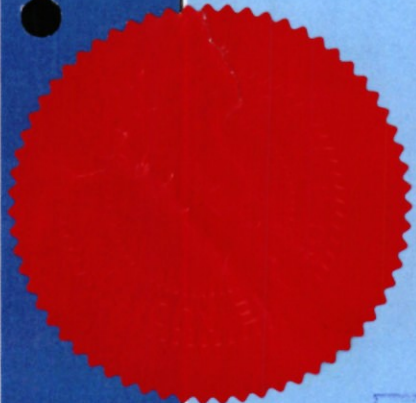


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OF

THE AUDITOR-GENERAL

ON

**SUPPORT TO WATER AND SANITATION
SERVICES IN PERI-URBAN AREA (KFW LOAN
NO. BMZ 2013.6543.6)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**ATHI WATER WORKS DEVELOPMENT
AGENCY**

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

17 OCT 2024

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**PROJECT NAME: SUPPORT TO WATER AND SANITATION SERVICES IN PERI-URBAN
AREA**

[FUNDED BY FEDERAL REPUBLIC OF GERMANY]

IMPLEMENTING ENTITY: ATHI WATER WORKS DEVELOPMENT AGENCY

LOAN NUMBER: BMZ NO.2013.6543.6

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2024**

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

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
Reports and Financial Statements
For the year ending June 30, 2024

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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For the year ending June 30, 2024

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1. Acronyms and Glossary of Terms

AWWDA	Athi Water Works Development Agency
CBK	Central Bank of Kenya
GOK	Government of Kenya
GPO	General Post Office
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MDAs	Ministries, Departments and Agencies
NEMA	National Environmental Management Authority
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TNT	The National Treasury
Comparative FY	Financial year preceding the current financial year

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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2. Project Information and Overall Performance

2.1 Name and registered office

Name: The project's official name is Support to Water and Sanitation Services in Peri-Urban Area

Objective: The project goal is to provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas

Address: The project headquarters offices are in Nairobi, Nairobi County, Kenya

The address of the registered office is:

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Athi Water Plaza
Old Muthaiga North Road
NAIROBI.

Contacts: The following are the project contacts

Telephone: (254) 0202724292/3

E-mail: info@awwda.go.ke

Website: www.awwda.go.ke

2.2 Project Information

Project Start Date:	The project start date was 28 th September, 2015
Original Project End Date:	The project end date is 30 th June,2020
Revised project End Date:	The project end date has been revised to 31 st December 2025
Project Manager:	The project manager is Eng. Bonnie Nyandwaro
Project Sponsor:	The project sponsors are the Government of Kenya (GoK) and the Federal Republic of Germany through KfW Development Bank.

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2.3 Project Overview

Line Ministry/State Department of the Project	The project is under the supervision of the Ministry of Water, Sanitation & Irrigation.
Project number	BMZ NO.2013.6543.6
Strategic goal of the project	The strategic goal of the project was to provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas
Achievement of strategic goal	<p>The project management aims to achieve the goals through the following means:</p> <p>The main works components under this component include:</p> <ol style="list-style-type: none"> 1. Lot 1-Construction of Greater Githurai/Ruiru-Juja Water Supply Project <ol style="list-style-type: none"> a. Water source – Jacaranda Intake: <ol style="list-style-type: none"> i. Removal of existing raw water pumps from PS. ii. Replacement with 4 vertical split case pumps, H=50, Q=583 (2 duty, 2 standby), incl. associated pipework and E&M. b. Raw Water Pumping Main: <ol style="list-style-type: none"> i. Construction of second raw water pumping main parallel to the existing, approx. 1 km long, OD 450 PN 10 HDPE. c. Water treatment - Upgrading Jacaranda WTP from 15,000 m³/d to 28,000 m³/d by: <ol style="list-style-type: none"> i. Construct 2nd treatment line consisting of: ii. Inlet structure iii. 2 No. Flocculation basins iv. 2 No. Sedimentation tanks v. 4 No. Rapid Gravity Sand Filters vi. Gravity Sludge Drying Beds. vii. Replace Elevated Backwash Tank pumps to higher capacity for quicker filling of existing backwash tank viii. Construct additional chemical storage, mixing and dosing building for alum and soda ash dosing d. Transmission main: <ol style="list-style-type: none"> i. Construction of dedicated 6.8 km DN 1000 steel pipe from Jacaranda Water Treatment plant to Ruiru.. ii. Installation of connection piece for future offtake iii. Construction of dedicated 6.1 km DN 800 steel pipe from Ruiru to Githurai (Kahawa Sukari)

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e. Water distribution:

- i. Construct 149 km of ring mains and distribution network in Greater Githurai area of Kiuru, Mwiki, Kahawa Wendani and Kahawa Sukari (OD63 to DN800)

f. Consumer Connections:

- i. Install 73 km OD 20-63 HDPE for 8,400 number consumer connections

Lot 2 -Construction of Kiserian-Ongata Rongai Water Supply Project

a. Boreholes:

- i. Rehabilitation of 6 nr existing boreholes.
- ii. Drilling, development and testing of 10 nr new boreholes

b. Construction of raw water pumping mains from boreholes to new storage tanks:

- i. HDPE OD90-OD225

c. Water Treatment: Rehabilitation of Mbagathi Water treatment plant, including:

- i. Improve Chemical dosing and replace gravity dosers
- ii. Improve Filters (exchange filter material, leaking valves, backwash water recirculation)
- iii. Replace raw water and clear water pumps
- iv. Repair backwash tower.

d. Transmission main:

- i. 9.2 km OD 400/355 HDPE pipe from Western Transmission Main to Gataka for 5,000 m³/d bulk supply from Nairobi.

e. Construction of new water storage tanks, including booster pumping stations, chlorination, auxiliary buildings, etc.

- i. Kiserian School Tank, 800 m³
- ii. Narumoru Tank, 100 m³
- iii. Nkaimurunya Tank, 2,300 m³

f. Water distribution:

- i. Construct 210 km of ring mains and distribution network in Kiserian and Ongata Rongai to replace existing system (OD63 to DN500)

g. Consumer Connections:

- i. Install 165 km OD 20-63 HDPE for 8,300 number consumer connections

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	<p style="text-align: center;">h. Office Building:</p> <p style="text-align: center;">i. Construction of New main office building for OWSC at Mbagathi tank site</p> <p>Lot 3: Supply and Delivery of Consumer Water Meters</p> <p style="text-align: center;">i. Supply and Delivery of 16,700 Nr (Sixteen Thousand, Seven Hundred) Consumer Water Meters of the volumetric type (positive displacement meter), R=160, DN15-DN40</p> <p>Lot 4: Mwihoko Water Supply Project</p> <p style="text-align: center;">i. Construction of 7.2km Kahawa Sukari Mwihoko Ring mains, OD355-560</p> <p style="text-align: center;">ii. Laying of 2.3km Mwihoko East Ring mains, OD355-560</p> <p style="text-align: center;">iii. Laying of 68km distribution system to supply Mwihoko Area, OD63-160</p> <p style="text-align: center;">iv. Installing 1,400 Consumer Connections.</p> <p style="text-align: center;">v. Solarization of 10 No. boreholes</p>
<p>Other important background information of the project</p>	<p><u>Project Financing & Components</u></p> <p>The project follows Feasibility Studies that were carried out by m/s H.P. Gauff Ingenieure and prioritized for implementation.</p> <p>The project financing is estimated as Euro (€) 33,100,000.</p>
<p>Project duration</p>	<p>The project started on 28th September 2015; the project close date is 31st December 2025</p>

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2.4 BANKERS

The donor funding is through direct payment method.

AWWDA got an approval from the National Treasury to open development fund account for efficient management of all the project's GoK counterpart funds.

The following are the bank details for the GoK Counterpart funds Account:

Athi Water Works Development Agency
The Co-operative Bank of Kenya
Account No.01141084618501
Ridgeways Branch Kiambu Road

Athi Water Works Development Agency
The Co-operative Bank of Kenya
Account No.01141084618502
Ridgeways Branch Kiambu Road

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2.5 AUDITORS

The Office of the Auditor General
 Kenya National Audit Office
 Anniversary Towers, University Way
 P.O. Box 30084-00100
 NAIROBI.

2.6 Roles and Responsibilities

Names	Title designation	Key Qualification	Responsibilities
Eng. Joseph Kamau	Project Coordinator	B.Sc. MIEK, P.Eng.	Accounting Officer
Eng. Bonnie Nyandwaro	Project Engineer	B.Sc. MIEK, P.Eng.	Project Manager
Eng. Kiprono Rop	Project Engineer	B.Sc., M.A, MIEK, P.Eng.	Coordination of the day-to-day activities
Rahab Kingori	Project Engineer	B.Sc,MIEK,	Coordination of the day-to-day activities
Janet Lang 'at	Procurement officer	B.B.A, MA, CIPS	Management of the Procurement functions of the program
John Njoroge	Project Accountant	B.A., MBA, CPA-K	Management of the Finance functions of the program

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2.7 Funding summary

The Project is for duration of Ten years and 3 months from 28th September, 2015 to 31st December ,2025 with an approved budget of Euro 33,100,000 equivalent to about Kshs 3,794,690,000 as highlighted in the table below:

A. SOURCE OF FUNDS

Source of funds	Donor Commitment-		Amount received to date – (30-06-2024)		Undrawn balance to date (30-06-2024)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Grant						
KfW-Training Measures	2,300,000	258,290,000	2,078,610	244,314,376	221,390	13,975,624
Loan						
KfW	28,000,000	3,144,400,000	18,121,588	2,847,861,216	9,878,412	296,538,784
Counterpart funds						
Government of Kenya	2,800,000	392,000,000	2,362,647	330,770,552	437,353	61,229,448
Total Funding Summary	33,100,000	3,794,690,000	22,562,845	3,447,141,166	10,537,155	347,548,834

B.APPLICATION OF FUNDS

Application of Funds	Cumulative Amount Paid to date – (30-06-2024)		Amount received to date – (30-06-2024)		Unutilized balance to date (30-06-2024)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Grant						
KfW-Training Measures	2,078,610	244,314,376	2,078,610	244,314,376	-	-
Loan						
KfW	18,121,588	2,847,861,216	18,121,588	2,847,861,216	-	-
Counterpart funds						
Government of Kenya	2,952,297	330,657,302	2,953,309	330,770,552	1,011	113,250
Total Funding Summary	23,152,495	3,422,832,894	23,153,507	3,422,946,144	1,011	113,250

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2.8 Summary of the overall project performance

During the year under review, the Project received Kshs. 806,507,488 and incurred expenditure totalling Kshs. 855,896,399.

Cumulatively as at 30th June 2024 the project had received Kshs 3,447,141,166 and incurred expenditure totalling to Kshs. 3,447,027,916.

Works

The works component of the project is funded by KfW and The Government of Kenya.

1. Lot 1- Construction of Greater Githurai/Ruiru-Juja Water Supply Project

Progress as at 30th June 2024 is summarized in the table below

Component	Unit	Total Contract Quantity	Cumulative Executed Quantity	Cumulative Executed in %
			Total	Total
Jacaranda WTP Pumping Station	Item	100%	96%	96%
Jacaranda WTP Civil Works	Item	100%	98%	98%
Jacaranda WTP E&M Works	Item	100%	95%	95%
Jacaranda WTP Pumping Line, OD 450	m	1,003	1,003	100%
Transmission Main Jacaranda - Kahawa Sukari,	m	13,880	13,880	100%
Ring Mains, OD 225 - DN 800	m	12,840	12,840	100%
Distribution System, OD 63 - OD 355	m	127,627	127,627	100%
Consumer Connections	Nr	8400	8200	98%

Lot 2-Construction of Kiserian-Ongata Rongai Water Supply Project

Progress as at 30th June 2024 is summarised in the table below

Component	Unit	Total Contract Quantity	Cumulative Executed Quantity	Cumulative Executed in %
			Total	Total
Nkaimurunya 2,300 m3 Tank and Compound	Item	100%	97%	97%
Kiserian School 800 m3 Tank and Pump Stn.	Item	100%	99%	99%
Naromoru 100 m3 Tank and Pump Stn.	Item	100%	90%	90%
Head Office for OWSC	Item	100%	96%	96%
Mbagathi & Kiserian WTP Rehabilitation	Item	100%	87%	88%
Transmission Main Karen - Ongata Rongai, OD 355 - OD 400	m	9,220	8,718	97%
Transmission Main Lemelepo - Ongata Rongai, OD 355 - DN 500	m	9,118	8,788	97%
Ring Mains, OD 225 - DN 400	m	12,069	12,673	97%
Distribution System, OD 50 - OD 355	m	201,117	195,042	97%
Consumer Connections	Nr	8,300	5,289	64%
Boreholes: drill and test	Nr	20	20	100%
Boreholes: Equipping	Nr	16	15	94%
Boreholes rising mains OD63 -OD160				

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Component	Unit	Total Contract Quantity	Cumulative Executed Quantity	Cumulative Executed in %
			Total	Total
Olkudate rising main OD 63	m	255	245	99%
Enkasurai rising main OD 90	m	210	200	99%
Kiserian Water office rising main OD160	m	910	828	99%
Upper Gataka rising main OD90	m	1939	0	0%
Kisaju rising main OD63	m	741	720	99%
Olmeroi rising main OD75	m	1130	1,070	99%
Ngong Slums rising main OD 90	m	539	410	0%
Boreholes: Elevated tanks	Nr	6	6	99%
VO 02: Kiserian WTP Rising Main, OD 450	m	1,442	1,442	96%
VO 02: Kiserian WTP Surge Vessel	Nr	1	98%	98%
VO 06: Kiserian Headworks and Additional Boreholes				
Kiserian Headworks Civil Works	Item	100%	89%	89%
Kiserian Headworks E&M Works	Item	100%	45%	45%
Kiserian Headworks rising mains, OD 160 - OD 450	m	4,210		
Mailonji BH rising main, OD160-355	m	1470	1371	93%
Headworks BH3&4 rising mains, OD160-355	m	300	282	92%
Headworks to Lemelepo rising main, OD450	m	2440	2389	98%
Additional boreholes: drill and test	Nr	4	4	100%
Additional boreholes: Equipping	Nr	3	30%	30%
Additional boreholes: Elevated tanks	Nr	2	85%	85%

Lot 3 Supply and Delivery of Consumer Water Meters

Supply and Delivery of 16,700 Nr (Sixteen Thousand, Seven Hundred) Consumer Water Meters of the volumetric type (positive displacement meter), R=160, DN15-DN40.

The meters were received by the supplier in Nairobi on 23.05.22 and the required 22 No. meters were sent to KEBs for testing.

The resulting calibration test results were submitted showing the meters have passed the Contract accuracy test requirements, as per ISO 4064 OIML R49. After this the meters were taken over on 22 June, 2022.

Lot 4: Mwihoko Water Supply Project

Progress as at 30th June 2024 is summarised in the table below

Component	Unit	Total Contract Quantity	Cumulative Executed Quantity	Cumulative Executed in %
			Total	Total
Kahawa Sukari-Mwihoko Ring Main, OD 355-OD 560	M	7,085	940	13%
Mwihoko A Ring Main, OD 355-OD 560	M	1,254	1,904	84%
Distribution System 63-OD 160	M	67,696	0	0%
Consumer Connections	Nr	1,400	0	0%
Solarization of Boreholes	Nr	10	0	0%

2.9 Summary of the Project compliance:

The project performed all its activities ensuring compliance with applicable laws and regulations, and essential external financing agreements/covenants.

3. Statement of Performance against Project Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objective of the project is to provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Construction of Greater Githurai/Ruiru-Juja Water Supply Project	To provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja area	<ul style="list-style-type: none"> Upgrading Jacaranda WTP from 15,000 m³/d to 28,000 m³/d. Laying of 13 km steel pipe. Laying of 168 km of ring mains and distribution 8,400 number consumer connections. 	% Increase in water coverage in Nairobi.	Works are at 98% complete
Construction of Kiserian-Ongata Rongai Water Supply Project.	To provide support to water and sanitation in Nairobi's Peri-urban areas of Ongata Rongai – Kiserian area	<ul style="list-style-type: none"> Rehabilitation measures at Mbagathi WTP: Laying of 220 km of ring mains and distribution network. 3No. storage water tank Drilling and equipping of 10No. boreholes 8,300 number consumer connections Construction of a new main office building for OWSC at Mbagathi Tank 	% Increase in water coverage in Nairobi.	Works are at 94% complete

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<p>Mwihoko Water Supply Project</p>	<p>To provide support to water and sanitation in Nairobi's Peri-urban areas of Kahawa Sukari and Mwihoko.</p>	<ul style="list-style-type: none"> • Construction of 7.2km Kahawa Sukari Mwihoko Ring mains, OD355-560 • Laying of 2.3km Mwihoko East Ring mains, OD355-560 • Laying of 68km distribution system to supply Mwihoko Area, OD63-160 • Installing 1,400 Consumer Connections. • Solarization of 10 No. boreholes 	<p>% Increase in water coverage in Nairobi.</p>	<p>Works are at 21% complete</p>
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4. Environmental and Sustainability reporting

Introduction

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of the environment on a long-term basis as well acceptable social norms over the long term. It is also defined as the ethical obligation of companies/organizations to protect natural resources, reduce pollution and other forms of environmental harm.

It involves making decisions and taking actions that are in the interest of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life and social wellbeing of communities.

As such, Athi Water Works Development Agency (AWWDA) a state corporation established by the Water Act 2016 under the Ministry of Water, Sanitation and Irrigation covering Nairobi City County, Kiambu County and Murang'a County. Its key responsibility as defined by the Water Act 2016 is to;

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

In the performance of its mandate, the Agency is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

It is committed to environmental conservation and protection as well as safeguarding the health and safety of workers within its premises, projects and project areas. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

4.1 Sustainability strategy and profile

In performing her mandate, Athi Water is committed to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. AWWDA undertakes to conduct business in a way which will achieve

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sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts.

4.2 Environmental performance

Introduction

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

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

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

- Murang'a Water Supply Project
- Murang'a Sanitation Project
- Kiambu Water and Sanitation Project

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

Pollution Prevention and Abatement

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

Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others. The following are some of the measures employed by the organization to mitigate pollution

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

Climate Change Mitigation and adaptation

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

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

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Promoting Environmental protection and conservation through partnerships with stakeholders

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

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

Table 1: Tree planting exercise FY 2023-2024

S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
I.	Karimenu II Dam 7 th December, 2023	7,500	Within the project sites. Spoil Area No.04; Administration Block, Camp 04 site, Quarry AB	Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA
II.	Kigoro Water Treatment Plant 7 th December, 2023	500	Water treatment site	AWWDA, Local community
III.	Lot 1 – Construction Works for Eastern Nairobi Water and Sewer Intensification Project 17 th November, 2023	200	Project site	Project teams, local community
IV.	Karimenu II Dam 12 th April, 2024	3,500	Spillway sites	TAI SACCO and local community
V.	Kamiti River Riparian Restoration 19 th April, 2024	5,000	WRA defined riparian areas	Kamiti Local Water Resource Users Association (WRUA) NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
VI.	Kimakia Forest, Murang'a County 3 rd May, 2024	10,000	KFS Designated rehabilitation block	Kenya Forestry Services, Gatanga Sub-County, Murang'a County CO-OPERATIVE Bank, NORKEN International, RODI Kenya

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VII.	Kinale Forest 17 th May, 2024	20,000	KFS Designated rehabilitation block	Kenya Forestry Services, Local community, local primary and secondary schools
VIII.	Kimana Wetlands, Kajiado County 12 th June, 2024	2,000	Kimana Girls Secondary School	Kimana Girls Secondary School, Oloitoktok Water Service Provider and local community
TOTAL		48,700 <i>(in the period FY 2023/2024)</i>		

Social economic activities

Socio-economic impact assessment

It is the systematic analysis used during EIA to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. If such potential impacts are significant and adverse, SEIA can assist the developer, and other parties to the EIA process, find ways to reduce, remove or prevent these impacts from happening. It also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

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

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

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

Other social sustainability activities include:

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

Environmental monitoring and reporting

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

i. EHS committees, inspections and audits

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project.

The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

ii. Environmental and social sustainability management systems

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

iii. Environmental and Social Management Plans

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

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

iv. Health and Safety Management Plans

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

v. Grievance redress mechanism

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

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

vi. Gender Mainstreaming

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

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

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

vii. Prevention of gender-based violence

AWWDA is integrating GBV trainings within the work sites to ensure that cases of sexual harassment and sexual exploitation and abuse within the work places are mitigated against. AWWDA has a GBV committee which is championing this together with a number of consultants who undertake sensitization activities. This will ensure that cases of sexual harassment are reported and that women/men will not fear reporting such cases due to fear of victimization.

Conclusion

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

4.3 Employee welfare

The project management is by AWWDA staff and therefore the entity's employee welfare policies and guidelines applies as detailed below:

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

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

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persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

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

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

4.4 Market place practices-

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

a) Responsible Supply chain and supplier relations-

Client and Employer alliance is key towards delivery of projects, AWWDA has overtime honored contracts and respected payment practices as a good business practice and treating suppliers responsibly as an essential aspect of building strong, sustainable, and ethical business relationships: Some of the practices include:

1. **Contract Negotiation:** The Agency engages in fair and transparent contract negotiations with its suppliers with a view of having a win-win position. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details that favour and are sustainable to both parties.
2. **Compliance with Contract Terms:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contractors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.

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3. **Clear Payment Policies:** In compliance with the Agency's service charter, there are clear payment policies that specify payment terms, methods, and timelines which are agreed upon during contract negotiations.
4. **Automated Payment Systems:** The agency has implemented automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays.
5. **Communication and Transparency:** Maintaining open and transparent communication with suppliers. If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
6. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from faster access to funds upon the provision of an advance payment guarantee. YWPLD are major beneficiaries to this program as part of mainstreaming in public procurement.
7. **Supplier Diversity and Inclusion:** The agency practices supplier diversity and inclusion by providing opportunities to small and minority-owned businesses. (YAGPO Groups) by allocating 30% of its procurement budget annually.
8. **Supplier Performance Evaluation:** Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.
9. **Conflict Resolution Mechanism:** The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.
10. By implementing these measures, the Agency has created a strong foundation for responsible competition practices, fostering trust among stakeholders and contributing to a sustainable and ethical business environment.

b) Responsible ethical practices

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

1. **Code of Conduct and Ethics:** The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff in the institution and for Supply Chain Management staff the practising license issued by KISM explicitly prohibits corrupt practices, bribery, and unethical behaviour and ensures compliance by all stakeholders. The license also ensures that the supply chain staff are in good standing prior to renewal.
2. **Compliance Reports:** The Agency Prepares statutory compliance reports to the Various Regulatory Bodies i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public

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Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts.

3. **Anti-Corruption Policies:** The Agency implements policies to prevent corruption, such as anti-bribery and anti-money laundering policies. These programs include training on anti-corruption measures and responsible political involvement which is a continuous exercise.

4. **Fair Competition Practices:** The Agency promotes fair competition and adheres to antitrust laws to prevent monopolistic behaviour, price-fixing, bid-rigging, or other practices that harm competition by issuing Requests for Quotations to multiple suppliers in its registered list. For large complex and large contracts, competition is promoted through open competitive bidding for both National and International bidders based on the threshold.

5. **Internal Controls and Audits:** The Agency implements internal controls and conducts regular Internal Audits, External Audits and ISO audits to monitor compliance with policies and identify any potential violations. Observations and recommendations from these audits are implemented to improve and ensure best practices within internal processes.

c) Regulatory impact assessment

AWWDA has ensured that responsible engagement with its stakeholders is practised within the Agency as well as with our external stakeholders by promoting transparency and compliance with relevant laws and regulations through various measures as follows:

1. **Supplier Appraisals and Sensitization Workshops:** The Agency conducts annual Sensitization workshops and due diligence on suppliers and business partners to ensure that they adhere to responsible business practices these safeguards both parties' interests as it keeps the public informed on the programs and projects undertaken by the Agency as well as the expectation of the potential suppliers in order to qualify for the available opportunities.

2. **Training and Awareness on the PPADA ACT 2015 and Ethics:** For the purpose of keeping staff, Board Members and Suppliers informed of the most recent ethical standards, compliance requirements and best practices, the Agency undertakes training and awareness on PPADA Act and ethical and integrity practices.

3. **Implementation of a Robust Service Charter -** that attends to the needs of both internal and external customers prudently to avert any delays in responses to queries and clarifications that may arise during the bidding period for procurement of goods, works and services by the Agency thus ensuring its stakeholders are properly informed at all times.

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4. Clear and Comprehensive Advertisements - The Agency places its adverts for opportunities in the print media and its websites as well as the Public Procurement website (www.tenders.go.ke) which are based on accurate and verifiable information about the projects being implemented by the Agency, this is in line with provisions of section 74 of the PPAD Act and its attendant regulations. The Adverts are also detailed and clearly indicate the contact details for purposes of clarification and the mode of submission of tenders by specifying whether the submission shall be done electronically or manually. Adverts relating to preference and reservations scheme state that such tenders are reserved specifically for small and micro enterprises and for disadvantaged groups registered with the National Treasury or regions, as appropriate. By publishing most opportunities this enhances competition and ensures value for money in the procurement processes.

5. Disclosure of Awarded Contracts in the PPIP (Public Procurement Information Portal)

The Public Procurement Information Portal is an online platform provided by Public Procurement Regulatory Authority (PPRA) for publication of contract awards and tender notices by Procuring Entities. This enhances transparency and accountability to Stakeholders.

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

4.5 Community Engagements

During the 2023/2024FY AWWDA continued to ensure enhanced access to water across our area of jurisdiction.

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5. Statement of Project Management responsibilities

The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial period ended on June 30, 2024. 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 Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area on 13th September, 2024 and signed by them.



Chief Executive Officer
Eng. Joseph Kamau

Date: 13/9/2024



Project Coordinator
Eng. Bonnie Nyandwaro

Date: 13/9/2024

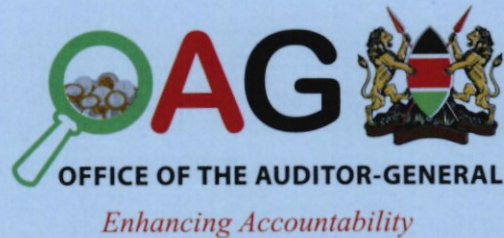


Director, Finance
CPA, Michael Kimotho
ICPAK No: 6490

Date: 13/9/2024

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REPORT OF THE AUDITOR-GENERAL ON SUPPORT TO WATER AND SANITATION SERVICES IN PERI URBAN AREAS (KFW LOAN NO. BMZ 2013.6543.6) PROJECT FOR THE YEAR ENDED 30 JUNE, 2024- ATHI WATER WORKS DEVELOPMENT AGENCY

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulation 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 the Support to Water and Sanitation Services in Peri Urban Areas Project set out on pages 1 to 19, which comprise

Report of the Auditor General on Support to Water and Sanitation Services in Peri Urban Areas (KfW Loan No. BMZ 2013.6543.6) Project for the year ended 30 June, 2024 – Athi Water Works Development Agency

of the statement of financial assets and liabilities as at 30 June, 2024 and, the statement of receipts and payments, 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 Support to Water and Sanitation Services in Peri Urban Areas Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the comply with the Loan No. BMZ 2013.6543.6 dated 28 September 2015, between the KfW Development Bank and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Pending Bills

Annex 4 to the financial statements discloses that the project had pending bills totalling Kshs.38,708,784 as at 30 June, 2024. Management did not explain why the bills were not settled during the year when they occurred. The project risks incurring significant interest costs and penalties with continued delay in payment.

Failure to settle bills during the year in which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

Other Information

Conclusion

The Management is responsible for the other information set out on page v to xxvii which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on Support to Water and Sanitation Services in Peri Urban Areas Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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. Shortcomings in the Implementation of Projects

The statement of receipts and payments reflects acquisition of non-financial assets amounting to Kshs.853,302,936 for year under audit. As disclosed in Note 8 to the financial statements, the payments were in respect of construction and supervision of two projects. However, review of the project records revealed a number of shortcomings in the implementation of the projects as detailed below;

1.1 Construction for Greater Githurai / Ruiru-Juja Water Supply Project – Lot 1

Athi Water Works Development Agency entered into a contract with a construction company for the construction of Greater Githurai / Ruiru-Juja Water Supply system - Lot 1. The contract was signed on 19 July, 2019 and works were to be executed within eighteen (18) months, from 11 May, 2020 to 11 November, 2021. The works were not completed as scheduled leading to the extension of time with the latest extension setting the completion date on 20 September, 2024. Review of the project records revealed

several incomplete works and defects that had been noted during the substantial completion of works inspection dated 9 August, 2024 as detailed in **Appendix 1**. However, audit inspection of ongoing construction works conducted in September, 2024 indicated that the works had not been completed and the defects had not been corrected.

In the circumstances, the delayed completion of works and correction of defects noted may delay the realization of the project objectives and may result to project cost overruns.

1.2 Construction Kiserian-Ongata Rongai Water Supply Project -Lot 2

Athi Water Works Development Agency entered into a contact for with a construction company for the construction of Kiserian-Ongata Rongai water supply system-Lot 2. The contract was entered on 19 July, 2019 and Addendum No.1 was signed on 27 October, 2023. The works were to be executed within eighteen (18) months from 6 October, 2020 to 6 April, 2022. However, the works were not completed as scheduled leading to the five (5) extensions with the latest extension setting the completion date on 1 November, 2024.

As at the time of audit in September, 2024, the overall progress of works done was estimated at 95% against 98% of the contract time. The project was behind schedule and may not be completed within the remaining one (1) month period.

In the circumstances, the delay may result to untimely realization of the project objectives and may result to project cost overruns.

1.3 Construction of Mwhoko Water Supply Project – Lot 4

Athi Water Works Development Agency entered into a contract with a construction company for the construction of Mwhoko Water Supply Project - Lot 4. The contract was entered on 23 October, 2023 and works were to be executed within twelve (12) months, from 4 January, 2024 to 4 January, 2025.

As at the time of audit in September, 2024, the overall progress of works done was at estimated at 40% against 75% of the contract time. The project was behind schedule and may not be completed within the remaining there (3) months period.

In the circumstances, the delay may result to untimely realization of the project objectives and may result to project cost overruns.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Financing Agreement Number (BMZ No. 2013 6543.6) dated 28 September, 2015 between the KfW, Frankfurt am Main and the Republic of Kenya, I report based on my audit that;

- i. I have obtained all the information and explanation which, to the best of my knowledge and belief were necessary for the purpose of the audit;
- ii. In my opinion adequate accounting records have been kept by the Project Management, so far as appears from the examination of those records; and,
- iii. The Project's financial statements agree with the accounting records and returns.

Responsibilities of the Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, the Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I also I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 October, 2024

Report of the Auditor General on Support to Water and Sanitation Services in Peri Urban Areas (KfW Loan No. BMZ 2013.6543.6) Project for the year ended 30 June, 2024 – Athi Water Works Development Agency

Appendix 1

Incomplete Works and Defects - Construction For Greater Githurai/Ruiru-Juja Water Supply - Lot 1

No.	Location	Description of Defect or Deficiency not Addressed
1.	Raw water pump House	<ol style="list-style-type: none"> 1. Installing Stainless steel perforated cable tray 2. Labeling of the control panels <hr/> <ol style="list-style-type: none"> 3. Refurbishment of the existing MCCB 4. Road works-Pending 5. Contractor to Provide detailed operation Manual and warranties for the installed pumps. 6. The 2 No. Pumps requires calibration as they have been consistently delivering less than the intended amount they were designed for. 7. Scour valve at the pumping needed to be installed to avoid backflow from the river. 8. Contractor to provide fire protection devices to enhance the safety measures at the pumping station 9. Missing window handles 10. Purchase and Installation of the fine screen for efficient filtration 11. Supply and Installation of the Surge Vessel.
2.	Treatment Plant	<ol style="list-style-type: none"> 1. Backwash Tank leaking, repair works 2. Road works-Pending 3. External lightings 4. Chemical Dozers-Flow indicators faulty 5. Ball valves at the chemical mixing chambers were not installed. 6. Chemical Hoist not installed 7. Missing bolts on hand rails at the Chemical Building 8. Contractor to supply fuel tank for the generator. 9. Complete electrical works required for the generator to function. 10. Extend the exhaust pipe of the generator to the outside of the building. 11. Complete all necessary electrical works related to the operation of the stirrers and chemical dozers. 12. Labeling of the Backwash pumps control panels.

		<ol style="list-style-type: none"> 13. Contractor to procure a cabinet that is specifically designed to be both water-resistant and dust-proof, with the paramount purpose of housing and safeguarding the control panel used for the efficient operation of the submersible pump system 14. Float switch for the Backwash pump submersible pump was faulty. 15. Generator changeover switch needed to be installed 16. Supply and installation of fire alarm and detection system 17. Installation of Float switch at the Elevated Backwash Tank 18. Backwash and the Outlet water meters are not functional 19. Supply and installation of Stainless steel Rectangular-notch weir plate 260mm deep, and calibrated staff gauge at inlet structure. 20. Extension spindles and headstock for operation of valves from roof of filter gallery 21. Supply and install 6 No. orange polyethylene Lifebuoy Ring 22. Supply of Hose reel and hose (min 15 m long) with spout for filters and sedimentation tank cleaning 23. Supply and installation of fire alarm and detection system 24. Contractor to provide the necessary software for the installed meter and also to conduct some training sessions. 25. Chlorine dosing pipe not properly anchored 26. Damaged Air blower line 27. Inspection ladder located at the clear water tank was not securely fastened or anchored.
--	--	---

7. Statement of Receipts and Payments for the year ended 30th June 2024

DESCRIPTION	NOTES	2023/2024		TOTAL	2022/2023		CUMULATIVE TO DATE	
		Receipts & Payment controlled by the entity	Receipts & Payment controlled by the third party		Receipts & Payment controlled by the entity	Receipts & Payment controlled by the third party	TOTAL	
		KSH	KSH		KSH	KSH		KSH
RECEIPTS								
Receipts from Government of Kenya	1				40,500,000		40,500,000	330,770,552
Proceeds from domestic and foreign grants	2		-	-			-	244,314,376
Loan from external development partners	3		806,507,488	806,507,488		357,031,563	357,031,563	2,872,056,237
TOTAL RECEIPTS		-	806,507,488	806,507,488	40,500,000	357,031,563	397,531,563	3,447,141,166
Less: Payments/ Expenditure by Category:								
(as per Legal Agreement classification)								
Purchase of Goods & Services	6	2,593,463		2,593,463	2,050		2,050	5,972,371
Acquisition of non-financial assets	8	46,795,448	806,507,488	853,302,936	65,045,384	357,031,563	422,076,946	3,426,055,544
Other grants and transfers	10		-	-			-	15,000,000
TOTAL PAYMENTS		49,388,912	806,507,488	855,896,399	65,047,434	357,031,563	422,078,996	3,447,027,916
Surplus/Deficit		(49,388,912)	-	(49,388,912)	(24,547,434)	-	(24,547,434)	113,250



Chief Executive Officer
Eng. Joseph Kamau

Date: 13/9/2024



Project Coordinator
Eng. Bonnie Nyandwaro

Date: 13/9/2024



Director, Finance
CPA, Michael Kimotho
ICPAK No: 6490

Date: 13/9/2024

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
 Reports and Financial Statements
 For the year ending June 30, 2024

8. Statement of Financial Assets as at 30th June, 2024

FINANCIAL ASSETS	Note	2023/2024 KSH	2022/2023 KSH
Cash and Cash equivalents			
Bank balances	11.A	113,250	49,502,162
Cash balances	11.B	-	-
Cash equivalents	11.C	-	-
Total Cash and Cash Equivalents		113,250	49,502,162
Accounts Receivables	12	-	-
TOTAL FINANCIAL ASSETS		113,250	49,502,162
FINANCIAL LIABILITIES			
Payables-Deposits and Retentions	13	-	-
NET ASSETS		113,250	49,502,162
REPRESENTED BY:			
Fund balance Brought Forward	14	49,502,162	74,049,595
Prior year adjustments	15	-	-
Surplus/Deficit for the year		(49,388,912)	(24,547,434)
Net financial position		113,250	49,502,162

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 13th September, 2024 and signed by:



Chief Executive Officer
 Eng. Joseph Kamau

Date: 13/9/2024



Project Coordinator
 Eng. Bonnie Nyandwaro

Date: 13/9/2024



Director, Finance
 CPA, Michael Kimotho
 ICPAK No: 6490

Date: 13/9/2024

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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9. Statement of Cashflow for the year ended 30th June 2024

	Note	2023/2024 KSH	2022/2023 KSH
Receipts for operating income			
Transfer from Government entities	1	0	40,500,000
Proceeds from domestic and foreign grants	2	0	-
Miscellaneous receipts	4	-	-
Total Receipt		-	40,500,000
Payments for operating expenses			
Compensation of employees	5	0	-
Purchase of goods and Services	6	2,593,463	2,050
Social Security Benefit	7	0	-
Transfer to government entities	9	0	-
Other grants and transfers	10	0	-
Net cash flow from operating activities		(2,593,463)	40,497,950
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	8	(853,302,936)	(422,076,946)
Net cash flows from Investing Activities		(853,302,936)	(422,076,946)
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	3	806,507,488	357,031,563
Net cash flow from financing activities		806,507,488	357,031,563
NET INCREASE IN CASH AND CASH EQUIVALENT		(49,388,912)	(24,547,434)
Cash and cash equivalent at BEGINNING of the year	14	49,502,162	74,049,595
Cash and cash equivalent at END of the year		113,250	49,502,162

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 13th September, 2024 and signed by:



Chief Executive Officer
 Eng. Joseph Kamau

Date: 13/9/2024



Project Coordinator
 Eng. Bonnie Nyandwaro

Date: 13/9/2024



Director, Finance
 CPA, Michael Kimotho
 ICPAK No: 6490

Date: 13/9/2024

10. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% of utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	0	0	0	0	0	
Proceeds from borrowings	236,000,000	604,000,000	840,000,000	806,507,488	33,492,512	96%
Fund Balance B/F		49,502,162	49,502,162	49,502,162	0	100%
Total Receipts	236,000,000	653,502,162	889,502,162	856,009,650	33,492,512	
Payments						
Acquisition of non-financial assets	236,000,000	650,802,162	886,802,162	853,302,936	33,499,226	96%
Purchases of Goods & Services		2,700,000	2,700,000	2,593,463	106,537	96%
Total Payments	236,000,000	653,502,162	889,502,162	855,896,399	33,605,763	96%
Surplus/Deficit	0	0	0	113,250		

Note: The budget utilization/Performance differences are explained in **Annex 2** of the financial statements.



Chief Executive Officer
Eng. Joseph Kamau

Date: 13/9/2024



Project Coordinator
Eng. Bonnie Nyandwaro

Date: 13/9/2024



Director, Finance
CPA, Michael Kimotho
ICPAK No: 6490

Date: 13/9/2024

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for the Support to Water and Sanitation Services in Peri-Urban Area Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

The project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (Continued)

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Significant Accounting Policies (Continued)

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (Continued)

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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

Annex 6 of this financial statement is a register of the contingent liabilities in the year.

k) Contingent Assets

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

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. And are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, **Kshs. 806,507,488** were received in form of direct payments from third parties.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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Significant Accounting Policies (Continued)

p) Comparative figures

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

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). Explanations and details of these prior period adjustments are presented *in note xx of these financial statements*

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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 For the year ending June 30, 2024

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from government as follows:

	2023/2024	2022/2023	CUMULATIVE TO DATE
	Kshs		Kshs
<i>Counterpart funding through Ministry of Water, Sanitation and Irrigation</i>			
Counterpart funding Quarter 1	0	13,500,000	88,500,000
Counterpart funding Quarter 2	0		50,000,000
Counterpart funding Quarter 3	0		50,000,000
Counterpart funding Quarter 4	0	27,000,000	142,270,552
Total	0	40,500,000	330,770,552

2.Proceeds from Domestic and Foreign Grants

During the financial period to 30th June 2024, no grants were received from donors as detailed in the table below.

Name of Donor	Date received	2023/2024					2022/2023	Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grant Received in kind	Total amount	Total amount	
		Euro	Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from KfW-EU	Various	-	-	-	-	-	0	244,314,376
TOTAL		-	-	-	-	-	0	244,314,376

3. Loan from External Development Partners

During the financial period to 30th June 2024, we received funding from development partner in form of loans negotiated by the National Treasury as detailed in the table below

Name of Donor	Date received	2023/2024					2022/2023	Cumulative to date
		Amount received in donor currency	Loan received in cash	Loan received as direct payment*	Loan received in kind	Total amount	Total amount	
		Euro	Kshs	Kshs	Kshs	Kshs	Kshs	
Loan received from KfW-EU	Various	4,320,431	-	806,507,488	-	806,507,488	357,031,563	2,872,056,238
TOTAL		4,320,431	-	806,507,488	-	806,507,488	357,031,563	2,872,056,238

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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4. Miscellaneous Receipts

There were no miscellaneous receipts during the year

5. Compensation to Employees

There was no compensation of Employee payment made through the project during the year.

6. Purchase of Goods and Services

SCOPE OF WORKS	2023/2024			2022/2023	CUMULATIVE TO DATE
	Payment Controlled by the Entity	Payment Controlled by the Third party	Total payment		
	Kshs	Kshs	Kshs	Kshs	Kshs
Advertising/Bank Charges	2,593,463	-	2,593,463	2,050	5,972,371
TOTAL	2,593,463	-	2,593,463	2,050	5,972,371

7. Social Security Benefit

The project didn't make payment related to social security benefits during the year

8. Acquisition of Non-Financial Assets

SCOPE OF WORKS	2023/2024			2022/2023	CUMULATIVE TO DATE
	Payment controlled by the entity	Payment controlled by the third party	Total payment		
	KSH	KSH	KSH	KSH	KSH
Construction for Greater Githurai/Ruiru-Juja Water Supply Project-Lot 1	-	216,839,940	216,839,940	161,496,848	1,088,939,291
Construction for Kiserian-Ongata Rongai Water Supply project-Lot 2	19,594,773	295,320,605	314,915,379	149,414,844	1,244,014,197
The consultant for the work supervision	16,022,025	136,227,878	152,249,903	62,494,699	601,708,496
Consultant for Support to Technical Implementation-GFA	-	-	-	-	259,210,084
Supply of water meters -Danco Capital Ltd	-	-	-	48,670,555	62,885,761
Virsom Company Ltd	11,178,649	158,119,065	169,297,714		169,297,714
TOTAL	46,795,448	806,507,488	853,302,936	422,076,946	3,426,055,544

{N.B the civil works plus all the related consultancies are considered assets}

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
 Reports and Financial Statements
 For the year ending June 30, 2024

9. Transfers to Other Government Entities

Under this project we did not have any transfers to other government agencies during the financial year

10. Other Grants and Transfer and Payments

SCOPE OF WORKS	2023/2024			2022/2023	CUMULATIVE TO DATE
	Payment Controlled by the Entity	Payment Controlled by the Third party	Total payment		
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer to Nairobi Water Distribution Network project	0	-	0	0	15,000,000
TOTAL	0	-	0	0	15,000,000

11. Cash and Cash equivalents

DESCRIPTION	2023/2024	2022/2023
	Kshs	Kshs
Bank accounts (Note 8.13A)	113,250	49,502,162
Cash in Hand (Note 8.13B)		
Cash equivalents (short term deposits) (Note 8.13C)		
Total	113,250	49,502,162

The reported cash balances comprise of GoK contribution to the project and is managed through AWWDA's development fund account and Project Account at Cooperative bank Ridgeways branch. To enhance accountability, a fund accountability is maintained for each project whose funds are managed through the development account.

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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 For the year ending June 30, 2024

11 A. Bank Account

Project Bank Accounts

	2023/2024	2022/2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
N/A	-	-
Total Foreign Currency balances	=	=
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya (A/c No 01141084618501)	3,403	22,504,212
Co-operative Bank of Kenya (A/c No 01141084618502)	109,847	26,997,950
Total local currency balances	113,250	49,502,162
Total bank account balances	113,250	49,502,162

11 B Cash in hand

The project did not have any cash in hand as at 30th June 2024

11C Cash equivalents (short term deposits)

The project didn't have any short-term deposits as at 30th June 2024

12. Imprests and Advances

The project did not have any Accounts Receivable as at 30th June 2024

13. Deposits and Retention monies

The project did not have any Accounts Payable as at 30th June 2024

14. Fund Balance Brought Forward

DESCRIPTION	2023/2024 KSH	2022/2023 KSH
Bank Accounts	49,502,162	74,049,595
Cash in Hand	--	--
Cash Equivalent (short-term deposits)	-	-
Outstanding imp rest and advances	-	-
Total	49,502,162	74,049,595

15. Prior Year Adjustment

There were no prior year Adjustments during the year ending 30th June 2024

16. Change in Imprests and Advances

No change in imprests and advances

17. Change in Accounts Deposits and Retentions

No change in accounts deposits and retentions

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
 Reports and Financial Statements
 For the year ending June 30, 2024

Other Important Disclosures

1. Pending Accounts Payables

	Balance b/f FY 2022/2023	Additions for the period	Paid during the year	Balance c/f FY 2023/2024
DESCRIPTION	Kshs	Kshs	Kshs	Kshs
Acquisition of non-financial assets	126,998,204	765,013,516	853,302,936	38,708,784
Total	126,998,204	765,013,516	853,302,936	38,708,784

2. Pending Staff payables

There were no pending staff payables under the project

3. Other Pending payables

There were no other pending payables under the project

4. External Assistance

There were no External Assistance received under the project

5. Payments By Third party on Behalf of The Project

There were no payments by third party on behalf of the project.

6. Related Party Disclosures

RELATED PARTY DISCLOSURES	2023/2024	2022/2023
	Kshs	Kshs
Compensation to Key Management	0	0
Transfer to other government entities	0	0
Transfer from the Ministry/departments	0	40,500,000
Total	0	40,500,000

7. Contingent Liabilities

There were no Contingent liabilities under the project

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
<p>Other matters-</p> <p>Budgetary Control and Performance</p>	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.564,549,595 and Kshs.471,581,158 respectively, resulting to an underfunding of Kshs.92,968,437 or 16% of the budget. Similarly, the Project spent Kshs.422,078,996 against the budgeted amount of Kshs.564,549,595 resulting to an under absorption of Kshs.142,470,599 or 25% of the budget.</p> <p>The underfunding and under expenditure affected the planned activities of the project and may have impacted negatively on service delivery to the public</p>	<p>The under-funding and under absorption of allocated funds was occasioned by delays in processing of the certificates at the Ministry level. The value of certified works and services that remained unprocessed at the Ministry level as at 30th June, 2023 is Kshs.126,833,482</p>	<p>Resolved</p>	<p>Immediately</p>



 Chief Executive Officer
 Eng. Joseph Kamau
 Date:13/9/2024



 Project Coordinator
 Eng. Bonnie Nyandwaro
 Date:13/9/2024

Annex 2: Variance Explanations –Comparative Budget and Actual amounts for FY 2023-2024

Receipts/Payments Item	Final Budget Kshs	Actual on Comparable Basis Kshs	Budget Utilization difference Kshs	% of utilization	Explanations of variances
	a	b	c=a-b	d=b/a%	
Receipts					
Transfer from Government entities	0	0	0	0%	
Proceeds from borrowings	840,000,000	806,507,488	33,492,512	96%	The variance was meant to cater for IPC No.19 for Posch and Partners which the IFMIS system was closed before the payment was effected
Fund Balance B/F	49,502,162	49,502,162	0	100%	
Total Receipts	889,502,162	856,009,650	33,492,512		
Payments					
Acquisition of non-financial assets	886,802,162	853,302,936	33,499,226	96%	The variance was meant to cater for IPC No.19 for Posch and Partners which the IFMIS system was closed before the payment was effected
Purchases of Goods & Services	2,700,000	2,593,463	106,537	96%	
Total Payments	889,502,162	855,896,399	33,605,763		

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)
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Annex 3: Reconciliation of Inter-Entity Transfers

PROJECT NAME:			
Break down of Transfers from the State Department of Water			
a. Government Counterpart Funding			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Quarter 1, 2,3&4		0	FY2023/2024
	Total	0	
b. Direct Payments			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
Various Dates		806,507,488	
c. Others			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
N/A		-	
	Total	-	
	TOTAL(a+b+c)	806,507,488	

Support to Water and Sanitation Services in Peri-Urban Area (Credit No. BMZ NO.2013.6543.6)

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Annex 4a-Analysis of Pending Bills

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance	Outstanding Balance	Comments
				30 th June, 2024	30 th June, 2023	
	a	b	c	d=a-c	d=a-c	
Purchase Services						The original Amounts reflects the actual certified amounts
1.Advertisements	5,972,371	2018/2019	5,972,371			
Sub Total	5,972,371		5,972,371			
Acquisition of non-financial assets						
2. Posch & Partner GmbH in association with Norken	621,051,941	30/11/2016	601,708,496	19,343,445	36,579,752	
3.GFA Consulting Group GmbH	259,210,084	07/08/2017	259,210,084	0	0	
4.Toddy Civil Engineering Ltd-Lot 1	1,088,939,291	19/07/2019	1,088,939,291	0	164,722	
5.China Jiangxi International Economic-Lot 2	1,256,989,401	19/07/2019	1,244,014,197	12,975,204	90,253,730	
6.Danco Capital Ltd-Lot 3	62,885,761	14/10/2021	62,885,761	0	0	
7.Visrom Company Ltd	175,687,850	23/10/2023	169,297,714	6,390,136		
Sub-Total	3,464,764,329		3,426,055,544	38,708,784	126,998,204	
Grand Total	3,470,736,700		3,432,027,916	38,708,784	126,998,204	

Annex 5 – Summary of Fixed Asset Register

Asset Class-Work in Progress	Opening Cost (Kshs)2023/2024	Purchase /Additions in the year (Kshs) 2023/24	Disposal in the year (Kshs) 2023/24	Transfers in/(out)Kshs 2023/24	Closing Cost (Kshs) 2023/24
	a	b	c	d	e=a+b-©+(-)d
1. Posch & Partner GmbH in association with Norken International Sub consultant	449,458,593	152,249,903			601,708,496
2.GFA Consulting Group GmbH	259,210,084	-			259,210,084
3.Toddy Civil Engineering Ltd-Lot 1	872,099,351	216,839,940			1,088,939,291
4.China Jiangxi International Economic-Lot 2	929,098,819	314,915,379			1,244,014,197
5.Danco Capital Ltd-Lot 3	62,885,761	-			62,885,761
6.Visrom Company Ltd		169,297,714			169,297,714
TOTAL	2,572,752,608	853,302,936	-	-	3,426,055,544

