

REPUBLIC OF KENYA



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REPORT

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CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

KENYA WATER INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2025**



KENYA WATER INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30TH JUNE, 2025

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

Kenya Water Institute
Annual Report and Financial Statements
for the year ended June 30, 2025.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

KEWI	Kenya Water Institute
SAGA	Semi-Autonomous Government Agency
CEO	Chief Executive Officer
PAYE	Pay As You Earn
AHL	Affordable Housing Levy
AIA	Appropriation-in-Aid
KEWATRI	Kenya Water Teaching and Research Institute
NRW	Non-Revenue Water
TVETA	Technical and Vocational Education and Training Authority
CBET	Competency-Based Education and Training
RPL	Recognition of Prior Learning
CSR	Corporate Social Responsibility
IPSAS	International Public Sector Accounting Standards
PFM ACT	Public Finance Management Act, 2012
WIP	Work in Progress
ICPAK	Institute of Certified Public Accountants of Kenya
ERP	Enterprise Resource Planning
KRA	Kenya Revenue Authority
PRN	Payment Registration Number
KPLC	Kenya Power & Lighting Company

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

a) Background Information

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

b) Principal Activities

Vision

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

Mission

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

Core objectives

The objectives of the Institute are:

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

c) Key Management

Kenya Water Institute's day-to-day management is under the following key organs:

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No.	Designation	Name
1.	Chairperson Governing Council	Hon. Patrick Musila Mbangula
2.	Alternate Member – Governing Council	Dr. Eunice M'Mboga
3.	Alternate Member – Governing Council	Dr. Nancy Koech
4.	Independent Member – Governing Council	Ms. Jane M. Nyoko
5.	Independent Member – Governing Council	Dr. Reuben Kiptoo Sigei
6.	Independent Member – Governing Council	Mr. Wilson Kipkazi
7.	Independent Member – Governing Council	Mr. Solomon Kiptarbei Maritim
8.	Independent Member – Governing Council	Ms. Fridah Gacheri Kimaita
9.	Director/CEO	Dr. Leiro Letangule, E.B.S.
10.	Deputy Director Research, Consultancy & Training Services	Mr. Nelson Kwamini
11.	Deputy Director Academic Affairs	Mr. Eric Wamiti
12.	Deputy Director Corporate Services	Dr. Kimeli M. Chirchir
13.	Ag. Corporation Secretary	Mr. Brian Wanyonyi Wechabe

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director/CEO	Dr. Leiro Letangule, E.B.S
2.	Deputy Director Research, Consultancy & Training Services	Mr. Nelson Kwamini
3.	Deputy Director Academic Affairs	Mr. Eric Wamiti
4.	Deputy Director Corporate Services	Dr. Kimeli M. Chirchir
5.	Manager, Finance and Accounts	Mr. Elvis Songa
6.	Principal Supply Chain Management Officer	Mr. Peter Maina
7.	Manager, Internal Audit and Risk Assurance	Mr. Muhumed Shurie
8.	Ag. Manager, Human Resources Management and Administration	Ms. Dar Nyanchoka
9.	Ag. Principal Kitui Campus	Mr. Elkanah Kaburi
10.	Principal Kisumu Campus	Dr. Emily Chepkoech
11.	Principal Chiakariga Campus	Eng. Justus Wersongur

e) Fiduciary Oversight Arrangements

KEWI's oversight responsibility is vested in the:

- 1) Governing Council which had 9 members
- 2) Audit and Risk Committee which had 4 members
- 3) Academic, Research and Development Committee which had 3 members
- 4) Corporate Services Committee which had 3 members
- 5) Project Implementation Committee which had 3 members
- 6) Independent Internal Audit Function
- 7) Parliamentary Committee on Water, Irrigation and Blue Economy
- 8) Public Investments Committee

f) Entity Headquarters

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

g) Entity Contacts

Tel: 0722-207757

Email: inquiries@kewi.or.ke

info@kewi.or.ke

Website: www.kewi.or.ke

h) Entity Bankers

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

i) Independent Auditors

Auditor General,
Office of the Auditor General,



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Anniversary Towers, University Way,
P.O. Box 30084,
GPO 00100,
Nairobi, Kenya.



j) Principal Legal Adviser



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

3. The Governing Council



Ref.	Directors	Details
1.	 <p data-bbox="268 860 671 898">Hon. Patrick Musila Mbangula</p>	<p data-bbox="943 427 1487 927">Hon. Patrick Musila Mbangula was born in 1979. He is a valuer by profession and served as the Member of County Assembly for Mathare Ward and Deputy Minority Leader from 2017-2022. Among his achievements are starting Old Mathare Secondary School thereby increasing the transition rate of students from primary to secondary and spearheading the opening of a vocational training center in Hospital Ward to assist youth access technical training.</p> <p data-bbox="943 978 1487 1386">He has also served as the Chairperson of the Governing Council for Athi Water Works Development Agency. During his tenure, he initiated bulk water supply arrangement by leading the Institution to acquire relevant licences and fast tracked the completion of two major water works (Karimenu Dam and Northern Collector Tunnel) which provide water to Nairobi and Kiambu Counties.</p> <p data-bbox="943 1438 1487 1514">He joined the Governing Council on 7th August, 2023 as the Chairperson.</p>
2.	 <p data-bbox="264 1939 916 2058">Dr. Eunice M'Mboga Ph.D. in Business Administration (Strategic Management)</p>	<p data-bbox="943 1525 1487 1899">Dr. Eunice M'Mboga was born in 1968. She holds a Ph.D. in Business Administration (Strategic Management), an MBA in Strategic Management, a Bachelor of Business Administration (Human Resource Management option), a Higher National Diploma in Human Resource Management and a Diploma in Personnel Management.</p> <p data-bbox="943 1951 1487 2027">She is a holder of Corporate Governance, Senior Management Course (SMC) and</p>


		<p>Strategic Leadership and Development Program (SLDP). She is a practicing member of the Institute of Human Resource Management and a full member of IHRM. She joined the Governing Council on 3rd May, 2023 as the representative of the Principal Secretary of the National Treasury.</p>
3.	 <p>Dr. Nancy Koech Ph.D. in Integrated Water Resources Management</p>	<p>Dr. Nancy Koech was born in 1983. She holds a Ph.D. in Integrated Water Resources Management, an MSc. in Water Science Engineering and a BSc. in Water and Environmental Engineering.</p> <p>Her professional experience in the water sector spans over 12 years. She provides consultancy on the formulation of flood and drought mitigation strategies for flood and drought prone parts in Kenya, analysis of hydrological extremes among other services. She is currently the acting Deputy Director, Trans-boundary Water Resources Department in the Ministry of Water, Sanitation and Irrigation (MWSI).</p> <p>She has several publications under her name in peer reviewed journals.</p> <p>She joined the Governing Council on 24th July, 2023 as the representative of the Principal Secretary of the Ministry of Water, Sanitation and Irrigation.</p>

<p>4.</p>	 <p>Jane M. Nyoko Diploma in Counseling Psychology</p>	<p>Ms. Jane Muthoni Nyoko is the Managing Director, Richu Hardware and a seasoned motivational speaker. She has served as a member of the Kabete NGCDF Committee, Kabete CRC Committee (KERRA) and is also a Director DIMKES Sacco.</p> <p>She holds a Diploma in Counseling Psychology from the University of Nairobi, a Diploma in Hospitality Management from the Kiambu Institute of Hotels and Catering as well as a Certificate in Graphic Arts from the The Kenya Polytechnic.</p> <p>She joined the board on 8th September 2023 as an independent director and chairs the Project Implementation and Development Committee.</p>
<p>5.</p>	 <p>Dr. Reuben Kiptoo Sigei Bachelor of Pharmacy</p>	<p>Dr. Reuben Kiptoo Sigei was born in 1967. He is a pharmaceutical industry professional with wide-ranging experience in Kenya and the African region. He works with Ethypharm, UK as the Regional Manager, Northern Sub-Saharan Africa and has previously worked for Missionpharma A/S, Autosterile (EA) Limited among others.</p> <p>He holds a Bachelor's degree in Pharmacy from the University of Nairobi and is pursuing a Master's degree program in Health Economics. In addition, he has undertaken training in pharmacovigilance at India's Institute of Health Sciences Training as well as in business management and corporate governance. He is licensed to practice pharmacy by the Pharmacy and Poisons Board of Kenya and is an active member of the Pharmaceutical Society of Kenya.</p>

		<p>He joined the board on 8th September 2023 as an independent director and chairs the Corporate Services Committee.</p>
<p>6.</p>	 <p>Wilson Kipkazi BA (Hons) Development Studies</p>	<p>Mr. Wilson Kipkazi was born in 1965. He is the immediate former Chairman of the NGO Council as well as the former Executive Director of Endorois Welfare Council-Kenya. He has also served as a Director at the Kenya National Chamber of Commerce and Industry (KNCCI) where he was tasked to implement programmes, disseminate business policy and evaluate their impacts at the grass-roots level.</p> <p>He has wide experience in the fields of conflict management and peace building, resource mobilization and fund-raising as well as corporate governance having served in several boards and commissions and as a trainer/consultant.</p> <p>He rejoined the board on 24th November 2023 as an independent director representing the NGO Council. He chairs the Academic and Research Committee.</p>
<p>7.</p>	 <p>Solomon Kiptarbei Maritim Bachelor of Business and Economics</p>	<p>Mr. Solomon Kiptarbei Maritim was born in 1987.</p> <p>He is the former CEO for Skids 2010 Limited and has worked as an accountant for DL Koisagat as well as Danian Education Centre. He has also been the auditor for Solid Rock and previously served the County Council of Wareng in the Accounts Department.</p> <p>He has extensive experience in Performance Management, Management and Supervisory Skills Development and</p>

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		<p>has qualifications in Performance Based Roads Maintenance Contracts.</p> <p>He joined the board on 7th November 2023 as an independent director and chairs the Audit and Risk Committee.</p>
8.	 <p>Fridah Gacheri Kimaita MSc. in Organisational Development, M.Ed. in Education Leadership & Educational Management</p>	<p>Ms. Fridah Gacheri Kimaita is the Director and CEO of Lassyncy Holding Ltd a position she has held from 2016 to date. She has previously worked as a Territory Manager and Marketing & Communication Executive at Rubis Energy Kenya (previously Gulf Energy Ltd) where she successfully oversaw the retail chain covering 90 stations in Coast, Eastern and Central Kenya with over 500 staff. She has also worked at Kenya Methodist University and Mt. Kenya University.</p> <p>She joined the board on 26th January 2024 as an independent director.</p>
9.	 <p>Dr. Leiro Letangule, Ph.D., E.B.S. Ph.D. in Business Administration (Strategic Management)</p>	<p>Dr. Solomon Leiro Letangule was born in 1985. He is the Director/Chief Executive Officer of Kenya Water Institute (KEWI). He joined the Institute in February 2023 from the Kenya School of Government (KSG) where he provided distinctive leadership as the Director of KSG Baringo Campus.</p> <p>He is an accomplished Business Strategy and Change Management Professional with experience in both the public and private sectors. Before joining KSG, he worked with public institutions such as the Judiciary, Ministry of Foreign Affairs</p>

		<p>and the then Ministry of Home Affairs. He has been instrumental in setting up effective business strategies and management systems.</p> <p>Dr. Letangule has published in internationally recognized journals</p> <p>He holds a Ph.D. in Business Administration (Strategic Management), Masters degree in Management and Leadership, an MBA (Strategic Management) and a BA.</p>
10.	 <p>Brian Wechabe Bachelor of Laws (LL. B.), Dipl. (Kenya School of Law)</p>	<p>Mr. Brian Wechabe was born in 1994. He is an Advocate of the High Court of Kenya and is currently the Acting Corporation Secretary having joined the institute on 28th August, 2023. He is the lead supervisor of the Legal Research Team in the <u>African Mining Legislation Atlas (AMLA)</u>; executed by the African Legal Support Facility (ALSF) and the African Natural Resources Centre (ECNR) of the Africa Development Bank. Previously he has been involved in project conceptualization and research on the Ford Foundation Project on ‘Advancing Capacity and Access to Justice in Kenya’s Extractives Sector’.</p> <p>He published his honors thesis ‘Refugee Protection in Kenya: an analysis of the effectiveness of the Refugee Act of 2006 in the protection of refugee rights.’ from the Department of Law, Kabarak University.</p> <p>He holds a Diploma in Laws from the Kenya School of Law, a Bachelor of Laws (LL. B.), and is registered as a Certified</p>




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		Public Secretary with the Institute of Certified Secretaries.
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4. Management Team

Management Team Members	Designation
 <p>Dr. Leiro Letangule, Ph.D., E.B.S. Ph.D. in Business Administration (Strategic Management)</p>	<p>Dr. Leiro Letangule is the Director/CEO of Kenya Water Institute. He has been serving as the Director/CEO of the Institute from 21st February, 2023 to date.</p>
 <p>Eric Wamiti MSc in Social Statistics, PG Certificate in Spatial Modelling for Integrated Water Resources Management</p>	<p>Mr. Eric Wamiti is the Deputy Director Academic Affairs. He has been serving as the Deputy Director Academic Affairs in the Institute from 20th March, 2023 to date.</p>
	<p>Mr. Nelson Kwamini is the Deputy Director Research, Consultancy & Technical Services. He has been serving as the Deputy Director Research, Consultancy & Technical Services of the Institute from 3rd August, 2023 to date.</p>

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<p>Nelson Kwamini MBA in Strategic Management</p>	
 <p>Dr Kimeli M. Chirchir Ph.D in Business Administration and Management, CHRP, MIHRM</p>	<p>Dr Kimeli M. Chirchir is the Deputy Director Corporate Services. He has been serving as the Deputy Director Corporate Services of the Institute from 7th August, 2023 to date.</p>
 <p>Elvis M. Songa MBA (Finance), CPA (K), CCP(K)</p>	<p>Mr. Elvis M. Songa is the Manager Finance and Accounts. He has been serving as the Manager Finance and Accounts from 4th September, 2023 to date.</p>
 <p>Peter Maina MSc. (Procurement and Contract Management), CPSP (K)</p>	<p>Mr. Peter Maina is the Principal Supply Chain Management Officer. He has been serving as the Principal Supply Chain Management Officer from 21st August, 2023.</p>

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Muhumed Buthul Shurie
MBA in Finance, CPA(K)

Mr. Muhumed Buthul Shurie is the Manager Internal Audit and Risk Assurance.
He has been serving as the Manager Internal Audit and Risk Assurance of the Institute from 15th August, 2023.



Brian Wanyonyi Wechabe
Dipl. (Kenya School of Law), Bachelor of Laws (LL. B.)




Mr Brian Wanyonyi Wechabe is the Ag. Corporation Secretary.
He has been serving as the Acting Corporation Secretary of the Institute from 28th August, 2023.



Dar Nyanchoka
MBA in Strategic Management

Ms. Dar Nyanchoka is the Ag. Manager Human Resource Management and Administration.
She has been serving as the Ag. Manager Human Resource Management and Administration since 29th March 2024.

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 <p>Elkanah Kaburi BSc. in Electrical Engineering</p>	<p>Mr. Elkanah Kaburi is the Ag Principal – Kitui Campus. He has been serving as the Ag. Principal Kitui Campus since 2nd April 2024.</p>
 <p>Eng. Justus Wersongur MSc. in Water Resources Engineering</p>	<p>Ag. Principal – Chiakariga Campus He has been serving as the Ag. Principal Chiakariga Campus since 21st March 2025.</p>
 <p>Dr. Emily Chepkoech Ph.D. in Educational Management & Policy Studies</p>	<p>Dr. Emily Chepkoech is the Principal – Kisumu Campus. She has been serving as the Principal Kisumu Campus since 7th August 2023.</p>

5. Chairperson's Statement

It gives me great pleasure to present to you the Kenya Water Institute Report and Financial Statements for the Financial Year 2024/2025. KEWI strives to be a world class leader in Training, Research, Consultancy and Outreach Services. This will be achieved through a deliberately well-planned, carefully and transparently executed investment in Human Resource, teaching and learning systems and well-developed physical facilities for both learners and trainers.

During the financial year 2024/2025, the Institute graduated 1284 students in various diploma, certificate and artisan courses. This forms a critical mass of well-trained water technicians that are critical to support the attainment of Government's BETA agenda, Kenya's Vision 2030 and Africa Agenda 2063. The Institute has modernized the teaching facilities by acquiring state of the art laboratory and workshop equipment. This will ensure that the students are properly trained in the new CBET curriculum.

The Institute secured funding to modernize the training facilities and to complete the construction of the Irrigation Block at the Chiakariga Campus. The facility was completed and is now in use. It is envisaged that the school will enhance training for irrigation practitioners for the Country and the region. It is further envisaged that these two major activities will enhance research activities in the sector and create a platform for knowledge sharing, especially on modern techniques of irrigation.

During the financial year, the Institute reached a significant milestone by attaining ISO 9001: 2015 Certification, a globally recognized standard for quality management systems. This certification underscores KEWI's commitment to delivering exceptional training, research and consultancy services in the Water Sector. It signifies that the Institute has implemented an effective quality management system designed to enhance operational efficiency, improve service delivery and meet the expectations of stakeholders. This milestone aligns with the Institute's vision to be a centre of excellence in capacity building for sustainable water resource management.

The Governing Council approved critical policies within the financial year including: The Recognition of Prior Learning Policy, Research Policy and the Intellectual Property Rights Policy. The new policies together with the ISO recertification will enable the Institute to streamline its processes and improve the profile and credibility of the Institute.

The Governing Council is spearheading the process of enacting the Kenya Water Teaching and Research Institute (KEWATRI) Bill, 2024 which aims to widen the scope of KEWI's mandate. This will include offering training, research and consultancy services in the Water, Sanitation and Irrigation sectors. The Bill is currently in Parliament awaiting the legislative process.

During the period, the Institute received recurrent grants of Kshs 223,300,000 and development grants of Kshs 110,584,302. On behalf of the Governing Council, I wish to convey my appreciation to the Ministry of Water, Sanitation and Irrigation and the National Treasury for the marked increase which has enabled the Institute undertake critical infrastructure development and renovations.

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The Institute's Appropriation in Aid (AIA) increased to Kshs 278,401,581 compared to the previous period where KSh 235,812,874 was generated.

Previously, the Institute has experienced inadequate recurrent funding which has limited its potential to achieve its mandate and strategic objectives. To meet this challenge, the Institute is enhancing its Resource Mobilization capabilities by implementing its Revised Strategic Plan 2021-2026. In addition, KEWI is working with the Ministry of Water, Sanitation and Irrigation and other strategic development partners to enhance its financial sustainability.

The challenges being experienced in the Water, Sanitation and Irrigation sector in the country, place KEWI in an advantaged position as far as playing a critical role in capacity development for the sector. The Government's focus on irrigated agriculture as a key strategy for addressing persistent food shortages and enhancing disposable income for those involved in agricultural activities provides the Institute with a massive opportunity to be a critical player in Kenya's economic development.

KEWI has revised its Strategic Plan 2021-2026 to ensure that it aligns and supports the achievement of the Government's Bottom-Up Economic Transformation Agenda (BETA). As we soldier on in our quest to fulfil the Institute's mandate of providing Training, Research, Consultancy and Outreach Services to the Kenyan populace and beyond, it is my sincere appeal to the Government of Kenya to continue supporting the Council to make KEWI the Fountain of Water Knowledge.



Patrick Musila Mbangula
Chairperson, Governing Council
Date: 25th November, 2025.

6. Report of the Chief Executive Officer

I present the Kenya Water Institute Report and Financial Statements for the FY 2024/2025. During this period, the Institute fared reasonably well as all disbursements from the Government were received.

During the financial year 2024/2025, the Institute graduated 1284 students. A number of consultancy services in borehole drilling were also undertaken during the period. Over 80 youth and 12 farmers were trained on safe sanitation techniques in the AfDB funded Project titled Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer. The construction of 100 low-cost toilets and 20 Green Toilet Systems is now at 90% while the construction of an additional 50 low-cost toilets is underway and is expected to be complete by September 2025. 838 participants from different water service providers were also trained in short courses to enhance their capacity.

KEWI also pursued collaborations with several partners as it sought to deliver on her mandate. Kenya Water Institute in partnership with the Japan International Cooperation Agency (JICA), hosted the Third Country Training Program on strengthening capacity for sustainable development in Africa. The programme emphasizes collaboration, knowledge sharing and the adoption of innovative practices to tackle Non-Revenue Water challenges which remain a pressing issue across the continent. The Institute also joined forces with JICA to offer capacity building for three Water Service Providers in Turkana County. This is in a bid to promote refugee integration into the Kenyan society and economy in line with the Refugee Act 2021 and the Shirika Plan.

The Institute also signed a Memorandum of Understanding (MoU) with LETZTEST to provide water laboratory services to the Water Sector. The Strategic Partnership Agreement (SPA 2.0) sponsored by Danish Industry is partially sponsoring 90 participants on 3 short course training programs (climate change, water desalination and automated biodigesters) and assess 64 Recognition of Prior Learning (RPL) candidates. This financial year, 30 participants have been supported by the program and successfully been trained on water desalination and automated biodigester programs. The Institute has also acquired state of the art laboratory equipment such as a reverse osmosis plant courtesy of the SPA 2.0 project, a motor vehicle for use as a mobile water quality laboratory and meter test bench courtesy of Gatsby Africa. This equipment will greatly enhance the practical learning experience of the students and industry trainees. Further, the Institute has now been accredited as an RPL center and the first batch of students have undergone assessment.

During the reporting year, the Institute received Kshs 223,300,000 for recurrent budget and Kshs 110,584,302 for the development budget. The Institute's Appropriation in Aid (AIA) grew to Kshs 278,401,581 from Ksh 235,812,874 generated in the previous period and well above the targeted amount of Kshs 205,000,000. The expenditure for the financial year was Kshs 535,004,305. The deficit was Kshs 837,072, a big improvement from the last financial year. This can be attributed to the Institute adhering to the approved budget.

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The Institute's received development grants of Kshs. 100,000,000 for Infrastructure Development at KEWI and KShs. 10,584,302 for Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project funded by the African Development Bank in the Financial Year 2024/2025. The Classrooms Project in Chiakariga is now complete and is now in use. The construction of a Tuition Block within the Main Campus commenced during the financial year 2023/2024 as did ongoing renovations to existing facilities such as workshops, offices and hostels. All renovation works are now complete and the buildings are now in use. This has enhanced the capacity of the KEWI to accommodate more learners and staff in a conducive environment.

The challenge that was faced by the Institute was pending bills from previous years which affected the implementation of the budget within the FY 2024/2025. I am pleased to report that KEWI Management handled these challenges well through strict planning and prudent utilization of the available resources namely; Human, Systems, Financial and Physical Facilities; this was supported by technical backstopping of the Parent Ministry. The pending bills were submitted to the Committee on Pending Bills Verification and the Institute is hopeful that the debts will be settled by the National Treasury when funds are availed.

KEWI has been able to enhance its human resources capacity in terms of numbers though it is still below the approved establishment. The Institute will continue to engage the Ministry to seek approval for recruiting more staff to better discharge her mandate. I wish to thank the State Department of Water and Sanitation for increasing the recurrent grant for FY 2024/2025. To comfortably meet her operations and maintenance expenditure, KEWI plans to complete a number of projects, programmes and activities to diversify her revenue streams. This include maintaining and improving e-learning infrastructure, curriculum review and development, development of training and learning facilities in Kisumu, Kitui and Chiakariga campuses, and the initiation of programmes in other counties as stated in the KEWI's Revised Strategic Plan 2021-2026.

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



Leiro Letangule, Ph.D., E.B.S.

Director/CEO,

Kenya Water Institute

Date: 25th November, 2025.

7. Statement of Performance against Predetermined Objectives for FY 2024 - 2025

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

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

KEWI develops its Performance Contract and annual work plans based on the above 5 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2024-2025 period set out in the Performance Contract, as indicated in the table below:

		Unit	TARGET FOR CONTRACT PERIOD	CUMULATIVE TO DATE	Remarks
Service Delivery					
B	Service Delivery				
B1	Implementation of Citizens' Service Delivery Charter	%	100.00	100.00	<ul style="list-style-type: none"> • Citizens’ Service Delivery Charter revised and is prominently displayed at the service delivery points in the prescribed format. • The Charter has been customized into Braille and provision of sign language by Kenya Institute of Education, to be collected. • 265 staff were sensitized on Citizen’s Service Delivery Charter.
B2	Digitalization of Government Services	%	100.00	100.00	<ul style="list-style-type: none"> • At least two core services re-engineered end to end (students’ accommodation and fee payment).

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					<ul style="list-style-type: none"> • Re-engineered service processes were digitized. • All digitized customer facing services were on boarded onto the e-citizen platform.
B3	Resolution of Public Complaints	%	100.00	100.00	<ul style="list-style-type: none"> • All complaints received were resolved. A Report was compiled and submitted to the Commission on Administrative Justice (CAJ) on 15th July, 2025. • Information is accessible to customers at services points and through online platforms.
C	Core Mandate				
C110_1	Science, Technology and Innovation (STI) Mainstreaming	%	100.00	100.00	<ul style="list-style-type: none"> • Collaborations and Partnerships were established during the year to implement STI Strategic issues such as training of trainers on climate change by Danish Industry, Kenya-China Technical training and change corporation – rainwater harvesting, donations of lab kits by LETZTEST (Germany), training of 6-meter Automatic Meter Test Bench. • The Intellectual Property (IP) policy was approved, and twelve (12) student projects with innovative components identified for implementation in the FY 2025/26.
C110_11	Short courses implemented	%	100.00	100.00	<ul style="list-style-type: none"> • Marketing strategy for short courses was developed and in use. • Wastewater Management, Desalination and Climate

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					<p>Change curricula and Practical Manuals were developed. This is a Danish Industries (DI) sponsored project.</p> <ul style="list-style-type: none"> • A total of 1513 participants were trained throughout the year.
C110_2	Productivity Improvement	Index	2.50	2.40	<ul style="list-style-type: none"> • Institute's productivity index was computed by NPCC. 2.40 at High productivity.
C110_3	Project Completion rate	%	100.00	100.00	<p>Infrastructure works completed in the FY 2024/2025 include:</p> <ul style="list-style-type: none"> • Refurbishment of students hostels for male and female students at Nairobi Campus • Re-roofing and renovation including rainwater disposal in Nairobi Campus • Improvement of external paved areas to the proposed graduation square at Nairobi Campus • Completion of Irrigation Block at Chiakariga Campus
C110_4	Policies developed	No	3.00	6.00	<p>Five policies were developed and approved, namely:</p> <ul style="list-style-type: none"> • Research policy • ICT policy • Library Policy • IP policy • IT Disaster Recovery Policy
C110_5	Competency Based Education and Training curriculum Implemented	%	100.00	100.00	<ul style="list-style-type: none"> • 3 online modules for basic units of competencies for Diploma CBET programs (Employability, Digital Literacy, Environmental Literacy) were developed and uploaded on the portal.

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					<ul style="list-style-type: none"> • Twelve (12) training programmes were accredited by TVETA. • Recognition of Prior Learning (RPL) programmes curricula were developed for plumbing and wastewater management and three RPL practitioners were assessed. • 1,276 students were taken through enhanced practical training in Non-Revenue Water Management, Leak detection and Water Quality.
C110_6	Library Services enhanced	%	100.00	100.00	<ul style="list-style-type: none"> • 783 e-resources have been catalogued in the repository. • 2,227 students were sensitized on information literacy.
C110_7	Students' welfare enhanced	%	100.00	130.00	<ul style="list-style-type: none"> • 62 student leaders were trained on leadership and governance. • 7 sensitization workshops for students on mental health and wellness, drug and substance abuse and HIV/AIDs were held throughout the year.
C110_8	Consultancy Services Implemented	%	100.00	100.00	<ul style="list-style-type: none"> • 1,618 water quality samples were analyzed throughout the year • Five (5) boreholes were drilled. • A total of six (6) Hydrogeological surveys done throughout the year.
D	Implementation of presidential directives				
D1	Implementation of Presidential Directives	%	100.00	100.00	<ul style="list-style-type: none"> • 50,000 trees were planted during the major tree planting exercise in Kimana area, Kajiado County.

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					<ul style="list-style-type: none"> • A total of 53,500 trees were planted throughout the year. • All staff upon reaching mandatory retirement age for public officers retire.
E	Affirmative Action in Procurement				
E1	Access to Government Procurement Opportunities	Kshs	65,269,680	70,680,568	<ul style="list-style-type: none"> • 30% of the annual procurement budget; target surpassed by Kshs. 5,410,888 • 2% out of the 30% reserved annual procurement budget reserved for Persons With Disability; target surpassed by Kshs. 899,211
E2	Promotion of Local Content in Procurement	Kshs	87,026,240	102,738,541	<ul style="list-style-type: none"> • 40% of the annual procurement budget; target surpassed by Kshs. 15,712,301
F	Cross Cutting				
F1	Asset Management	%	100.00	100.00	<ul style="list-style-type: none"> • Inventory of assets register updated • Allotment letter acquired; the process of obtaining title deeds is ongoing • Disposal of idle assets was completed in Q2 until the next financial year.
F2	Youth Internships/ Industrial Attachments/ Apprenticeships	No	67	73	<ul style="list-style-type: none"> • 54 attachees and 19 interns were engaged in the year
F3	Competence Development	%	100.00	100.00	<ul style="list-style-type: none"> • 37 staff members received training in their respective areas of specialization. • All staff set Performance Contract targets for FY 2024-25

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					<ul style="list-style-type: none"> • Staff appraisal for the FY 2024/25 was carried out and the report consolidated. • Action plan was developed and implementation of the recommendations emanating from the staff appraisal continued.
F4	National Values and Principles of Governance	%	100.00	100.00	<ul style="list-style-type: none"> • The Institute offers Irrigation and Drainage as a common unit across all Engineering programmes, and implementing an Irrigation Project on Smart Climate Agriculture at Chiakariga Campus. • KEWI offers training for construction professionals, including plumbers and engineers. Students are equipped with practical skills through courses that include units in Construction Technology, Plumbing, and Pipefitting. • The KEWI sickbay has been stocked with essential drugs to support student health needs. • The Institute also provides Student Health Assistance and medical cover to enhance well-being. A recent Public Health Inspection confirmed the Institute's compliance with health and safety standards. • A Sanitation Training Project is currently ongoing, (AFDB) and the Institute participates in various conferences aimed at capacity building and knowledge exchange on matters sanitation.

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					<ul style="list-style-type: none">• New students were sensitized on National Values and Principles of Governance in adherence to the provisions of Article 10 of the Constitution.• The institute continued to implement measures to protect the environment and mitigate climate change by conducting tree planting activities.
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8. Corporate Governance Statement

The Institute's governance, control and administration are vested in the Governing Council. The Governing Council is responsible for ensuring that Kenya Water Institute embraces and upholds good corporate governance and practices. The Council is accountable to the Government through the Ministry of Water, Sanitation & Irrigation and is responsible for ensuring that the Institute complies with the highest standards of corporate governance and business ethics.

The Governing Council held five (5) full Governing Council meetings during the financial year. No conflict of interest was declared in all of the Governing Council meetings. Membership of the committees and the number of meetings held during the year is tabulated below.

No.	Name of Committee	Membership	Number of Meetings held
1.	Audit and Risk Committee	Mr. Solomon Maritim - Chairperson Dr. Nancy Koech - Member Mr. Wilson Kipkazi - Member	4
2.	Corporate Services Committee	Dr. Reuben Sigei - Chairperson Ms. Jane Nyoko - Member Dr. Eunice M'mboga - Member Ms. Fridah Kimaita - Member	5
3.	Academic and Research Committee	Mr. Wilson Kipkazi - Chairperson Dr. Reuben Sigei - Member Dr. Eunice M'mboga - Member Ms. Fridah Kimaita - Member	5
4.	Project Implementation and Development Committee	Ms. Jane Nyoko - Chairperson Dr. Nancy Koech - Member Mr. Solomon Maritim - Member	1

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

Under the KEWI Act, the responsibility of appointing and removing the Governing Council members and the Chairperson is vested in the Cabinet Secretary in charge of Water and Sanitation and Irrigation. Membership is drawn from Government representatives from key Ministries and independent members from different but relevant professional fields. Alternate directors are appointed by the Principal Secretary to the National Treasury and the Principal Secretary to the Ministry for time being responsible for the local authorities.

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The KEWI Act has spelt out the instances under which a board member shall be removed. The process of appointment, roles, functions, remuneration and evaluation of the board is guided by Mwongozo. The institute has been observing the guidelines provided in Mwongozo strictly.

No induction was held in the year under review as there were no new members appointed to the Governing Council. Members received training in various fields that are relevant to their roles. The following are the roles and functions of the Governing Council:

- a. Formulate, with approval of the Cabinet Secretary, policies pertaining the organization, management and implementation of the objects of the Institute
- b. Administer the property and funds in such a manner and for such purposes as shall best promote the interests of the institute: provided that the council shall not charge or dispose of the immovable property of the Institute without the approval of the Cabinet Secretary
- c. Receive on behalf of the Institute, donations, endorsements, gifts, grants, or other monies and to make legitimate disbursement therefrom
- d. Borrow, generate and raise for the purposes of the Institute
- e. Appoint suitable academic staff for the Institute upon such terms and conditions as it may determine
- f. Receive reports from the Director or any officer of the Institute in respect of financial or any other circumstances of the Institute and to direct any action to be taken by the Director or any other officer of the Institute; and
- g. To do or perform anything or any other act for the better of the Institute.

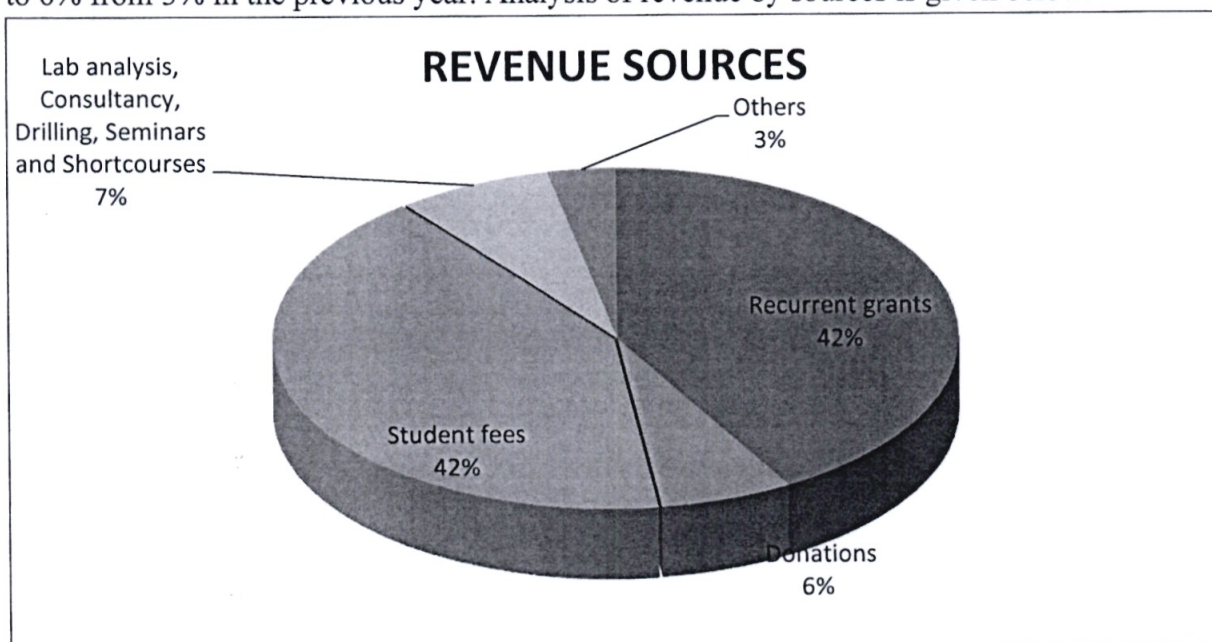
During the financial year 2024/2025, the Governing Council approved several policies and new Human Resource Instruments. The SCAC self-evaluation report conducted during the financial year indicated exemplary performance. The Council has also been instrumental in overseeing the development grants disbursed by the State Department of Water and Sanitation. A governance audit will be conducted in the FY 2025/2026.

The Chairman of the Council is entitled to a monthly honorarium of Sh 80,000 while all members are entitled to a sitting allowance for every meeting, transport or mileage allowance from their declared residence and lunch allowance when lunch is not provided. All remuneration to Governing Council members was subjected to relevant statutory deductions including Pay As You Earn (PAYE) and Affordable Housing Levy (AHL).

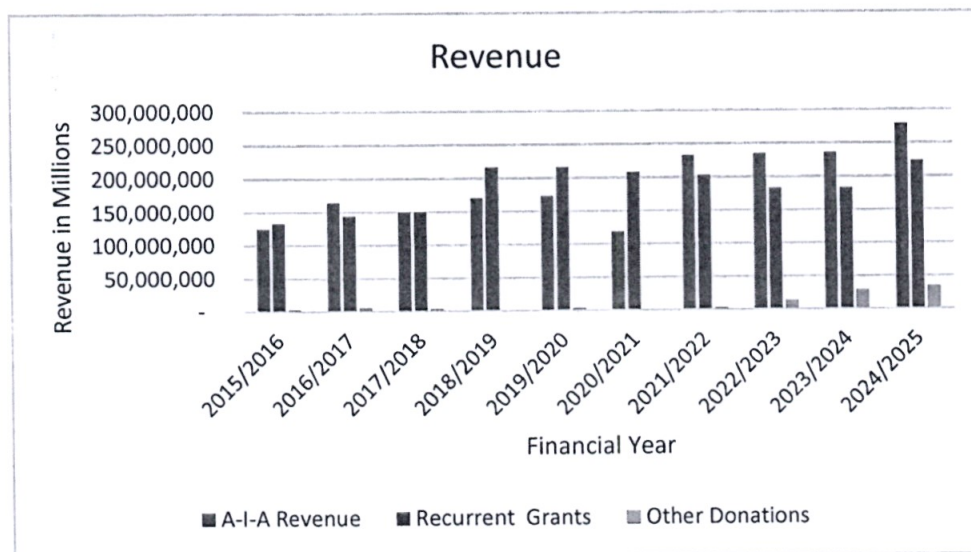
All members adhere to Article 10 of the Constitution of Kenya 2010 on national principles and values and to the Public Officers Ethics Act, 2003. A Governance Audit of the Governing Council was conducted in the last Financial Year. Draft Whistle Blowing and Communications Policies were developed, have undergone internal public participation and are awaiting submission to the Governing Council for approval.

9. Management Discussion and Analysis

Traditionally, the Institute has relied on grants from the Government to support its activities. Student fees contributed 42% of the total revenue generated during the year ended 30th June, 2025. Government Grants also contributed 42% of the total revenue. The Management has taken cognizance of the fact that these two sources cannot sustain the operation of the Institution and has increased its efforts in diversifying income sources. As a result, income from lab analysis, consultancy, drilling, seminars and short courses increased markedly from 3% in FY 2023/2024 to 7% in FY 2024/2025. Donations doubled to 6% from 3% in the previous year. Analysis of revenue by sources is given below:



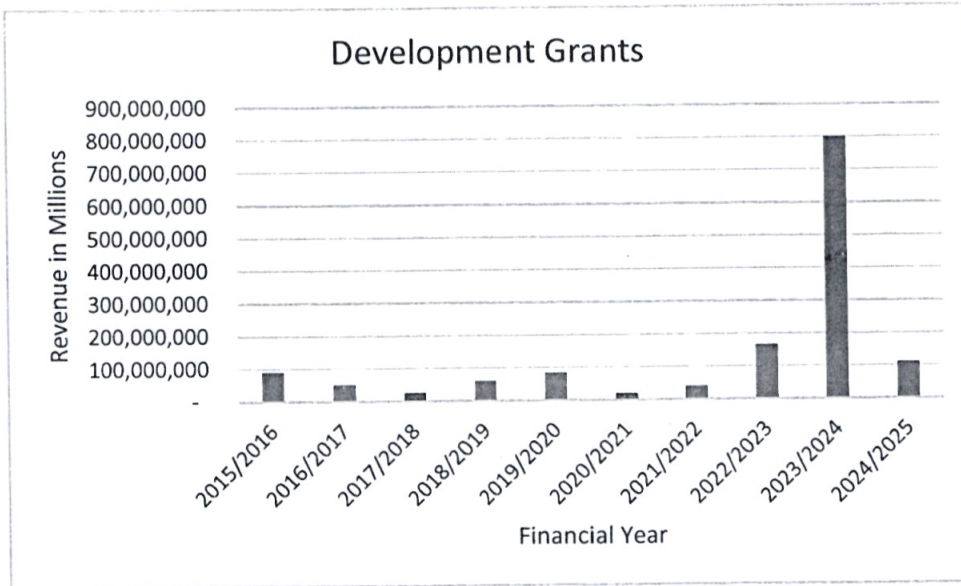
An analysis of revenue growth over the years is shown in the graph below.



AIA revenue has been on a gradual upward trend with the exception of 2019/2020 where there was a dip in revenue due to closure of the Institute. Recurrent grants from the government increased by 22% in the year under review.

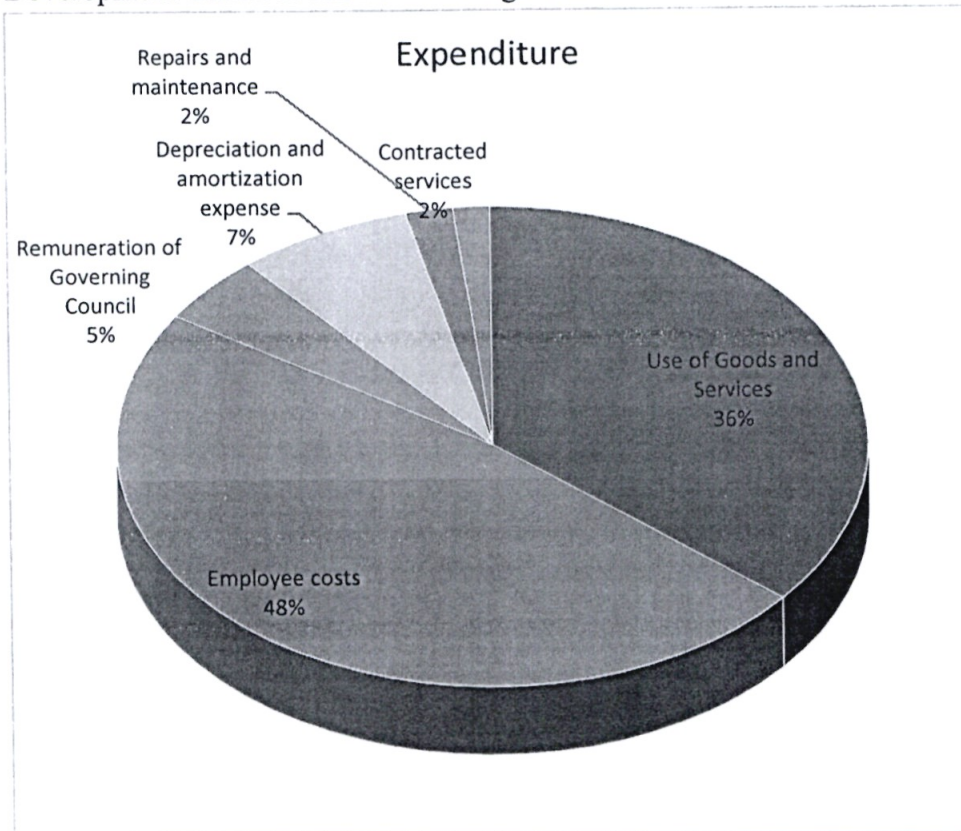
Other donations have been relatively low compared to other sources of income.

Management is keen on growing this revenue stream through partnerships and collaborations to augment revenue in the face of expected reduction in exchequer funding. The efforts to increase this revenue stream are evident in the graph above.



The institute received development grants of KSh 110,584,302.00 in the financial year 2024/2025, a steep decline from the previous year's KSh 800,000,000.00 being the highest the Institute has ever received. Ongoing projects include Construction of a Tuition Block at Main Campus. Year on year growth in

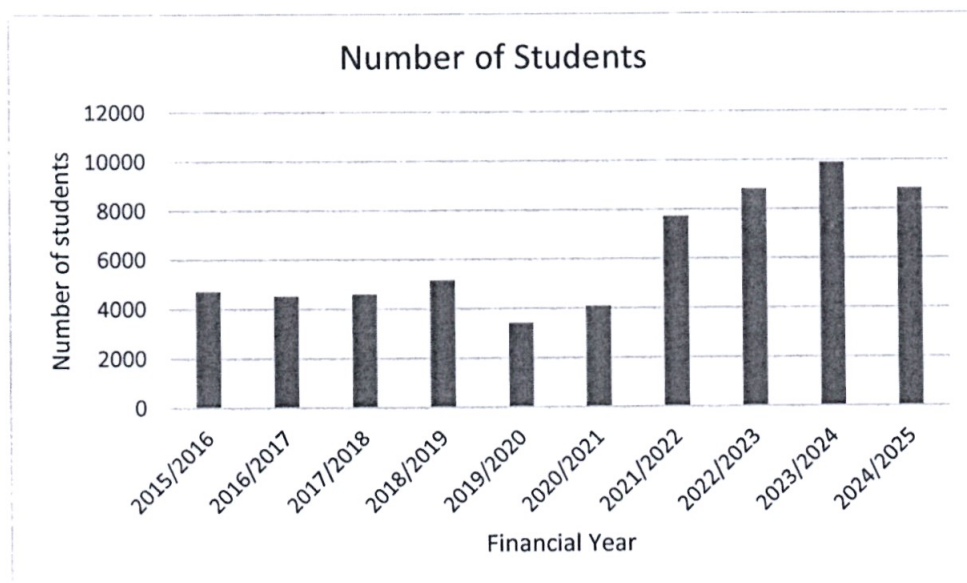
Development Grants is shown in the figure above.



Expenditure for the FY 2024/2025 is illustrated in the chart alongside. Employee costs accounted for 48% of all expenses. Use of goods accounted for 36%, Remuneration of Governing Council accounted for 5% while depreciation and amortization stood at 7%. Repairs and maintenance accounted for 2% while contracted services accounted for 2% of all expenditure.

The number of students dropped slightly to 8819 in the financial year 2024/2025 from 9870 in the previous year. Sustained marketing and publicity of the Institute and the courses it offers as well as the infrastructure expansion is expected to boost these numbers. Further, KEWI has entered into an engagement with the Higher Education Loans Board (HELB) in a bid to ensure that students access the fund. Once in place, this will positively boost the student enrolment ensuring that the Institute surpasses its target of enrolling 10,000 students by 2026 as set out in the Strategic Plan. The number of students over the years is shown in the graph on the next page.

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To deliver her mandate within the aforementioned macroeconomic environment, the Management has embarked on programmes aimed at raising revenue through commercial engagements. This includes upscaling the drilling services, equipping an ultra-modern complex for conference facilities, engaging the industry to tailor-make short courses to their needs and grant proposal writing and consultancy in the industry. The desalination equipment donated by Water Kiosk Africa can be used to generate income by producing safe drinking water for sale. This will reverse the worrying trend where the Institute’s financial performance has been on deficits and the overreliance on exchequer funding.

Going Concern

The Institute made a loss of KSh. 837,072 in the financial year, further reducing the retained earnings to KShs. (537,391,864). The net current liability position is KShs. (918,053,794) of which KShs. 816,072,456 relates to the Infrastructure Development at KEWI Project approved at a total cost of KShs. 31,700,000,000. The construction of the 12-storey tuition block at Main Campus (part of Phase I) began in the year 2023/2024. Budgetary allocation has remained low with only KShs. 100,000,000 allocated in the financial year 2024/2025. The Institute is constantly engaging the parent Ministry for increased funding to offset the accrued amounts. While net current liabilities may be negative, the gearing ratio as indicated in note 36 is within normal.

The Institute has also come up with a detailed plan on how to offset the payables with ageing and materiality as key considerations. The management is confident that the Institute will continue in operations as a going concern for at least twelve months from the date of this statement.

10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

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

ii) Environmental performance

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

During the FY 2024/2025:

- 50,000 trees were planted during the major tree planting exercise in Kimana area, Kajiado County.
- 2,000 trees were planted by all the four (4) Campuses
- 80 youth and 12 farmers were trained on safe toilets and green toilet systems
- Construction of 100 low-cost safe toilets- 50 toilets in Kisumu and 50 toilets in Kitui was undertaken
- Construction of 50 additional SATO toilets was undertaken



KEWI CEO Dr. Leiro Letangule, EBS. leads a tree planting initiative in Kimana, Kajiado County.



Dr. Kimeli M. Chirchir, Deputy Director Corporate Services participates in the tree planting exercise.



Mr. Nelson Kwamini, Deputy Director Research Consultancy and Technical Services leads an inspection committee of SATO toilets in Kitui County.

iii) Employee welfare

The Institute was guided by the Human Resource Policy and Procedures Manual, 2018 in the hiring, promotion, disciplining and termination of employees. A revised manual was approved in March 2024. New Human Resource instruments were approved by the Public Service Commission within the financial year. A proposed salary structure has been submitted to the Salaries and Remuneration Commission for approval. Further, the Institute undertakes continuous improvement training for staff in relevant areas to ensure that staff have relevant skills to discharge their duties. During the period under review, 37 members of staff were trained in their areas of specialization. Performance appraisals are conducted bi-annually to track employee performance. The organization is in full compliance with the Occupational Safety and Health Act of 2007, (OSHA) by having a medical cover, Group Personal Accident (GPA) and Work Injury Benefits Act (WIBA) for employees.

iv) Market place practices

a) Responsible supply chain and supplier relations

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

b) Responsible marketing and advertisement

KEWI employs ethical marketing and advertisement practices by ensuring our services create a positive impact on the society. This includes educating the society on how to use water resources responsibly as well as the regulatory requirements that are needed for extraction of groundwater.

v) Corporate Social Responsibility/Community Engagements

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

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

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

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

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

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

During the period under review, KEWI was involved in construction of green toilet systems and safe sanitation (SATO) toilets in Kajiado and Kitui counties. The Institute's staff participated in planting trees in Kimana area, Kajiado County as well as in the other three campuses. A successful community sensitization was held in Malindi, Kilifi County to raise awareness about desalination techniques. This is part of the activities planned under the SPA 2.0 Agreement funded by Danish Industry.

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11. Report of the Directors

The Directors submit their report together with the financial statements for the year ended June 30, 2024 which show the state of the Institute's affairs.

i) Principal activities

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

ii) Results

The results of the Institute for the year ended June 30, 2025 are set out on page 1.

iii) Directors

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

S/N0.	Name	Organization	Appointment Date	Designation
1.	Hon. Patrick Musili Mbangula	Independent	7 th August 2023	Chairperson
2.	Ms. Eunice M'Mboga	Alternate to PS National Treasury	3 rd May, 2023	Member
3.	Ms. Nancy Koech	Alternate to PS Ministry of Water, Sanitation and Irrigation	24 th July, 2023	Member
4.	Ms. Jane M. Nyoko	Independent	8 th September, 2023	Member
5.	Dr. Reuben Kiptoo Sigei	Independent	8 th September, 2023	Member
6.	Mr. Solomon Kiptarbei Maritim	Independent	7 th November, 2023	Member
7.	Mr. Wilson Kipkazi	Independent	24 th November, 2023	Member
8.	Ms. Fridah Gacheri Kimaita	Independent	26 th January, 2024	Member
9.	Dr. Leiro Letangule, Ph.D.	Kenya Water Institute	21 st February 2023	Secretary to 1 Governing Council

iv) Auditors

The Auditor General is responsible for the statutory audit of the Kenya Water Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the period ended June 30, 2025.

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By Order of the Governing Council.



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

12. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute for and as of the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Institute; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and the manner required by the PFM Act, 2012 and Kenya Water Institute Act, 2001. The Directors are of the opinion that the Institute's financial statements give a true and fair view of the state of the Institute's transactions during the financial year ended June 30, 2025, and of the Institute's financial position as at that date.

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

In preparing the financial statements, the Directors have assessed the entity's ability to continue as a going concern and disclosed as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Subject to the disclosure made in note 36 of these financial statements, the directors believe that the Institute will remain a going concern for at least twelve months from the date of this statement.

Approval of the financial statements

The Institute's financial statements were approved by the Board on 29th August, 2025 and signed on its behalf by:



Patrick M. Mbangula
Chairperson, KEWI Governing Council



Leiro Letangule, Ph.D.
Director/CEO

REPUBLIC OF KENYA

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Anniversary Towers
Monrovia Street
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NAIROBI

Enhancing Accountability

REPORT OF THE AUDITOR-GENERAL ON KENYA WATER INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Water Institute set out on pages 1 to 36 which comprise of the statement of financial position as at 30 June, 2025 and the statement of performance, statement of changes in net assets,

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Water Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Kenya Water Institute Act 2001 Revised Edition 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

1. Material Uncertainty Relating to Going Concern

The Statement of Performance discloses that the Institute recorded a loss of Kshs.837,072 during the year under review. In addition, the Institute's current liabilities of Kshs.1,068,219,532 exceeded its current assets of Kshs.150,165,738 by Kshs.918,053,794. Further, Management discussion and analysis and statement of directors responsibilities discloses that the increasing liability is due to infrastructural development of the construction of a tuition block at Main Campus funded by the parent ministry.

In the circumstances, there is a threat on the entity's going concern and the financial statements have been prepared on a going concern basis assuming continued support from the Government and other stakeholders.

2. Payables from Exchange Transactions

The statement of financial position reflects payables from exchange transactions balance of Kshs.1,047,611,851 and as disclosed in Note 22 to the financial statements. This balance includes amounts due from staff, student, trade and retention fee of Kshs.9,738,700, Kshs.12,568,625, Kshs.981,832,588 and Kshs.43,471,938 respectively all totaling Kshs.1,047,611,851. Age analysis of the trade payables indicated that Kshs.544,758,163 over 50% were over 3 years. In the circumstances, the Management is unable to pay its obligations when they fall due.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below;

- i. Non-Adoption of Approved Human Resource Policies and Procedural Manual
- ii. Understaffing at the Institute
- iii. Non-Compliance to a Third Rule
- iv. Construction of Elevated Tank and Borehole in Kitui Campus
- v. Lack of Regulations for the Kenya Water Institute
- vi. Delay in Supply development and Commissioning of an Integrated Enterprise Resource Planning System
- vii. Non-Integration of the Dynamics 365 – ERP System and Bank
- viii. Management of Institute's Campuses

Other Information

The Directors are responsible for the Other Information set out on page iii to xli which comprise of Key Entity Information and Management, The Governing Council, Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Kenya Water Institute financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Construction of Tuition Building at the Institute Headquarter

The statement of financial position reflects a property, plant and equipment balance of Kshs.3,230,545,758 and as disclosed in Note 21 to the financial statements. This balance includes capital work in progress balance of 1,778,142,968 which further includes Kshs.60,086,193 paid during the year in respect to construction of tuition building at Institute at a contract sum of Kshs.1,736,583,588. The commencement date was 8 April, 2024 with a set completion date of 7 April 2026. The Institute was to advance 15% of the contract sum amounting to Kshs.260,487,538 to the contractor. However, sum advanced was Kshs.173,658,358 hence a variance of kshs.86,829,180. Further, the contractor had submitted interim payment certificates totalling Kshs.348,610,857 which had not been paid. However, Physical verification indicated that the contractor was not on site.

In the circumstances, the value for money could not be confirmed and the delays in payment may lead to cost over runs

2. Employee Cost

The statement of financial performance reflects employee costs balance of Kshs.257,545,385 and as disclosed in Note 11 to the financial statements. Review of records provided for audit revealed that one (1) and eight (8) employees of the Institute had not been promoted for more than five (5) and fourteen (14) years respectively. This was despite the Institute having an approved career progression guideline, training policy and yearly performance evaluation on staff.

In the circumstances, the staff productivity and morale of the employees may be affected

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Regulations for the Kenya Water Institute

A review of Section 3 (1) of the Kenya Water Institute Act No. 11 of 2001 established the Kenya Water Institute which was to provide directly or in collaboration with other institutions of higher learning, services in human resource development, consultancy, research and development in the water sector on a commercial basis to the public sector, state corporations, local authorities, the private sector and all other persons, local or foreign, who may request for such services from the Institute; also to provide training programmes, seminars, and workshops and producer publications aimed at maintaining standards in the water and sanitation sector; to provide a forum for effective collaboration between the public and private sectors and other interested parties for the development of the water and sanitation sectors; and to conduct examinations and award diplomas, certificates and other awards to successful candidates. However, the Institute has no regulations in place to provide detailed mandate, responsibilities and management of facilities/campuses.

In the circumstances, the operations, governance and management of the Institutes could not be ascertained.

2. Management of Institute-Kisumu Campus

The Kenya Water Institute Act No. 11 of 2001 is an Act of Parliament that established the Kenya Water Institute, to provide for its incorporation, powers and functions, and for connected purposes. The Act further provides for establishment of facilities/Institutes in any part of Kenya for the better discharge of its functions and responsibilities under the Act. However, a review of accounting records and physical inspection done in the month of October, 2025 in the Kisumu Campus revealed various that the Institute was operating on a rented building. This is despite the fact that the Institute has land valued at Kshs.40,000,000 which is not developed and the Campus lacked a backup generator for cases of power loss or rationing.

In the circumstances, the institute may not be able to execute its mandate effectively and efficiently.

3. Appointment of Governance Council Members

Review of the appointment letters of the Council Members revealed that the Permanent Secretary to the Ministry for the time being responsible for local authorities had no representative, the Director of Water Development had no representative and a representative of the public universities who shall be appointed on a three-year

rotational basis on the advice of the said universities had no representative. This contrary Section (5) (1) (g) of the KEWI act required the Cabinet Secretary to appoint four (4) representatives included one representative of private sector managers of community based water and sanitation programmes; one representative of a registered local Non-Governmental Organization involved in activities related to the water sector, nominated by the National Council of Non-Governmental Organisations; one representative of professional bodies, the activities of which relate to the water sector; and one representative of registered water users associations. However, appointment letters availed for audit review did not show whose representation they were for. In addition, the Minister had made 5 appointments instead of 4.

In the circumstances lack of representation from the highlighted Ministries/Institutions leads to lack of broad-based decisions.

4. Lack of Inventory Management Policy

The Institute is yet to develop a policy on stock management and re-order levels. A manual stock management system is still not in use in the campuses which is prone to basic human errors. Further, Kenya Water Institute is yet to determine the optimal stock levels for basic but crucial items in the stores which are needed for day-to-day operations of the Institute.

In the circumstances operational efficiency of the institute may be jeopardized and the reliability of the ERP System not confirmed

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

Responsibilities of the 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

comply with the authorities which govern them and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

8 December, 2025

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14. Statement of Financial Performance for the year ended 30 June 2025

		FY	FY
	Note	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Government grants & Other Donations	6	255,765,652	211,778,684
		255,765,652	211,778,684
Revenue from exchange transactions			
Rendering of services	7	261,046,825	218,695,140
Rental revenue from facilities and equipment	8	15,442,640	9,086,480
Other income	9	1,912,116	8,031,254
		278,401,581	235,812,874
Total revenue		534,167,233	447,591,558
Expenses			
Use of Goods and Services	10	193,292,261	322,192,405
Employee costs	11	257,545,385	251,700,937
Remuneration of Governing Council	12	24,988,579	25,635,065
Depreciation and amortization expense	13	39,781,097	41,185,063
Repairs and maintenance	14	11,033,906	31,543,908
Contracted services	15	8,363,076	8,780,710
Total expenses		535,004,305	681,038,088
Other losses			
Loss on revaluation (WIP)	16	-	402,870,657
Surplus (Deficit) for the Year		(837,072)	(636,317,187)

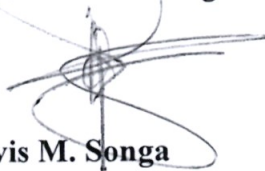
The notes set out on pages 6 to 30 form an integral part of these Financial Statements.

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



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

Date: 26/11/2025



Elvis M. Songa
Head of Finance
ICPAK M/No:23792

Date: 26/11/2025



Patrick M. Mbangula
Chairperson, Governing Council


Date: 26/11/2025

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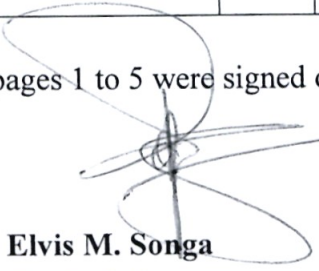
15. Statement of Financial Position as at 30 June 2025

	Note	FY	FY
		2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	6,313,486	6,933,764
Receivables from exchange transactions	18	84,832,786	68,794,786
Receivables from non-exchange transactions	19	54,221,733	161,898,170
Inventories	20	4,797,733	5,494,818
Total Current Assets		150,165,738	243,121,537
Non-current assets			
Property, plant and equipment	21	3,230,545,758	2,693,795,513
Total Non- Current Assets		3,230,545,758	2,693,795,513
Total assets		3,380,711,496	2,936,917,051
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	1,047,611,851	693,618,825
Refundable deposits from students	23	10,659,000	7,897,480
Current Provision	24	9,948,682	4,943,798
Deferred income	25	-	27,712,214
Total liabilities		1,068,219,532	734,172,317
Net assets			
Capital Reserves		144,184,894	144,184,894
Revaluation Reserves		1,347,287,957	1,347,287,957
Retained Earnings		(537,391,864)	(536,554,792)
Capital Fund		1,358,410,976	1,247,826,674
Total net assets		2,312,491,964	2,202,744,734
Total net assets and liabilities		3,380,711,496	2,936,917,051

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


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

Date: 26/11/2025


Elvis M. Songa
Head of Finance
ICPAK M/No:23792

Date: 26/11/2025


Patrick M. Mbangula
Chairperson, Governing Council

Date: 26/11/2025

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16. Statement of Changes in Net Assets for the year ended 30 June 2025

Description	Capital Reserves	Capital Fund	Revaluation Reserves	Retained Earnings	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2023	144,184,894	447,826,674	1,393,516,687	99,762,395	2,085,290,650
Addition for the period		800,000,000	-	-	800,000,000
Surplus/(deficit) for the period	-			(636,317,187)	(636,317,187)
Revaluation loss		-	(46,228,730)		(46,228,730)
Balance as at 30 June 2024	144,184,894	1,247,826,674	1,347,287,957	(536,554,792)	2,202,744,733
As at 1st July 2024	144,184,894	1,247,826,674	1,347,287,957	(536,554,792)	2,202,744,733
Addition for the period	-	110,584,302	-	-	110,584,302
Surplus/(deficit) for the period	-	-	-	(837,072)	(837,072)
Revaluation loss	-	-	-	-	-
Balance as at 30 June 2025	144,184,894	1,358,410,976	1,347,287,957	(537,391,864)	2,312,491,964

The first Kenya Water Institute audited accounts for the FY 2003/2004 show that the original valuation of Kenya Water Institute Property, Plant and Equipment to the tune of Kshs. 141,627,439 was carried out by a valuation firm in the year 2000 and Kshs. 125,578,337 valuations by an inter-ministerial technical committee on the transition of Kenya Water Institute to a Semi-Autonomous Government Agency. These valuations have been used to come up with the reported capital reserves of Kshs144,184,894.

In the Financial Year 2013/2014, the Institutes' assets were revalued at Kshs 1,393,516,687. Subsequently, another revaluation was done in Financial Year 2022/2023 where there was a revaluation loss of Ksh 46,228,730 which was recognized in the Revaluation Reserve. A revaluation loss of Ksh 402,870,657.40 in relation to Capital Work in Progress was recognized in the Statement of Financial Performance.

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17. Statement of Cash Flows for the year ended 30 June 2025

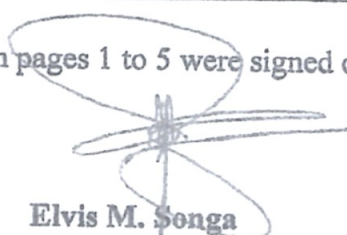
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities		341,550,000	847,750,000
Rendering of services		259,631,835	229,013,558
Other income, rentals, and agency fees		8,441,116	2,292,968
Other donations and grants		24,946,686	10,000,000
Sale of goods		-	44,360
Total Receipts		634,569,637	1,089,100,886
Payments			
Use of goods & services		230,041,218	314,378,554
Employee cost		246,143,725	204,155,067
Remuneration of Governing Council		13,598,444	21,899,408
Repairs & maintenance		2,173,376	5,737,200
Contracted services		6,685,953	19,120,141
Total Payments		498,642,716	565,290,370
Net cash flows from operating activities	27	135,926,921	523,810,516
Cash flows from investing activities			
Purchase of PPE and intangible assets		(248,144,501)	(585,604,002)
Proceeds from sale of property, plant and		1,013,000	40,250
Net cash flows used in investing activities		(247,131,501)	(585,563,752)
Cash flows from financing activities			
Increase in capital fund		110,584,302	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		110,584,302	-
Net increase/(decrease) in cash and cash equivalents		(620,278)	(61,753,236)
Cash and cash equivalents at period Start	17	6,933,764	68,687,001
Cash and cash equivalents at Period end	17	6,313,486	6,933,764

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



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

Date: 26/11/2025



**Elvis M. Songa
Head of Finance
ICPAK M/No:23792**

Date: 26/11/2025



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

Date: 26/11/2025

Kenya Water Institute
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of utilization
	KShs	KShs	KShs	KShs	KShs	
Revenue						
Government grants	123,300,000	100,000,000	223,300,000	223,300,000	-	100%
Development grant (Capital fund)	186,000,000	-	186,000,000	110,584,302	75,415,698	59%
Other Donations	-	35,000,000	35,000,000	32,465,652	2,534,348	93%
Rendering of services	199,605,000	-	199,605,000	261,046,825	- 61,441,825	131%
Rental revenue from facilities and equipment	5,000,000	-	5,000,000	15,442,640	- 10,442,640	309%
Other income	395,000	-	395,000	1,912,116	- 1,517,116	484%
Total income	514,300,000	135,000,000	649,300,000	644,751,535	4,548,465	99%
Expenses						
Use of Goods and Services	83,115,600	111,818,416	194,934,016	193,292,261	1,641,755	99%
Compensation of employees	227,783,400	5,431,584	233,214,984	257,545,385	- 24,330,401	110%
Remuneration of Governing Council	8,441,000	10,500,000	18,941,000	24,988,579	- 6,047,579	132%
Repairs and maintenance	3,850,000	2,250,000	6,100,000	11,033,906	- 4,933,906	181%
Contracted services	5,110,000	5,000,000	10,110,000	8,363,076	1,746,924	83%
Capital Expenditure	186,000,000	-	186,000,000	130,763,530	55,236,470	70%
Total expenditure	514,300,000	135,000,000	649,300,000	625,986,737	23,313,263	96%
Surplus for the period	-	-	-	18,764,798	- 18,764,798	

Budget notes

- Additional recurrent grants of KSh. 100,000,000 were allocated in Supplementary Estimates No. 2 during the period.
- Other donations came from JICA, Danish Industry, AfDB among others.
- Positive variance in rendering of services was due to a significant increase in short course revenue.
- The positive variance in rental revenue from facilities and equipment is as a result of increased activities on short courses and hire of accommodation.
- The variance in other income was due to a disposal of assets in Quarter 2.
- The remuneration to the board increased due to working retreats to deliberate and pass institutional policies.
- Major repairs of buildings were undertaken in order to facelift the Institute and provide a conducive learning and working environment.
- Out of the KSh. 86,000,000 budgeted for the AfDB project(capital), an amount of KSh. 10,584,302 was sent to the Institute with direct payments of KSh. 20,179,227.96 from the National Treasury.

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

ii. Relevant new standards and amendments to published standards effective for the year ended 30 June 2025

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.

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	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. KEWI will recognize the right of use for the leased Kisumu Campus from July 2025.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. KEWI does not have any non-current assets held for sale.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. Some infrastructure assets such as pavements done within the FY 2024/2025 have been capitalized to PPE.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-</p>

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	<p>exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Recurrent and Development grants from the Ministry that are not received within the period shall only be recognized when the funds have been received after the reporting period but before the preparation of the financial report.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

4. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from exchange transactions

Rendering of Services

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

Other Income

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

Rental Revenue from Facilities and Equipment

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

ii) Revenue from non-exchange transactions

These are revenues received from non-arms-length transactions. They include recurrent grants from the Government, as well as, donations from development partners. These are usually recognized when received. Recurrent Grants of Sh. 17,000,000.00 have been recognized in the Statement of Financial Performance. They relate to the Financial Year ended 30th June 2025 but were received in July 2025.

b) Budget Information

The original budget for FY 2024-2025 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Employee Benefit

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

d) Property, Plant and Equipment

An asset acquired in a non-exchange transaction for nil or nominal consideration is initially measured at its fair value. Depreciation and amortization are calculated on a reducing/diminishing balance basis at annual rates estimated to write off carrying values of the assets to their residual value at the rates below:

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

e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, unsettled eCitizen collections and cash at bank. The Institutes Bank account balances include amounts held at the Kenya Commercial Bank and National Bank at the end of the financial year.

f) Research and Development Costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of

expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in the statement of financial performance.

g) Inventories

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

h) Receivables

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

i) Bad and Doubtful Debts

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

j) Deferred Income

The Institute has been deferring incomes that have been received but not yet earned; this applies to tuition fees and accommodation charges due to long-term course students. No deferment has been made within the FY 2024/2025 as the amount is not refundable to the students mid-semester.

k) Refundable Deposits from Students

This constitutes the amounts held by the Institute on behalf of students in the form of caution money. These deposits are refundable on completion of the course and the student's claims.

l) Related Parties

The institute is wholly owned and controlled by the government. Thus, no subsidiaries and directors have shares in the Institute. Related parties of the Institute include National Government, County Governments, Governing Council and Senior Management.

m) Subsequent Events

The Institute is committed to making disclosures for any significant changes that occur after the closure of the financial period, that are likely to influence decision making.

5. Significant Judgments and Sources of Estimation Uncertainty

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

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

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NOTES TO THE FINANCIAL STATEMENTS

6. Transfers from Other Government Agencies

Description	2024-2025	2023-2024
	Kshs	Kshs
Unconditional Grants		
Unconditional recurrent grants	223,300,000	183,000,000
Total Unconditional Grants		
Conditional Grants amortised/ transferred to revenue	223,300,000	183,000,000
Other Organizational Grants	32,465,652	28,778,684
Total Government grants & Other Donations	255,765,652	211,778,684

Unconditional recurrent grants are for personnel emoluments, other organizational grants are from Danish Industry, JICA, Gatsby Africa, IHE Delft among others.

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

Name of The Entity Sending the Grant	Amount Recognized to of Statement Financial Performance	Amount Recognized in Capital Fund	Total Transfers 2024-2025	Prior Period 2023-2024
	Kshs	Kshs	Kshs	Kshs
State Department for Water & Sanitation	223,300,000	110,584,302	333,884,302	983,000,000

7. Rendering of Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Tuition fees - Students	159,133,051	143,440,240
Registration fees-500004	585,000	816,500
ID Card	1,012,800	974,900
Examination Fee-500007	16,454,000	15,536,100
Accommodation-500001	15,793,986	19,504,012
KUCCPS Processing Fee	118,500	381,000
Activity fee	4,105,000	3,342,000
Student Meal card	-	5,050
Students Welfare	7,713,150	9,041,940
Students Medical	4,828,000	4,999,000
KNEC Fee	95,700	502,500

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Industrial assessment	1,828,000	-
Graduation fees	5,325,000	3,644,500
Student surcharge/Fines	474,100	59,300
Student Refers	1,483,000	807,505
Students lunch fee	-	17,750
Application fee	1,622,180	637,960
Medical examination	1,318,000	1,666,000
Student surcharge	14,550	144,300
Kitchen Cash Sales	1,760	137,530
Lab analysis	4,628,144	6,123,109
Consultancy fee	675,000	-
Seminars and Workshops	-	1,757,230
Short Courses	32,099,482	4,403,214
Drilling Revenue	1,738,422	753,500
Total	261,046,825	218,695,140

Most of the revenue is from fees levied to long- and short-term students and lab analysis revenue of water samples.

8. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	Kshs	Kshs
House rent income	185,000	70,000
Hire of Conference Facilities	15,125,290	8,527,480
Rent income	132,350	489,000
Total	15,442,640	9,086,480

House rent income is from staff houses rented out to staff; revenue from hire of conference facilities increased significantly due to a partnership with East African School of Aviation and rent income is from hiring of tuck shops.

9. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Sale of Tender Documents	-	139,553
Gain on Disposal of Assets	1,013,000	122,430
Miscellaneous Income	879,651	34,570
Library fines and Staff Surcharges	9,600	5,275
Cheque Clearance fee	7,020	5,469
Staff Surcharges	2,845	-
Decrease in provision for the bad and doubtful debts	-	7,723,957
Total	1,912,116	8,031,254

Gain on disposal of assets was from motor vehicles that were disposed of.

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10. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	7,194,539	9,252,656
Water & Connections	1,766,372	2,579,514
Gas Expenses	108,600	477,730
Telephone Expenses	37,787	1,239,547
Internet Connections	4,297,502	3,285,496
Postal & Courier	75,271	134,576
Domestic Travel, accommodation, subsistence, & other allowances	15,901,104	43,348,341
Foreign Travel, accommodation, subsistence, & other allowances	567,867	4,901,144
Sundry expenses	35,000	-
Publishing & Printing	870,580	4,314,397
Subscription to Newspapers	-	31,610
Marketing, Advertising & Publicity of KEWI courses	12,965,955	7,200,379
Trade Shows	-	661,570
Payment of Rent & Rates	2,100,000	1,960,000
Hire of transport	612,633	388,580
Field training attachment	-	380,500
Educational Training Expenses	1,662,590	2,016,592
Graduation Expenses	9,535,573	7,639,530
Catering Expense	2,777,821	18,445,998
Medical Insurance	11,243,621	14,934,183
Motor Vehicle Insurance	1,133,797	1,320,786
Fungicides	-	85,910
Purchase of Workshop Tools	332,059	1,083,755
Lab Materials & Supplies	2,946,052	3,251,309
Education & Lib Supplies	128,414	-
Food & Rations	205,470	5,157,041
Purchase of Beddings & linen	396,000	2,877,200
General Office Supplies	5,589,221	5,252,641
Supplies & Accessories for computers & printers	2,436,612	818,352
Sanitary & Cleaning Materials	1,953,058	3,828,492
Electricals	152,450	712,050
Refined Fuels - transport	3,539,386	5,051,303
Other fuels	-	293,220
Bank Charges	384,995	645,737
School Examination & Invigilation fee	95,700	101,700
Medical expenses	504,975	-
Membership Fees, Dues	431,910	1,223,210
Legal fees	12,188,567	2,754,000
Audit Fees	1,949,187	580,000
Internal audit and related expenses	545,600	-

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Bad debts	4,730,829	-
Staff welfare	667,141	-
Office entertainment/refreshments	24,900	-
Loss on disposal of fixed assets	25,000	-
Research Expenses	3,201,000	7,073,541
Pre-Feasibility	8,629,591	39,439,387
Capacity Building	5,921,908	19,042,608
Drilling Expense	7,044,958	15,513,461
Kenya Technical Institutions Sports Association	8,140,016	8,788,841
Seminar, workshops and conferences	1,044,300	-
Campus operational float	2,317,776	-
Partnerships, collaborations & Business Development activities	10,404,046	-
Strategy formulation, implementation & monitoring activities	6,840,362	-
Review of policy and curriculum related documents	5,308,220	-
Value Added Tax	1,284,354	1,363,487
Equipping WRC	4,015,000	20,288,820
DANIDA expenses	4,476,946	17,881,485
AfDB expenses	9,053,502	34,571,727
JICA expenses	3,496,145	-
Total	193,292,261	322,192,405

Use of goods decreased due to effective cost-saving measures implemented by management.

11. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries & Wages	157,994,139	153,222,623
Contribution to Pensions	19,492,667	16,628,294
Gratuity	5,294,884	4,458,217
Daily Subsistence Allowance- Foreign	-	23,898,579
Other allowances	21,878,517	49,650,292
Housing allowances	51,163,709	-
Overtime payments	-	3,842,933
Affordable Housing Levy	1,721,470	-
Total	257,545,385	251,700,938

The Affordable Housing Levy and the new NSSF rates increased employee emoluments. Other allowances include: acting, special duty, entertainment, commuter, transfer, baggage, telephone, extraneous, overtime, non-practising and leave allowances.

12. Remuneration of Governing Council

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Sitting allowances	2,743,373	843,800
Travelling & accommodation	9,068,160	1,491,861
Other allowances	12,217,047	22,339,403

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Total	24,988,579	25,635,064
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There were activities that necessitated board members' presence such as signing of various MOUs during the year.

13. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	39,781,097	41,185,063
Intangible assets	-	-
Total	39,781,097	41,185,063

Some motor vehicles were disposed of during the financial year.

14. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance of Motor vehicles	2,673,170	6,371,123
Maintenance of computers	726,400	89,780
Maintenance of buildings & stations	283,090	17,189,698
Maintenance of office furniture	780,167	1,306,248
Maintenance of Plant & machinery	1,426,490	360,670
Refurbishment of buildings	2,025,585	5,737,200
Maintenance of Bore holes	3,119,004	-
Repairs & maintenance	-	489,189
Total	11,033,906	31,543,908

Major maintenance done to the building and stations to facelift the Institute including the rehabilitation of steel water tank, washing area and paving of graduation square were capitalized to PPE.

15. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Contracted Guards and Cleaning Services	8,363,076	8,608,400
Contracted Technical Services	-	172,310
Total	8,363,076	8,780,710

The decrease is due to a slight reduction in the monthly amount charged by a different service provider.

16. Other losses

Description	2024-2025	2023-2024
	Kshs	Kshs
Loss on revaluation (WIP)	-	402,870,657

No revaluation was done in the financial year.

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17. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Account with Kenya Commercial Bank-1107760585	1,371,261	501,672
Account with Kenya Commercial Bank -1169807860	2,357,573	6,278,777
Account with National Bank of Kenya -7701659153	7,691	153,315
Account with National Bank of Kenya -7717099160	2,576,961	
Total	6,313,486	6,933,764

Cash and cash equivalents were comparable to the previous year. Account 01232002334300 with National Bank of Kenya has now been changed to account number 7701659153.

18. Receivables from Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Receivables	121,717,899	102,587,838
Less: Prov. For bad debts	(38,806,682)	(34,075,853)
Net Receivables	82,911,217	68,511,985
Prepayments	1,921,569	-
National Treasury (Unsettled eCitizen payments)	-	282,801
Total	84,832,786	68,794,786

Trade receivables are amounts owed by students as well as institutional and individual customers. The prepayment relates to an amount paid for employee medical cover.

(b) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	24,007,678	28	27,517,914	40
Between 1- 2 years	16,118,229	19	12,383,061	18
Between 2-3 years	12,552,253,	15	28,893,810	42
Over 3 years	32,151,626	38	0	0
Total	84,832,786	100	68,794,786	100

19. Receivables from Non-Exchange Transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Staff Receivables	37,221,733	26,648,170
Recurrent & development grants	17,000,000	135,250,000
Total	54,221,733	161,898,170

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Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	40,666,300	75	148,030,313	91
Between 1-2 years	0	0	5,580,143	3
Over 3 years	13,555,433	25	8,287,714	5
Total	54,221,733	100	161,898,170	100

Staff receivables include staff imprests and salary advances while recurrent grants relate to FY 2024-2025 received in July 2025.

20. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Main Campus	4,240,567	4,460,073
Kisumu Campus	77,825	93,964
Chiakariga Campus	309,700	797,950
Kitui Campus	169,641	142,831
Total	4,797,733	5,494,818

Inventories include catering, stationery, miscellaneous and maintenance items.

21. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Plant & Equipment)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023	1,044,642,000	497,278,218	32,762,300	18,774,697	25,501,450	91,212,839	1,309,176,270	3,019,347,774
Elimination on revaluation	(1,044,642,000)	(497,278,218)	(32,762,300)	(18,774,697)	(25,501,450)	(91,212,839)	(1,309,176,270)	(3,019,347,774)
Revaluation	951,200,000	333,989,628	65,525,000	27,271,450	16,876,050	28,257,253	906,305,612	2,329,424,994
Additions	-	-	-	17,857,743	23,329,330	10,348,643	354,019,866	405,555,582
Disposals	-	-	-	-	-	-	-	-
As at 30th June 2024	951,200,000	333,989,628	65,525,000	45,129,193	40,205,380	38,605,896	1,260,325,479	2,734,980,576
Additions	-	27,119,918	17,563,070	3,094,997	2,389,300	10,226,568	517,817,489	578,211,342
Disposals	-	-	(2,100,000)	-	-	-	-	(2,100,000)
As at 30th June 2025	951,200,000	361,109,546	80,988,070	48,224,190	42,594,680	48,832,464	1,778,142,968	3,311,091,918
Depreciation And Impairment								
As at 30th June 2023	-	97,615,708	24,952,460	12,330,065	21,624,659	84,300,501	-	240,823,393
Revaluation	-	(97,615,708)	(24,952,460)	(12,330,065)	(21,624,659)	(84,300,501)	-	(240,823,393)
Disposals	-	-	-	-	-	-	-	-
Depreciation	-	6,679,793	13,105,000	4,512,919	12,061,614	4,825,737	-	41,185,063
As at 30th June 2024	-	6,679,793	13,105,000	4,512,919	12,061,614	4,825,737	-	41,185,063
Disposals	-	-	(420,000)	-	-	-	-	(420,000)
Depreciation	-	7,088,595	13,660,614	4,371,127	9,159,920	5,500,841	-	39,781,097

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As at 30 th June 2025	-	13,768,388	26,345,614	8,884,046	21,221,534	10,326,578	-	80,546,160
Net Book Values								
As at 30 th June 2025	951,200,000	347,341,159	54,642,456	39,340,143	21,373,146	38,505,886	1,778,142,968	3,230,545,758
As at 30 th June 2024	951,200,000	327,309,836	52,420,000	40,616,274	28,143,766	33,780,159	1,260,325,479	2,693,795,513

The Work in Progress is in respect of the Construction of a Tuition Block at Nairobi Campus, new ERP system and a fee note of KShs 869,612,396 for the master plan, architectural, structural and civil drawings consultancy for Infrastructure Development at KEWI Project.

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22. Trade and other payables from exchange transactions

Description	2024-2025		2023-2024		
	Kshs		Kshs		
Staff Payables	9,738,700		210,018		
Student Payables	12,568,625		15,221,835		
Trade Payables	981,832,588		657,744,056		
Retention Fee	43,471,938		20,442,917		
Total	1,047,611,851		693,618,826		
Ageing analysis: (Trade and other payables)		2024-2025	% of the total	2023-2024	% of the total
	Under one year	387,616,385	37	88,575,124	13
	1-2 years	115,237,304	11	18,727,708	3
	2-3 years	-	-	586,315,993	85
	Over 3 years	544,758,163	52	-	-
	Total	1,047,611,851	100	693,618,825	100

Payables have increased while retention has increased due to the ongoing development projects.

23. Refundable Deposits from Students

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Caution Money	9,523,750		6,762,250	
Medical funds	1,135,250		1,135,230	
Total	10,659,000		7,897,480	

Caution money for graduating students was not refunded during the financial year.

24. Current Provisions

Description	Gratuity Provision	Audit Fees	Total
	Kshs	Kshs	Kshs
Balance b/f	4,363,798	580,000	4,943,798
Additional provisions	5,164,884	580,000	5,744,884
Provision utilised	(160,000)	(580,000)	(740,000)
Change due to discount and time value for money	-	-	-
Transfers from non-current provisions	-	-	-
Total	9,368,682	580,000	9,948,682

25. Deferred Income

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Tuition fee	-		25,232,440	
Accommodation fee	-		2,479,774	
Total	-		27,712,214	

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	Tuition Fee	Accommodation	Total
	Kshs	Kshs	Kshs
Balance Brought Forward	25,232,440	2,479,774	27,712,214
Additions	-	-	-
Transfers To Capital Fund	-	-	-
Transfers To Income Statement	(25,232,440)	(2,479,774)	(27,712,214)
Other Transfers	-	-	-
Balance Carried Forward	-	-	-

26. GOK Development Grants

Description	2024-2025	2023-2024
	Kshs	Kshs
GOK Development Grants	100,000,000	800,000,000
AfDB Grants	10,584,302	-
Total	110,584,302	800,000,000

27. Cash flows from operating activities

	2024-2025	2023-2024
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other governments entities	341,550,000	847,750,000
Rendering of services	259,631,835	229,013,558
Other income, rentals, and agency fees	8,441,116	2,292,968
Grant (Gatsby)	24,946,686	10,000,000
Sale of goods	-	44,360
Total Receipts	634,569,637	1,089,100,886
Payments		
Use of goods & services	230,041,218	314,378,554
Employee cost	246,143,725	204,155,067
Remuneration of Governing Council	13,598,444	21,899,408
Repairs & maintenance	2,173,376	5,737,200
Contracted services	6,685,953	19,120,141
Total Payments	498,642,716	565,290,370
Net cash flows from operating activities	135,926,921	523,810,516

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28. Prepayments

	VALUE	CONTRACT PERIOD	REMARKS	EXPENSE FOR THE PERIOD	PREPAYMENTS
VENDOR NAME					
NHIF	19,860,762	25.09.23 TO 24.09.24	Staff Medical Insurance	4,965,191	-
BRITAM	9,417,646	01.11.24 TO 31.10.25	Staff Medical Insurance	6,278,431	1,921,569
JUBILEE ALLIANZ GENERAL INSURANCE (K) LTD	1,133,797	June 24 to June 25	Motor Vehicle Insurance	1,133,797	-
	30,412,205			12,377,418	1,921,569

29. Board Expenses

Board expenses comprise sitting and other applicable allowances, Board Travel Expenses and Chairpersons' Honoraria .

30. Refundable Deposits from students

This constitutes the amounts held by the Institute in the form of students' caution money.

31. Comparatives

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

32. Government Grants:

The government grants are recognized when realized and spread throughout the financial year. Recurrent grants constitute 43% of the Institute's revenue.

33. Leave Pay:

The leave allowances are recognized when the employees take the leave. There exist no material outstanding leave allowances to warrant alternative treatment.

34. Contingent liabilities:

In the year 2016, Kenya Revenue Authority audited the Institute for the period July 2011 to June 2016 and assessed an amount of Kshs51M claimed to be outstanding tax. However, the Institute raised an objection where there was a directive that the Institute settles what's not in objection, i.e. 18M. A payment plan was agreed upon between the Kenya Revenue Authority and the Institute to be settling Kshs 500,000 every month for six (6) months as per a letter dated 6th August 2020. The payment plan was subject to review after the end of the period.

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

KRA has written to the Institute seeking payment of the outstanding arrears amounting to KSh 16,575,869.00 for the principal amount.

KRA conducted another compliance check for the period July 2018 – June 2022 in April 2024. An assessment of Kshs. 13,509,597 was issued. The management negotiated a payment plan and has been remitting Kshs. 500,000 every month.

35. Composition, Nature, and Purpose of Reserves:

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

36. Risk Management Objectives and Policies

Financial Risk Management

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

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

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

i) Credit Risk

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

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

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

- Salary advance and salary in advance to staff have been serviced and are kept low
- All amount due from the government grants was received

- No collateral is held for any of the Institute's assets

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

To mitigate credit risk

- The Management is responsible for oversight of the Institute's credit risk through
- For exchange transactions, customers make a deposit before drilling work is commenced
- Establishing approval to grant credit to customers

ii) Liquidity risk

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.

The Institute has a list of all liabilities and assets in maturity date order.

To mitigate liquidity risks

- Students pay 60% before they are admitted and the balance before sitting for the exams
- For exchange transactions, clients make a 30% deposit before the work can commence
- The Institute follows up to ensure that all government grants are disbursed in a timely manner
- There is good working capital management where all payables are known and planned for saving for a real emergency once which is rare. This is managed by entering into innovative contracts that are negotiated to be paid 30 days after delivery or completion of the assignment
- There is a follow-up of revenue from trade debtors to ensure they honor their obligations
- Cash transactions are not allowed

iii) Market Risks

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day

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implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

Interest rate risk

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

iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	1,347,287,957	1,347,287,957
Retained Earnings	(537,391,864)	(536,554,792)
Capital Reserve	144,184,894	144,184,894
Capital Fund	1,358,410,976	1,247,826,674
Total Funds	2,312,491,964	2,202,744,733
Total Liabilities	1,068,219,532	734,172,317
Gearing	46%	33%

v) Operational Risks

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

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

a) Compliance and regulatory risk

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

b) Legal risks

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The likelihood of the potential loss arising from the uncertainty of legal proceedings, including reputational loss, arising from defective transactions or contracts, labour disputes, claims being made, or some other event resulting in a liability or loss for the Institute.

37. Related Parties

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

Details of other related parties are as follows;

a) National Government

The institute is under the Ministry of Water and Sanitation & Irrigation and grants of Kshs 333,884,302 were received; recurrent grant of Kshs 223,300,000 and a development grant of Kshs 110,584,302.

b) County Governments

The institute actively trains the technical staff of Water Service Providers from the County Governments. In addition, the counties sponsor students on long-term courses. Kenya Water Institute also offers consultancy and outreach programmes to the same institutions.

c) Governing Council

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

d) Key Management

This includes the Director/CEO and the Deputy Directors. Their compensation is disclosed below.

	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
a) Purchases from related parties		
Purchase of electricity from KPLC	7,194,539	9,252,656
Purchase of water from government service providers	1,766,372	2,547,304
Total	8,960,911	11,799,960
b) Grants/ Transfers from the government		
Recurrent Grants from national government	223,300,000	183,000,000
Total	223,300,000	183,000,000
c) Key management compensation		
Governing council emoluments	24,988,579	31,398,851
Compensation to key management	17,945,288	15,798,672

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Total	42,933,867	47,197,523
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38. Capital commitments

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

Capital Commitments	2023-2024	2023-2024
	Kshs	Kshs
Authorised and contracted for	110,584,302	800,000,000
Total	110,584,302	800,000,000

39. Taxation:

The Institutes major source of income comprises government grants. The Institute is exempt from paying corporation taxes on its core business which is education. However, the Institute pays corporation tax on other incomes which are commercial in nature and is a withholding agent for VAT, Withholding income tax and PAYE.

40. Events after the Reporting Period

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

41. Ultimate and Holding Entity

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

42. Currency

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

19. Appendices

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

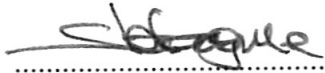
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.	Non-adoption of Approved Human Resource Policies and Procedure Manual	<p>The communication regarding the approval of the Institute’s Human Resource Policies and Procedures Manual (2024) was dated 10th July 2024 and officially received by the Institute on 18th October 2024.</p> <p>The approved human resource instruments were presented to the council and adopted for implementation on 14th January 2025. The proposed salary has been submitted to Salaries and Remuneration Committee for approval. The implementation roadmap done with guidance from the Public Service Commission was presented to the Governing Council and was adopted for implementation.</p>	Unresolved	January 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2.	Understaffing at the Institute	<p>The Institute's approved establishment stands at 316 employees. However, it currently has only 150 employees. This is because, like other public institutions, the Institute is required to confirm the availability of requisite funding from the National Treasury before proceeding with recruitment to fill vacancies.</p> <p>Consequently, while the approved establishment allows for 316 positions, funding has only been approved for 150 employees, meaning the vacancies cannot be filled until the necessary funding to cover the shortfall is secured. Management is constantly engaging with Ministry of Water, Sanitation, and Irrigation, as well as the National Treasury, to secure additional funding for the</p>	Unresolved	July 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		recruitment needed to fill the staff vacancies and address the shortfall.		
3.	Non-Compliance to a Third Rule on Salary Deductions	<p>The Institute had put in place measures to ensure that staff do not commit more than two-thirds of their basic salary, in compliance with Section C.1(3) of the Human Resource Policies and Procedures Manual for the Public Service (2016), as read together with Section 19(3) of the Employment Act.</p> <p>However, the introduction of the Affordable Housing Levy on 19 March 2024, and the NSSF contribution rates for the second year which were effected in the February 2024 payroll caused some employees' take-home pay to fall below the statutory threshold. Letters were issued to the affected</p>	Ongoing	January 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		staff members to regularize their salaries on 28th March 2025.		
4.	Construction of elevated tank and borehole rehabilitation in Kitui Campus	Ms. DANFI Enterprises Limited was awarded tender no. KEWI/QTN/195/2023-2024 for construction of elevated tank and borehole rehabilitation in Kitui campus at a contract sum of Ksh.2,498,020. The contractor undertook all works related to borehole rehabilitation. During an inspection by the inspection and acceptance committee held on 7 th May 2024, the committee noted that the fabrication of a metallic structure and supply and installation of 12000 litres steel water tank estimated to cost Kshs. 730,000.00 had not been done. The Director wrote to Ms. Danfi Enterprises Ltd on 20 th May 2024 requesting the firm to complete the	Unresolved	January 2026

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		project by 14 th June 2024. The contractor is yet to respond.		
5.	Anomalies in Construction of a Resource Centre	<p>The lift was not included in the initial Bills of Quantities (BQs). However, as part of measures to ensure compliance with disability mainstreaming requirements, management has scheduled the provision and installation of the lift in the budget for financial year 2024/2025.</p> <p>The project defects liability period has since lapsed. However, Management will allocate funds for the necessary repairs in the budget for the financial year 2025/2026 subject to availability of funds.</p>	Unresolved	March 2026



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Director/CEO
Date: 25/11/2025

Appendix II: Projects implemented

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

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)
Improving public health and enhancing technical skills of youth in Kenya through sanitation technology transfer	1109122900	African Development Bank	Jul 21-Sep 2025	10,584,302	Yes	Yes

Status of Projects completion

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Infrastructure Development at KEWI	31,700,000,000.00	995,000,000.00	3.14	100,000,000.00	100,000,000.00	Government of Kenya

Appendix III: Recording of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement		Total Amount Kshs	Where Recorded/recognized		
				Recurrent/ Development	Statement of Financial Performance	Capital Fund
Ministry of Water and Sanitation	30.08.2024	Recurrent	10,275,000	10,275,000	-	10,275,000
“	24.09.2024	“	10,275,000	10,275,000	-	10,275,000
“	25.09.2024	Development	8,333,333	-	8,333,333	8,333,333
“	28.10.2024	Recurrent	10,275,000	10,275,000	-	10,275,000
“	18.11.2024	“	10,275,000	10,275,000	-	10,275,000
“	19.12.2024	“	43,608,303	43,608,303	-	43,608,303
“	04.10.2024	Development	8,333,333	-	8,333,333	8,333,333
“	20.11.2024	Development	8,333,333	-	8,333,333	8,333,333
“	25.11.2024	Development	8,333,333	-	8,333,333	8,333,333
“	15.01.2025	Development	66,666,668	-	66,666,668	66,666,668
“	10.02.2025	Recurrent	19,983,368	19,983,368	-	19,983,368
“	10.02.2025	Recurrent	18,608,329	18,608,329	-	18,608,329
“	10.04.2025	Recurrent	49,000,000	49,000,000	-	49,000,000
“	14.05.2025	Recurrent	17,000,000	17,000,000	-	17,000,000
“	10.06.2025	Recurrent	17,000,000	17,000,000	-	17,000,000
“ (AfDB)	20.06.2025	Development	10,584,302	-	10,584,302	10,584,302
“	07.07.2025	Recurrent	17,000,000	17,000,000	-	17,000,000
Total			333,884,302	223,300,000	110,584,302	333,884,302

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Appendix IV- Inter-Entity Confirmation Letter

Name of Transferring entity..... Ministry of Water Sanitation & Irrigation.....

Name of Beneficiary entity.....Kenya Water Institute

Confirmation of amounts received by Kenya Water Institute as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
	30.08.2024	10,275,000		10,275,000	FY 2024/2025
	24.09.2024	10,275,000		10,275,000	FY 2024/2025
	25.09.2024	-	8,333,333	8,333,333	FY 2024/2025
	28.10.2024	10,275,000	-	10,275,000	FY 2024/2025
	18.11.2024	10,275,000	-	10,275,000	FY 2024/2025
	19.12.2024	43,608,303	-	43,608,303	FY 2024/2025
	04.10.2024	-	8,333,333	8,333,333	FY 2024/2025
	20.11.2024	-	8,333,333	8,333,333	FY 2024/2025
	25.11.2024	-	8,333,333	8,333,333	FY 2024/2025
	15.01.2025	-	66,666,668	66,666,668	FY 2024/2025
	10.02.2025	19,983,368	-	19,983,368	FY 2024/2025
	10.02.2025	18,608,329	-	18,608,329	FY 2024/2025
	10.04.2025	49,000,000	-	49,000,000	FY 2024/2025
	14.05.2025	17,000,000	-	17,000,000	FY 2024/2025
	10.06.2025	17,000,000	-	17,000,000	FY 2024/2025
	20.06.2025	-	10,584,302	10,584,302	FY 2024/2025
	07.07.2025	17,000,000	-	17,000,000	FY 2024/2025
Total		223,300,000	110,584,302	333,884,302	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name DR. JENNIFER OWINGO Sign [Signature] Date 26/11/25

Head of Accounts Department - Beneficiary Entity:

Name ELVIS SONGA Sign [Signature] Date 26/11/2025