206,134.</p> <p>The long outstanding student receivables relate to students who left the Institute long ago, some of whom were sponsored by the Parent Ministry. Accessing some of these former students to recover the debts has been very challenging. The Institute is considering initiating write-off process for the old unrecoverable receivables.</p> <p>Currently, the Institute insists on payment of full fees before sitting for exams to enhance the recoverability of debts.</p>	Unresolved
<p>1.0 Receivables from Exchange and Non-Exchange Transactions 1.1 Long Outstanding Staff Debts 8.0 Staff receivables – imprests include Ksh. 4,842,414 which has been long outstanding.</p>	<p>The management has taken note and has put measures in place to correct the anomaly. This includes recoveries through payroll.</p>	Unresolved
<p>2.0 Trade payables of Ksh. 904,580,931 include an amount of Ksh. 869, 612, 396 in respect of Master Plan, Architectural & Civil drawings consultancy expenditure, which is part of a contract sum that has not been agreed upon by the Institute and the consultants and is under investigation by</p>		Unresolved

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

Audit basis	Management response to Audit opinion	Current status
the parent ministry. In the circumstances, the accuracy and completeness of trade payables amounting to Ksh. 869,612, 396 could not be confirmed		
3.0 The Statement of cash flows does not reflect revenue and expenditure separately as per the statement of financial performance.	This has been noted and will be adapted in the FY 2022/2023 financial statements.	Unresolved



Director/CEO

Date: 14/03/2024

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

Appendix II: Projects implemented by Kenya Water Institute

Equipping of the Water Resource Center

Installation and implementation of the Enterprise Resource Planning (ERP) system

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

Appendix IV: Transfers from Other Government Entities

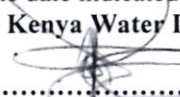
Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Recurrent/Development	Total Amount Kshs	Where Recorded/recognized		
				Statement of Financial Performance	Capital Fund	Total Transfers during the Year
Ministry of Water and Sanitation	4/08/2022	Recurrent	16,916,667	16,916,667	-	16,916,667
“	09/09/2022	“	16,916,667	16,916,667	-	16,916,667
“	5/10/2022	“	16,916,666	16,916,666	-	16,916,666
“	15/11/2022	“	16,916,667	16,916,667	-	16,916,667
“	12/12/2022	“	16,916,667	16,916,667	-	16,916,667
“	05/01/2023	“	16,916,666	16,916,666	-	16,916,666
“	06/02/2023	“	16,916,667	16,916,667	-	16,916,667
“	23/03/2023	“	13,833,333	13,833,333	-	13,833,333
“	31/03/2023	“	3,083,334	3,083,334	-	3,083,334
“	14/04/2023	“	16,916,667	16,916,667	-	16,916,667
“	06/06/2023	“	10,250,000	10,250,000	-	10,250,000
“	26/06/2023	“	10,250,000	10,250,000	-	10,250,000
	30/06/2023		10,249,999	10,249,999		10,249,999
Total			183,000,000	183,000,000	-	183,000,000
Ministry of Water and Sanitation	29/09/2022	Development	125,000,000	-	125,000,000	125,000,000
AfDB	12/05/2023	Development	40,546,310		40,546,310	40,546,310
Total			125,000,000	-	125,000,000	165,546,310

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

Appendix V- Inter-Entity Confirmation Letter

The Ministry wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June (Current FY)							
Reference Number	Date Disbursed	Amounts Disbursed by State Department for Water and Sanitation (KShs) as at 30th June 2023			Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2022 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
	4/08/2022	16,916,667			16,916,667	16,916,667	-
	09/09/2022	16,916,667			16,916,667	16,916,667	-
	5/10/2022	16,916,666			16,916,666	16,916,667	(1)
	15/11/2022	16,916,667			16,916,667	16,916,667	-
	12/12/2022	16,916,667			16,916,667	16,916,667	-
	05/01/2023	16,916,666			16,916,666	16,916,667	(1)
	06/02/2023	16,916,667			16,916,667	16,916,667	-
	23/03/2023	13,833,333			13,833,333	16,916,667	(3,083,334)
	31/03/2023	3,083,334			3,083,334	16,916,667	(13,833,333)
	14/04/2023	16,916,667			16,916,667	16,916,667	-
	06/06/2023	10,250,000			10,250,000	16,916,667	(6,666,667)
	26/06/2023	10,250,000				16,916,667	(6,666,667)
	30/06/2023	10,249,999					10,249,999
	29/09/2022		125,000,000		125,000,000		
	12/05/2023		40,546,310		40,546,310		
Total		183,000,000	165,546,310	0	348,546,310	203,000,004	(20,000,004)

I confirm that the amounts shown above are correct as of the date indicated.
Head of Accountants department of beneficiary Entity: Kenya Water Institute
 Name ELVIS SONGA Sign  Date 14/03/2024

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