

REPUBLIC OF KENYA



Enhancing Accountability

 REPORT THE NATIONAL ASSEMBLY PARLIAMENTARY	
DATE: 09 NOV 2021	DAY: Tue
TABLED BY: OF	Majority Whip Hon. Wargwe
CLERK-AT THE-TABLE:	B. Inzogu

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

WATER RESOURCES AUTHORITY

**FOR THE YEAR ENDED
30 JUNE, 2019**



WATER RESOURCES AUTHORITY

Accounting for Every Drop!

WATER RESOURCES AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

JUNE 30, 2019

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Water Resources Management Authority was established pursuant to the provision of Section 7 of the Water Act, 2002, Laws of Kenya and was operationalized in July 2005. The Authority's principal mandate under this legislation was the management of water resources in the whole country.

A new statutory regime necessitated by the need to conform to the Constitution of Kenya 2010, international instruments that Kenya has ratified by virtue of Article 2(6) of the Constitution as well as Vision 2030 and the Sustainable Development Goals (SDG's); legislation of the Water Act, 2016 was accordingly initiated. The Water Act, 2016 was passed into law on 14th September, 2016 and came into operation on 21st April, 2017. This effected a change of the Authority's name from Water Resources Management Authority to Water Resources Authority.

The Water Resources Authority (WRA) is established under Section 11 of the Water Act, 2016 and is mandated, on behalf of the National Government to regulate the management and use of water resources across the country.

Our approach as an Authority in safe guarding the resource is entrenched in the Country's Big 4 development agenda, Vision 2030 strategic objective on water and sanitation and the SDG 6 all these agenda's and objectives aim not only to increase water resources availability for multipurpose use but also improve the quality and sustainability of water resources.

Water Resources Authority operates through the Regional Offices established in the six Catchment Areas, namely: Athi, Ewaso Ngiro, Lake Victoria South, Lake Victoria North, Rift Valley and Tana Catchment Areas. The Catchment Areas have been proposed for gazettelement as Basin Areas for purposes of compliance with the provisions of the Water Act, 2016. In addition, the Authority has delineated the six Catchment areas into 26 Sub-Catchment areas which operate as sub-regional offices. The Authority partners/collaborates with key stakeholders in integrated water resource management activities to deliver its mandate to the public.

(b) Principal Activities

The principal mandate of the Authority is to regulate the management and use of water resources on behalf of the National Government.

Vision

To be a global leader in Water Resources Regulation and Management

Mission

To effectively regulate and manage water resources for sustainable development

Strategic Objectives

1. Strengthening monitoring networks to enhance data collection and improve information management system.
2. Improving the use of water resources management tools for effective water resources planning and allocation
3. Strengthen stakeholder collaboration to enhance water storage and adaptation to climate change impact
4. Strengthen enforcement mechanism and collaboration for effective catchment protection and conservation
5. Building staff capacity and improving work environment
6. Enhance Resources mobilization and effective use of finance.

(c) Key Management

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

- Management Board
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	- Mohammed M. Shurie
2.	Finance and Administration Manager	- Protus Salasya
3.	Technical Coordination Manager	- Eng. Boniface Mwaniki
4	Chief Legal Officer	- Janet Olewe
5	Chief Supply Chain Management Officer	- Jane Kiyai

(e) Fiduciary Oversight Arrangements

Management Board

The powers and functions of the Authority are exercised and performed under the direction of the Management Board which consists of a Chairman appointed by the President, four members appointed by the Cabinet Secretary responsible for matters relating to water and representatives from various oversight offices, namely:

- a). The Principal Secretary responsible for matters relating to finance or his representative;
- b). The Principal Secretary responsible for matters relating to water or his representative;
- c). The Principal Secretary responsible for matters relating to environment or his representative;
- d). The Principal Secretary responsible for matters relating to land or his representative

Section 15(1) of the State Corporations Act Cap. 446 gives Boards of Directors the responsibility for management of the affairs of State Corporations. In this regard the Board is accountable for the moneys, financial business and the management of the Authority.

Under the Water Act, 2016, the Board's functions are to:

- 
- a). Administer the assets of the Authority in such manner as best promotes the purpose for which the Authority is established;
 - b). Ensure protection, where necessary, of the assets and developments of the Authority;
 - c). Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Authority;
 - d). Receive any grants, gifts, donations or endowments and make legitimate disbursements there from;
 - e). Invest any funds of the Authority not immediately required for its purposes;
 - f). Delegate any of its powers; and
 - g). Undertake any activity necessary for the fulfillment of any of the functions of the Authority.

Finance and Support Services Committee

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

Resource Mobilisation Committee

Resource Mobilisation Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fund raising, activities and forecasting the same in line with the statutory mandate.

Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the regulation of water resources management.

Audit Committee

Final management reports are submitted to the board audit and Risk committee having been verified by the Authority's head of Internal Audit.

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees the Authority's standards of integrity and behaviour, reporting of financial information and internal control systems.

Ministry of Water and Sanitation

Every year the Authority submits an annual report on the state of national water resources strategies in Kenya. The water situation report and performance report is disseminated to the public for purposes of their information and feedback.

Quarterly and Annual management reports submitted to the Ministry of Water and Sanitation for review and approval of the budgetary requirements before presentation to the parliamentary investment committee of environment and natural resources.

Parliamentary investment committee and Parliamentary committee on environment, and natural resources.

Budget proposals and implementation reports are reviewed by the parliamentary committee for environment and natural resources. The final financial reports are submitted to the parliamentary investment committee to ensure value for money and adherence to Government financial regulations and procedures.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) WRA Headquarters

Water Resources Authority
NHIF Building, 9th & 10th Floors.
Ragati Road
P. O. Box 45250-00100
Nairobi, Kenya

(g) WRA Contacts

Tel. 2732291, 2729048/49
E-mail: wra@wra.go.ke
website: www.wra.go.ke

(h) WRA Bankers

1. National Bank of Kenya
Hill Branch
P.O. Box 45219-00100
Nairobi, Kenya
2. Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400 - 00100
Nairobi, Kenya
3. Equity Bank
Community Branch
P.O. Box 75104-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

Advocates:

1. Prof. Albert Mumma & Company Advocates
5th avenue office suites
5th floor suite no. 1
5th Ngong Avenue
P.O Box 10481 – 00100
Nairobi, Kenya
2. Garane & Associates Advocates
P.O Box 20617-00100
Nairobi
Hughes Building
4th Floor Kenyatta Avenue
0205100194/2631541
Info@garaneadvocates.com

MANAGEMENT BOARD



Hon. Capt. Joe Mutambu

Hon Joe Mutambu is a businessman and a former Member of Parliament for Mwingi central constituency. He has vast experience in areas of leadership, community organizing and Public administration.

He has a Bachelor of commerce degree from Methodist university and a diploma in in security management.

Chairman of Water Resources Authority Board of directors.

DOB: 1st January, 1967



Ms. Rael Chebichii Lelei

Ms. Rael Chebichii is a social worker and community development specialist. She has a Bachelor's degree in development studies and currently pursuing master's in public relations at Mount Kenya University.

Independent Director and Chairperson of the Board Technical committee.

DOB: 15th December, 1984



Mr. Nelson Patrick Baiyu

Mr. Baiyu has been a captain and a chief officer (deep-sea foreign going ships) for over 25 years. Capt. Baiyu has BTEC (Nautical science & shipping) UK and Master mariner (class 1 deck –nautical science & shipping) UK

he is an independent director and member of audit committee

Dob: 22nd November, 1954



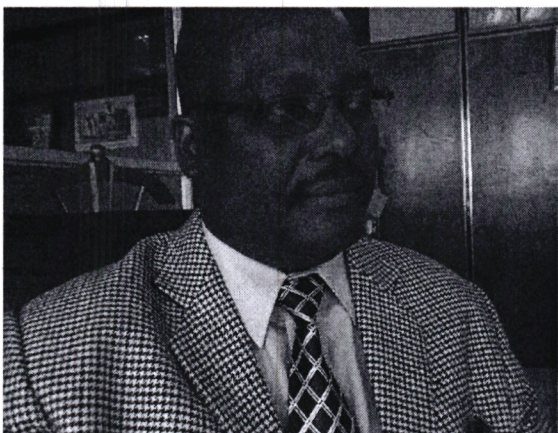
Ms. Gladys Wekesa

P.S. Representative, Ministry of Water & Sanitation.

Ms. Wekesa is a Director Department of Transboundary water resources under the ministry of water and Sanitation. She is an experienced ground water specialist of over 20 years and a registered Geologist.

She holds an Msc and Bsc in Geology from the university of Nairobi. She also has International Postgraduate Diploma in Applied Hydrology and Information Systems for Water Management from Institute of Meteorological Training and Research(IMTR), Nairobi, in collaboration with the University of Nairobi.

DOB: 24th August 1972



Augustine K. Kenduiwo

P.S. Representative, Ministry of Environment and Forestry'

Mr. Kenduiwo is a Deputy Director Climate Change in the Ministry of Environment and Forestry. Holder of BSc. Agriculture and Masters Degree in Environmental Planning and Management. A career Civil servant with over 29 years experience in the fields of Agriculture and Environmental Stewardship within the Public Sector.

DOB: 1st March 1965



Rev. Simon Kiuta Lonyayo

A university lecturer and theologian of over 30 years and has been a director in various state corporations for over 6 years.

Rev Kiuta has Master of Divinity (M.DIV) and currently pursuing Phd. in theology in Africa International University.

He is an independent Director and Member of Audit committee

DOB: 1st June, 1964



Ms. Rose Ndinda Wambua

Rose is an experienced Banker with over 30 years in the industry. She is a critical thinker with excellent problem solving skills and passion in sustainable development of businesses.

She is an Associate in Banking and has a Bsc. Major: Business Administration (honors) from USIU.

Currently she an independent director and Chairperson Audit and Risk Committee

DOB: 14th July, 1961

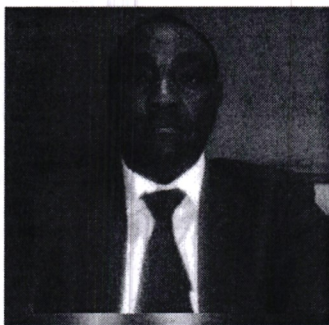


Mr. Eric Wokabi Mungai

He is a Businessman with vast experience in finance and operations.

Currently an independent director and Chairperson Board Resource Mobilization Committee

DOB: 8th May, 1966



Mr. John Legishion Kitilit

A Career administrator with vast experience of over thirty years.

Currently an independent director and Chairperson Board Finance Committee

DOB: 2nd February, 1962



Mr. Moses K. Kanagi

CS. Representative, the National Treasury

An Economist with over 20 years' experience in Public Sector



Mr. David Gichuhi

Representative Inspector General of State Corporations

Career Administrator specifically bringing in oversight roles of Inspector General of state corporations



Mr. Mohamed Mouldid Shurie

Chief Executive Officer is the accounting officer of the Authority and an *ex officio* member of the Board.

BSC Phy/Math, BSC Geology, MBA Executive, with over 25 years experience in the public service. He is a registered Geologist.

DOB: 8th December, 1962



Mrs. Janet Olewe-Ochieng'

Chief Legal Officer

An advocate of the High Court of Kenya with 10 years' experience in the practice of law.

She holds a Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.

MANAGEMENT TEAM



Mr. Mohamed M. Shurie

Chief Executive Officer and an ex officio member of the Board.

BSC Phy/Math, BSC Geology, MBA Executive, with over 25 years experience in the public service



Mr. Protus W. Salasya

Finance and Administration Manager.

BBAM (Finance) with experience of over 30 years in the public service



Eng. Boniface M. Mwaniki

Technical Coordination Manager

BSC. Agri-Engineering and MBA in Project Planning and Management with over 28 years of experience in public service.



Mrs. Janet Olewe-Ochieng'

Chief Legal Officer/Company Secretary

An advocate of the High Court of Kenya with 10 years' experience in the practice of law.

She holds a Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.



Mrs. Jane Kiyai

Chief Supply Chain Management
Officer

She holds a Master of Science in
Procurement and logistics, BCOM-
Management and professional
membership of MCIPS and MKISM with
32 years of experience in the public
service.

CHAIRMAN'S STATEMENT



On behalf of the Board of Directors, Management and Staff of WRA, it is my pleasure to present to you the Annual Report and Financial Statements for the year ended 30th June 2019.

We are optimistic that WRA team is moving in the right direction, despite the challenges of limited financing, huge pending bills and debt by various abstractors and noncompliance by stakeholders that we encounter. I am confident that the Governing Board will continuously improve on efficiencies and its mandate, to make WRA the best Authority.

Corporate Performance

During the period under review the Authority was able to make the following achievements;

- a) Continued with the implementation of seven (7no.) capital projects and programmes, namely; Athi Restoration Programme, Drilling of Exploratory Boreholes in Turkana, Marsabit, Garissa, Wajir and Mandera Counties, Implementation of Sub-Catchment Management Plans (SCMPs), Construction/Rehabilitation of Water Monitoring Stations, Water Abstraction and Pollution Surveys, Kikuyu Springs Groundwater Conservation and Lamu Groundwater Conservation. This has resulted in improved data collection and information dissemination to stakeholders on water resources
- b) Review of Water Resources Management Rules so as to align it with Water Act 2016.

The Authority is carrying out its mandate as set out in the Water Act 2016 and the Water Resources Management Rules, 2007 and I am pleased to report that we are on track towards achieving the targets we set out for this financial year.

Appreciation

On behalf of the Board of management, I would like to extend my sincere thanks to the stakeholders for their continued contribution and support; to the Board on its dedication and visionary leadership; to the National Government for its support and guidance; and to Management team and Staff for their tireless dedication to the implementation of the company's Strategic plan and call upon them to continue with the high level of dedication. I also extend my gratitude to all our partners and stakeholders for their continued support to the WRA Vision.

Many Thanks.

A handwritten signature in blue ink, consisting of a large, stylized 'J' followed by a series of loops and a long horizontal stroke extending to the right.

Hon. Capt. Joe Mutambu
CHAIRMAN, WRA BOARD OF DIRECTORS

REPORT OF THE CHIEF EXECUTIVE OFFICER



It is my pleasure to present the achievement of WRA for the financial year 2018/2019. This has provided us with great opportunities as Water Resource Authority (WRA) giving us the motivation that is required to forge forward as an institution with the transformation. Through the Water Act 2016, which was then operationalized later in April 2017, the operationalization of the Water Act 2016 changed WRMA's name and mandate to Water Resources Authority (WRA).

In order to realize the WRA mandate under the "Water Act 2016", we need to act accordingly to protect our water resources, manage, use and allocate appropriately. A coherent and consistent water regulation system that serves both business and the community guarantees that everyone can benefit from it by being involved. This can be done through facilitating water-use efficiency, advocating for sustainable water policies and practice, sharing information and investing in public infrastructure. As a Nation we are facing an overwhelming challenge of uncontrolled development in urban centres which has led to the high demand of our already scarce water resources. There is need to reflect on the extent to which we can be able to sustain availability of the precious commodity.

For WRA to realize its mandate, it's our duty to work towards achieving Vision 2030 as we steer forward the BIG 4 Agenda of:

- Food Security
- Affordable Housing
- Health Care for all
- Manufacturing

Revenue

The Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority also to improve on revenue collection to sustain its operations which is still not enough.

During the period ended 30th June 2019 the Authority was able to collect cumulatively Kes. 805 Million from internally generated funds (AIA) and Kes 695 million from transfer from other governments . The Management intends to intensify efforts and improve on the level of these revenue collections in future in order to reduce the current financing gap.

Expenses

The Authority's expenses were cumulatively KES 1.563 Billion of which staff costs salaries and other remunerations still remains the major cost component accounting for 54.6 % of the total expenses.

Innovation

The Authority believes in continuous innovation in improving service delivery to its stakeholders. The Authority has embraced the use of Information Communication Technology (ICT) in the provision of services. As of end of the financial year, the Authority had installed several telemetric stations in its various regions for online submission of databases for surface water, flood monitoring, and climate data (i.e. data on precipitation, temperature and humidity). The Authority has installed a few Smart Meters for accurate billings of its clients, this has been used as a pilot project as more will be installed in a phased programme.

Education and awareness creation

One of the core functions of the Authority is to educate the population and create environmental awareness in the country. This is done by engaging several stakeholders in diverse sectors of the economy, undertaking awareness activities,

and meeting the general public. The following activities were undertaken during the FY 2018/2019:

- Hosted KWSCRП Basin Planning forums which involved stakeholders from all the 6 basins to create awareness on the need to conserve the Basin Areas.
 - a) Athi Basin Area
 - b) Tana Basin Area
 - c) Ewaso Ngіro Basin Area
 - d) Rift Valley Basin Area
 - e) Lake Victoria North Basin Area
 - f) Lake Victoria South Basin Area
- Finalized the gazetteмент process of Lamu groundwater entailing review of land ownership entitlements with a view to conserve Lamu sand dunes catchments.

Partnerships

Through the period under review the Authority had the following development partners continue supporting its mandate:

- World Bank funded - Kenya Water Security and Climate Resilience Project (KWSCRП)

Employee relations

The Human Resource compliment in Water Resources Authority continues to play a critical role in the achievement of the organizational goals as stipulated in the Strategic Plan.

The Authority believes in the best skills for best performance. It has therefore continuously improved staff development. During the period under review a number of staff were trained on Quality Management System **ISO 9001: 2015** amongst other courses.

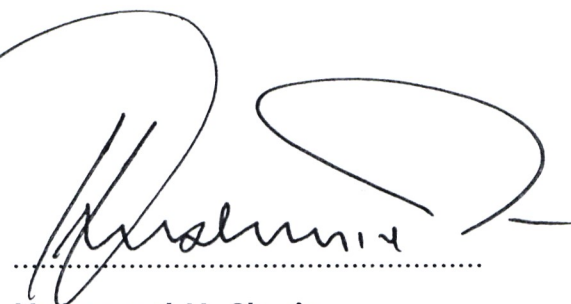
Commitment to quality

The Authority is committed to the continual improvement of Quality Management System (QMS) processes and was in the process of transiting to ISO 9001: 2015. The

top management was sensitized on this while the surveillance audit for the period was undertaken.

Conclusion

I wish to appreciate the Chairman and the Management Board for their support throughout this period. I am also grateful to our parent Ministry of Water and Sanitation, our development partners and to all our stakeholders for their unwavering trust, support and partnership towards the execution of the Authority's mandate. And to the staff and management, I am indeed honoured to be a part of the Water Resources Authority team. The Authority has continued to undertake this mandate and achieved remarkable results despite a number of challenges faced. I believe that with your continued support and commitment, we shall be able to deliver our services more efficiently and effectively to impact more people in respect to water resources and environmental management services.



Mohamed M. Shurie

Chief Executive Officer.

11/6/2020

Date

CORPORATE GOVERNANCE STATEMENT

The Management Board of the Water Resources Authority established under the Water Act 2016 is made up of six members appointed by name and a Chairperson. The Board membership also comprises a representative of the Cabinet Secretary, The National Treasury as well as representatives of the respective Principal Secretaries, Ministry of Water- Sanitation and Irrigation, Ministry of Lands and Housing, Ministry of Environment and Natural Resources, and the Inspectorate of State Corporations. The Chief Executive Officer is an *ex officio* member of the Board.

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

The day-to-day running of the operations of the Authority is delegated to the Chief Executive Officer but the Management Board is responsible for establishing and maintaining the Authority's system of internal controls for the realization of the Authority's mandate.

All members of the Board are taken through a comprehensive induction programme and adequately trained on their roles through various corporate governance trainings. The Directors are professional, committed and guided by the mission, vision and core values of the Authority in the execution of their duties. At the end of each financial year, the Board, its Committees, individual directors and the Chief Executive Officer are evaluated by an independent body against targets agreed to at the beginning of the year.

Board Committees:

The Board undertakes its work through Board Committees attending to specific matters. The Committees report to and remain accountable to the Board for all their activities. The Board Committees' main function is to reinforce the wholeness of the Board's responsibility.

The Board has four standing committees which meet at least once per quarter and work under the terms of reference set by the Governing Board. The membership of all the Committees is reviewed on a regular basis by the Board.

Table 1: Board and committee membership

Name of Director	Board Position	Board Committee Meetings			
		Audit & Risk	Finance and Support Services	Resource Mobilisation	Technical
Hon. Joe Mutambu	Chairman				
Ms. Rael Chebichii Lelei	Board Member		Member	Member	Chairperson
Mr. Nelson Pautrick Baiyu	Board Member	Member		Member	Member
Ms. Gladys Wekesa	PS Rep. MW&SI	Member	Member	Member	Member
Rev. Simon Kiuta Lonyayo	Board Member	Member			
Ms. Rose Ndinda Wambua	Board Member	Chairperson		Member	
Mr. Eric Wokabi Mungai	Board Member		Member	Chairperson	Member
Mr. John Legishion Kitilit	Board Member		Chairperson	Member	Member
Mr. Moses K. Kanagi	CS Rep. Treasury		Member	Member	Member
Mr. David Gichuhi	Rep. IG. Insp .State Corporation	Member	Member	Member	
Mr. Mohamed Moulid Shurie	Ex-Officio/Chief Executive Officer				

Finance and Support Services Committee

The primary responsibility of Finance and Support Services Committee is to provide advice to the Board on Water Resources Authority's financial and human resource management, performance and their financial implications.

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

Audit & Risk Committee

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees Water Resources Authority's standards of integrity and behaviour, reporting of financial information and internal control systems.

Resource Mobilisation Committee

Resource Mobilisation Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fund raising, activities and forecasting the same in line with Water Resources Authority's statutory mandate.

Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the management of the water resources management and their implementation.

The Role of the Management Board

As guided by the Water Act, 2016, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board's role is to provide effective leadership and control, in terms of approving the Authority's strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Authority by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews the Authority's succession plans for the management team and endorses top executive appointments, organisational changes and remuneration matters. It is concerned with key elements of the governance processes which sustain the operations of the Authority, performance reporting processes as well as other disclosure requirements.

On a quarterly basis, the Board considers reports from each Board Committee. The Board meets at least once a quarter and the calendar of meetings is prepared and adopted annually in advance.

Table 2a: Board and committee meetings attendance retired

		Board Committee Meetings			
	Board meetings	Audit & Risk	Finance and Support Services	Resource Mobilisation	Technical
Total No. of meetings	1	1	1	1	1
Mr. Francis Mboya Mutua	1	1	1		1
Hon. Lawrence Nginyo Kariuki	1		1	1	
Hon.Saulo Wanambisi Busolo	1		1		1
Mr. Yahya Ali Borrow	1	1		1	
Ms. Sylvia Chidodo Leli	1		1	1	
Ms. Agnes Nailantei Shonko	1	1			1
Ms. Gladys Wekesa	1		1	1	1
Mr. Moses K. Kanagi		1	1	1	
Mr. David Gichuhi	1	1	1	1	1
Mohamed M. Shurie	1				

Table 3b: Board and committee meetings attendance

		Board Committee Meetings			
Total No. of meetings	Board meetings	Audit & Risk	Finance and Support Services	Resource Mobilisation	Technical
	2	2	2	2	2
Hon. Joe Mutambu	2				
Ms. Rael Chebichii Lelei	2		2	2	2
Mr. Nelson Pautrick Baiyu	2	2		2	2
Ms. Gladys Wekesa	2		2	2	2
Rev. Simon Kiuta Lonyayo	2	2			
Ms. Rose Ndinda Wambua	2	2		2	2
Mr. Eric Wokabi Mungai	2		2	2	2
Mr. John Legishion Kitilit	2		2	2	2
Mr. Moses K. Kanagi			2	2	
Mr. David Gichuhi	2	2	2	2	2
Mr. Mohamed M. Shurie	2				

Evaluation

The performance of the Board is a fundamental component of the Water Resources Authority's success. A corporate governance evaluation of performance for the period 2018/2019 was undertaken after the close of the financial year in order to have a formal and rigorous review of the entire Board as a collective unit and that of individual directors. The purpose of the evaluation was to acknowledge strengths and achievements and to recognize areas that needed improvement to enhance effectiveness and efficiency. The evaluation inspired Directors to improve in the application of their roles and responsibilities and to ensure that they are on track. The results of the evaluation were useful in putting in place a plan of action to improve effectiveness of each director and that of the Board as a collective unit.

Director's remuneration

In accordance with guidelines provided in the State Corporations Act, the Directors are paid taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on the Authority's duty.

Statement of Compliance

The Board of Directors confirms that the Authority has throughout the period ending 30th June 2019 complied with the Statutory and Regulatory requirements and that it has been managed in accordance with the principles of Corporate Governance.

Internal control and risk management:

Internal Control Framework

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

The Authority continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. A risk-based audit plan, which provides

assurance over key business processes and operational and financial risks facing the Authority, is approved by the Audit Committee.

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Authority can meet its future management requirements.

Strategic Plan

The business of the Authority is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the Authority, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly and annual basis. The Authority's Strategic Plan expired in June 2017 and a draft plan is being reviewed and due for launching in October 2019.

Risk Management

The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. The Management team reviews all the risks in the Authority and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Board in the management of risk.

Management Team

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. The action plans for the year include the Annual Work Plan, Annual Budget Estimates, Annual Procurement Plan, Annual Performance Contract, among others.

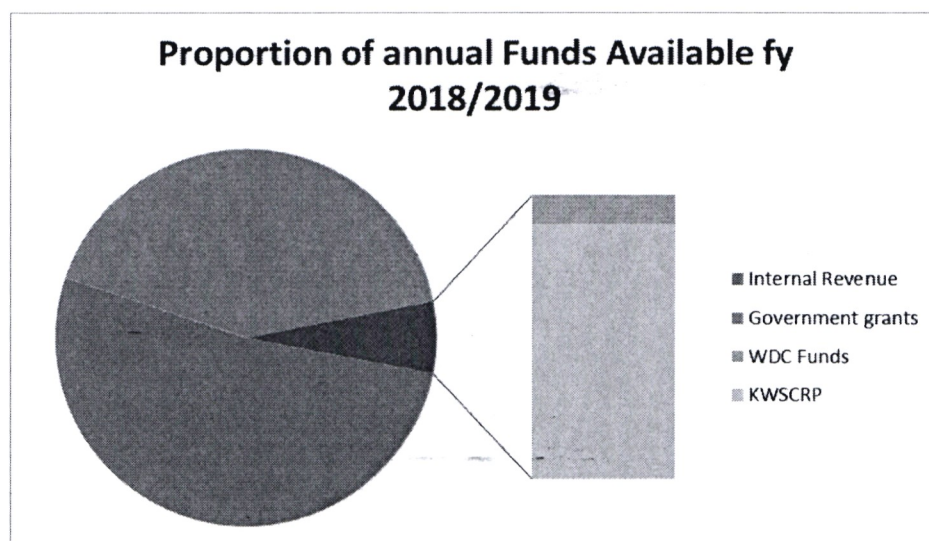
MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial performance

To realize the authority vision and purpose sustainability hinges on four (4) Corporate Strategic Focus Areas namely:

Customer Focus aimed at strengthening stakeholder collaboration in water resources management implemented through Availability and equitable access to water for all Kenyans.

Financial Perspective aimed at enhancing resource mobilization and effective use of the finances. Finances are both internally generated through various revenue streams and externally mobilized as per the chart below.



During the financial year 2018/2019 the Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority also to improve on revenue collection to sustain its operations which is still not enough.

During the financial year ending 30th June 2019 the Authority was able to collect cumulatively KES 677.5M as internally generated funds (AIA). The Management intends to intensify efforts and improve on the level of revenue collections in future in order to reduce the current financing gap.

Internal Processes is aimed at promoting widespread infrastructure and service delivery implemented through Enhanced monitoring and assessment of water resources, protection and conservation of water and Enhanced water disaster management.

Organizational Capacity is aimed at building the institutional capacity and improving the working environment.

Capital projects: Completed /Ongoing Investments

The Authority continued to implement 7no projects funded by the GOK. These are;

s.no	Capital project
1	Drilling of Exploratory Boreholes for Turkana and Marsabit
2	Athi River Restoration Programme
3	Development & Implementation of Sub Catchment Management Plans
4	Construction and Rehabilitation of Water Resource Monitoring Station
5	Kikuyu Springs Groundwater Conservation
6	Lamu Groundwater Conservation
7	Water Abstraction and Pollution Control Surveys

Achievements

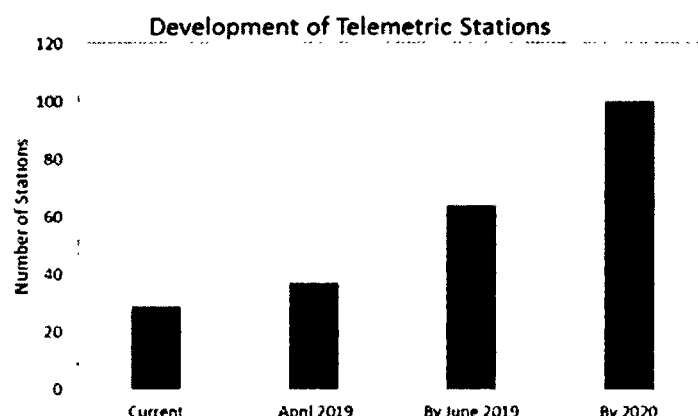
The Authority managed to achieve the following during the year ending 30th June 2019 in line with its mandate.

Automation of water monitoring stations

WRA has rationalized a surface water monitoring network of 362 stations for river flow monitoring. Out of these 81 are automated with loggers, 35 stations have been upgraded for real time data transmission. Data from 29 stations has been integrated into the Water Resources Information Management System (WRIMS) though only 19 are currently pushing in data. Figure below gives a summary of the current status and the projected number of stations to be automated by 2020.

Under the capital project, in the area of construction of the surface water monitoring stations WRA has been able to rehabilitate a total of 33 No. stations comprising of 29 No. RGS and 4 No. weather stations nationally while 4 No. SW monitoring stations stations have been established.

Current and projected WRA Telemetry status



Permitting Activities

Improved compliance to regulation of water use by increasing the volume of water abstracted under permit. The new permits with a volume of 300,657.74 m³/d are included in the list of abstractors billed for water use. The annual total volume of water allocated under permits for the period 2018/2019 is 87,927,519.2 M3/d as per the table below.

Baseline as at 30th June 2018 Millions (m ³ /d)		Quarter1 : Millions (m ³ /d)	Quarter 2:	Quarter 3:	Quarter 4:	Total (baseline + four QTRs)
No. of Permits Issued	5557	177	190	174	240	6,338
Volume of Water Under Permits (m³/d)	87.3	0.037	0.194	0.04	0.3	87.9

During the period under review Water Resources Authority undertook the following projects which are funded by the government under development grant.

Lamu Ground Water Conservation

The following activities were undertaken in the above project

1. Management Guidelines were developed, searches for titles of land within the Lamu conservation area were done and all documents forwarded to the National Lands Commission for gazettement. Lamu Groundwater Conservation GCA notice was placed in the Standard newspaper on 31/7/2018. A request was made to the Cabinet Secretary Ministry of Water and Sanitation to gazette the Amu sand dunes aquifer.
2. Development and ratification of catchment plan and management guidelines for Lake Kenyatta catchment area was undertaken between (1st-12th August, 2018) Project commissioning and launch of Lamu sand dunes was done on the 8th of February 2019 by the Cabinet Secretary water.
3. Commissioning of Manda Maweni water harvesting Djabia was done and water tanks at Mahmoud bin Fadhil primary for both girls' and boys' school were commissioned. More Djabias at (Kisingoni, Manda Airport A and sheila are in the process of being constructed. Installation of 11 No. roof rainwater harvesting plastic tanks in schools within Lamu Island namely; Sinambio, Ndambwe, Kiogwe, Pandanguo, Wiyoni, Bora Iman, Mohammed Abdul, Kenya Police, Manda, Basuba Kiunga and kipungani. Construction of masonry slabs for installation of tanks. Fitting of roof gutters

Kikuyu springs groundwater conservation

In the above project the following activities were undertaken. The delineation of the Ondiri and Manguo swamp some of the activities undertaken include:

- i. Enforcement exercise was conducted by Officers from Water Resources Authority Kiambu and Nairobi sub regional offices. Illegal abstractors on Ondiri Swamp were disconnected in the month of September. 2018
- ii. Sensitization meeting on Lari swamp conservation was undertaken by Kiambu Sub regional office
- iii. Installation and inspection of 7 No. Roof rainwater harvesting plastic tanks in schools within Kikuyu Groundwater Conservation Area: Manguo, Kamirithu, Kikuyu Township, Kidfarmaco, Thogoto, Thogoto Model and Mai-a-ihii primary was undertaken

iv. Presentation of Draft water allocation plan for Kikuyu Groundwater Conservation Area to stakeholders was carried out on 8th of May 2019.

Construction and Rehabilitation of water monitoring stations

This project entails upgrading and automation of water monitoring stations.

During the reporting period the following activities were undertaken

- i. 12 No. water Stations were constructed and rehabilitated as follows: - 2No. RGS telemetric at Itare and Upper Kipsonoi, construction and installation; 1 No. Data logger house for Athi Kiaoni 3F09 was constructed; 1No. RGS- River Yala 1FE01 rehabilitated. Upgrading of 3no stations is on-going (2EG1, 2B21, 2B10); and 5no river flow stations were established in collaboration with JKUAT.
- ii. Drilling, construction and development of 5 No. Clustered dedicated boreholes was undertaken under the KWSCRCP at Gatwanyaga Pri, Ruai treatment plant, Murera Chief camp, Githunguri W/S and Kikuyu water supply

Basin Planning

6 Basin Plans are being developed under Kenya Water Security and climate Resilience Project KWSCRCP, facilitated by WRA. There have been several workshops held with stakeholders in water and environment sectors and all counties participated in the process of developing 6 Basin Plans for

- i. Athi Basin Area
- ii. Rift Valley Basin Area
- iii. Lake Victoria South Basin Area
- iv. Lake Victoria North Basin Area
- v. Ewaso Ng'iro North Basin Area
- vi. Tana Basin Area

Abstraction Survey and pollution control

This projects main objective is to ascertain water resources status with regard to quantity and quality, point and non-point sources of pollution, the compliance to the water regulations and develop Water Allocation Plans for equitable and sustainable use of water resources.

The projects annual target was to conduct 14.No. Abstraction and pollution surveys targeting major water abstraction and pollution points in major town and their

environs; namely: Mombasa, Nairobi, Embu, Garissa, Lamu, Nanyuki, Wajir, Eldoret, Kakamega, Kisumu, Migori, Naivasha, Nakuru and Nyeri.

During the year the above-named Water Abstraction and Pollution Surveys field activities were concluded and reports compiled. However, two (2) additional Water Abstraction and Pollution Surveys in the sub-catchments of Isiolo and Kiboko were also conducted. Hence, a total of 16 No. Water Abstraction and Pollution Survey reports were prepared.

The surveys are important to provide information and data for informed decisions to regulate the management and use of water resources. The surveys also enable the development of Water Allocation Plans (WAPs) for equitable and sustainable use of water resources in view of growing water needs and demands. This in the long run minimises water conflicts and spurs social – economic growth in support of Big 4 Agenda, Sustainable Development Goals (SDGs); and the Constitutional of Kenya (CoK 2010) obligations.

The surveys established the water abstraction legalities, identified point and non-point sources of pollution, and enhanced the levels of awareness to water regulations in regard to protection and conservation of water ecosystems; equitable and sustainable use of water resources. During the survey, those who were found not complying with regulations were advised accordingly.

In the process of the surveys, the revenue collection was also enhanced, the number of water abstractors under the permit increased, a number of facilities without Effluent Discharge Control Plans (EDCPs) became aware and begun developing the same for submission to WRA for consideration.

Implementation of Sub Catchment Management plans (SCMPs)

The project entails implementation of SCMP activities in 4No. WRUAs namely, Nalepo, Gwassi, Maara and Ol Moran.

The following are the activities done by the WRUAs during the reporting period

1. GWASSI WRUA

- i. Nyenga Kakomo water pan was desilted, fenced and a cattle trough constructed to a capacity of 15,000m³
- ii. Protection of Nyenga and Mugeru Spring was completed and this increased water quality and quantity that community is now accessing clean water.

iii. Installation of 10, 10m³ Rain water harvesting tanks was done and this increased storage to 100m³ at Kiriba pri, Kichare pri, Ong'alo pri (Mwiraria), Obange health centre, Kinchororio Primary, Opembele dispensary, Kijebi dispensary, Nyandiwa pri, Nyajasera pri, God Bura Primary.

2. MAARA WRUA

- i. Construction of Kiganjo, Mbogori common water intake was completed and water use is now regulated with flow for different uses and users.

3. OL MORAN WRUA

- i. Protection of Melgwit Spring was completed and the spring powered with solar panels.
- ii. Fencing of an area of 576M of Dam Mawe water pan was completed
- iii. Installation of 5, 10m³ Rain water harvesting tanks was done and they increased storage by 50m³ at Laikipia Ranch (Mutaro Pri), Naguun Pri, Githima Pri, Mithuri Sec, Survey Sec Schools

4. NALEPO WRUA

- i. Installation of 6 Roof Water Harvesting tanks was undertaken in schools and a health centre, Olgira, Oloiborsoit, Ngasakinoi, Olguramaet, Matepesi, Oloiyapasei
- ii. Protection of Rombo and Ol chorro Spring construction with cattle trough was completed.

SCMP development

Through Kenya Water Security and Climate Resilience Project (KWSCRIP) 31no. WRUA SCMPs were also developed.

Compliance to statutory requirements and Material arrears to financial obligations

The Authority has since July 2016, consistently remitted its current tax obligations as they fall due. However, it has an outstanding KRA debt of Kshs 1.368b which was incurred between September 2011 to June 2016. The Authority has sought for support from the Ministry of Water and Sanitation to settle this debt on behalf of the Authority.

Unremitted salary deduction dues include pension contributions of Kshs 536,569,110 SACCO contributions, among others. However, the Authority is currently up to date with the remittances on account of NHIF, HELB and NSSF. The statutory deductions for the current period are being remitted as they fall due.

Major risks and Mitigation

Risk Matrix

s.no	Risk Events	Risk Level	Mitigation Strategy
	Description of the undesirable outcome / potential loss that may impact on operations of the WRA	(L x I)	
1.	Risk of inadequate & Low quality data.	HH	Av & C
2.	Inability to carry out WRA's Mandate effectively due to financial resources constraints.	HH	C
3.	Destruction of Water Resource	MH	C
4.	Water Stress and Conflicts	MH	
5.	Loss of key staff / disruption of operations	MH	C
6.	Cash flow constraints	MH	C

ISO 9001:2015

Actions to address risks and opportunities

WRA has established, documented and implemented a QMS in accordance with the requirements of ISO 9001:2015. The system is maintained and continually improved through the use of the quality policy, quality objectives, audit results, analysis of data, corrective and preventive action, and management review. To design and implement the QMS, WRA has addressed risks and opportunities as determined in accordance with the ISO 9001:2015 requirements.

The WRA top management ensures that risks and opportunities that can affect the conformity of externally provided processes, products and services and ability to enhance customer satisfaction are determined and addressed.

The Authority has considered the internal and external issues relevant to its mandate and strategic direction and the needs and expectations of interested parties and determined the risks and opportunities that need to be addressed.

The Authority has also planned actions to address these risks and integrated them into the QMS processes for implementation.

The actions to address these risks are evaluated periodically for effectiveness.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Social and environmental responsibilities are an integral part of the Authority's practices. The Authority partners with key stakeholders in integrated water resource management activities to deliver its mandate to the public.

We have over the years strived to mainstream environmental conservation in the development of the country so as to ensure the sustainable development. The Authority works with the communities in the areas of catchment protection by undertaking community based livelihoods projects through the WRUAs and also provision of support to alternative livelihood to communities inhabiting catchment areas. This is done largely at the Authority's cost.

WRA undertook the following CSR initiatives

- Roof Water Harvesting - 10,000L Water Tanks Donated to several activities
- Commissioning of Djabias & Roof harvesting tanks
- Sponsoring of the first Lady Marathon
- Catchment Conservation – Tree planting exercises

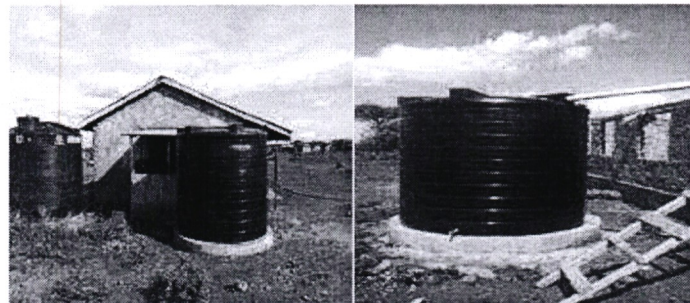
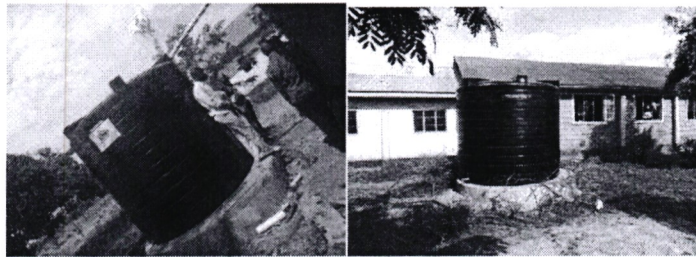
1. 10,000L Roof Water Harvesting Tanks

World Water Day celebrations were held at Mumias Sugar Sports complex in Kakamega County. WRA donated and facilitated the installation of a 10,000 litre water tank to the Ejinja Primary School and area residents in a bid to sensitize the public on ways to exploit nature based solutions through rain water harvesting and storage.



Cabinet Secretary Water and Sanitation Simon Chelugui, Governor-Kakamega County Hon. Wycliffe Oparanya, WRA Chairman. Hon. Joe Mutambo, WRA CEO

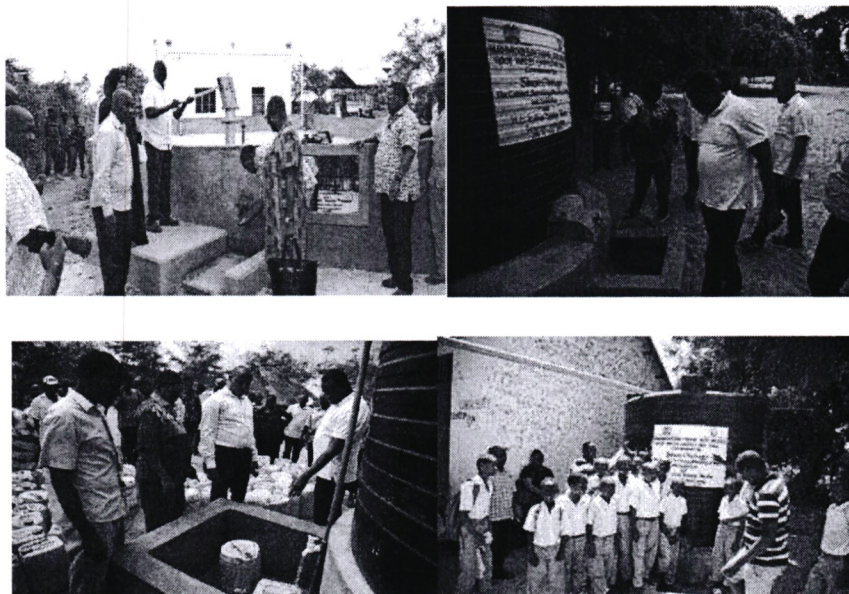
Mohamed Shurie accompanied by delegates during the commission of roof harvesting water tank at Ejinja Primary School



Roof water harvesting tanks at Nalepo dispensary, Matepesi, Ng'asakaino & Olyapasei Primary schools

2. Commissioning of Djabias & Roof Water Harvesting Tanks

WRA intends to highlight the plight of sand dunes destruction caused by the rampant establishment and development of beach resorts within the water catchment area which has adversely affected the dune formation process, natural vegetation cover and water infiltration process. This together with the expanding population has reduced the water catchment size and hence caused reduction of fresh water recharge in the Kenyan Coast.



Water and Sanitation CS Simon Chelugui, accompanied by PS Joseph Irungu, CAS Winnie Guchu, WRA WRA CEO Mohamed Shurie, at the a Djabia commissioning. WRA Chairman Mr. Joe Mutambu and CEO Mr. Mohamed Shurie inspecting a Roof water harvesting tank.

3. WRA participation during the 2nd First Lady Marathon

The First Lady's Half Marathon has been the key conduit for raising funds for Beyond Zero in addition to the current donor base of private foundations and the UN Family. Towards leveraging on the positive impact and mobilisation potential, this marathon has been institutionalized as an annual event to coincide with the International Women's Day Celebration. To date, this event has mobilised nationwide participation of over 100,000 Kenyans. WRA participated by sponsoring a corporate team to participate during the Beyond Zero Marathon.



4. Catchment conservation - tree planting exercise

The Authority in support of catchment conservation initiative through its Regional and Sub-region offices working in collaboration with the National and County Governments, other government agencies, partners, students, Water Resources Users Associations (WRUAs), community members and stakeholders in carrying out tree planting activities. A total of 69,194 indigenous trees were planted.



REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of Water Resources Authority.

Principal activities

The principal activities of the Authority are to regulate water resources management in collaboration with Stakeholders for sustainable development.

Results

The results of the Authority for the year ending June 30th, 2019 are set out on page 1 and the Authority had a deficit of KES 62M compared to last year's deficit of KES 27.9M.

Directors

The members of the Board of Directors who served during the year are shown on page vi..Viii. During the year all former independent directors retired on 2nd October 2018 and a new team was appointed with effect from 8th February 2019.

Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus in the year FY 2018/19, hence no remittance to the Consolidated Fund.

Auditors

The Auditor General is responsible for the statutory audit of *Water Resource Authority* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Janet Olewe-Ochieng
Chief legal officer
Nairobi

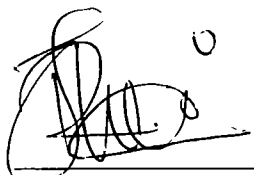
Date:.....

Approval of the financial statements

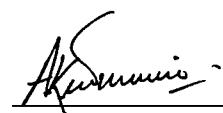
The entity's financial statements were approved by the Board on
2019 and signed on its behalf by:

13th Sept

Director



Director



Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

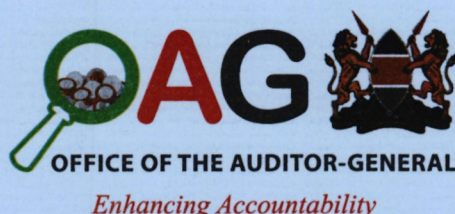
The Directors are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act) – entities should quote applicable legislation as indicated under). The Directors are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2019, and of the entity's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

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

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON WATER RESOURCES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Water Resources Authority set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Water Resources Authority as at 30 June, 2019, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

The statement of financial position as at 30 June, 2019 reflects property, plant and equipment with a net book value of Kshs.358,218,459. However, as reported in prior years, this balance does not include the values of eleven (11) plots of land measuring 23.7296 acres in aggregate without title documents but on which the Authority has put up buildings and other developments. The plots are listed in the Appendix to this report.

Management has indicated that acquisition of the eleven (11) title documents is ongoing. In the absence of title documents, the ownership and completeness of the property, plant and equipment balance totalling Kshs.358,218,459 as at 30 June, 2019 could not be confirmed.

2.0 Receivables from Exchange Transactions

The statement of financial position as at 30 June, 2019 reflects receivables from exchange transactions totalling Kshs.2,382,406,937. Included in this balance are debts totalling Kshs.2,207,962,378 owed to the Authority by various companies and Counties. A large portion of the debts (96%) have been outstanding for periods lasting over nine months.

In addition, the provision for bad debts amounting to Kshs.264,711,882 made by Management as at 30 June, 2019 appears insufficient. Further, examination of debtors records indicated that Management had not adhered to its own debt collection policy which calls for debts to be recovered as and when they fall due, and be stated at nominal value less provisions of 10% and 50% if older than eight (8) to (12) months respectively.

Although Management has made efforts to recover the debts including signing Memorandums of Understanding (MOUs) with the debtors and initiating court proceedings, the efforts have not been successful.

In view of the foregoing, it has not been possible to confirm the recoverability of the receivables from exchange transactions balance totalling Kshs.2,382,406,937 as at 30 June, 2019.

3.0 Non-Remittance of Third-Party Deductions

The statement of financial position as at 30 June, 2019 reflects trade and other payables from exchange transactions totalling Kshs.1,264,317,648. Included in this balance are deductions amounting to Kshs. 401,813,316, Kshs.51,573,038 and Kshs. 627,699,4872 due to Water Resources Authority Pensions Department, Ukulima SACCO and Commissioner of Domestic Taxes respectively.

The deductions were made from employees' salaries for the period 2011-2016 for onward transmission to the named institutions but have remained outstanding with the Authority for several years. Further, the Authority has not made provisions for penalties and interest payable on the unremitted deductions.

Failure to remit the staff deductions is irregular and may cause the Authority to incur unnecessary liability and wasteful expenditure.

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

Key Audit Matters

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

Other Matter

Un-Serviced Long-Term Loan

The statement of financial position as at 30 June, 2019 reflects a long-term loan totalling Kshs.332,394,608. The original loan amounted to Kshs.362,612,300 and was On-Lent to the Authority by the National Government out of proceeds of a World Bank (IDA) credit earmarked for Natural Resources Management Project. However, the balance reflected in the financial statements excludes an amount of Kshs.30,217,691 being unpaid cumulative principal amount due as at 30 June, 2019.

The loan was to be repaid in instalments on various dates commencing March, 2017. According to Management, delays in repayment of the loan resulted from lack of sufficient funds.

In the absence of regular repayments, the loan continues to incur interest and penalty charges that are likely to result in nugatory use of public funds when the outstanding sums are eventually paid.

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND OVERALL 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 to ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance on whether effective processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs

will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the

Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to sustain its services.

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

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

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

17 August, 2021

APPENDIX

Parcels of Land without Ownership Documents

	Land Parcel	Size (Acres)	Location
1	Nanyuki Regional Office	0.2372	Laikipia County
2	Embu Regional Office	9.8842	Embu County
3	Murang'a Sub-Region	2.2289	Murang'a County
4	Kerugoya Sub-Region	0.6375	Kirinyaga County
5	Kitui Sub-Region	0.4843	Kitui
6	Naivasha Sub-Region	0.3321	Nakuru
7	Kapenguria Sub-Region	0.7413	West Pokot
8	Kisumu Region Office	0.6177	Kisumu
9	Mombasa Sub-Region	8.34	Mombasa
10	Siaya Sub-Region	0.1350	Siaya
11	Nanyuki Sub-Region	0.0914	Laikipia
	Total	23.7296	

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018-2019	2017-2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Public Contribution and Donations	6	277,749	6,697,685
Licenses and Permits	7	60,913,558	63,642,240
Transfer from other Governments and agencies	8	695,873,992	780,488,160
		0	
Revenue from exchange transactions		0	
Sale of water and electricity	10	700,761,768	620,993,137
Rendering services	9	27,343,560	33,001,845
Other incomes	11	16,164,808	28,070,520
Total revenue		1,501,335,435	1,532,893,586
Expenses			
Employee costs	12	851,885,592	882,527,016
General expenses	15	248,688,646	267,631,813
Water Resources Management Expense	16	375,113,384	314,021,805
Board Expense	13	15,956,766	17,535,751
Depreciations and Amortization Expense	14	61,619,065	67,062,212
Finance cost	17	10,092,709	12,087,076
Total expenses		1,563,356,162	1,560,865,673
Surplus /(deficit) for the period		(62,020,727)	(27,972,086)

The notes set out on pages 7 to 39 form an integral part of these Financial Statements

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

		2018-2019	2017-2018
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18	139,010,266	363,887,396
Receivables from exchange transactions	19	2,382,406,937	2,294,584,069
Receivables from non-exchange transactions	20	92,911,303	13,914,635
Total Current Assets		2,614,328,506	2,672,386,100
Non-Current Assets			
Property, plant and equipment	21	358,218,459	337,412,827
Intangible assets-software	22	15,316,182	22,962,790
Total Non-Current Assets		373,534,641	360,375,617
Total Assets		2,987,863,146	3,032,761,717
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions- Restated	23	1,264,317,648	1,245,530,906
Deferred income	25	218,186,128	294,628,802
Current portion of borrowing Restated	27	30,217,691	18,130,615
Total Current Liabilities		1,512,721,467	1,558,290,323
Non-current liabilities			
Long Term Loan- Restated	27	332,394,608	344,481,685
Total Liabilities		1,845,116,075	1,902,772,008
General Fund			
Capital Funds	26	198,495,860	123,717,772
Revenue Reserves		944,251,211	1,006,271,937
Total General Funds		1,142,747,071	1,129,989,709
Total Liabilities and General Funds		2,987,863,146	3,032,761,717

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:


CEO WRA
Mahamed M. Shurie


Head of Finance
Protus Salasya
ICPAK Member No:


Chairman of the Board
Hon. Capt. Joe Mutambu

Date 11/06/2020 Date 11/06/2020 Date 11/06/2020

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2019**

	Capital Funds Kshs	Revenue Reserves Kshs	TOTAL Kshs
Balance 01.07.2017	123,717,772	1,034,529,648	1,158,247,420
Adjustments in Reserves		(285,625)	(285,625)
Deficit for the year	-	(27,972,086)	(27,972,086)
Balances 30.06.2018	123,717,772	1,006,271,937	1,129,989,709
Balance 01.07.2018	123,717,772	1,006,271,937	1,129,989,709
Adjustments in Reserves	74,778,088	0	74,778,088
Deficit for the period	-	(62,020,727)	(62,020,727)
Balance as at 30 JUNE 2019	198,495,860	944,251,210	1,142,747,071

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		2018-2019	2017-2018
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations		277,749	6,697,685
Licenses and permits		60,913,558	63,642,240
Transfer from other governments		695,873,992	780,488,160
Sale of water and Electricity		700,761,768	620,993,137
Rendering of services		27,343,560	33,001,845
Other Income		16,164,808	28,070,520
Total Receipts		1,501,335,435	1,532,893,586
Payments			
Employee Costs		851,885,592	882,527,016
General Expenses		248,688,646	267,631,813
Water Resources Management Expenses		375,113,384	314,021,805
Board Expenses		15,956,766	17,535,751
Finance Cost		10,092,709	12,087,076
Total payments		1,501,737,097	1,493,803,461
Net Cash generated from/(used In) Operating Activities		(401,661)	39,090,126
Adjusted for Changes in working capital			
(Increase)/Decrease in Debtors		(87,822,867)	(86,621,691)
Increase/(decrease) in prepayments		(78,996,668)	10,159,030
Increase/(Decrease) in Payables		18,786,741	35,175,130
Increase/(Decrease) in Payables- Deferred income		(76,442,674)	64,110,088
Increase/(decrease) in accounts payables		0	(6,781,702)
Net changes in working capital items		(224,475,469)	16,040,855
Net Cash flows from Operating activities		(224,877,130)	55,130,981
Cash flows from Investing activities			
Purchase of PPE and intangible assets		(74,778,089)	(13,016,669)
Net cash flows used In Investing activities		(74,778,089)	(13,016,669)
Cash flows from financing activities			
Adjustments in reserves		74,778,089	(285,625)
Net cash flows used in financing activities			(285,625)
Other Proceeds			
Net cash generated from/ (used In)		74,778,089	
Increase/(Decrease) in cash and cash equivalents		(224,877,130)	41,828,687
Cash and cash equivalents at 1 st July		363,887,397	322,058,710
Cash and cash equivalents at 30 JUNE 2019		139,010,266	363,887,397

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2018-2019 Kshs	2018-2019 Kshs	2018-2019 Kshs	2018-2019 Kshs	2018-2019 Kshs
Revenue					
Property taxes	0	-	0	0	-
Public contributions and donations	3,000,000	(2,000,000)	1,000,000	277,749	722,251
Fines, penalties and levies	0	0	0	0	0
Licenses and permits	65,000,000	0	65,000,000	60,913,558	4,086,442
Transfer from other government	667,000,000	25,626,526	692,626,526	695,873,992	(3,247,467)
Rendering of services-Misc.	34,100,000	(20,600,000)	13,500,000	27,343,560	(13,843,560)
sale of goods-Water	623,936,525	(40,456,407)	583,480,118	700,761,768	(117,281,650)
Other Income	22,100,000	(4,600,000)	17,500,000	16,164,808	1,335,192
Gains on disposal, rental income and agency fees	0	0	0	0	0
Total income	1,415,136,525	(42,029,881)	1,373,106,644	1,501,335,435	(128,951,042)
Expenses					
Compensation of employees	885,930,253	(30,629,266)	855,300,987	851,885,592	3,415,395
General expenses	165,569,747	(49,260,615)	116,309,132	248,688,646	(132,379,514)
Finance cost	0	0	0	10,092,709	(10,092,709)
Board expenses	15,500,000	(2,140,000)	13,360,000	15,956,766	(2,596,766)
Depreciation and Amortisation	0	0	0	61,619,065	(61,619,065)
Other payments-Water Resource Management	348,136,525	40,000,000	388,136,525	375,113,384	13,023,141
Grants and subsidies paid	0	0	0	0	0
Total expenditure	1,415,136,525	(42,029,881)	1,373,106,644	1,563,356,162	(190,249,518)
Surplus/(Deficit) for the period	0	0	0	(62,020,727)	(62,020,727)

Budget notes.

- i. The difference between the original and final budget was due to budget cuts by the National treasury
- ii. For the item of depreciation and amortization the there was no budget allocation due to limited resources
- iii. For the item of finance cost there was no budget allocation due to limited resources
- iv. For the item on sale of water the revenue collected was based on billings but the budget was based on actual collections.
- v. The item on goods and services was under budgeted due to limited financial resources from the government

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Water Resources Authority is established by and derives its authority and accountability from section 11 of the Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the .

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

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2019**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2019.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of water

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

Interest Income

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

b) Budget Information

The original budget for FY 2018-2019 was approved by the National Assembly on 11th July 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 11th March 2019 on the 2018-2019 budget following the governing body's approval.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

d) Property, plant and equipment

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

Depreciation is calculated on straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

Buildings	10.0%
Water Supply Infrastructure	2.5%
Office Equipment	12.5%
Computers & IT Equipment	33.3%
Motor Vehicles	25.0%
Furniture and Fittings	12.5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

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

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

f) Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Research and development costs (Continued)

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

g) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial Instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

WRA has made provisions for staff gratuity which is based on yearly contributions for staff on contract at the rate of 31% of the basic pay. Subsequent gratuity payment at the end of the contract shall be paid against this provision. At the end of the financial year leave allowance payable for the period shall also be based on the actual leave allowance payable hence a provision of the same amount is provided for.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of revenue reserves and capital funds.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Related parties

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

p) Service concession arrangements

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

q) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

6 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2018-2019	2017-2018
	KShs	KShs
Other Donor Funds	277,749	6,697,685
Total	277,749	6,697,685
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities		

7 Licenses and Permits

Description	2018-2019	2017-2018
	KShs	KShs
Application & Authorization Fee	24,051,931	24,670,009
G/Water Permit Fee	25,366,309	29,013,215
S/Water Permit Fee	11,495,318	9,959,016
Total	60,913,558	63,642,240

8 TRANSFERS FROM OTHER GOVERNMENTS

These are funds received from development GOK through Ministry of water and Sanitation and other state agencies for financing development programmes. The reclassification of GOK recurrent and Development grants from Public contributions and Donations to transfers from Ministries, Departments and agencies caused the reclassification of prior year figures but with no effect on the status of the financial performance and position.

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Recurrent Grants- MoWS	308,182,640	414,999,992
Development Grants- MoWS	300,033,688	278,249,204
KWSCRIP Funds	78,379,990	62,445,257
Water Sector Trust Fund- WSTF	9,277,675	24,793,707
	695,873,993	780,488,160
Conditional grants	0	
Total government grants and subsidies	695,873,993	780,488,160

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8b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Recurrent Grants-MOWS	308,182,640	-	-	308,182,640	414,999,992
Development Grants-MOWS	300,033,688	210,232,057	6,097,260	516,363,004	278,249,204
KWSCRIP Grants	78,379,990	7,954,071		86,334,061	62,445,257
WSTF	9,277,675	-	-	9,277,675	24,793,707
	0				
Total	695,873,993	218,186,128	6,097,260	920,157,380	780,488,160

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Laboratory Service charges	18,568,177	17,663,854
Waste Disposal Charges	8,775,383	15,337,991
Total revenue from the rendering of services	27,343,560	33,001,845

This represents revenue realized from offering laboratory service to clients undertaking water quality testing. Waste disposal charges are given to users of have Effluent discharge permits.

10 SALE OF GOODS

Description	2018-2019	2017-2018
	KShs	KShs
Sale of goods		
S/Water use charges	601,137,049	495,040,436
G/Water use charges	99,624,719	125,952,701
Total revenue from the sale of goods	700,761,768	620,993,137

This represents revenue realized from water use charges.

11 OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Interest Income	5,247,393	3,797,721
Penalties	8,587,751	16,663,463
Data Sales	1,307,450	1,107,396
Other Incomes	1,022,214	1,176,440
Vehicle Disposal	0	5,325,500
Total other income	16,164,808	28,070,520

This are non-regular funds earned from interest on bank balances negotiated with our banks on revenue collection accounts, sale of data and other miscellaneous receipts.

12 EMPLOYEE COSTS

Basic Salaries	540,224,631	555,388,514
House Allowances	133,846,600	138,242,813
Other Allowances	27,704,896	27,086,532
Gratuity & Pension Contribution	84,019,168	84,954,219
Leave Allowance	14,492,053	15,586,492
Commuter Allowance	50,591,000	52,385,400
Payment to Gauge readers	985,250	3,355,460
Transfer Allowances	21,994	5,527,586
Employee costs	851,885,592	882,527,016

13 REMUNERATION OF DIRECTORS

Chairman's Honoraria	282,000	69,950
Board Workshops and Seminars	1,055,968	541,266
Board Travel and Accommodation	8,904,281	9,284,767
Other allowances	5,714,517	7,639,768
Total director emoluments	15,956,766	17,535,751

14 DEPRECIATION AND AMORTIZATION EXPENSE

Property, plant and equipment	53,972,456	57,987,576
Intangible assets	7,646,609	9,074,637
Total depreciation and amortization	61,619,065	67,062,213

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Staff Training Expenses	1,654,200	772,110
Medical Expenses	0	100,000
Motor Vehicle Expenses	14,878,977	19,521,282
Travelling and Accommodation	22,922,501	29,427,770
Conferences and Meetings	69,700	138,100
Telephone & Internet costs	17,507,890	17,257,148
Postal & Courier Services	704,539	1,382,558
Official Entertainment	46,326	234,008
Staff Welfare Expenses	631,629	935,974
Hospitality Costs-Purchase of Coffin	370,460	183,540
Catering Expenses	1,852,788	2,246,481
Advertising Expenses	634,302	1,795,484
Uniform & Clothing	935,300	0
Insurance Costs	92,889,062	84,908,521
Membership Fees and Subscription to Professional Bodies	22,732,943	22,486,800
Legal Dues & Professional Bodies	17,369,779	13,727,284
Show Expenses	15,000	51,725
Office Rent and Rates	19,698,223	26,482,872
Electricity Expenses	2,249,715	2,491,569
Water and Conservancy Expenses	627,211	789,025
General Office Expenses	4,485,928	9,779,732
Computer Stationery & Accessories	5,391,399	8,608,966
Office General Stationery	3,676,320	5,157,293
Publishing and Printing	352,762	881,427
Library Expenses	272,404	411,184
Maintenance of Furniture and Office Equipment	411,918	778,480
Plant & Machinery	3,212,753	2,178,098
Maintenance of Buildings and Stations	229,550	423,537
Minor Alterations & Maintenance works	521,358	1,814,116
Bank Charges & Commissions	996,493	1,764,832
Laboratory & Reagents Supplies	84,120	1,277,265
First aid Kit supplies	5,000	0
Audit fees	1,500,000	0
Provision for bad debts	9,758,096	9,624,632
Total general expenses	248,688,646	267,631,813

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 Water Resources Management Expenditure

Description	2018-2019	2017-2018
	KShs	KShs
Workshop and Seminars	5,003,141	6,188,817
Publicity & Information Dissemination	6,996,092	2,493,990
Regulatory functions	30,133,131	23,673,599
Water abstraction system expenses	17,270,696	6,111,840
WRUA's Establishment and Support	42,254,378	40,602,693
Catchment Management Strategy	2,064,590	6,695,172
Catchment monitoring plan-technical equipment	0	22,672,133
Catchment monitoring plan-other activities	4,836,750	0
Catchment monitoring, Protection, & other water resources mgt measures	181,733,296	124,042,001
Feasibility study and project design	0	111,980
Preventive Water Resources Mgt. Measures	0	400,100
Water Quality Laboratory capacity enhancement	106,475	1,195,302
Roof Catchment Structures	0	36,800
Project Planning and Supervision	228,050	1,668,200
Rehabilitation of Water Monitoring Stations	6,017,995	15,988,590
Livelihood Based Investments	88,800	100,000
KWSCRIP activities	78,379,990	62,040,588
Total	375,113,384	314,021,804

17 FINANCE COSTS

Description	2018-2019	2017-2018
	KShs	KShs
Borrowings (amortized cost)*	10,092,709	12,087,076
Finance leases (amortized cost)		
Unwinding of discount		
Interest on Bank overdrafts		
Interest on loans from commercial banks		
Total finance costs	10,092,709	12,087,076

*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalization as per IPSAS 5: on borrowing costs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 CASH AND CASH EQUIVALENTS

Description	2018-2019	2017-2018
	KShs	KShs
Bank Current accounts	137,182,839	363,823,988
Cash in hand	22,311	63,408
Mpesa	1,805,116	0
Total cash and cash equivalents	139,010,266	363,887,396

18 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
a) Current account			
KCB- Athi Catchment Area-Mombasa	1106580001	139,203	188,922
National Bank of Kenya-HQ Nairobi	0100332099000	42,337,143	83,407,439
KCB-Athi Catchment Area-Machakos-General	1106448626	58,116	90,937
KCB- Athi Catchment Area-Nairobi Sub Region-KWSP	1102550973	339,904	96,810
KCB- Athi Catchment Area-Kibwezi Sub Region-KWSP	1102832561	96,215	210,122
KCB- Athi Catchment Area-Kiambu Sub Region -KWSP	1101981598	341,321	6,820
KCB- Athi Catchment Area-Loitoktok Sub Region-KWSP	1117354792	88,505	25,580
KCB- Athi Catchment Area-Machakos-Revenue	1106233980	2,131,010	1,108,067
KCB-Tana Catchment Area-Embu-General	1102960209	14,189	1,556,245
KCB-Tana Catchment Area-Meru Sub Region-KWSP	1103304062	202,246	108,014
KCB-Tana Catchment Area-Kerugoya Sub Region-KWSP	1104078783	97,422	383,120
KCB-Tana Catchment Area- Kitui Sub Region-KWSP	1121495869	24,617	51,387
KCB-Tana Catchment Area-Murang'a Sub Region-KWSP	1107235472	134,808	16,243
KCB-Tana Catchment Area-Garissa Sub Region-KWSP	1107841909	10,973	4,829
KCB-Ewaso Nyiro Catchment Area-Nanyuki-General	1102964891	506,890	279,689
KCB-Ewaso Nyiro Catchment Area-Nanyuki Sub Region-KWSP	1103189786	152,699	249,506
KCB-Ewaso Nyiro Catchment Area-Mandera Sub Region-KWSP	090-201800656	5,152	2,264
KCB-Ewaso Nyiro Catchment Area-Marsabit Sub Region-KWSP	1102669059	408,052	9,307
KCB-Ewaso Nyiro Catchment Area-Nyahururu Sub Region-KWSP	1102173134	6,480	1,464

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KCB-Ewaso Nyiro Catchment Area-Isiolo Sub Region-KWSP	1107754755	12,207	396,007
NBK-Rift Valley Catchment Area-Nakuru-General	01003020443300	68,601	9,190
KCB-Rift Valley Catchment Area-Nakuru-KWSP	1101853697	2,107,754	2,704
KCB-Rift Valley Catchment Area-Baringo Sub Region-KWSP	11037500909	2,501	70,769
KCB-Rift Valley Catchment Area-Kapenguria Sub Region-KWSP	1106272730	20,127	4,550
KCB-Rift Valley Catchment Area-Narok Sub Region-KWSP	1102025720	40,990	4
KCB-Rift Valley Catchment Area-Lodwar Sub Region-KWSP	1107588286	897	2,434
KCB-Rift Valley Catchment Area-Naivasha Sub Region-KWSP	1105274195	57,839	7,177
KCB-Lake Victoria North Catchment Area-Kakamega-General	1101946644	3,859	56,262
KCB-Lake Victoria North Catchment Area-Siaya SubRegionKWSP	1106904591	19,861	0
KCB-Lake Victoria North Catchment Area-Eldoret Sub-Region KWSP	1107762480	3,484	3,816
KCB-Lake Victoria North Catchment Area-Kitale Sub Region KWSP	1109121865	2,926	16,667
KCB-Lake Victoria South Catchment Area-Kisii Sub Region-KWSP	1102024740	101,162	10,310
KCB-Lake Victoria South Catchment Area-Kisumu Sub Region-KWSP	1103994050	4,508	21,546
KCB-Lake Victoria South Catchment Area-Kericho Sub Region-KWSP	1103619098	89,457	198,498
KCB-Lake Victoria South Catchment Area- Kericho Sub Region-Mamase	1160475474	0	25,978
KCB-General Operations A/C –HQ Nairobi	11366676678	72,232,057	232,049,254
KCB-Revenue A/C –HQ Nairobi	1109066295	8,941,423	21,866,035
NBK-Lake Victoria South Catchment Area- Kisumu – General	0100324733700	4,655	83,019
KCB-Lake Victoria South Catchment Area-Kisumu-Revenue	1104037513	174,475	68,987
KCB-Lake Victoria North Catchment Area-Kakamega-Revenue	1101923040	2,172,387	10,609
KCB-Rift Valley Catchment Area-Nakuru-Revenue	1101852062	1,390,704	85,987
KCB-Ewaso Nyiro Catchment Area-Nanyuki	1103187198	500,033	4,740,617
KCB- Athi Catchment Area Tana Region	1106233980	1,359,983	2,031,005

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		137,182,839	363,823,988
b) Others			
Cash in Hand			
Cash in Hand Head office		752	28,376
Cash in Hand Athi Catchment area		21,559	35,032
cash in hand Total		22,311	63,408
M pesa			
LVNCA		16,000	
LVSCA		8,400	
RVCA		1,603,091	
Tana CA		23,117	
Athi CA		99,088	
HQ		55,420	
Sub- total		1,805,116	0
Grand total		139,010,266	363,887,396

19 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
General Debtors	2,647,118,818	2,549,537,855
Less Provision for bad debts	264,711,882	254,953,785
Total receivables	2,382,406,936	2,294,584,069

20 RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Staff Advances	3,166,482	4,865,691
Deposits	744,821	744,821
Prepayments	89,000,000	8,307,123
	92,911,303	13,917,635

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PROPERTY, PLANT AND EQUIPMENT

FY2017/18

Cost	Buildings		Motor vehicles		Furniture and fittings		Computers		Water Supply Infrastructure		Total	
	Shs		Shs		Shs		Shs		Shs		Shs	
At 1 July 2017		10%		25%		12.5%		33%		2.5%		
Additions	393,706,080		206,324,419		292,868,493		111,102,918		18,477,774		1,022,479,684	
Disposals	0		0		6,620,003		6,396,666		0		13,016,669	
Transfers/adjustments	0		(22,546,024)		0		0		0		(22,546,024)	
At 30 th June 2018	393,706,080		183,778,396		299,488,496		117,499,584		18,477,774		1,012,950,330	
Depreciation and impairment												
At 1 July 2017	132,067,828		203,091,806		211,914,027		91,144,972		1,877,318		640,095,950	
Depreciation												
Charge for the Year	21,133,650		2,912,319		22,580,329		10,921,883		439,395		57,987,576	
Disposals	0		(22,546,024)		0		0		0		(22,546,024)	
At 30 th June 2018	153,201,478		183,458,101		234,494,355		102,066,855		2,316,713		675,537,503	
Net book values												
At 30 th June 2018	240,504,602		320,295		64,994,140		15,432,729		16,161,061		337,412,827	
At 30 th June 2017	261,638,252		3,232,614		80,954,466		19,957,946		16,600,456		382,383,733	

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FY2018/19

Cost	Buildings	Furniture & Fittings and Office Equipment	Motor vehicles	Computers, Printers & IT Equipment	Water Supply Infrastructure	Capital Work In Progress	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
	10%	12.5%	25%	33%	2.5%	0%	
As at 1st July 2018	393,706,080	299,488,496	183,778,396	117,499,584	18,477,774	0	1,012,950,330
adjustments		0	0	0	0		0
Additions	0	17,003,870	5,760,000	37,229,473	14,784,746	0	74,778,089
Disposals/ W/O	0	0	0	0	0	0	0
As at 30 June 2019	393,706,080	316,492,366	189,538,396	154,729,057	33,262,520	0	1,087,728,419
Depreciation							
As at 1st July 2018	153,201,478	234,494,355	183,458,101	102,066,855	2,316,713	0	675,537,503
Adjustments							0
Charge for the year	24,050,461	10,249,750	1,520,074	17,378,526	773,645	0	53,972,456
Disposals	0	0	0		0	0	0
As at 30 June 2019	177,251,939	244,744,105	184,978,175	119,445,381	3,090,358	0	729,509,959
Net Book Value at 30 June 2019	216,454,141	71,748,260	4,560,220	35,283,675	30,172,163	0	358,218,459
Net Book Value at 30 June 2018	240,504,602	64,994,140	320,295	15,432,729	16,161,061	0	337,412,827

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INTANGIBLE ASSETS-SOFTWARE

Cost		
At beginning of the year	97,627,595	97,627,595
Additions	0	0
At end of the year	97,627,595	97,627,595
Additions-internal development	0	0
At end of the year	97,627,595	97,627,595
Amortization and impairment		
At beginning of the year	74,664,805	65,590,168
Amortization	7,646,609	9,074,637
At end of the year	82,311,414	74,664,805
Impairment loss	0	0
At end of the year	0	0
NBV	15,316,181	22,962,790

23 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Long-term loan from NRM for FY2017/18 has been reclassified by 17M which were accumulated interest on loan payable which has been loaded to the loan amount were **reclassified** as trade payable and a current liability hence the change in the trade payable figure for the same period. Accrued liabilities are as a result of staff leave allowance payable and gratuity payable.

Trade Creditors-	1,235,478,692	1,228,792,619
Accrued Expenses	28,838,956	16,735,039
Overdrawn Bank accounts	0	3,248
Total trade and other payables	1,264,317,648	1,245,530,906

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 CURRENT PROVISIONS

This are payables originating from leave allowance and gratuity payable for the period. Gratuity is payable after the contract period but provided for at the end of financial year while leave allowance is a paid at close of the financial year but in most cases after the year-end hence provided for.

Description	Leave provision	Gratuity provision	Total
	KShs	KShs	KShs
Balance b/d (1.07.2018)	9,183,875	7,551,164	16,735,039
Additional Provisions	14,492,053	9,124,764	23,616,818
Provision utilised	(8,867,072)	(2,645,829)	(11,512,901)
Change due to discount and time value for money	-		
Transfers from non -current provisions			
Total provisions as at 30.6.2019	14,808,856	14,030,100	28,838,956

25 DEFERRED INCOME

Description	2018-2019	2017-2018
	KShs	KShs
National government	210,232,057	280,363,004
Transfers from other Governments- KWSCR	7,954,071	14,265,798
Public contributions and donations	0	0
Total deferred income	218,186,128	294,628,802

The deferred income movement is as follows:

	National government	GOK- KWSCR	Total
Balance brought forward	280,363,004	14,265,798	294,628,802
Additions	236,363,820	72,068,263	308,068,263
Transfers to Capital fund	6,097,260	0	6,097,260
Transfers to income statement	300,397,507	78,379,990	378,413,677
Other transfers	0	0	-
Balance carried forward	210,232,057	7,954,071	218,186,128

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 CAPITAL FUNDS

This represents capital funds and assets given to the Authority by development partners, namely GTZ, AWF, SIDA/DANIDA under Water Sector Reform Programme and the Kenya Water and Sanitation Programme and KWSCRCP respectively.

Description	2018-2019	2017-2018
	Kshs	Kshs
Capital Assets Transfer-GOK	23,857,702	17,760,443
GTZ	4,053,315	4,053,315
Kenya Water and Sanitation Programme	35,349,589	35,349,589
AWF	770,000	770,000
MTAP Fund	50,000,000	50,000,000
KWSCRCP	78,705,254	15,784,425
LAY Volunteers	5,760,000	
Total	198,495,860	123,717,772

During the financial year 2018/19 WRA capital funds increased by Kshs, 74,778,089. This was as a result of donated assets from KWSCRCP – Kenya water security and climate resilience Project of kshs 62,920,829, LVIA; Lay volunteers international Association of kshs 5,760.00 and capitalized development funds that were used in the purchase of fixed assets amounting to kshs 6,097,000.

27 BORROWINGS

Balance at beginning of the period	362,612,300	362,612,300
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the period	0	0
Repayments of domestics borrowings during the period	0	0
Balance at end of the period	362,612,300	362,612,300

Long-term loan from NRM for FY2017/18 has been reclassified by 17M which were accumulated interest on loan payable which has been loaded to the loan amount. The same amount was added to trade payables as current liability. Further the principal amount has been split into two parts; current principal payable as a current liability and long term borrowing due,

The analyses of both external and domestic borrowings are as follows:

Short term borrowings(current portion)	30,217,692	18,130,615
Long term borrowings	332,394,608	344,481,685
Total	362,612,300	362,612,300

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28 CASH GENERATED FROM OPERATIONS

	2018-2019	2017-2018
	KShs	KShs
Surplus for the year before tax	(62,020,727)	(27,972,086)
Adjusted for:		
Depreciation	61,619,065	67,062,212
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables	-87,822,867	-86,621,691
Increase in deferred income	-76,996,668	64,110,088
Increase in payables	18,786,741	28,393,428
Increase in payments received in advance	-78,996,668	10,159,030
Net cash flow from operating activities	-224,475,469	55,130,981

29 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

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

At 30 June 2019				
Receivables from exchange transactions	2,382,406,937	0	0	0
Receivables from non exchange transactions	92,911,303	92,911,303	0	0
Bank balances	139,010,266	139,010,266	0	0
Total	2,614,365,506	0		
At 30 June 2018		0		
Receivables from exchange transactions	2,294,584,069	0		
Receivables from non exchange transactions	13,914,635	0		
Bank balances	363,887,396	0		
Total	2,672,386,100	231,958,569		

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from water sector institutions.

The board of directors sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month	Between 1 - 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables			1,233,014,489	1,233,014,489
Current portion of borrowings			30,217,692	30,217,692
Provisions				0
Deferred income	218,186,128			218,528,391
Employee benefit obligation				0
Total	218,186,128	-	1,263,232,181	1,512,721,467
At 30 June 2018				
Trade payables			1,245,530,906	1,245,530,906
Current portion of borrowings			18,130,615	18,130,615
Provisions				0
Deferred income	294,628,802			294,628,802
Employee benefit obligation				0
Total	294,628,802	-	1,263,661,521	1,558,290,323

(iii) Market risk

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

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

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

Revaluation reserve	0	0
Retained earnings	944,382,468	1,006,271,937
Capital reserve	198,495,860	123,717,772
	0	0
Total funds	1,142,878,328	1,129,989,709
Total borrowings	362,612,300	362,612,300
Less: cash and bank balances	-139,010,266	-363,887,396
Net debt/(excess cash and cash equivalents)	223,602,034	-1,275,096
Gearing	19.6%	-0.1%

30 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

	2018-2019	2017-2018
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods		
Sales of services		
Total		
b) Grants from the Government		
Grants from National Govt	695,873,993	780,488,160
Grants from County Government	0	0
Donations in kind	74,778,088	0
Total	770,652,081	780,488,160
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments	15,956,766	17,535,751
Compensation to the CEO	4,560,000	4,560,000
Compensation to key management	7,262,400	7,262,400
Total	27,779,166	29,358,151

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

S/No	File-Ref.	Particulars	Brief Facts	Contingent Liability FY 2018/19
1.	WRA/4/106	HCCC NO. 754 OF 2012 Juanco Contech Ltd vs. WRMA	Suit alleging breach of contract by WRMA in failing to pay fully for construction works of certain office premises.	Kshs. 26,213,025.83
2.	WRMA/HQ/LA/1/12/1/1	Nairobi JR No 69 Of 2014: WRMA V Commissioner For Co-Operative Development & Another	The Commissioner of Cooperative's irregularly issued Agency Notices freezing all the Bank Accounts operated by the Authority on the alleged grounds that the Sacco dues belonging to Ukulima Sacco had not been paid. Upon the Authority's instructions, we moved to court and obtained orders staying the operation of the Agency Notices. Suit withdrawn.	Outstanding arrears of Kshs.34,112,444 to Ukulima Sacco and half of the costs incurred by Ukulima Sacco in the case once assessed by court. (this can be estimated at Kshs.750,000)
3.	WRA/4/32	HCCC No. 319 of 2013 WRMA VS. Nairobi City Water & Sewerage Company	Claim for Water Use Charges	Legal fees of Kshs. 26,341,423.00
4.	WRA/4/137	Nairobi CMCC 8241 of 2018: Optace Limited vs. WRA & Others.	Suit alleging breach of contract by WRA in failing to pay fully for items ordered for and not paid for under an LSO.	Kshs. 1,624,232.00
5.	WRA/4/87	CHR No. 11 of 2018: Superior Homes PLC vs. WRA	Claim for lifting of WRA Order for demolition of 8 houses falling within riparian reserve of Stony Athi River	Although the Petitioner seeks an award of Kshs 466, 955, 673.00 in special damages, this is not likely to be awarded since a claim for special damages must be specifically pleaded in court Pleadings and strictly proved.

32 DIVIDENDS/SURPLUS REMISSION

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

33 EVENTS AFTER THE REPORTING PERIOD

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

34 ULTIMATE AND HOLDING ENTITY

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

35 Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

1. Property Plant and Equipment Kshs 337,412,827	The Authority's financial statements reflect Property, Plant and Equipment with a net book value of Kshs. 337,412,827, as disclosed in note 14. However, as reported in prior years, this does not include the unknown value of twelve (12) parcels of land totaling 24.4709 acres, on which the Authority has constructed buildings and other developments. Further, these parcels of land which are located in various Counties do not have ownership documents.	<i>We concur with the observation that we have unvalued parcels of land across the country on which Water Resources Authority has put various developments is excluded from property, plants and equipment. Currently land for most of the offices has been demarcated and fenced off and ownership acquisition process is ongoing at county physical planning offices. In Machakos the Authority has received a lease certificate.</i>	CAO/ CEO	On going	
2. Cash and Cash Equivalents - Long Outstanding Reconciling Items	The financial statements reflect cash and cash equivalents totaling Kshs. 363,887,396, as disclosed in note 16. Included in these are balances held in various Kenya Commercial Bank (KCB) accounts, with reconciling items which have been outstanding for periods of more	<i>The above concerns have been noted. All the above relate to revenue collection bank accounts which have been posing challenges in reconciliations. In most cases, these are direct deposits in the bank that have not been receipted due to delay in</i>	Chief Commercial officer		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	It is not clear why management has not investigated the causes of the long outstanding reconciling items and subsequently clear them from the bank reconciliation statements. Consequently, cash and cash equivalents figure reflected in the financial statement may not be representative of the actual cash position of the Authority	by customer hence appearing as receipts in bank and not in cashbook. Management has instituted a further analysis for the reconciling entries and has since reconciled the outstanding items.			
3. Receivables from Exchange Transactions	The financial statements of the Authority reflect receivables from exchange transactions amounting to Kshs. 2,294,584,069, as disclosed in note 17. Included in this balance is Kshs. 2,207,962,378 (96%) relating to amounts owed to the Authority by various companies and counties for periods of over nine months and whose recoverability is in doubt. Our assessment is that the provision for bad debts of Kshs. 254,953,785 is inadequate for the growing long outstanding debt portfolio. Further, management has not adhered to its	The above observations have been noted. WRA has struggled in debt collection since it has a lot of interest in the funding its operations. Much effort has been put in place in order to ensure that revenue collection is enhanced. The authority has entered into Mous with most debtors and in some cases has had to undertake court battles with the debtors. Commercial Department has already come up with a draft credit policy which is awaiting validation before approval	Chief commercial officer/FAM		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	which, debts should be recovered as and when they fall due, and, outstanding debts should be stated at nominal value less provisions of 10% and 50% for debts older than 8 and 12 months, respectively. According to management, efforts to recover the amounts, including signing Memorandum of Understanding (MOU) with the debtors and court processes, have been made. However, the outstanding receivables, out of which 96% have been outstanding for periods of over nine months, are considered significant when compared with the Authority's operations and failure to recover them may adversely affect operations of the Authority. Consequently, it has not been possible to confirm the recoverability of the receivables from exchange transaction amount of Kshs. 2,207,962,378.	that are under development A Credit committee has also been established and tasked with reviewing of debt settlement agreements, disputes resolution of water use bills and enforcement of disconnection orders.			
Other					

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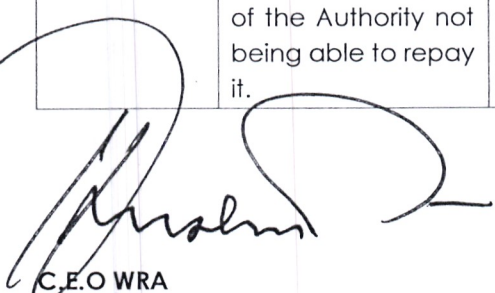
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Non Remittance of Third Party Deductions	The financial statements of the Authority reflect trade and other payables from exchange transactions amounting to Kshs. 1,228,397,476, as disclosed in note 20. Included in this figure Kshs. 1,081,085,840 relating to amounts owed to three institutions; Pensions, UKulima and KRA. The above relates to amounts deducted from employees' salaries, for subsequent remission to the respective institutions. These amounts have remained outstanding for durations beyond the stipulated period. In letter ref. WD/3/3/1405(13) of 27 April 2017, the Principal Secretary undertook to remit Kshs.10 million to Kenya Revenue Authority (KRA) every month until the outstanding was fully paid. However, no evidence of remission has been availed for audit verification. Further, the Authority has not made any provision for penalties and	The above concerns have been noted. WRA management has undertaken measures to ensure that all staff Payroll deductions are remitted on time for period under audit 2017/18. Current salaries and other payroll by products are being settled on time and none is in arrears. The arrears relates to the period 2011- 2016 and management has made strides in settling theses debts by writing various requisitions for support from the parent ministry and the National treasury. The management has also prepared a cabinet memo requesting for improved funding to WRA in order to settle these debts and properly undertake its mandate.			

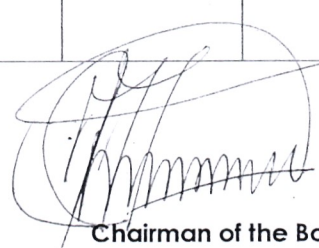
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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	to remit the deduction to the relevant authorities on time.				
2. Un-Serviced Long Term Loan	The financial statements of the Authority reflect a long term loan of Kshs. 379,745,730, as disclosed in note 21. This loan is on-lent from the Government of Kenya out of proceeds of a World Bank (IDA) credit and was earmarked for the Natural Resources Management Project. According to the terms, the loan was to be repaid on various effective dates commencing May 2017. However, the above loan balance includes Kshs. 17,133,430 which relates to interest and penalties arising from non-payment of both principal and interest on due dates. According to management, the Authority does not have the capacity to repay the loan due to inadequate funding levels. This loan, which is not	The above observations have been noted. WRA endeavors to comply with the subsidiary loan agreement and being a non-commercial government agency, it has written to the PS Ministry of Water and Sanitary and the investment secretary informing them of the inability to pay and requesting them for the financial support in repayment or waiver of the same facility. For the institution has included in its budget a loan repayment item but due to rationalization, funding to WRA has been drastically been reduced Making it difficult for it to access funds to fully operationalize and undertake its mandate.			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	accumulate interest and penalties, and this may result to risk of the Authority not being able to repay it.				


C.E.O WRA


Chairman of the Board

Date.....

11/6/2020

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Kenya Water Security and Climate Resilience Project is World Bank funded project implemented by the ministry of water and sanitation. WRA is one of the executing agencies of the project and has project implementation unit within its workforce reporting both to Project management unit of the ministry of water and Sanitation and WRA. The project accounting is done at the PMU and the audit of the same done there with reviews done at various implementing agencies.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Kenya Water Security And climate Resilience	World Bank	5yrs	3.45 Billion	Yes	Yes

Status of Projects completion

The project total cost is 3,45billion but WRA currently has been allocated 160Million since there are various state agencies. Apart from KWSCR projects funding directly to WRA. Most of the project deliverables of hydromet modernization, basin planning and institutional strengthening are ongoing and currently at 60% from completion.

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kenya Water Security And climate Resilience	3.45 Billion	160.556,196	60%	374,754,500	160.556,196	World Bank

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		Water Resources Authority		
Break down of Transfers from the State Department of Water				
FY 2018/2019				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		06/09/018	26,416,667	18/19
		10/09/18	26,416,667	18/19
		03/10/18	26,416,667	18/19
		02/11/18	25,883,333	18/19
		03/12/18	25,888,333	18/19
		25/1/19	25,888,333	18/19
		13/02/19	25,888,333	18/19
		05/03/19	25,888,333	18/19
		05/04/19	25,888,333	18/19
		20/05/19	33,110,556	18/19
		04/6/19	19,902,223	18/19
		28/06/19	19,902,222	18/19
		Total	307,490,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		17/10/2018	49,000,000	18/19
		28/12/2018	49,000,000	18/19
		25/06/2019	49,000,000	18/19
		04/07/2019	89,000,000	18/19
		Total	236,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total		
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	KWSCRIP	11/03/2019	72,068,263	18/19
	WDC	14/08/2018	1,500,000	18/19
		26/09/2018	557,556	18/19
		20/12/2018	644,749	18/19
		24/12/2018	193,500	18/19
		08/03/2019	558,825	18/19
		11/04/19	724,050	18/19
		06/06/2019	762,325	18/19
		25/06/2019	2,574,318	18/19
		27/06/2019	1,387,351	18/19
		28/06/2019	375,000	18/19
		Total	9,277,675	18/19

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

Finance Manager
Water Resources Authority

Head of Accounting Unit
Ministry of Water and Sanitation

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Develop- ment/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receiva- bles	Others - must be specific- Opening deferred income	
Ministry of Water and Sanitation	308,182,640	Recurrent	308,182,640	308,182,640	-	-	-	-	308,182,640
Ministry of Water and Sanitation	236,000,000	Development	236,000,000	300,033,687	6,097,260	210,232,057	-	(280,363,004)	236,000,000
KWSCR	72,068,236	Development	72,068,236	78,379,990	-	7,954,071	-	(14,265,798)	72,068,263
WDC	9,277,675	Development	9,277,675	9,277,675	-	-	-	-	9,277,675
Total	625,528,551		625,528,551	695,873,992	6,097,260	218,186,128	-	(294,628,802)	625,528,578