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REPORT

OF

THE AUDITOR-GENERAL

ON

CENTRAL RIFT VALLEY WATER WORKS DEVELOPMENY AGENCY

FOR THE YEAR ENDED 30 JUNE, 2025

DATE 04/12/2025
TABLED BY S.M.H
COMMITTEE —
CLERK AT THE TABLE Abdirahman

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CENTRAL RIFT VALLEY WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

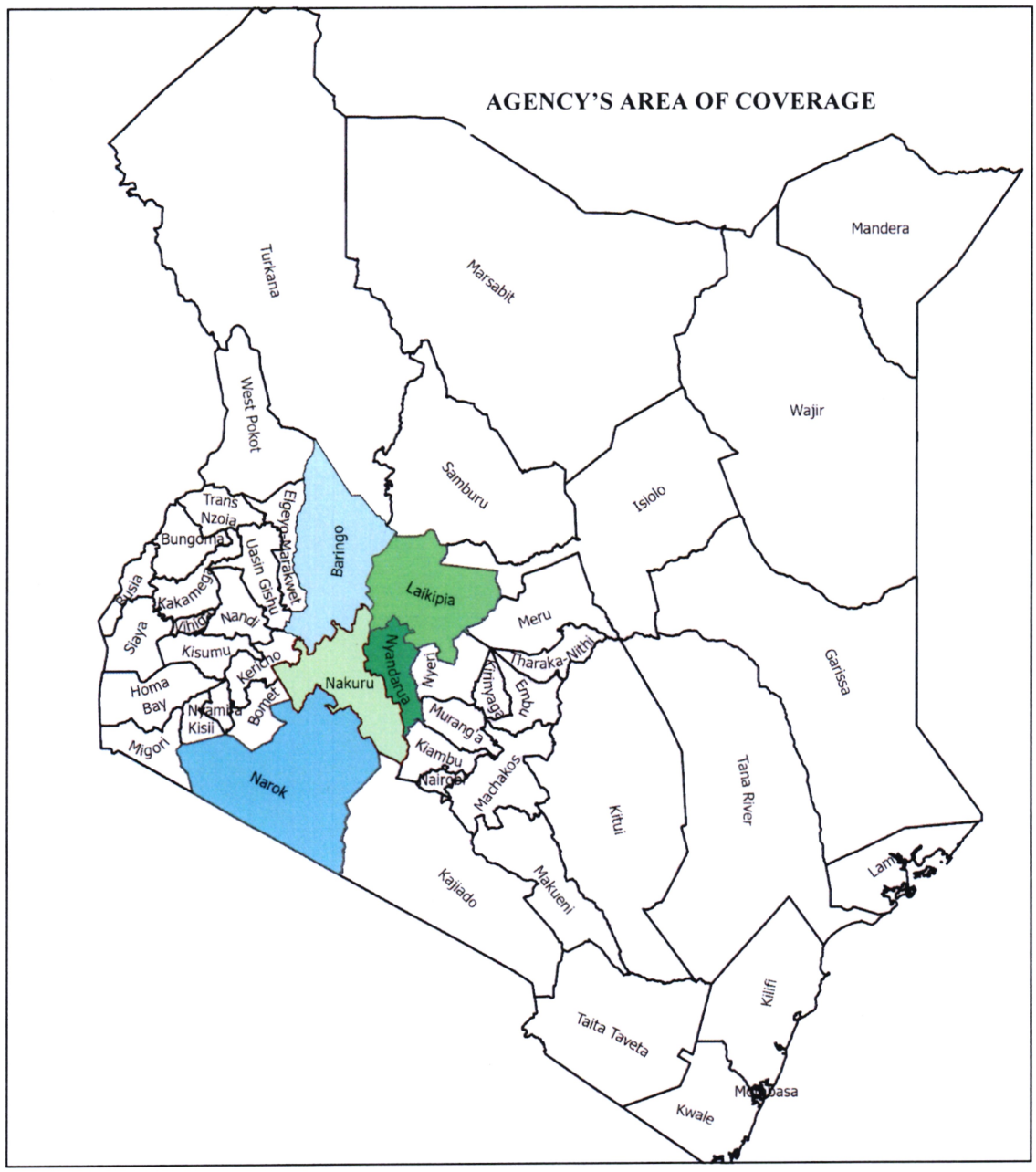
FOR THE YEAR ENDED
30TH JUNE, 2025



Itare Dam Water Supply Project status

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

Central Rift Valley Water Works Development Agency
Annual Report and Financial Statements
For the year ended June 30th, 2025


AGENCY'S AREA OF COVERAGE
Turkana
Marsabit
Mandera
Wajir
West Pokot
Samburu
Isiolo
Trans Nzoia
Elgeyo-Marakwet
Baringo
Bungoma
Uasin Gishu
Busia
Kakamega
Laikipia
Meru
Vihiga
Nandi
Siaya
Kisumu
Nyandarua
Nyeri
Tharaka-Nithi
Garissa
Kericho
Nakuru
Kirinyaga
Embu
Homa Bay
Nyamira
Kisii
Bomet
Murang'a
Migori
Kiambu
Nairobi
Machakos
Narok
Tana River
Kitui
Kajiado
Makueni
Lamu
Kilifi
Taita Taveta
Mombasa
Kwale

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I. Acronyms, Abbreviations and Definition of Terms

GOK	The Government of Kenya.
MWSI	Ministry of Water Sanitation & Irrigation
CRVWWDA	Central Rift Valley Water Works Development Agency
LVNWWDA	Lake Victoria North Water Works Development Agency
LVSWWDA	Lake Victoria South Water Works Development Agency
NRVWWDA	North Rift Valley Water Works Development Agency
NEMA	National Environment & Management Authority
KeNHA	Kenya National Highways Authority
CEO	Chief Executive Officer
ICPAK	Institute of Public Accountants
IPSAS	International Public Sector Accounting Standards
WSPs	Water Services Providers
KTSWSSP	Kenya Towns Sustainable Water Supply and Sanitation Program
JICA	Japan International Corporation Agency
ADB/ ADf	African Development Bank
KfW	Kreditantstalt fur Wiederaufbau
PPP	Public Private Partnership
AGPO	Access to Government Procurement Opportunities
SPA	Service Provision Agreements.
BOD	Board of Directors
EMCA	Environmental Management and Coordination Act 1999
NUWSSP	National Urban Water Supply & Sanitation Program

2 Key Entity Information and Management

a) Background information

The Central Rift Valley Water Works Development Agency is a body corporate established under the Water Act, 2016. It was established through the Legal Notice number 4 of 7th February 2020 to be responsible for development of public water works in the Five (5) Counties of Nakuru, Nyandarua, Baringo, Narok and Laikipia. The region has a population of 5,043,440 as per the 2019 National census. The Agency is governed by a Board of Directors headed by a chairperson, appointed by the Cabinet Secretary, Ministry of Water, Sanitation and Irrigation, while Management is headed by the Chief Executive Officer who is also the secretary to the Board of Directors.

This report also covers the three (3) Counties of Turkana, West Pokot and Elgeyo Marakwet, for the projects that were ongoing before re-arrangement by the MWSI for the Agency to exclude them and include Laikipia for better management.

The Agency is required to keep proper books of accounts of its income, expenditure, assets and liabilities. Further, it is required that accounts of the Agency shall be audited and reported in accordance with the Public Finance Management Act, 2012. This report is therefore made pursuant to the Public Finance Management Act, 2012 for the year ended 30th June 2025.

b) Principal Activities

The Agency develops and manages water services infrastructure and provides technical support to the County Governments in its area of jurisdiction and to the Cabinet Secretary in charge of Water Services. The Agency hands the completed water services infrastructure over to designated Water Services Providers for operating and day to day managing of water supply and sanitation services.

c) Key Management

The Agency is governed at policy level by a Board of Directors drawn from various Government Ministries and private sector representing a wide cross section of stakeholders within the Agency's area with a mix of skills, age, qualifications, gender and experience. A representative from Inspectorate of State Corporations also attends the meetings for advisory purposes. The day to day management is carried out by a management team headed by the Chief Executive Officer.

d) Fiduciary Management

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

1. CPA Douglas Murei Kaibos	Chief Executive Officer
2. Ms Caren C Lagat	Manager Legal Services
3. Eng. Joseph M Salee	Ag. General Manager – IDM
4. Mr William R Sakuda	Manager Supplies Chain Management
5. CPA Solomon K Wambugu	Manager Internal Audit
6. CPA Grace J Bowen	Ag. General Manager - Finance.

e) Fiduciary Oversight Arrangements

To ensure the efficient running of the Agency's operations, the Board of Directors have established Committees to meet and make recommendations to the Board who are mandated to provide policy direction for the entity on issues delegated to them. Each Committee has a Charter that guides its operations. During the year under review the Board had the following Committees in place to provide oversight arrangements:

1. Technical Services Committee
2. Finance & Corporate Services Committee
3. Audit and Risk Management Committee.

f) Registered Office and Contact Address

Maji Plaza
Prisons Road, Off Nakuru-Eldama Ravine Highway
P O Box 2451-20100,
Nakuru
Telephone: (254) 51 2213 557/(254) 71 8313 557
E-mail: info@rvwsb.go.ke Website: www.rvwsb.go.ke

g) Bankers

KCB Bank
Kenyatta Avenue Branch,
P O Box 18-20100
Nakuru

h) Independent Auditors

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

i) Principal Legal Adviser

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

3 The Board of Directors

Ref	Directors	Details
1.	 Hon. Samuel Mathenge Ndiritu Bachelor of Construction Management	➢ Born 1961 ➢ Non-executive Chairman of the Agency ➢ Over 36 years of experience in the water sector in various capacities. ➢ Previously served as a member of the Parliamentary Committee on Environment and Chairman to the Water Sub-Committee. ➢ Former member of Parliament Gilgil Constituency. ➢ Appointed 26th March 2024.
2.	 Hon. DR Daniel K. Tuitoek ➢ Doctorate in Water Resources Engineering ➢ Masters in Engineering ➢ BSc Civil Engineering.	➢ Born 1959 ➢ Independent Director ➢ Chair Technical Services Committee ➢ Over 26 years' experience as an Engineer. ➢ Previously served as Deputy Vice Chancellor Kabarak University and senior lecturer Egerton University. ➢ Former Member of Parliament Mogotio Constituency. ➢ Appointed 26th March 2024.

3.	 Ms Faith W Wachira ➢ Bachelor of Arts in Sociology ➢ Post Graduate Diploma	➢ Born 1982 ➢ Independent Director ➢ Chair Finance and Corporate Services Committee. ➢ Previously served. in the banking industry. ➢ Business lady ➢ Community leader. ➢ Appointed 31st May 2023.
4.	 Hon. Letulal Ole Masikonte	➢ Born 1961 ➢ Independent Director ➢ Previously as the Chairman of Narok Water and Sanitation Company. ➢ Over 26 years' experience in leadership and organizational transformation from local to National Government. ➢ Community leader ➢ Appointed 26th March 2024.
5.	 DR John K Kirui ➢ Doctorate in Human Resources Management ➢ Masters in Human Resource ➢ BSc Education	➢ Born 1962 ➢ Independent Director ➢ Chair Audit and Governance Committee ➢ Over 26 years of experience educationist. ➢ Previously Served as Chief Officer County Government of Kericho and part time Lecturer Kabianga, Kisii and JKUAT universities. ➢ Motivational speaker ➢ Appointed 6th June 2023.

6	 Mr Henry Mutwiri ➢ Alternate to the CS/The National Treasury MBA Finance Option Bcom (Business Administration)	➢ Born 1971 ➢ Over 28 years career in public service ➢ Currently Assistant Director Investment – The National Treasury.
7	 Eng. Simon K Korir ➢ Alternate to the CS/Ministry of Water, Sanitation and Irrigation ➢ Registered Member of EBK	➢ Born ➢ Wealth of experience in public service. ➢ Leadership drive and over 20 years of experience in Civil & Structural Engineering and Project Management. ➢ Currently Ag. Director Water Infrastructure Development and Project Manager --Ministry of Water, Sanitation and Irrigation
8	 CPA Douglas Murei Kaibos MSc. (Project Planning & Management) Bachelor of Business Administration (Finance Option) Registered Member-ICPAK	➢ Chief Executive Officer ➢ Appointed Chief Executive Officer on 20th December 2024.

4 Management Team

	Management	Details
1	 CPA Douglas Murei Kaibos MSc. (Project Planning & Management) Bachelor of Business Administration (Finance Option) Registered Member-ICPAK	➢ Chief Executive Officer ➢ Appointed Chief Executive Officer on 20th December 2024.
2	 Eng. Joseph M Salee Bachelor of Science in Civil Engineering, Post Graduate Diploma in Computer Science & Registered member with EBK	➢ Ag. General Manager – Infrastructure Development & Management
3	 Ms Caren C. Lagat Bachelor of Laws (LLB) Diploma in Law Registered member LSK & Advocate of the High Court	➢ Manager-Legal Services

4	 Mr William R. Sakuda Bachelor of Science MBA CPA, Diploma in Purchasing & Supplies and Registered member-KISM	➢ Manager Supplies Chain Management
5	 Mr Solomon K. Wambugu. MSC BCOM CPA & Registered Member IIA, ICPAK, & ISACA	➢ Manager-Internal Audit ➢ Resigned from service effective 31st April 2025.
6	 CPA Grace J Bowen Bachelor of Science Registered Member ICPAK	➢ Ag. General Manager – Finance

5 Chairman's Statement

On behalf of the Board, it gives me pleasure to present to you the Agency's Annual Report and the Financial Statements of the Central Rift Valley Water Works Development Agency for the year ended 30th June, 2025.

The agency has detailed initiatives and interventions geared towards planning, developing and delivering efficient and reliable water and sanitation infrastructure to the satisfaction of all stakeholders in line with our mandate.

The Agency continued to implement its mandate to contribute to the achievement of the Water Sector objectives in its area of jurisdiction. This is geared towards the achievement of the Kenya Vision 2030, the African Agenda 2063 and the United Nations Sustainable Development Goals Agenda through development and management of the water and sanitation services infrastructure.

The Constitution of Kenya recognizes access to water as a basic Human Right to all citizens. The Agency is aware that this presents a challenge to all players in the sector to effectively respond and play their roles. In this regard, the Agency has ensured that all its strategies are linked to Kenya Government's priorities as outlined in the Vision 2030, Medium Term Plans, the Big 4 Agenda, the annual approved budget, the Sector Performance Standards and other National policy documents.

This Report is distinctive in the sense that it marks the first year of the implementation of the Strategic Plan 2021-2026 thereby presenting a good opportunity to effectively deliver on the mandate by undertaking our activities in a structured manner. This also led to a review of several policy documents included are the Human Resources Management Policy & Procedures, Finance Policy and Procedures, Internal Audit Quality Assurance and Improvement Programme, Road safety mainstreaming, the Alcohol and Drug Abuse, among others. In addition, the year marked the implementation of the Enterprise resource planning to ease its operations.

The Agency signed the 21st cycle Performance Contract and implemented the targets which were set out. Included is the implementation of the Presidential Directives, Corporate Social Responsibility initiatives, in social welfare, environment conservation, education, sports and towards building capacity. Projects to be considered for future development were identified and the concept notes summaries done.

Among the challenges faced was the Kenya Revenue Authority, on several occasions frozen and withdrew funds budgeted for implementation of works and for payment of works already executed but certification at various stages of approval. This has negatively affected project implementation and brought about escalation on pending bills.

Further, the Agency on behalf of the Ministry of Water, Sanitation & Irrigation acting on written instructions from 2019 to date, implemented some programmes whose funding have not been disbursed as indicated on the instructions.

The Agency in collaboration with the Ministry of Water, Sanitation & Irrigation, Development Partners and other Stakeholders have implemented various projects across its expansive area most of which is arid and semi-arid lands (ASAL). Efforts to provide portable water in these areas is a costly undertaking and requires increased budgetary allocations to ensure water coverage targets are met by all sector players. Accordingly, the Agency will continue implementing, monitoring and evaluation framework that tracks the implementation of the its corporate initiatives to achieve intended objectives.

Hon Samuel Mathenge Ndiritu

Chairman

Date: 29/10/2025

6 Report of the Chief Executive Officer

The Water Act, 2016 in section 68 provides the functions of the Agency as follows:

1. Undertake development, maintenance and management of National Public Water Works;
2. Hand over the water works to designated Water Services Providers for operation and management;
3. Provide water services when ordered by the Regulatory Authority (Reserve Capacity of the National Government on Water Services Provision);
4. Provide technical and capacity building services to County Governments and Water Services Providers upon request; and
5. Provide technical support to the Cabinet Secretary.

In order to perform its mandate, the Agency has a Strategic Plan which aims at attaining the Sustainable Development Goals for the Water and Sanitation Sub-Sector through implementation of the Vision 2030 water projects and other Government priority projects.

This Strategic Plan also sets out a framework to ensure a seamless handing over of water services provision to the respective County Governments.

The Agency's Strategic Plan has set six (6) strategic objectives as follows:

1. To mobilize and utilize Kshs. 243 Billion for development of water and sanitation infrastructure by 30th June 2026.
2. To develop prioritized infrastructure for enhanced access to water and sanitation services.
3. To develop and implement mechanisms for management of the developed water and sanitation infrastructure.
4. To continually improve internal capabilities for efficient service delivery.
5. To mainstream national cross cutting issues for a cohesive and just society.
6. To achieve 100% customer satisfaction

This report is therefore based on the above strategic objectives and illustrates the achievements of the Agency during the year ended 30th June 2025.

During the year, the Agency's achievements included, the mid-term review of the Strategic Plan 2023/24 to 2027/28 to align it to the vision 2030 medium-term plan IV, the Bottom-Up Economic

Transformation Agenda BETA) and the National Treasury and Economic Planning guidelines for the development of the 5th Generation strategic plans.

The acquisition of an Enterprise Resource Planning system documentation is ongoing. The consultant was procured and begun the installation of the ERP system and end user training stood at 98% complete.

A Financial Statements

During the year under review, the recorded total income is Kshs 712.03 million as compared to Kshs 382.65 million previous year. Expenditure for the period under review was Kshs 845.77 million, as compares with Kshs 414.71 million previous year. The Agency's Assets base is Ksh 10.70 billion compares with Kshs 10.26 billion previous year.

B Quality Management Systems

The Agency is in the process of transiting from ISO 9001:2008 to ISO 9001:2015 Standard. Further, the Agency is certified as a data controller and processor by the Office of Data Protection Commission (ODPC).

C Staff Competency Development

During year under review several trainings were carried out in various competencies; professional staffs were facilitated to attend professional seminars and workshops to enhance their career development. Some of the seminars attended are those for engineering, accounting, supplies chain management, human resources, strategic leadership development course, senior management course, team building, pre-retirement training, supervisory course, cross cutting issues workshop and Monitoring & Evaluation Course.

The Agency's Organization Structure and staffing, Career Progression and Guidelines and the Human Resource Policy and Procedures Guidelines were approved by the Public Service Commission and issued the approved establishment of one hundred and thirty-seven (137) against a current staffing strength of twenty-three (22). The report was adopted by the board for implementation and submitted it to SRC for job evaluation for determination of the applicable salaries.

The Agency advertised for recruitment of the first batch of forty (40) vacant positions, 19 (nineteen) replacements and 21(twenty-one) new positions a part of the establishment. This process is ongoing and is expected to be completed by October 2025.

To complement the work force gaps, the Agency engaged eleven (11) Staff on short-term temporary contract, eighteen (18) youths on internship programme and forty (40) students on attachment.

D Performance contracting

During year under review, the Agency signed the 21st cycle Performance Contract and implemented the targets which were set out on Financial Stewardship and Discipline, Service Delivery, Core Mandate, implementation of Presidential Directives, Access to Government Procurement Opportunities (AGPO), Promotion of Local Content in Procurement and Cross-Cutting issues. The Agency accomplished all the activities leading to the achievement of the set targets.

E Projects being implemented

1 a) Chemususu Dam Water Distribution Project

Chemususu Dam Water Distribution Project is one of the medium dams proposed under Kenya's Vision 2030 and the Big four Agenda in Baringo and Nakuru Counties. It is located 80 KM North West of Nakuru town and about 15 KM west of Eldama Ravine of Baringo. This is a Government of Kenya wholly funded project. The dam was constructed by National Water Conservation & Pipeline Corporation. It is a 48M high rock fill dam with a capacity of 12 Million M^3.

The implementation of the distribution network is carried out by the Central Rift Valley Water Works Development Agency and is estimated to cost KShs 3.5 Billion. The scope of works includes; raw water main, treatment works, treated water gravity mains, distribution system mains and storage reservoirs. Other components include; supply of operation and maintenance equipment and rehabilitation of existing Chemususu water supply treatment. It will serve more than 300,000 people and their livestock in Eldama Ravine and Mogotio Sub Counties of Baringo County and parts of Rongai Sub County of Nakuru County. The project duration was affected by the COVID 19 pandemic that enabled an extension approval of six months from June 2020 to December 2020.

The overall project implementation is at 94% (Baringo County at 99% and Nakuru County at 72%).

During the year under review, a final inspection of works was done and a snag list developed for completion before handover of project.

The extension to include last mile connectivity was funded and procurement of contractors commenced.

b) Chemususu Last Mile Connectivity Project

During the year under review, procurement of 13No.projects under Chemususu Last Mile Connectivity were implemented in Mogotio, E/Ravine of Baringo County and Rongai Constituency in Nakuru County. Four (4) Projects Baringo County completed and handed over to the WSP, while two (2) in Rongai Constituency-Nakuru County complete but awaiting tariff approval between two WSPs CHEWASCO in Baringo County & NARUWASCO in Nakuru County in order to operationalize the projects. Further, the procurement process for seven (7) more projects in Baringo County was completed and the contractors to commence works. Overall status of LMC is at 74%

2 **Naivasha Industrial Park Water Supply Project**

The Agency engaged with the Ministry of Industrialization, which spearheaded the development of the Special Economic Zone and Inland Container Deport for identification of locations and sites for the boreholes. The project involves the supply of sufficient water to the Special Economic Zone and Inland Container Deport to meet the water demand and to support the Big 4 Agenda of the Government. The project has two components;

a) Short term intervention

The aim was to develop Water Sources capable of supplying 10,000m^3/day as a short-term measure. Water supply from 25 Boreholes to be drilled in Naivasha and Narok areas. Investigations and feasibility studies were completed in the 25 sites. During the year under review, the project was completed and is at defect liability period.

b) Long term intervention

Malewa Multi-Purpose Dam and 20,000m^3/day Water Supply. This project is being undertaken under the Kenya climate Resilience Project at the Ministry Headquarter. The status is that the project feasibility study was completed.

3 **Kenya Towns Sustainable Water Supply and Sanitation Program**

These projects are funded by African Development Bank (AfDB) with an estimated cost of Ksh 1.36 Billion. The programme is to improve management of Water Supply and Sewerage Services various urban centres in Kenya. The projects comprise of construction of sewerage systems in

Narok town of Narok County, Ol'kalou town of Nyandarua County, Kapenguria and Chepararia of West Pokot County, Eldama Ravine of Baringo County and a Multi -purpose dam project in Beregei and Amaya of Baringo County. The Projects under this Programme include water supply projects and sewerage projects in the CRVWWDA, Lake Victoria North Water Works Development Agency (LVNWWDA) Lake Victoria South Water Works Development Agency (LVSWWDA) and North Rift Valley Water Works Development Agency (NRVWWDA) areas of jurisdiction and the CRVWWDA is the implementing agency.

During the year under review, the programme is under various level of implementation despite challenges of delayed approvals of master list for tax exemptions and delayed payments occasioned by lack of appropriation of budget by the parent ministry for land compensations. Most have been approved with measures put in place to accelerate work schedule. Kipkaren Water Project stalled at 76%. However, the bank approved procurement for a new Contractor and this process was completed and the contractor is scheduled to commence works on 30th August 2025. The Bomet-Longisa-Mulot's overall work progress is now at 57% against 98%-revised time lapse. These projects are unlikely to be completed by December 2025, the program closure time. The Agency has raised the issue through the Ministry and the National Treasury to extend the program to enable these projects to be completed. The overall Programme implementation is at 93%.

4 Itare Dam Water Project

This is one of the flagship projects identified and prioritised by the Government of Kenya under the Kenya's Vision 2030 for Nakuru and parts of Kericho County. The estimated project cost is Kshs. 34 billion. It is funded by the Government of Kenya through Italian funding agency.

The project will supply 100,000$m^3$of water per day by gravity to serve over 1,000,000 people in Nakuru town and three small towns in Kericho County along the pipeline route. The project components include construction of a dam, water treatment plant, pipeline, bulk transfer tunnel and storage tanks in and around Nakuru town.

The contractor suspended works in September, 2018 alleging delayed payment. They did not resume work as they were experiencing what they called 'financial constraints' back in Italy. This issue was taken up with the highest authorities and various options were considered in liaison with the National Treasury, the Ministry of Water, Sanitation & Irrigation and the lending agencies. The Agency demanded from the contractor a refund of the advance payment and the

performance guarantee as provided for in the contract before finally terminating on 4th February 2020. The Consultant was tasked to develop a budget of the remaining works in lots so as to assist in considering the best option to jump start the project. The Agency deployed the Special Installation Police Unit (SIPU) and a security firm to complement and guard the installation from vandalism and theft until an ultimate solution of the stalled project is realized. A request for budgetary allocation for the cost was submitted to Ministry of Water, Sanitation and. Irrigation for consideration.

The Agency was made aware of the arbitration cases at ICC (International Criminal Court) that were withdrawn and that the contractor- CMC Diravenna was in the process of nominating a JV (joint Venture) Partner prior to submission of the joint bid. The Agency has retained the services of Gauff Consulting Engineers to assist in revision of the contract documents to pave way for re-commencement of the project as advised from the task force that had been formed to look into the matter.

The ICC (International Criminal Court) confirmed the withdrawal of the arbitration case. This paved way for commencement of negotiations for a new Facility Agreements with the Development Aid Committee Meeting / Gov Italy to arrive at a *NEW Financing Agreements.* A draft implementation budget was prepared for review by both parties. The disclosure of third-party claims and Settlement Mechanism process also commenced. The ESIA Project Manager was appointed and ESIA & Statutory Approvals is ongoing. The resumption of works process is ongoing, with the contractor (CMC) currently doing merger and acquisitions to be completed by 30th August 2025.The Agency conducted a Due diligence jointly with the office of the Attorney General and the MWI&S on the proposed institutional arrangements for the Contractor's composition. The settlement agreement validity period was also extended to September 2025. The overall progress remained at 27%

5 Kirandich Phase II Water Project

This project is being implemented with a loan amounting to Ksh 1.80 billion from the Government of Italy. The project components include expansion of water supply to Kabarnet town, construction of a sewerage system and generation of hydro-electric power to reduce electricity expenses in the running of the scheme. The implementation of the project commenced in December 2018. Contractor mobilized to site, setting up of camp site. The addendum for extension was granted for extension of time to resume works but the execution of works was not

achieved since the contractor was not responsive until the contract lapsed on 11th October 2022. The Agency communicated this to the parent ministry and requested for consideration of time extension of 18 months through addendum 3 and for further submission to the Italian Agency for Development Cooperation for issuance of a 'No Objection'. The master list for tax and duty exemption that was approved.

The contractor commenced works and the overall completion rate is at at 30.7%.

6 Rural Water Supply Borehole Project Baringo County

The project was funded by Japan International Corporation Agency (*JICA)* and the Government of Kenya. The works was estimated to cost of KShs.371 million project. The projects were completed and 7 Contract terminated due to unsuccessful boreholes in terms of water quality and yield. Alternative sources for 2 of the unsuccessful boreholes were drilled and equipped.

7 Lake Nakuru Biodiversity Conservation Project

This project involves improvement of waste water management, solid waste management and drainage in Nakuru town to conserve the biodiversity of the Lake Nakuru ecosystem. The project is funded by KfW a German Agency and is estimated to cost for feasibility study is Ksh 6.3 billion.

The feasibility studies and the appraisal of the project were completed. The project was approved for construction and the funding negotiations finalized. The final detailed designs for water supply reports were completed and preparation of tender documents is scheduled after approval of final design reports.

During the period under review the procurement process commenced for lot 1, 2 and 3 the evaluation of bids was completed and reports for Lots 1, 2 and 3 were submitted to the bank for 'No Objection'. The Bank approved for the engagement of contractor for Lot 1. The bank needed clarification by bidders of Lots 2 and 3 and the Agency carried out a Due diligence on all projects they submitted including getting attestations from the Employers and their Financiers. The Bank is reviewing the bid evaluation reports for a no-objection to opening of the financial bids for the two remaining lots 2 & 3.

F Projects ear marked for funding

National Urban Water Supply and Sanitation Program (NUWSS) Phase I

This program is intended to build on and complement the ongoing AfDB financed Kenya Towns Sustainable Water Supply and Sanitation Program and ensure that last mile connectivity for the program is implemented in order for the intended beneficiaries to access the water and sanitation services as was envisaged. The program is estimated to cost UA 18.289 million to benefit a population of 184,000 people across the four number project areas. These are the specific project details. The Agency has 4 projects namely; Kinamba-Kayole Water Supply, Eldama Ravine Sewerage, Olkalou Sewerage and LMC Narok Sewerage LMC.

The budgets have been approved by the MoWSI and AfDB and awaiting finalization of Financial Agreements The Government and AfDB has signed the Financing Agreement. The Ministry is finalising the Implementing Agreement with the Agency so that the programme can be rolled out

1. **Kinamba-Kayole Water Project Nakuru County**

The project is to provide domestic water supply. The estimated cost is Kshs 629Million. It includes construction of 500m3 booster tank, 2000m3 Kinamba Storage Tank Site and a 100m3 Kayole elevated steel tank to benefit about 52,300 people in Kayole and Kinamba towns within the outskirts of Naivasha Sub County of Nakuru County. The consultancy services for preparation of ESIA and RAP reports and review of designs, drawings and tender documents of the project were completed and forwarded to the Ministry. The project is being considered for funding under the National Urban Water Supply and Sanitation (NUWSS) programme- by AfDB.

2. **Eldama Ravine Sewerage Baringo County**

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 1,813Billion. It includes construction of a 53Km sewerage network of capacity 6862 m3 /day waste water treatment system, a wetland and a a treatment plant. The project will benefit about 57,563 people in Eldama Ravine town and its environs. The consultancy services for the preparation of ESIA and RAP reports and the review of designs, drawings and tender documents of the project were completed and presented to the Ministry. The project is being considered for funding under the National Urban Water Supply and Sanitation (NUWSS) programme- by AfDB.

3. **Last Mile Connectivity for Olkalou Sewerage Project Nyandarua County**

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 533 million. It includes expansion of Sewer line by Laying an additional eleven (11)km of sewer line to cover areas not included in Phase I and construction of additional of 500 customer connections to the existing sewer lines. The project has a water component that includes rehabilitation and expansion of Malewa System Intake Works, replacement and expansion of 25km raw water main and construction of an additional 1000m^3/day of water. The project will benefit about 30,500 people in Olkalou town and its environs. The consultancy services for preparation of ESIA and RAP reports and review of designs, drawings and tender documents were completed and presented to the Ministry. The project is being considered for funding under the National Urban Water Supply and Sanitation (NUWSS) programme- by AfDB

4. Last mile connectivity for Narok Sewerage project Narok County

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 213Million. It includes expansion of Sewer line by Laying an additional 15.6km of sewer line and construction of additional of 1000 new connections to the existing 500 sewer lines. The project will benefit about 200,000 people in Narok town and its environs. The consultancy services for the preparation of ESIA and RAP reports and review of the designs, drawings and tender documents were completed and presented to the Ministry. The project is being considered for funding under the National Urban Water Supply and Sanitation (NUWSS) programme- by AfDB.

G Projects Under Planning and Design

1. Proposed Nanyuki Town Sewerage Project

During the year under review, the preliminary design and cost estimates for options on utilization of land available at two different sites for the waste water treatment plant were completed. The procurement of a consultant for the designs commenced.

2. Rumuruti Water Supply and Sewerage Project Laikipia County

The project is to ensure adequate water supply and safe disposal of waste water. The estimated project cost is Kshs 2 Billion. Rumuruti town does not have any sewerage facilities while the current water supply is unable to meet the current water demand. The estimated project duration is 36 months and the target population is 38,000. The water supply component is being considered for funding under PPP.

3. PESI Dam Water Project Nyandarua County

The objective of PESI dam is to provide domestic and industrial water supply. The estimated cost is Kshs.20 Billion. The proposed dam is to be constructed within PESI Settlement scheme in Nyandarua County. The project will benefit about 100,000 people in all the areas earmarked for supply. The Agency is procured a consultant to undertake feasibility study review, design and preparation of tender documents. The consultancy works commenced and the inception report submitted to the parent ministry. The preliminary designs are complete. The project is being considered for funding under PPP.

4 **Malewa Dam Water Project Nyandarua County**

The objective of the dam is to provide domestic and industrial water supply. The estimated cost is Kshs.20 billion. The proposed dam is to be constructed in a settlement area occupying parts of Nyandarua and Nakuru Counties at Malewa River. The population to benefit is 687,000. The feasibility studies were finalized and the project is being considered for funding under PPP.

5 **Kabazi Dam Water Project Nakuru County**

The objective of the dam is to provide domestic water supply. The proposed dam shall be constructed in Kabazi area. The estimated cost is Kshs. 405 million. The project is recommended for funding for design and preparation of tender document to enable the preparation of proposal for funding. The target population is 109,599. During the year under review the feasibility studies were completed.

6 **Upper Solai Dam Water Project Nakuru County**

The objective of the dam is to provide domestic water supply. The estimated Cost is Kshs.6 billion. The target population is 110,041. The Agency undertook the feasibility study and the procurement of a consultant to undertake feasibility study review, design and preparation of tender documents commenced.

7 **Chemolingot Dam Water Project Baringo County**

The objective of the dam is to provide domestic water supply. The proposed dam shall be constructed in Kostei area. The estimated cost is Kshs.109 million. The feasibility study for dam source were completed.

8 **Narosura Dam Water Project Baringo County.**

The objective of the dam is to provide adequate water supply. The estimated Cost is Kshs.389 million. The target population is 65,000.

9 **Naivasha Town Sewerage Project Nakuru County**

The project is to ensure safe disposal of waste water into the lake in acceptable quality. The estimated project cost is Kshs 3 billion. The target population is 690,000.

10 **Gilgil Sewerage Project Nakuru County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 1.5 million. The target population is 138500.

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The project is to ensure adequate water supply and safe disposal of waste water. The target is to serve communities living in the upper Itare Dam area. The estimated project cost is Kshs 2.5 billion. The target population is 245500.

13 **Subukia Water Supply & Sewerage Project Nakuru County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 1.5 million. The target population is 21000 ultimate

14 **Njabini Sewerage Project Nyandarua County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 700 million. The target population is 15000.

15 **Mairo Inya Sewerage Project Nyandarua County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 800 million. The target population of 19000.

16 **Emining Sewerage Project Baringo County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 500 million. The target population is 15000.

17 **Marigat Water Supply and Sewerage Project Baringo County**

The project is to ensure adequate water supply and safe disposal of the waste water. It is estimated to cost Kshs 1.6 billion. The target population is 38,000. The preparation of the feasibility studies and engineering designs is ongoing.

18 **Mogotio Sewerage Project Baringo County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 700 million. The target population is 19000.

19 **Rumuruti Water Supply and Sewerage Project Laikipia County**

The project is to ensure adequate water supply and safe disposal of waste water. The estimated project cost is Kshs 2 billion. The target population is 38,000. The review of feasibility study commenced during the year under review.

20 **Suswa Sewerage Project Narok County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 500 Million.The target population is 15000.

21 **Kilgoris Sewerage Project Narok County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 800 million. The target population is 23000.

22 **Lolgorian Sewerage Project Narok County**

The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 600 million. The target population is 12500.

G Projects funded under emergency interventions /Public Participation

The Agency is implementing several small rural water supply projects under the Equalization program, Drought Mitigation program, Public Priority projects, other Strategic Initiative water supply projects like Small Pans and Dams projects, boreholes, Water Harvesting projects, Central Rift Valley Projects and Aberdare catchment (PESI) project among others. These are expected to boost supply in the rural areas. They include borehole development, rehabilitation of water supplies and associated storage works, laying of new pipelines and construction of pans and small dams in strategic areas and drilling of bore holes & associated civil works among others. Most of the projects commenced and stands at various stages of completion.

H Engagement with the Counties

The provision of water services is a devolved function of the County Governments and it became necessary to harmonize the Agency's water activities with those of the Counties. In addition to

participating in the Water Sector Transition and Reforms – Consensus Building Forums with the Counties organized by the Ministry of Water Sanitation and Irrigation.

The Agency has engaged the Counties to capacity build them in the area of management of water service provision including monitoring and developing management tools to be used, constituting of Water Service Providers boards and recruitment of its directors, and preparation and monitoring of Service Provision Agreements (SPA) with WSPs and other governance issues.

The Agency has remained on course in its strategy to develop and enhance water supply and sanitation infrastructure in its area of jurisdiction.

The Board of Directors provided effective policy direction and was at hand to work with management while implementing policies into water and sanitation infrastructure decisions. The success achieved in realizing completed, ongoing and planned projects has also been due to the collaboration between the Agency's staff and its stakeholders.

The compounded efforts enabled us overcome surmountable challenges that came our way during the year.

We remain committed to our mission;

'To plan, develop and deliver efficient and dependable water infrastructure'

My appreciation to our partners, stakeholders, the Board of directors and members of staff for the efforts put in throughout the year and let us continue to pull together to ensure every Kenyan the right to sustainable Water and Sanitation Services.

CPA Douglas Murei Kaibos
Chief Executive Officer
Date 29/10/2025

7 Statement of Performance against Predetermined Objectives for the F/Y 2024/2025

The Central Rift Valley Water Works Development Agency has five (5) strategic pillars and objectives within its strategic plan for the FY 2021/2022 – 2025/2026. They are as follows:

Pillar 1: Enhancement of water and sanitation infrastructure coverage.

Pillar 2: Management of Agency assets.

Pillar 3: Effective resources mobilization and prudent utilization.

Pillar 4: Enhancement of institutional framework and capacity.

Pillar: 5: Customer and stakeholder management.

The Agency develops its annual work plans based on the above five (5) pillars. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2024/2025 for its five (5) strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Water Infrastructure Coverage.	To increase water supply coverage from 59% in June 2023 to 65% by June 2028.	No. of water projects completed.	Complete ongoing and stalled water supply projects.	projects at various stages of competition. some completed others commissioned.
		No. of new water projects developed.	Develop new water supply projects	11 No. concept notes for priority projects prepared;
		No. of existing water schemes rehabilitated/expanded.	Rehabilitate and expand of existing water supply schemes.	Rehabilitation works were initiated in selected schemes; progress ongoing.
		No. of project proposals prepared for funding.	Prepare water supply projects for funding	Feasibility studies and designs were developed;
		% compliance with climate resilience and environmental laws.	Enhance climate resilience in water projects and compliance with environmental laws.	ESIA and RAP compliance certificates were secured for active projects;

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Sanitation/ Sewerage Infrastructure Coverage	To increase urban sewerage coverage from 11.4% in June 2023 to 18% by June 2028.	No. of sewerage projects completed.	Complete implementation of ongoing sewerage projects.	Several sewerage projects under the KTSWSSP program progressed to advanced stages; completion
		No. of new sewerage projects initiated.	Implement new sewerage projects,	Preparatory activities were initiated
		No. of project preparation documents (concept notes, feasibility studies, designs, tender documents).	Prepare sewerage projects for funding (implementation.	concept notes and feasibility studies; some tender documents remained under review.
		No. of rehabilitated/augmented sewerage systems.	Rehabilitate and augment sewerage systems	10 No. Borehole and Water schemes were rehabilitated
	To increase sanitation coverage from 75% in June 2023 to 80% by June 2028.	No. of sanitation solutions integrated into water supply and sewerage projects.	Develop solutions and integrated into water supply and sewerage projects.	Sanitation solutions were integrated into selected projects.
Management of water and sanitation infrastructure.	To increase access to water supply and sanitation services by 6% by June 2028.	No. of WSPs supported in Non-Revenue Water reduction.	Build the capacity of Water service providers to reduce non-revenue water.	3 No. WSPs Chemususu, Kirandich, NARUWASCO were trained
		No. of bulk water services developed.	Develop capacity for bulk water commercial services	A framework for bulk water commercial services was developed;
		Updated asset management system.	Enhance assets management system.	The asset register was updated; digitization initiated.
		No. of stakeholder engagements conducted.	Enhance stakeholder participation, engagement and buy-in	15 Stakeholder engagements were held during planning

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
		No. of research and innovation initiatives.	Conduct research and innovation.	Initial research initiatives were piloted.
		% compliance with climate resilience and environmental laws.	Enhance climate resilience in water projects	Compliance reports were obtained for funded projects;
		No. of ecosystem conservation initiatives coordinated.	Coordinate stakeholders to conserve and protect local ecosystems.	29 Awareness forums were held in various projects;
Strategic partnerships and Financial Sustainability.	To mobilize and manage KShs. 75,301 million for development of water supply and sanitation infrastructure by June 2028.	Resource Mobilization strategy developed.	Develop Resource Mobilization strategy.	raft Resource Mobilization Strategy
		No. of bulk water services provided.	Provide bulk water supply services.	Bulk water supply services not commenced
		No. of strategic partnerships mainstreamed.	Mainstream strategic partnerships to attract financial and technical support.	Engagements with partners were held; negotiations remained ongoing.
		No. of alternative financing solutions implemented	Implement alternative financing solutions etc.	PPP discussions were initiated
		% compliance with prudent financial planning and management.	Observe prudent financial planning and management.	Financial and procurement policies were adhered to
		No. of engagements with financial partners.	Strengthen collaboration and engagement with existing financial partners.	Partnerships with existing financiers were maintained and joint initiatives were undertaken.
Institutional Capacity	To improve productivity index from	No. of staff recruited.	Recruit staff to enhance human resource capacity.	Procurement for recruitment for critical positions commenced

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	2.25 in June 2023 to 3 by June 2028.	No. of staff trained and developed.	Enhance competence development and productivity.	8 No. staff were trained
		% improvement in work environment.	Improve work environment.	Workplace improvements were undertaken
		Succession plans developed/implemented.	Enhance succession planning.	A draft succession management framework in place
		HR management strategy developed.	Develop human resource management strategy.	A draft HR management strategy was developed.
		No. of corporate governance and compliance reports.	Strengthen corporate governance and compliance with statutory requirements.	Compliance audits were conducted and governance frameworks were refined.
		No. of corporate plans and performance reports.	Strengthen corporate planning and performance management.	Corporate planning completed and performance monitoring undertaken.
		% improvement in internal efficiency.	Enhance internal efficiency.	ERP in use and staff trained
		Annual corporate image/branding reports.	Improve corporate image.	Corporate branding undertaken through the Agency's website and social media,

8 Corporate Governance Statement

i. Appointment of Board members

The Board of Directors of the Central Rift Valley Water Works Development Agency are appointed by the Cabinet Secretary, Ministry of Water, Sanitation & Irrigation from time to time for a term specified by regulations. They are drawn from some Government Ministries and private sector representing a wide cross section of stakeholders within the Agency's area with a mix of skills, age, qualifications, gender and experience. During the year under review, Director Eng. Simon Korir was appointed Alternate to the CS/Ministry of Water, Sanitation and Irrigation replacing Director David Yatich and CPA Douglas Murei Kaibos was recruited as Chief Executive Officer on 20th December 2024.

ii. Roles and functions of the board

They are given the responsibility of enhancing corporate governance practices to bring the level of governance in line with International Standards. The essence of good corporate governance practice is to promote and protect stakeholders' interests. They include the Government, Water Works Development Agencies, the Water Services Regulatory Authority, other Statutory Institutions, Water Services Providers, Development Partners, Communities and Water Consumers.

iii. Induction, training & development

The board members underwent an induction on Mwongozo Code of Conduct, training on Corporate Governance and induction on Water Act 2016 upon appointment in order to familiarize them with their responsibilities as directors. Other activities included training on Audit and Risk Management and the code of conduct and ethics.

iv. Board members' performance

The State Corporation Advisory Committee carried out a board evaluation exercise on the members of the board on their performance from time to time as required by regulations.

v. Number of board meetings held

The board develops a calendar that guides the number of board meetings to be held. An attendance register is maintained.

vi. Succession plan

The board members are appointed by the Cabinet Secretary, Ministry of Water, Sanitation & Irrigation from time to time for a term specified by regulations.

vii. Policy to manage conflict of interest

Conflict of interest is an agenda item in all board meetings and a register is maintained for record purposes.

viii. Board remuneration

The Board of Directors are paid sitting allowance for every meeting attended as well as accommodation allowance while on Agency's duty as per Government guidelines. The Chairman is also paid a monthly honorarium.

ix. Ethics and Conduct

The board members underwent an induction on Mwongozo Code of Conduct. The program also provides the directors with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the code of conduct and ethics.

x. Governance audit

The board members carried out a governance audit.

xi. Communication policy

The board approved a policy document on information communication technology and is being implemented. It recognizes the importance of use of ICT tools to conduct business with stakeholders and is integrated in the operations of the Agency.

xii. Terms of reference of committees

To ensure the efficient running of the Agency's operations, the Board has established standing Committees which meet and make recommendations to the Board on issues delegated to them. Each of the committees have a Charter to guide its operations.

During the year under review the Board had the following Committees in place:

1. Corporate Services & Finance,
2. Technical Services,
3. Audit and Governance and

xiii. Policy on related party transactions

The board members and employees avoid conflicts of interest between their private activities and their part in the conduct of organizations business. A code of ethics forms is signed by employees and a register of conflict of interests is maintained.

Hon. Samuel Mathenge Ndiritu

Chairman

Date: 29/10/2025

9 Management Discussion and Analysis

A Financial Statements

During the year under review, the recorded total income is Kshs 712.03 million as compared to Kshs 382.65 million previous year. Expenditure for the period under review was Kshs 845.77 million, as compares with Kshs 414.71 million previous year. The Agency's Assets base is Ksh 10.70 billion compares with Kshs 10.26 billion previous year.

B Quality Management Systems

The Agency is in the process of transiting from ISO 9001:2008 to ISO 9001:2015 Standard. Further, the Agency is certified as a data controller and processor by the Office of Data Protection Commission (ODPC).

C Staff Competency Development

During year under review several trainings were carried out in various competencies; professional staffs were facilitated to attend professional seminars and workshops to enhance their career development. Some of the seminars attended are those for engineering, accounting, supplies chain management, human resources, strategic leadership development course, senior management course, team building, pre-retirement training, supervisory course, cross cutting issues workshop and Monitoring & Evaluation Course.

The Agency's Organization Structure and staffing, Career Progression and Guidelines and the Human Resource Policy and Procedures Guidelines were approved by the Public Service Commission and issued the approved establishment of one hundred and thirty-seven (137) against a current staffing strength of twenty-three (22). The report was adopted by the board for implementation and submitted it to SRC for job evaluation for determination of the applicable salaries.

The Agency advertised for recruitment of the first batch of forty (40) vacant positions, 19 (nineteen) replacements and 21(twenty-one) new positions a part of the establishment. This process is ongoing and is expected to be completed by October 2025.

To complement the work force gaps, the Agency engaged eleven (11) Staff on short-term temporary contract, eighteen (18) youths on internship programme and forty (40) students on attachment.

D Performance contracting

During period under review, the Agency implemented the targets which were set out on the performance contact. The Agency accomplished all the activities leading to the achievement of the targets.

E Projects being implemented

1) Chemususu Dam Water Distribution Project

During the period under review, the project implementation was done to 94%. And implemented Last mile connectivity to an average of 74% in Rongai, Eldama Ravine and Mogotio towns and its environs.

2) **Naivasha Industrial Park Water Supply Project**

The project has two components,

a) Short term intervention

The Agency has completed investigations and feasibility studies in the 25 sites and has carried out detailed designs and drilling of Six (6) boreholes was completed and procurement for civil works commenced. The project was completed and stands at defect liability period.

b) Long term intervention

Malewa multi-Purpose dam and 20,000M^3/day water supply. This project is being undertaken under the Kenya climate Resilience Project at the Ministry Headquarter. The status is that the project is at the final feasibility study.

3) Kenya Towns Sustainable Water Supply and Sanitation Program

The progress in the Programme implementation was 93% during the period under review.

4) Kirandich Phase II Water Project

The master list for tax and duty exemption that was approved. The contractor commenced works and the overall completion rate is at at 30.7%.

5) Itare Dam Water Project

During the period under review, overall completion rate remained at 27%. Works were suspended since September 2018. The ICC to confirmed the withdrawal of the arbitration case and the contractor- CMC Diravenna was in the process of nominating a JV (joint Venture) Partner prior to submission of the joint bid for approval. Commencement of negotiations for a new Facility Agreements with the Development Aid Committee Meeting / Gov. The resumption of works process is ongoing, with the contractor (CMC) currently doing merger and acquisitions to be

completed by 30th August 2025.The Agency conducted a Due diligence jointly with the office of the Attorney General and the MWI&S on the proposed institutional arrangements for the Contractor's composition. The settlement agreement validity period was also extended to September 2025.

6) Rural Water Supply Borehole Project - Baringo County

During period under review, Civil works for all projects were completed.

7) **Lake Nakuru Biodiversity Conservation Project**

During the period under review the procurement process commenced for lot 1, 2 and 3 the evaluation of bids was completed and reports for Lots 1, 2 and 3 were submitted to the bank for 'No Objection'. The Bank approved for the engagement of contractor for Lot 1. The bank needed clarification by bidders of Lots 2 and 3 and the Agency carried out a Due diligence on all projects they submitted including getting attestations from the Employers and their Financiers. The Bank is reviewing the bid evaluation reports for a no-objection to opening of the financial bids for the two remaining lots 2 & 3.

F Projects being funded

National Urban Water Supply and Sanitation Program (NUWSS) Phase I

1. **Kinamba-Kayole Water Project Nakuru County**

   The project is to provide domestic water supply. The estimated cost is Kshs 629Million. It is to benefit about 52,300 people.

2. **Eldama Ravine Sewerage Baringo County**

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 1,813Billion. The project will benefit about 57,563 people.

3. **Last Mile Connectivity for Olkalou Sewerage Project Nyandarua County**

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 533 million. The project will benefit about 30,500 people.

4. **Last mile connectivity for Narok Sewerage project Narok County**

The project is to ensure safe disposal of waste water. The estimated cost is Kshs 213Million. The project will benefit about 200,000 people.

G Projects under Planning and Design

a) Proposed Nanyuki Town Sewerage Project

During the year under review, the preliminary design and cost estimates for options on utilization of land available at two different sites for the waste water treatment plant were completed. The procurement of a consultant for the designs commenced.

2 Rumuruti Water Supply and Sewerage Project Laikipia County

The project is to ensure adequate water supply and safe disposal of waste water. The estimated project cost is Kshs 2 billion. Rumuruti town does not have any sewerage facilities while the current water supply is unable to meet the current water demand. The estimated project duration is 36 months and the target population is 38,000. The water supply component is being considered for funding under PPP.

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The objective of PESI dam is to provide domestic and industrial water supply. The estimated cost is Kshs.20 billion. The project will benefit about 100,000 people. The preliminary designs were completed during the year.

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The project is to ensure safe disposal of waste water. The estimated project cost is Kshs 600 million. The target population is 12500.

G Projects funded under emergency interventions

During the period under review, implementation of most of the projects was ongoing and stands at various stages of completion.

H Engagement with the Counties

During the year under review, the Agency supported Counties in its area of jurisdiction in identifying viable projects and collaborated while implementing projects funded under emergency interventions and public priority.

10 Environmental and Sustainability Reporting

Our Commitment

The Agency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on 5 pillars: putting the customer/Citizen first, delivering services, and improving operational excellence.

Social and environmental responsibilities play an important role in our overall business practice, our Corporate Social Responsibility Policy guides all the Agency's Corporate Social Responsibility activities. The Agency takes note of the social and environmental responsibility while at the same time executing towards its mandate.

The activities provide our staff an opportunity to also make a contribution to the society.

The Board of Directors takes the overall responsibility at policy level for the continued development and implementation of appropriate social and environmental policies of the Agency.

Below is a brief highlight of our achievements in each pillar

i. Sustainability strategy and profile

The Constitution of Kenya has declared access to Water Supply and Sanitation Services a human right which is to be achieved progressively. Under the Water Act, 2016, the Cabinet Secretary is expected to formulate and implement a National Water Services Strategy that will progressively lead to attainment of this right. The Agency has therefore aligned its development and operational agenda to the National Water Services Strategy and endeavours to mobilize adequate resources to implement its plan and achieve the national vision. The Agency has identified five key result areas to effectively realize its mandate. The five key result areas are:

1. Effective mobilization and prudent utilization of resource.
2. Development and Improvement of the water and sanitation infrastructure.
3. Management of the water and sanitation infrastructure developed.
4. Enhancement of institutional framework and capacity.
5. Customer and stakeholder management.

The Agency believes that pursuing impact in these five key result areas will enable achievement of sufficient and resilient infrastructure that will continually and sustainably support attainment of the universal access to improved water supply and sanitation services in its area of jurisdiction. This aspiration is aligned to the National initiatives under the Big Four Agenda which is attendant

to the Vision 2030, the Sustainable Development Goal Number six of the United Nation and the Africa Unions Agenda 2064. We have done our best with considerable success in each of the key result areas and we remain committed to achieving the National Government's development goals by our short-term local interventions.

ii. Environmental performance

The Environmental Management and Coordination Act 1999 (EMCA) and 2015 guides the Agency project/ program implementation. Through the Act, the public and the society are empowered through public participation that in turn supports the project implementation leading to its success and sustainability. On the other hand, the EMCA Act is implemented by guiding principle that every person has a right to a clean and healthy environment and can seek redress through high court if the right has been, is likely to be or is being contravened which empowers communities on regions where projects are being implemented thus leading to project rejection and aversion. The Agency, working closely with other stakeholders promotes and sustain tree planting exercise which seeks to mitigate climate change and promote biodiversity. In its efforts to reduce environmental impacts, the Agency undertakes the Environmental Impact Assessment studies which outlines the possible impacts and propose mitigation measures which are implemented during project implementation through the outlined environmental and social management plans. The implementation progress is monitored regularly through the regular environmental audits.

iii. Employee welfare

The Agency has a Human Resources Policy and Procedures Manual which stipulates the guidelines on recruitment and selection and further requires that a third (I/3) gender rule is adhered to in the recruitment process. A documented Human Resources and Administration Standard Operating Procedure manual also guides recruitment process.

Further, the Agency has in place career progression guidelines and reviews the staffing levels of the institution from time to time.

On safety and compliance with Occupational Safety and Health Act of 2007, (OSHA), An approved Health and Safety Policy is in place and is well adhered to and has been availed to all staff.

iv. Market place practices

a) Responsible competition practice

The Agency ensures that laws relating to The Constitution of Kenya 2010, The Public Procurement and Asset Disposal Act 2015 And Public Procurement and Asset Disposal Regulations 2020 are followed. The Agency strictly adopts the most preferred method of procurement-Open tendering. Players in the market are given chances and level ground to compete. Information on the available tender opportunities is relayed to the bidders through the Public Procurement Information Portals, The Agency's website and the national newspapers to ensure universal and free access to information. To enhance fair competition, evaluation is based on set criteria favourable to all bidders, where price takes precedence without prejudicing on quality. Vulnerable groups are given preference to ensure they are not edged out of market and are therefore given a favourable and conducive business environment. The Agency ensures that specifications development does not give undue influence or reference to a particular product or service in the market that will give a competitive advantage to a particular supplier

b) Responsible supply chain and supplier relations

The Agency engages suppliers on sensitisations meetings to get their feedback on the provision of good, works and services. Pre-bid and site visit meetings are conducted to acquaint the suppliers with the minimum requirements. Successful bidders are engaged in a negotiation/pre-contract clarification meeting so as to be at par with the expectations of the Agency before contract execution. All this ensures an established good relationship between the Agency and the suppliers. Payment is made timely provided that all requirements are met. Suppliers are informed of the required documentations and processes and the contract implementation requirements before a payment request is raised. This ensures no delay in making for payment of goods supplied, works executed or services rendered.

c) Responsible marketing and advertisement or Responsible engagement with the citizens

The agency ensures openness in advertising for its available opportunities. Informing on such opportunities is relayed in the easiest, understandable language and conveyed in the easily available mode of communication. The information is consistent to all clients. Queries raised by a particular bidder in relation to a procurement proceeding is clarified and the clarification is sent to all bidders in that respect. In preparation of product specifications, the Agency ensures that the approved standards used are universal and cannot be tied to a particular item

or product in the market. The Agency has a dedicated email service for queries in relation to procurement matters

d) Product stewardship or Awareness creation

i. **Environmental and Social Impact Assessments-**

The Agency undertakes ESIA on many of its projects to ensure that consumers and the environment are protected from harmful effects after undertaking projects. The assessment is carried out before commencement of the project to determine if and how the project will be undertaken with minimal negative impact on the environment and local community, the Agency strives towards the promotion of green procurement to reinforce with an aim of incorporating human health and environmental concerns into the search for high quality products and services at competitive prices

ii. **Non- Revenue Water Management-**

The Agency has prioritized the procurement of non-revenue equipment to increase efficiency and capacity to deal with leaks and other sources of non-revenue water. (NRWM) increases affordability and sustainability of water supply and sewerage services thus saving tax payers money while increasing value for money

iii. **Consumer and public participation and education-**

The Agency has made a lot of efforts to ensure public participation and education on most of its projects through the media and also by updating its official website to a more user-friendly interface. It has also done this by involving local authorities in most of its projects.

iv. **Performance Guarantees, Advance Payment Guarantees and Retention-**

The Agency has always complied by the law to ensure that performance guarantees are provided by service providers to safe guard against risks associated with non-performance, for contracts that require the payment of advance payment, the necessary advance payments are provided and retention money is kept over reasonable timelines to ensure that projects are undertaken according to the expected standards of quality and avoid exposure of the Agency to risks associated with poor quality of products .

v. **Promoting settlement of disputes through litigation-**

The Agency has always welcomed settlement of disputes through litigation to promote fairness and justice through legally accepted means. In line with this, the Agency

increased efforts to investigate complaints and provide feedback to stakeholders in order to ensure compliance with statutory obligations

vi. **Cooperation with other water sector institutions-**

The Agency has enhanced cooperation with other water sector institutions to promote efficiency, economies of scale and capacity building. This in turn has promoted service delivery within the water sector to the benefit of the consumers.

e) **Corporate Social Responsibility/Community Engagements**

During the year under review, the Agency continued to implement its Corporate Social Responsibility (CSR) Program in line with its policy. This Policy builds and supports the execution of the Agency's mandate as part of integrating community concerns in the Agency's operation and interactions with their stakeholders and customers.

The Agency's CSR policy is anchored on five main pillars;

1. **Nurturing of Sports and Education**

The Agency aims at nurturing local sports by supporting and participating in marathons, In the year under review, the Agency supported and participated in regional marathons namely; Chemususu Dam Half Marathon, Eldama Ravine Half Marathon and Kirandich Half Marathon.

2. **Environmental Conservation**

Environmental conservation is a key component of the program under our policy. Consequently, participating and supporting tree planting campaigns thereby contributing to raise the country's protection of the water catchment and forest cover. The Agency implemented the annual Tree Planting campaign targeting 30,000 indigenous tree seedlings in a number of water catchments points within our area of jurisdiction. They include planting of 30,000 seedlings in Itare Dam catchment area Nakuru County, 5,000 seedlings in Chemususu Dam catchment, 200 ceremonial tree seedlings in Kirandich Dam site area both in Baringo County, 200 ceremonial tree seedlings in Olkalou Sewerage plant site and 12,000 seedlings across the Agency area of coverage. The other 200 ceremonial tree seedlings in Malaba Town Sewerage plant site, 200 ceremonial tree seedlings in Kiptogot-Kolongolo project site 5,000 seedlings in Kapenguria and 1,500 in Chepareria both in West Pokot County these were also planted in project areas being implanted by the Agency. The ceremonial seedlings were planted during commissioning of these projects. The total planted is 54,300 surpassing the target 24,300 seedlings.

3 Health Care

The Agency aims at supporting health care and health sectors within our areas of operation as part of supporting the Big 4 Agenda. The Agency ran non communicable diseases, eye checkup campaigns to ensure that the staff gets the relevant information.

4 Boy- Girl Child support

The Agency mentored and empowered vulnerable boys and girls within the area of jurisdiction. by supporting the runners with prize donation during the marathons

5 Towards building capacity

With the view of supporting the young people actively engaged in water improvement, the Agency took in seven (7) young graduates on temporary contracts, 11 (eleven) young graduates as interns and forty (40) students on attachment attached to project engineers in the field and assigned various managers in the office for on-the-job training. The young participants then may have an opportunity to grow and to gain new ideas to enhance water related issues.

6 Community Engagements

During the year under review, the Agency continued to implement its Corporate Social Responsibility program in line with its policy. Stakeholder engagements were conducted during project formulation and implementation so as to ensure sustainability is achieved in all the agency developed infrastructure.

Hon. Samuel Mathenge Ndiritu
Chairman
Date 29/10/2025

CPA Douglas Murei Kaibos
Chief Executive Officer
Date 29/10/2025

11 Report of the Directors

The Directors submit their report together with the audited Financial Statements for the year ended 30th June 2025 which show the state of the Agency's affairs.

i) **Principal activities**

The principal activities of the Agency are:

1. Undertake development, maintenance and management of national public water works;
2. Hand over the waterworks to designated water services provider for operation and management;
3. Provide water services when ordered by the Regulatory Board (Reserve Capacity of the National Government on Water Services Provision);
4. Provide technical and capacity building services to County Governments and Water Services Providers upon request; and
5. Provide technical support to the Cabinet Secretary.

ii) **Results**

The results of the Agency for the year ended 30th June, 2025 are set out on pages 1-56

iii) **Directors**

The members of the Board of Directors who served during the year are as shown on pages v to vii in accordance to the guidelines.

The alternate member to the CS/the Ministry of Water, Sanitation & Irrigation Mr David K Yatich was replaced by Eng. Simon K Korir in the month of October 2024.

The Board of Directors appointed CPA Douglas Murei Kaibos. as the Chief Executive Officer following a competitive recruitment exercise on 20th December 2024.

iv) **Auditors**

The Auditor General is responsible for the statutory audit of the Agency in accordance with the Article 229 of the Constitution of Kenya and the Public Audit Act, 2015.

By Order of the Board;

CPA Douglas Murei Kaibos

Chief Executive Officer & Secretary to the Board.

Date 29/10/2025

12 Statement of Directors' Responsibilities

The Board of Directors is required under the Public Finance Management Act 2012, the Water Act, 2016, and section 14 of the State Corporations Act to prepare Financial Statements in respect of the Agency, which give a true and fair view of the state of affairs of the Agency at the end of the financial year and the operating results of the Agency for that year. The Board of Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Board of Directors are responsible for the preparation and presentation of the Agency's Financial Statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the year ended on 30th June 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 Agency;

(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 Agency;

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Directors accept responsibility for the Agency's Financial Statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the Public Finance Management Act, 2012.

The Board of Directors are of the opinion that the Agency's Financial Statements give a true and fair view of the state of Agency's transactions during the year ended 30th June 2025, and of the Agency's financial position as at that date.

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

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

Approval of the Financial Statements

The Central Rift Valley Water Works Development Agency's Financial Statements were approved on 28th August 2025 and signed on its behalf by:

Hon. Samuel Mathenge Ndiritu
Chairman
Date 29/10/25

CPA Douglas Murei Kaibos.
Chief Executive Officer
Date 29/10/2025

REPUBLIC OF KENYA

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REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON CENTRAL RIFT VALLEY WATER WORKS DEVELOPMENT AGENCY 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 the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose; 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Central Rift Valley Water Works Development Agency set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2025, statement financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public

Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Central Rift Valley Water Works Development Agency 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 Water Act, 2016 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Over stated Work in Progress Due to Delays in Handover of Completed Projects

The statement of financial position reflects property, plant and equipment balance of Kshs.9,614,426,545 which include work in progress balance of Kshs.7,472,500,021 and as disclosed in Note 24 to the financial statements. The balance includes Iten - Sabor water and Olkalou Town Water Projects balances of Kshs.167,618,647 and Kshs.115,602,391 respectively. Project documents provided for audit review indicate the projects were completed several years back and projects put into use but have not been handed over to the respective County Governments.

In the circumstances, the accuracy and completeness of work in progress balance of Kshs.7,472,500,021 as at 30 June, 2025 could not be confirmed.

2. Long Outstanding Trade and Other Receivables

The statement of financial position reflects net receivables from exchange transactions balance of Kshs.763,442,292 for the year under review and as disclosed in Notes 21(a) and (b) to the financial statements. Review of the aging analysis and receivable schedules of the balance revealed that balances of Kshs.708,678,438 had been outstanding for over three (3) years. However, Management did not make any provision for bad and doubtful debts in the financial statements. Further, Management did not explain the measures being undertaken to collect the outstanding balance.

In the circumstances, the accuracy, fair statement and recoverability of the receivables balance of Kshs.708,648,483 as at 30 June, 2025 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget and actual on comparable basis of Kshs.712,028,235 each. Further, the Agency incurred expenditure totalling to Kshs.845,771,772 on recurrent expenditure resulting in a deficit of Kshs.133,743,537 or 19% of the income. The statement also reflects total capital expenditure of Kshs.439,789,242 but without corresponding income resulting in a budget imbalance is contrary to the provisions of section 31(c) of the Public Finance Management (National Governments) Regulations,2015 which states that budget revenue and expenditure appropriation shall be balanced

In the circumstances, the over-expenditure and spending above the approved budget resulted in unauthorized expenditure.

My Opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has indicated that most of the issues are resolved but has not provided evidence on how the issues were addressed or resolved as at 30 June 2025. Below are the unresolved matters:

1. Variance in revenue received from state department for water and sanitation;
2. Un-capitalized water projects;
3. Non-adherence to staff establishment;
4. Work in progress;
5. Delayed implementation of Kirandich phase ii;
6. Stalled itare dam water supply project;
7. Delayed completion of the construction of Chemususu dam;
8. Failure to update the fixed assets register; and
9. Lack of a risk management strategy.

Other Information

Management is responsible for the Other Information set out on page iii to xlv which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives for the F/Y 2024/2025, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Agency's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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 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 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. Non-Adherence to Staff Establishment

As previously reported, the Agency had thirty-nine (39) employees in post during the year under review. This was against an approved establishment of ninety-six (96) employees resulting to shortfall of fifty-seven (57) employees.

In the circumstances, the Agency may not be effectively discharging on its mandate.

2. Work in Progress

2.1 Delayed Implementation of Kirandich Phase II

As previously reported, the Agency contracted an international contractor for executive design and completion of works for rehabilitation of water and sanitation system of Kirandich Basin and Capacity Building through an agreement signed on 29 April, 2016 at a contract sum of Kshs.2,197,777,632 (Euros 17,282,202). The Project was to

commence on 6 February, 2017 and be completed by 8 December, 2018 with 670 days implementation period. Although, Interim Payment Certificate No 1 of Euros 2,398,945 raised on 5 December, 2019 was paid on 14 May, 2020, no subsequent payments or budgetary provisions were provided for audit. A notice to terminate the contract was issued on 31 January, 2023. The status of projects completion report that the project had a budget of Kshs.1,962,000,000 with an actual expenditure of Kshs.339,000,000 in 2024-2025 financial year with a 30% completion as at 30 June, 2025. The low budget absorption denies citizens the intended benefits from the project.

In the circumstances, there is no value for money for incomplete project where the contract period has elapsed.

2.2 Stalled Itare Dam Water Supply Project

As previously reported, the Agency awarded Contract No. RVWSB/AD/13/1(Works) to an international company for the construction of Itare Dam Water Supply on 15 May, 2015 at a contract sum of Kshs.28,973,739,492. The contract for provision of consulting services on the project was then awarded later on 28 October, 2016 to another international firm at a contract sum of Kshs.694,090,008.

The contract period for the project was for 48 months with effect from 6 April, 2017. The project had five (5) components, namely; 27 million m^3 water storage dam, water treatment plant, bulk transfer tunnel, bulk transfer pipeline and reservoirs with distribution pipelines. However, during physical verification conducted in October 2023, it was noted that no works were ongoing at the site as the contractor had suspended works since 24 September, 2018 citing delays in payment for an interim payment certificate (IPC) number 7. Although the payment has since been made, the contractor is yet to resume works at the site and hence it has stalled.

Further, in December 2018, the Contractor was subjected to pre-bankruptcy proceedings in an international court of law and the outcome remains unknown. At the time when construction was halted, the Contractor had been paid Kshs.11,064,145,695 representing (39.3%) of the contract sum against certified value of work done which stood at 27%. The payment arrangement is such that the Agency jointly with the consultant, certifies the contractor's fee notes for money to be released by the Ministry of Water and Sanitation.

Subsequently, on 4 February, 2020, the Agency terminated the contract and demanded refund of the advance payment of Kshs.4,346,060,923 and performance guarantee as provided for in the contract. However, as at the time of this audit in January 2021, the advance payment had not been refunded and the project remained stalled.

The Consultant whose duties include monitoring the percentage of works executed, inform the employer about actual progress of works against the overall program, monthly measurement of the work executed, material controls and issuing the performance certificates had been paid a total of Kshs.491,446,506 (or 71% of the contract sum) based on monthly invoices submitted up to June, 2020. It is not clear how the consultant's fees continue to be justified without revising the contract despite the project having stalled.

In addition, records provided for audit indicate that an amount of Kshs.63,965,400 was incurred in relation to the revival of the project. The expenditure included an amount of Kshs.10,431,025 incurred on tax expenditures to KRA, Kshs.30,686,331 to consultant and Kshs.14,370,240 to a company for security services at the project site and contractors & equipment on camp sites.

2.3. Delayed Completion of the Construction of Chemususu Dam

As previously reported, the Agency contracted a contractor via contract No. RVWSB/AD/Works/14/1 to construct the Water Treatment Plant (about 28,300 m3 /day), and bulk transfer mains and reticulation system at a contract sum of Kshs.2,980,992,533. During the year under review a funding of Kshs.352,800,000 was received as development grants for the project. Further, the cumulative project expenditure of an amount of Kshs.3,540,630,584 exceed the contract sum of Kshs.2,980,992,533 resulting to overpayments of Kshs.559,638,051. In addition, the project completion date was May 2022 but still remains incomplete.

In the circumstances, there is no value for money for incomplete project where the contract period has elapsed.

2. 4 Lapse of Contract Period for Lokichogio DCC's Office Borehole

During the year review, the Agency undertook the drilling, equipping & civil Works for Lokichogio DCC's Office Borehole Water Project in Turkana County with the scope of the project entailing drilling of one borehole, equipping & solarization works, construction of one water kiosk, pipeline extension, construction of 18m tower with 24 cubic meters pre-stressed tank and fencing & gate. The contract was signed on 12 April 2024 between the Agency and a company for a contract price of an amount of Kshs.10,873,643 for a period of ninety (90) days and with the work commencing on 3 July 2024. The Agency further, extended the completion date to 18 November 2024. However, audit verification of the project in the month of June, 2025 revealed that the construction of 18m tower with 24 cubic meter pre-stressed steel tank and installation of the pipes network was incomplete. Further, the contractor was not on site and the construction site was abandoned.

In the circumstances, there was no value for money and Management breach contract agreement.

3. Failure to Seek Treasury Exemption on Project Bank Accounts

The statement of financial position reflects cash and cash equivalents balance of Kshs.321,826,830 and disclosed in Note 19 to the financial statements. Review of the financial records revealed that four (4) project bank accounts with total balance of Kshs.102,185,871 were maintained at a local bank. However, Management did not provide an exemption letter from the Cabinet Secretary (Treasury) authorizing the opening of a commercial bank accounts. This is contrary to Regulation 76(1) of the Public Finance Management Regulation, 2015 states that for the purpose of disbursement of project funds, there shall be opened and maintained a project account for every project at Central Bank of Kenya unless it is exempted by the Cabinet

Secretary, in writing, into which all funds shall be kept and such an account shall be known by the name of the project for which it is opened and each project shall maintain only one bank account.

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

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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Failure to Maintain an Updated the Fixed Assets Register

As reported previously, review of the fixed assets registers provided for audit revealed that the register lacked information such as date of acquisition of assets, cost of acquisition and additions made during the year. The fixed assets register may not provide an accurate record of the status of assets owned by the Agency

In the circumstances, existence of effectiveness measurers on assets management could not be confirmed.

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

Responsibilities of Management and the Board of Directors

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

25 November, 2025

14 Statement of Financial Performance for the Year Ended 30 June 2025.

	Notes	2024/2025 Ksh	2023/2024 Ksh
Revenue from non-exchange transactions			
Transfers from other governments entities	6	624,687,788	356,001,177
Licenses and permits	7	54,289,608	16,175,294
Revenue from exchange transactions			
Rendering of services	8	874,259	1,085,951
Finance income	9	9,239,069	8,458,609
Other income	10	22,937,511	931,867
Total revenue		**712,028,235**	**382,652,898**
Expenses			
Use of goods and services	11	44,435,516	38,794,801
Employee costs/Staff Cost	12	85,904,473	130,010,125
Board of Directors Expenses	13	22,713,046	21,583,127
Depreciation and amortization expense	14	1,120,142	1,263,182
Repairs and maintenance	15	1,366,550	703,756
Contracted services	16	15,248,084	14,146,996
Project Costs	17	657,632,329	198,165,038
Finance costs	18	17,351,632	10,045,021
Total expenses		**845,771,772**	**414,712,046**
Surplus/(deficit)		**(133,743,536)**	**(32,059,148)**
Remission to the National Treasury		-	-
Net Surplus for the year		(133,743,536)	(32,059,148)
Transfer to Accumulated Funds-General Reserves		**(133,743,536)**	**(32,059,148)**

The notes set out on pages 9 to 56 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 56 were signed on behalf of the Board of Directors by:

CPA Douglas Murei Kaibos
Chief Executive Officer
Date: 29/10/2025

CPA Grace J Bowen
Ag. General Manager-Finance
ICPAK No. 6480
Date 29/10/2025

Hon. Samuel Mathenge Ndiritu
Chairman
Date: 29/10/2025

15 Statement of Financial Position as at 30 June 2025

Assets	Notes	2024/2025 Ksh	2023/2024 Ksh
Current Assets			
Cash and Cash equivalents	19	321,826,830	315,466,161
Receivables from Exchange Transactions	21 (a)	54,763,854	36,736,249
Inventories	22		
Total Current Assets		**376,590,684**	**352,202,410**
Non-Current Assets			
Property, Plant and Equipment	24	9,614,426,545	9,185,627,455
Receivables from Exchange Transactions	21 (b)	708,678,438	725,997,878
Total Non- Current Assets		**10,323,104,983**	**9,911,625,333**
Total Assets (A)		**10,699,695,667**	**10,263,827,743**
Liabilities			
Current Liabilities			
Trade and Other Payables	25	958,912,475	690,192,623
Total Current Liabilities		**958,912,475**	**690,192,623**
Non-Current Liabilities			
External Borrowings -Adf Loan	27(a)	1,059,722,133	1,095,631,071
Domestic Borrowings-Loan Interest	27(b)	403,854,050	652,821,996
Total Non- Current Liabilities		**1,463,576,183**	**1,748,453,067**
Total Liabilities (B)		**2,422,488,658**	**2,438,645,690**
Net Assets (A-B)		**8,277,207,009**	**7,825,182,053**
Represented by:			
Reserves			
Accumulated Surplus		2,105,108,594	2,238,852,131
Capital Fund		6,172,098,415	5,586,329,913
Net Assets		**8,277,207,009**	**7,825,182,044**
Total Net Assets and Liabilities		**10,699,695,667**	**10,263,827,734**

The Financial Statements set out on pages 1 to 56 were signed on behalf of the Board of Directors by:

CPA Douglas Murei Kaibos	**CPA Grace J Bowen**	**Hon. Samuel Mathenge Ndiritu**
Chief Executive Officer	**Ag. General Manager-Finance**	**Chairman**
Date: 29/10/2025	ICPAK No. 6480 Date 29/10/2025	Date: 29/10/2025

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

Description	Retained earnings	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs
As at July 1, 2023	**2,270,911,280**	**5,104,579,913**	**7,375,491,193**
Surplus/ deficit for the year	(32,059,149)	-	(32,059,149)
Capital/development grants received during the year	-	481,750,000	481,750,000
Prior year Adjustment	-	-	-
As at June 30, 2024	**2,238,852,131**	**5,586,329,913**	**7,825,182,044**
As at July 1, 2024	**2,238,852,131**	**5,586,329,913**	**7,825,182,044**
Surplus/ (deficit) for the year	(133,743,536)	-	(133,743,536)
Capital/development grants received during the year	-	585,768,502	585,768,502
As at June 30, 2025	**2,105,108,595**	**6,172,098,415**	**8,277,207,010**

17 Statement of Cash Flows for the Year Ended 30 June 2025

	Notes	2024/2025 Ksh	2023/2024 Ksh
Cash flows from operating activities			
Receipts			
Transfers from GoK	6	624,687,788	356,001,177
Licenses and permits	7	54,289,608	16,175,294
Rendering of services	8	874,259	1,085,951
Finance income	9	9,239,069	8,458,609
Other income	10	22,937,511	931,867
Receivables increase	21	(708,166)	
Total receipts		**711,320,069**	**382,652,898**
Payments			
Use of goods and services	11	44,435,516	38,794,801
Employee costs	12	85,904,473	130,010,125
Board Expenses	13	22,713,046	21,583,127
Repairs and maintenance	15	1,366,550	703,756
Contracted services	16	15,248,084	14,146,996
Project Cost	17	657,632,329	198,165,038
Finance Cost	18	17,351,632	10,045,021
Increase in accounts payables	25	(268,719,853)	1,263,183
Total Payments		**575,931,777**	**414,712,047**
Adjustments			
Increase in receivables	21		(86,486,846)
Increase in payables	25		(27,608,238)
Depreciation	14		1,263,182
Total payments		-	**(112,831,902)**
Net cash flows from/(used in) operating activities	28	**135,388,292**	**(144,891,051)**
Cash flows from investing activities			
Purchase of PPE and Intangible assets	24	(429,919,242)	(319,632,008)
Proceeds from sale of PPE		-	-
Purchase of investments		-	-
Net cash flows from/(used in) investing activities		**(429,919,242)**	**(319,632,008)**

	Notes	2024/2025 Ksh	2023/2024 Ksh
Cash flows from financing activities			
Proceeds from borrowings-loan interest	18	17,351,632	10,045,021
Repayment of borrowings	27	(9,870,000)	(39,460,000)
Prior year external borrowings principal Loan	31(a)	(34,038,938)	
Prior Year Adjustment domestic loan interest	31(b)	(258,319,577)	
Development grants received during the year	23(b)		
Kirandich Phase II		11,333,335	25,000,000
Itare Dam water Project		10,416,663	26,250,000
Kenya Towns Sustainable Water Supply& Sanitation		211,218,504	187,500,000
Chemususu Dam Phase II		352,800,000	243,000,000
Prior Year Adjustment		-	
Net cash flows from financing Activities		**300,891,619**	**452,335,021**
Net increase/(decrease) in cash &Cash equivalents		6,360,669	(12,188,038)
Cash and cash equivalents at beginning of the period	19	315,466,161	327,654,199
Cash and cash equivalents at 30 June 2025	19	**321,826,830**	**315,466,161**

The Financial Statements set out on pages 1 to 56 were signed on behalf of the Board of Directors by:

CPA Douglas Murei Kaibos
Chief Executive Officer
Date: 29/10/2025

CPA Grace J Bowen
Ag. General Manager-Finance
ICPAK No. 6480
Date 29/10/2025

Hon. Samuel Mathenge Ndiritu
Chairman
Date: 29/10/2025

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	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Revenue						
Transfers from GoK-Specified development	268,000,000	(225,204,456)	493,204,456	493,204,456		
Transfers from GoK-Recurrent	128,800,000	(2,683,332)	131,483,332	131,483,332	-	
Receipts from Water Companies for Loan Repayment	-	(54,289,608)	54,289,608	54,289,608	-	
Rendering of Services	-	(757,259)	757,259	757,259	-	
Sale of Goods		(117,000)	117,000	117,000	-	
Finance Income	-	(9,239,069)	9,239,069	9,239,069	-	
Other Income	-	(22,937,511)	22,937,511	22,937,511	-	
Total Income	**396,800,000**		**712,028,235**	**712,028,235**	-	
Expenses			-		-	
Employee costs	91,727,418	5,822,945	85,904,473	85,904,473	-	
Board of Directors exp	19,489,173	(3,223,873)	22,713,046	22,713,046		
Insurance & medical	5,478,700	(3,080,728)	8,559,428	8,559,428		
Contracted Services	3,177,707	(2,634,464)	5,812,171	5,812,171	-	
Use of Goods and Services	3,368,273	(44,067,243)	44,435,516	44,435,516	-	

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
Administrative Expense	3,603,463	2,726,978	876,485	876,485		
Repairs and Maintenance	175,000	(1,191,550)	1,366,550	1,366,550	-	
Project Cost	268,000,000	(389,632,329)	657,632,329	657,632,329	-	
Finance Cost	-	(17,351,632)	17,351,632	17,351,632	-	
Depreciation & Amortization Expense	1,780,266	(58,014)	1,120,142	1,120,142	-	
Total Expenditure	**396,800,000**	**(452,689,910)**	**845,771,772**	**845,771,772**	-	
Surplus/Deficit	-		**(133,743,537)**	**(133,743,537)**	-	
Capital Expenditure					-	
The National Treasury Loan Repayment (AfDB)	54,289,608	44,419,608	9,870,000	9,870,000	-	
Capital Projects Expenditure	575,000,000	145,080,758	429,919,242	429,919,242		
Total Capital Expenditure	**629,289,608**	**189,500,366**	**439,789,242**	**439,789,242**		

19 Notes to the Financial Statements

Significant Accounting Policies

1) General Information

The Central Rift Valley Water Works Development Agency is a body corporate established under the Water Act, 2016. It was established through the Legal Notice number 4 of 7th February 2020 to be responsible for development of public water works in the Five (5) Counties of Nakuru, Nyandarua, Baringo, Narok and Laikipia. The Agency is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activities of the Agency is to develop and manage water services infrastructure and provides technical support to the County Governments in its area of jurisdiction and to the Cabinet Secretary in charge of Water Services. The Agency hands the completed water services infrastructure over to designated Water Services Providers for operating and day to day managing of water supply and sanitation services.

2) Statement of Compliance and Basis of preparation

The Agency's 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 Agency and values are rounded to the nearest shilling. The accounting policies have been consistently applied.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The Financial Statements are prepared using 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 2024.

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

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** 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.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** 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.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: 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. The standard also introduces a public sector specific measurement bases called the current operational value.
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- 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.
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** 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.
IPSAS 49-Retirement Benefit Plans	***Applicable 1st January 2026*** 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.

iii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in the financial year.

4) Summary of Significant Accounting Policies

a) Revenue Recognition

i. Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realized in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii Revenue from exchange transactions

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Entity's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on *xxx*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of *xxx* on the 20xx budget following the governing body's approval.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *xxx* of these financial statements.

c) Taxes

Current income tax

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of

unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

ii) When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day

maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognized through surplus or deficit.**(entity to amend appropriately based on the model adopted)*** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Land has been taken at cost though on leasehold status to be converted to the freehold. Depreciation is calculated using the straight-line method to write down the cost of the assets to their residual value over the estimated useful lives, as follows;

Asset Description	% Per annum	Years
Motor Vehicles	25	4
Furniture and fittings	12.5	8
Plant and Machinery	12.5	8
Computers and office equipment	33.3	3
Water pipelines	5	20
Sewerage line	5	20
Buildings	2	50
Water Reservoirs & Storage	2	50
Electro-mechanical, Tools & Equipment	6.67	15
Boreholes	2	50
Intangible Assets	33.3	3

The assets are not depreciated in the year of acquisition. WSPs and CBOs Assets acquired on behalf of Water Services Providers (WSPs) and Community Based Organizations (CBOs) shall not be depreciated.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the *Entity*. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The *Entity* also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Entity* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial

liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note*

b) Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

i) Raw materials: purchase cost using the weighted average cost method.

ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Entity*.

k) Provisions

Provisions are recognized when the *Entity* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the *Entity* expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

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

o) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Entity pays fixed contributions into a separate Entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. *(the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)*

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at

the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

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

u) Service concession arrangements

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

v) Cash and cash equivalents

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

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

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year under review

5 Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

a) The condition of the asset based on the assessment of experts employed by the Entity.
b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
c) The nature of the processes in which the asset is deployed.

d) Availability of funding to replace the asset.

e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

6 a) Transfers from other government Agencies

There were no transfers from other Government Entities

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. * KShs	Amount deferred under deferred income. KShs	Amount recognised in capital fund. KShs	Total transfers 2024/2025 KShs	Total transfers 2023/2024 KShs
Ministry of Water & Irrigation	624,687,788	-	585,768,502	1,210,456,290	837,751,172

7 Licences, Fees and Permits

	Note	2024/2025 Ksh	2023/2024 Ksh
WSPs Loan Repayment		54,289,608	54,289,608
Prior years adjustments WSP a/c	29 (b)	-	(38,114,314)
		54,289,608	**16,175,294**

8 Rendering of Services

	2024/2025 Ksh	2023/2024 Ksh
Receipts From Water Quality Test	757,259	1,085,951
Sale of tender documents	117,000	
	874,259	**1,085,951**

9 Finance Income

	2024/2025 Ksh	2023/2024 Ksh
Interest received from Current Accounts	9,239,069	8,458,609
	9,239,069	**8,458,609**

10 Other Incomes

	2024/2025 Ksh	2023/2024 Ksh
W/Tax Receipts from contractors (Donor funded projects on direct payments)	-	931,867
Baringo County Govt (for Co-funding of Kampi ya Samaki water project)	22,437,511	
Funds from LVNWWDA (co-funding commissioning expenses)	500,000	
	22,937,511	**931,867**

11 Use Of Goods and Services

	2024/2025 Ksh	2023/2024 Ksh
Corporate social responsibility expenses	820,700	1,424,700
Travel & Accommodation- Local Trips	29,381,301	19,895,175
Transport Operating Expense	440,826	973,407
General office Expenses/ Supplies	1,365,600	2,981,798
Official Entertainment expenses	2,107,040	2,353,530
Electricity Water and sewerage expenses	719,717	1,424,896
Staff welfare Expenses	707,000	2,028,560
Telephone & Internet Expense	119,475	431,946
Bank charges	1,910,189	1,523,282
Training expenses	1,743,783	2,981,500
Training Levy	17,500	10,900
Staff recruitment expenses	398,300	633,500
Laboratory Operations	164,236	82,950
Courier and postal services	303,720	248,977
Advertising, Publicity Expenses	3,786,929	1,231,000
Subscriptions to prof. membership bodies		159,500
Audit Fees	348,000	348,000
Publishing and printing Expenses	101,200	61,180
	44,435,516	**38,794,801**

12 Employee Costs

	2024/2025 Ksh	2023/2024 Ksh
Basic salary	47,122,125	48,691,541
House allowance	8,422,933	9,871,600
Commuter allowance	2,846,000	3,350,000
Staff gratuity and pension	10,919,134	56,170,441
Non-Practice Allowance	460,000	480,000
Airtime allowances	954,000	1,110,000
Extraneous Allowance	84,000	84,000
Stipend Allowances	2,659,890	2,220,000
Leave allowances	3,998,720	4,313,151
Acting Allowance	534,506	1,931,266
Consolidated Pay	7,903,165	1,788,126
Total Staff Costs	**85,904,473**	**130,010,125**

13 Board of Directors Expenses

	2024/2025 Ksh	2023/2024 Ksh
BOD-Sitting allowances	6,576,600	7,520,000
BOD-Travel & accommodation- local trips	9,031,545	9,949,504
BOD-Training Expenses	3,409,806	284,000
BOD-Airtime Allowances	84,000	84,000
BOD-Lunch Allowances	520,000	527,000
BOD-Mileage allowances	1,773,262	1,854,795
BOD-Medical Insurance costs	357,833	403,829
Honoraria- Chairman	960,000	960,000
Total Board of Directors Expenses	**22,713,046**	**21,583,127**

14 Depreciation & Amortization Expenses

	2024/2025 Ksh	2023/2024 Ksh
Depreciation expense-Motor Vehicle	-	143,040
Depreciation expense-Furniture & Fittings	1,120,142	1,120,142
Total Amortization and Depreciation Expenses	**1,120,142**	**1,263,182**

15 Repairs and Maintenance

	2024/2025 Ksh	2023/2024 Ksh
Repair & Maintenance-Buildings	1,264,700	487,360
Repair & Maintenance-Computers, printers accessories	101,850	134,490
Repair & Maintenance-Plant, equipment and machinery	-	81,906
Total Maintenance	**1,366,550**	**703,756**

16 Contracted Services

	2024/2025 Ksh	2023/2024 Ksh
Staff Medical Insurance Expense	8,559,428	7,005,709
Insurance-Motor vehicles	876,485	1,286,558
Contracted Professional Service	3,310,138	2,283,400
Contracted Security & Cleaning Services	2,502,033	2,540,179
ERP System Support Expenses	-	1,031,150
Total Contracted Professional Services	**15,248,084**	**14,146,996**

17 Project costs

	2024/2025 Ksh	2023/2024 Ksh
Lake Nakuru Bio-diversity Improvement Water Project	25,246,893	18,398,447
Kaptumo Water Supply Project		5,451,213
Kaboro Water Supply		21,724,509
Rehabilitation of Water Supply Rift Valley	67,458,840	36,748,652
JICA program Expenses	13,211,885	6,264,114
Equalization program expenses	137,096,108	10,290,891
Aberdare dam Intake works	13,026,973	852,800
Central WWDA projects (new)	289,369,065	21,779,946
Water harvesting projects (new)	92,594,926	3,399,245
Cross County Program Expenses	201,351	15,048,350
Water for Schools Expenses		7,919,611
National Water Harvesting & Ground Water Exploitation Expenses	781,000	12,180,895
Construction and rehabilitation of water pans in Arid/Semi-arid Expenses		10,270,241
Public priority program Expenses	11,821,134	9,869,463
Strategic initiative project Expenses	5,748,214	15,739,261
Planning & Design Expenses	1,075,940	1,540,000
Monitoring & Evaluation	0	687,400
Total Project Expenses	**657,632,329**	**195,937,637**

18 Finance Cost

	2024/2025 Ksh	2023/2024 Ksh
Finance costs (2.5%)	17,351,632	10,045,021
	17,351,632	**10,045,021**

19 Cash and Cash Equivalents

	2024/2025 Ksh	2023/2024 Ksh
KCB Current Accounts held	**321,826,830**	**315,466,161**

Detailed Analysis of the Cash and Cash Equivalent

	Account Numbers	2024/2025 Ksh	2023/2024 Ksh
KCB General Account	1101849835	65,456,913	109,279,650
KCB CRVWWDA Retention	1117373231	68,872,788	12,833,054
KCB Development funds - GOK	1101792388	69,798,645	34,209,262
KCB Lake Nakuru Biodiversity Capacity	1101850973	1,085,220	963,903
KCB AFDB Account	1116841347	25,530,451	24,619,187
KCB Consumer Deposit Account	1107427126	4,054,285	4,056,628
KCB JICA Rural W/S Account	1152558781	75,569,251	86,484,947
KCB Loan ADf Account	1156932475	949	9,873,867
KCB Equalization Fund Account	1210825724	11,458,327	33,145,662
		321,826,830	**315,466,161**

20 Prepayments

There were no prepayments during the period

21 Receivables from Exchange Transactions

Receivables are recognized at fair value. No provision is made for impairment of receivables as there is no objective evidence that the Agency will not be able to collect the amounts due to it according to the terms of original receivable

a) Receivable from exchange transactions (current)

	2024/2025 Kshs	2023/2024 Kshs
Staff advances	474,246	556,750
WSPs Loan Repayment (NAWASSCO)	54,289,608	16,175,294
	54,763,854	**16,732,044**

b) Receivable from exchange transactions (Long-Term)

	2024/2025 Kshs	2023/2024 Kshs
WSPs Administration Fees	649,241,619	649,241,619
WSPs Loan Repayment (Others)	112,935,757	76,756,259
Prior year adjustment on money paid to the NT(loan)	(53,498,938)	-
	708,678,438	**725,997,878**

c) Ageing analysis for Receivables from exchange transactions

	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	54,763,854	7.17	36,736,249	4.82
Over 3 years	708,678,438	0.01	725,997,878	95.18
Total (a+b)	**763,442,292**		**762,734,127**	

d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2024/2025 Kshs	2023/2024 Kshs
At the beginning of the year	762,734,127	676,247,281
Additional provisions during the year	708,165	92,934,299
Recovered during the year	-	(6,447,453)
At the end of the year	**763,442,292**	**762,734,127**

22 Inventories

The Agency did not have any stocks as at end of the financial year Inventories are stated at the lower of cost and net realizable value

23 Investments in financial assets

a) There was no investment in financial assets during the year.

24 Property Plant and Equipment

Cost	Land & Buildings 0%	W.I.P	AfDB Assets	Furniture, Fittings 12.5%	Motor Vehicles 25%	Computers & Office Equipment's 33.3%	Plant & Machinery 12.5%	Totals
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
As at 01/7/2023	**8,401,550**	**6,722,948,771**	**2,131,250,902**	**8,961,133**	**7,778,720**	**19,311,057**	**4,287,189**	**8,902,939,322**
Additions	-	319,632,008	-	-	-	-		319,632,008
Disposals	-		-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30/6/2024	**8,401,550**	**7,042,580,779**	**2,131,250,902**	**8,961,133**	**7,778,720**	**19,311,057**	**4,287,189**	**9,222,571,330**
Additions	-	429,919,242	-	-	-	-	-	429,919,242
Disposals	-		-	-	-	-	-	-
Transfers/ Adjustments	-	-	-	-	-	-	-	-
As at 30/6/2025	**8,401,550**	**7,472,500,021**	**2,131,250,902**	**8,961,133**	**7,778,720**	**19,311,057**	**4,287,189**	**9,652,490,572**
Depreciation and Impairment								
As at 01/7/2023	-	-	-	**6,405,228**	**7,635,680**	**19,311,057**	**2,328,737**	**35,680,702**
Depreciation	-	-	-	1,120,142	143,040	0	-	8,400,197
Impairment	-	-	-	-	-	-	-	-
Transfer/ Adjustment	-	-	-	-	-	-	-	-
As at 30/6/2024	-	-	-	**7,525,370**	**7,778,720**	**19,311,057**	**2,328,737**	**36,943,885**
Depreciation	-	-	-	1,120,142	-	-	-	1,120,142

Cost	Land & Buildings 0% Kshs.	W.I.P Kshs.	AfDB Assets Kshs.	Furniture, Fittings 12.5% Kshs.	Motor Vehicles 25% Kshs.	Computers & Office Equipment's 33.3% Kshs.	Plant & Machinery 12.5% Kshs.	Totals Kshs.
Impairment	-	-	-	-	-	-	-	-
Transfer/ Adjustment	-	-	-	-	-	-	-	-
As at 30/6/2025	-	-	-	8,645,512	7,778,720	19,311,057	2,328,737	38,064,027
Net Book Values								
NBV- As at 30/6/ 2024	8,401,550	7,042,580,779	2,133,209,354	1,435,763	-	-	-	9,185,627,446
NBV-As at 30/6/2025	8,401,550	7,472,500,021	2,133,209,354	315,621	-	-	-	9,614,426,545

25 Trade and Other Payables

Description	2024/2025 Ksh	2023/2024 Kshs
Staff Gratuity and Pension	12,923,085	16,275,708
Voluntary Salary Deduction	593,750	593,750
KCB Consumer deposits Account	4,054,285	4,056,628
KCB Adf Loan Account	949	9,873,867
KCB Retention Account	68,872,788	12,833,054
General trade creditors	3,437,696	6,217,122
General staff creditors	18,362,917	16,503,321
Nairobi Iron Mongers	279,523	279,523
Machiri LTD	1,175,641	1,175,641
Retention money Olkalou	5,708,813	5,708,813
Retention money ADf	198,502	198,502
General Development Creditors	608,576,903	363,803,060
General Development Retentions	234,727,623	252,673,634
Total trade and other payables	**958,912,475**	**690,192,623**

Ageing analysis: (Trade and other payables)	2024/2025 Ksh	% of the Total	2023/2024 Ksh	% of the Total
Under one year	268,719,852	0.00	661,904,058	95.9
1-2 years	661,904,058	69.03		
2-3 years	-	-		
Over 3 years	28,288,565	2.95	28,288,565	4.1
Total (tie to above total)	**958,912,475**		**690,192,623**	

26 Refundable Deposits

Description	2024/2025		2023/2024	
	Kshs		Kshs	
KCB Customer deposits	4,054,285		4,056,628	
KCB Loan ADF	949		9,873,867	
KCB Retention deposits	68,872,788		12,833,054	
Total deposits	**72,928,022**		**26,763,549**	
Ageing analysis: (Refundable deposits)	**2024/2025**	**% of the Total**	**Comparative 2023/2024**	**% of the Total**
Under one year	**56,039,734**	76.84	**12,833,054**	47.95
1-2 years	12,833,054	17.60	9,873,867	36.89
2-3 years	949	0.00	-	0.00
Over 3 years	4,054,285	5.56	4,056,628	15.16
Total	**72,928,022**		**26,763,549**	

27 Borrowings

Description		2024/2025 Ksh	2023/2024 Ksh
a) External borrowings			
Balance at beginning of the year		1,095,631,071	1,135,091,071
External borrowings during the year		-	-
Repayments of during the year		(1,870,000)	(39,460,000)
Prior year adjustment on principal loan (NT reconciliation)	Note 31 (a)	(34,038,938)	
Balance at end of the year		**1,059,722,133**	**1,095,631,071**
b) Domestic borrowing-(Finance Cost 2.5%)			
Balance at beginning of the year		652,821,996	642,776,975
Domestic borrowings during the year		17,351,631	10,045,021
Repayment of loan interest during the year		(8,000,000)	
Prior year adjustment on Loan Interest	Note 31 (b)	(258,319,577)	-
Balance at end of the year		**403,854,050**	**652,821,996**
Balance at end of the period- domestic & External borrowings c = a+b		**1,463,576,183**	**1,748,453,067**

The ADf loan is on-lending to the Agency. The Government of Kenya took the loan from Africa Development Bank.

28 Cash Generated from Operations

Description	2024/2025 Ksh	2023/2024 Ksh
Surplus for the year before tax	(133,743,536)	(32,059,149)
Adjusted for:		
Depreciation	1,120,142	1,263,182
Non-cash grants received	-	-
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Working capital adjustments	**(132,623,394)**	**(30,795,967)**
Increase in inventory		
Increase in receivables	(708,166)	(86,486,846)
Increase in deferred income		
Increase in payables	268,719,853	(27,608,238)
Increase in payments received in advance		
Net cash flow from operating activities	**135,388,292**	**(144,891,051)**

29 Financial Risk Management

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

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external

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

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from xxx. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Entity's directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

iii) Market risk

The *Entity* has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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
	Ksh	Ksh
Revaluation Reserve	-	-
Retained Earnings	2,105,108,595	2,238,852,131
Capital Reserve	6,172,098,415	5,586,329,913
Total Funds	**8,277,207,010**	**7,825,182,044**
Total Borrowings	1,463,576,183	1,748,453,067
Less: Cash and Bank Balances	(321,826,829)	(315,466,161)
Net Debt/(Excess Cash And Cash Equivalents)	1,141,749,354	1,432,986,906
Gearing	**13.79**	**18.31**

30 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

i) The Parent Ministry.

ii) County Governments

iii) Other State Corporations & SAGAs

iv) Financial Institutions (KCB bank, African Development Bank,)

v) KfW-Kreditantstalt fur Wiederaufbau

vi) Japan International Corporation Agency

vii) Key Management

viii) Board of Directors

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
bank interest income	9,239,069	8,458,609
Total	**9,239,069**	**8,458,609**
B) purchases from related parties		
Payment of water & electricity from govt service providers	719,717	1,424,896
Training and conference fees paid to govt. Agencies	943,883	362,600
Total	**1,663,600**	**1,787,496**
b) Grants /transfers from the government		
Grants from national govt	1,210,456,292	837,751,177
Grants from county government co-funding Kampi ya samaki	22,437,511	-
Donations in kind	-	-
Total	**1,232,893,803**	**837,751,177**
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total		
d) Key management compensation		
Directors' emoluments	22,713,046	21,583,127
Compensation to key management	-	-
Total	**22,713,046**	**21,583,127**

31 Events after the Reporting Period-Prior year issues

a) External borrowings	Adjustments	Ksh
i) Prior year adjustment (omitted payments made to NT for principal loan -NT reconciliation)		
Loan repaid dated 9/9/2015	22,144,803	
Loan repaid dated 9/9/2016	10,227,705	
Loan repaid dated 31/1/2017	10,362,366	
Loan repaid dated 28/1/2020	10,764,064	(53,498,938)
ii) Repayment adjusted to service loan interest Loan		19,460,000
Balance at end of the year		**(34,038,938)**
b) Domestic borrowings-(Finance Cost 2.5%)		
i) Prior year adjustment on Loan on opening balances (NT reconciliation)		-
Balance 1st July 2024	652,821,996	
Loan interest grace period (NT ledger)	(86,560,849)	
Loan interest period thereafter	(327,401,570)	(238,859,577)
ii) prior year repayment adjusted from loan repayments to Loan interest		(19,460,000)
Balance at end of the year		**(258,319,577)**

32 Ultimate And Holding Entity

The Entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Water & Irrigation. Its ultimate parent is the Government of Kenya.

33 Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs

20 Appendices

Appendix 1 Implementation Status of Auditor-General's Recommendations

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

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
1	**Variance in Revenue Received from State Department of Water and Sanitation** The statement of financial performance reflects transfers from other government agencies amount of Ksh356,600,177 which includes GoK recurrent activities grants un-restricted and GK project related grants un-restricted amounts as disclosed in note 6 to the financial statements. Further, the statement of changes in net assets and the statement of cash flows reflects capital/development grants receive during the year amount of ksh 481,750,000. in total, the entity received an amount of ksh 837,751,177 as transfers from the state department of water and sanitation. however, records maintained at the state department indicated an amount of ksh 161,000,000 And ksh 746,500,000 respectively all totaling ksh 907,500,000 were transferred to the agency on account of recurrent and development votes, respectively leading to an un- reconciled and unexplained variance of ksh 69,748,823. in the circumstances, the accuracy and completeness of	The Agency received total grants of Kshs.837,751,177 from the Ministry and have been supported by the Agency's bank statements for the period under review. This may be in variance with the reported amount of Kshs.69,748,823 by State department due to differences in reporting methods or monies on transit though not yet received at the close of the FY.	Resolved	

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
	transfers from other government entities totaling ksh 837.751,177 could not be confirmed			
2	**Un Capitalized water project** The statement of financial position reflects property, plant and equipment balance of ksh 9,185,627,455 which include work in progress balance of ksh 7,042,580,778 as disclosed in 23 to the financial statements. the balance includes Iten sabor water project amount of ksh 167,618,647 and Olkalou town Water project amount of ksh 115,602,391. The balances have not increased or decreased in comparison to last financial year and no new costs have been expense in the projects in the year under review. the projects according to the documents verified were completed several years back and their cost have not been capitalized and added in the books of the agency as assets in this regard, Project completed are wrongly classified as work	These projects Iten Sabor Water Project cost of Kshs.167,618,647 and Olkalou Town Water Project cost of Kshs. 115,602,391 were completed several years back and their costs have not been capitalized as the Agency is in consultation with the WSP to arrange and hand over the facilities for managing and operating so it did not add in the books of the Agency as assets.	Not Resolved	
3	**Unresolved prior year matters** In the audit report of the previous year, several issues were raised under the report on lawfulness and effectiveness in the use of public resources and effectiveness of internal controls, risk management and governance which have remained unresolved as at June	The issues that had been raised may take more than one financial year to be resolved. However, management are on course in closing these issues as follows; a) The Agency received an approved staff establishment and has written to the PS for budgetary allocation in order to recruit staff. The issue of non-adherence to staff establishment shall then be resolved.	Resolved	

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
	2024	b) The latest brief on Itare Dam Water Project contains information on signature of Settlement Agreement dated 9th April 2024 towards resumption and completion of Work summarizes the progress achieved from the negotiations towards resumption of works this therefore resolves in the long run the issue that had been raised. c) Chemususu Water supply project is a GOK fully funded project. The grant's receipts have been dictated by the prevailing economic situation. The works however stand at 94% and expected to be completed soon. d) The construction of pans and dams which is also a GOK funded activity delayed as the allocated budget was not fully funded. e) The Integrated Enterprise Resource Planning System is being implemented though the project start time was affected during 2020/21 COVID19 pandemic. The project management module lapsed behind but is almost being finalized as the TOR earlier submitted was generic and needed improvements in line with the expectations of certain project report requirements2019 and this has since been implemented and training		

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
		is on operationalization is still ongoing on one module		
4	**Non adherence to staff establishment** T The staff cost for the year amounted to ksh 130,010,125 in respect of 39 employees. However, the agency staff establishment reflect a total of 96 employees resulting to shortfall of 57 employees. in the circumstances the agency may not be effectively discharging on its mandate	The Agency staff establishment reflect a total of ninety-six (96) employees resulting to shortfall of fifty-seven (57) employees as at the close of the financial year. However, an approved staff strength of 137 was granted and management requested the PS MWIS for budgetary support in order to fill *the* gaps and recruitment process for critical positions commenced during 2024/2025	Resolved	
5	**Work in progress** **a) Delayed implementation of Kirandich phase II** The agency Contracted an international contractor for executive designs and completion of work for rehabilitation of water supply and sanitation system for kirandich basin and capacity building through an agreement signed on 29 April 2016 at a contract sum of euros 17,282,202 (ksh 2,197,777,632. The project was to commence on 6 February 2017 and be completed by 8 December 2018 with 670 days implementation period. although interim payment certificate number 1 of euros 2,398,945 raised on 5 December 2019 was paid on 14 May 2020, no subsequent payments or budgetary provisions were provided for audit. a notice to terminate the contract was issued on 31 January 2023	a) The project had challenges at the beginning ranging from delays in approval of mater list, delay in handing over of project sites and delay in processing of advance payment. The contractor was granted a temporary time extension was approved as a 'no objection' was granted. The contractor commenced works and current progress is at 30.7%.	resolved	

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
	but current status has not been provided by management **b) Stalled Itare water supply project** As previously reported the agency awarded contract, RVWSB/AD/13/1(works) to an international company for the construction of Itare dam water supply on15 May 2015 at a contract sum of ksh 28,973,739,492. the contract for provision of consulting services on the project was awarded later on 28th October 2016 to another international firm at a contract ksh 694,090,008. The contract period for the project was 48 months with effect from 6 April 2017. the project had 5 components namely 27,000,000 m³ water storage dam, water treatment plant, bulk transfer tunnel, bulk transfer and reservoirs with distribution pipeline. However, during the physical verification conducted in October 2023, it was noted that no works were ongoing at the site as the contractor had suspended works since 24 September 2018 citing delays in payments for an interim payment certificate number 7, although the payment has since been made, the contractor is yet to resume works at the site and hence it has stalled. Further, in December 2018 the contractor was subjected to pre bankruptcy proceedings in an international court of law and the outcome remains unknown. at the time when construction was halted, the contractor had been paid ksh 11, 064,145,695 representing 39.3% of the contract	b) The Itare dam project stalled on 24 September 2018, when the works were suspended by the Contractor citing financial issues. On 30th January 2020, the Contractor sent a notification to terminate, which was followed by an immediate termination notice by CRVWWDA on 4th February 2020. On 9th April 2024, the Government of the Republic of Kenya ("GoK") represented by the Office of the Attorney General and Central Rift Valley Water Works Development Agency (CRVWWDA) entered into a Settlement Agreement with Cooperativa Muratori & Cementisti –C.M.C. di Ravenna (CMC) for the Itare Dam Water Supply Project On 13th June 2024, the Government of the Republic of Kenya ("GoK") represented by the Central Rift Valley Water Works Development Agency (CRVWWDA) and Cooperativa Muratori & Cementisti – C.M.C. di Ravenna (CMC) without prejudice and subject to necessary approvals finalised the negotiations on the Contract price for the resumption and completion of Works on the		

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
	sum against certified value of work done which stood at 27%. The payment arrangement is that the agency jointly with the consultant certifies the contractor fee notes for money to be released by the ministry water and sanitation. subsequently on 4 february 2020, the agency terminated the contract and demanded a refund of the advance payment of ksh 4,346,060,923 and performance guarantee as provided for in the contract. however, at the time of this audit in January 2021, the advance payment had not been refunded and the project remained stalled. Further, the consultant whose duties include monitoring the percentage of work executed, inform employer about actual progress of work against the overall program. monthly measurements of the work executed, material controls and issuing performance certificates had been paid a total of ksh 491,446,506 or 71% of the contract sum based on monthly invoices submitted up to June 2020 it is not clear how the consultant fees continue to be justified without revising the contract despite the project having stalled. In addition, records provided for audit indicate that an amount of ksh 10,045,100 was spent on the dam without any budgetary provision or authority. The expenditures included an amount of ksh 10,000,000 incurred on tax expenditures to KRA. **c) Delayed completion of construction of**	Itare Dam Water Supply Project. The negotiated Contract price for the remaining works was to serve as guidance to the National Treasury for re-engaging with the potential financiers. On 9th April 2024 the Settlement Agreement towards resumption and completion of Works was signature and that it summarizes the progress achieved from the negotiations towards resumption of works. The KRA amount Ksh 10 million are monies withheld on account of the Itare withholding taxes not paid by the contractor whose payments were made directly by the donor. This matter has been taken up by the PS MWSI and the PS National Treasury when it came up in court and arrangements were put in place for to provide a budget to cover the cost of KRA. *c)* Included in the grant's receipts of		

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
	chemususu dam The agency contracted a Contractor via contract RVWSB/AD/works/14/1 to construct the water treatment plant (about 280,300 m^3) and bulk transfer mains and reticulation system at a contract sum of ksh 2,980,992,533. during the year under review, a funding of the ksh 243,000,000 was issued by GOK but only ksh 61,086,115 was incurred on project activities resulting to unutilized funds of ksh 181,913,885. Management has not explained the reason leading to non-full utilization of the funds. further the cumulative project expenditure of ksh3,187,830,584 exeed the contract sum of ksh 2,980,992,533 resulting to over payments of ksh 206,838,051. furthermore, although the project completion date was May 2022 it remains incomplete. in the circumstance there is no value for money for incomplete projects where the contract period has elapsed.	Kshs.243,000,000 was funds for the Chemususu phase II main contractor whose works stand at 94% as reported in the financial statements and funds to carry out Chemususu project's last mile competitivity. The procurement of the project commenced later and as at the close of the year works under last mile connectivity was ongoing and not paid up for.		
6	**Failure to update the fixed assets register** As reported previously, review of the fixed asset register provided for Audit revealed that the register lacked information such as date of acquisition of assets, cost of acquisition and additions made during the year, the fixed assets register may not provide an accurate record of the status of the assets owned by the agency, in the circumstances existence of effectiveness measures on asset management could not be confirmed	The management is reviewing the fixed assets register to incorporate the date of acquisition and once finalized shall be availed for audit verification.	resolved	

Ref No	Issue/observation from Auditor	Management comment	Status	Time Frame
7	**Risk management strategy** The agency did not have in place a risk management policy to guide it on assessment and evaluation of risks and strategies to mitigate likely risks. The service delivery may be adversely affected as probable risk may not be identified and mitigation measures applied accordingly in the circumstances existence of effectiveness on risk management could not be confirmed.	The reviewed Risk Management Policy aligned to the National Treasury Circular No.3/2009 of 23 February 2009 was approved for use and is in place as a working document for governing risks in the Agency's operations. The Risk Management Policy framework is attached for audit verification.	resolved	

Remarks

The Agency has not been invited to present its audit report 2023/2024, the above appendix has therefore not been completed.

CPA Douglas Murei Kaibos

Chief Executive Officer
Date 29/10/2025

APPENDIX II: Projects Implemented by the Agency

Projects implemented by the Agency Funded by development partners

Project title	Project Number	Donor	Period/ duration in Months	Donor commitment Ksh '000'	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Chemususu Phase II W/S	RVWSB/AD/WORKS/14/1	GoK	24	3,500,000	N	Y
Kirandich Phase II W/S	KIRANDICH/II/02/LOT 1	GoK/	24	1,800,000	N	N
AfDB Funded-KTSWSSP	*Annex 1*	GoK/AfDB	48	18,026,534	Y	N
Itare Dam W/S	RVWSB/AD/WORKS/13/1	GoK/Itallian Cooperation	48	34,000,000	N	N
Naivasha Industrial Park	RVWWDA/NIP/WORKS/2018-2019	GoK	18	1,300,000	N	Y
Lake Nakuru Biodiversity Conservation program(LNBCP)	RVWSB/PROC/CTC/277	GoK/KfW	12	6,325,000	N	Y
JICA funded Baringo projects	*Annex 2*	GoK	36	345,100	N	Y
Water for Schools programme	*Annex 3*	GoK/			N	Y
Public Priority fund projects	*Annex 4*	GoK/			N	Y
Small Dams & Pans	*Annex 5*	GoK/			N	Y
Rehabilitation of water supplies	*Annex 6*	GoK/			N	Y
Cross County Projects	*Annex 7*	GoK/			N	Y
National Water Harvesting & ground Exploration	*Annex 8*	GoK/			N	Y
Strategic Initiative Projects	*Annex 9*	Gok			N	Y
Other Projects	*Annex 10*	GoK/			N	Y
Water Harvesting (New)	*Annex 11*	GoK/			N	Y
Central Rift Projects (New)	*Annex 12*	GoK/			N	Y

APPENDIX III Status of Projects completion

No	Project	project Cost Ksh '000'	Total expended to date Ksh '000'	Completion % to date	Budget Kshs '000'	Actual Kshs '000' 2024/2025	Sources of funds
1	Chemususu Phase II W/P	3,500,000	3,304,553	94	3,400,000	300,000	GoK
2	Kirandich Phase II W/S	1,800,000	202,436	30.7	1,962,000	339,000	Gok/Italy
3	AfDB Funded Projects	1,360,000	*Annex 1*	93	18,026,534	1,825,000	187,500
4	Itare Dam W/S	34,000,000		27	34,000,000	25,000	Gok
5	Naivasha Industrial Park	1,300,000	803,356	100	0	0	GoK
6	JICA funded Baringo projects	345,100	*Annex 2*		0	0	JICA
7	Lake Nakuru Biodiversity			10	6,325,000	210,000	GoK/KfW
8	Chemususu LMC		*Annex 3*		0	0	GoK
9	Public Priority fund projects		*Annex 4*		0	0	GoK
10	Small Dams & Pans		*Annex 5*		0	0	GoK
11	Rehabilitation of water supplies		*Annex 6*		50,000	50,000	GoK
12	Cross County Projects		*Annex 7*		0	0	GoK
13	National Water Harvesting & Ground Water Exploration		*Annex 8*		0	0	GoK
14	Equalization Fund projects		*Annex 9*		0	0	GoK
15	Other Projects		*Annex 10*		0	22,500	GoK
16	Water Harvesting Projects		*Annex 11*		40,000	12,500	GoK
17	Arbedare Catchment (Pesi dam)				40,000	40,000	GoK
18	Central Rift Projects		*Annex 11*		420,000	75,000	GoK

APPENDIX IV: Inter-Entity Transfers -Confirmation Letter

Name of transferring entity: Ministry of Water, Sanitation and Irrigation
Name of beneficiary entity: Central Rift Valley Water Works Development Agency

Confirmation of amounts received by CRVWWDA as at 30th June 2025							
Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2025						Amount Received (KShs) as at 30th June 2025	
Ref: No.	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Equalization Fund (D)	Total (E)=(A+B+C+D)	Remarks
10470	5/7/2024	-	369,750,000			369,750,000	2023/24
09511	5/7/2024	13,416,667		-		13,416,667	2023/24
	30/8/2024	10,733,333	-			10,733,333	2024/25
	24/9/20244	10,733,333	-			10,733,333	2024/25
00500	25/9/2024	-	71,500,000			71,500,000	2024/25
	11/10/2024	-	71,500,000			71,500,000	2024/25
	28/10/2024	10,733,333				10,733,333	2024/25
	18/11/2024	10,733,333				10,733,333	2024/25
	20/11/2024		71,500,000			71,500,000	2024/25
	22/11/2024	-	71,499,985			71,499,985	2024/25
	19/12/2024	10,733,333				10,733,333	2024/25
	23/12/2024				10,083,559	10,083,559	2024/25
	23/12/2024				36,400,000	36,400,000	2024/25
	9/1/2025	10,733,333				10,733,333	2024/25
	15/1/2025	-	71,500,000			71,500,000	2024/25
03895	27/1/2025				9,003,030	9,003,030	2024/25
03897	7/2/2025				23,514,000	23,514,000	2024/25
03896	7/2/2025				23,450,000	23,450,000	2024/25
	10/2/2025	10,733,333				10,733,333	2024/25
	12/3/2025	10,733,333				10,733,333	2024/25
	3/4/2025	10,733,333				10,733,333	2024/25
	22/4/2025		2,500,000			2,500,000	2024/25
08033	8/5/2025				6,743,060	6,743,060	2024/25
09373	13/5/2025				6,686,980	6,686,980	2024/25
09372	13/5/2026				3,671,354	3,671,354	2024/25

Confirmation of amounts received by CRVWWDA as at 30th June 2025

Amounts Disbursed by [SC/SAGA/Fund] (KShs) as at 30th June 2025						Amount Received (KShs) as at 30th June 2025	
Ref: No.	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial (C)	Equalization Fund (D)	Total (E)=(A+B+C+D)	Remarks
	14/5/2025	10,733,334				10,733,334	2024/25
	21/5/2025		214,968,502			214,968,502	2024/25
	10/6/2025	10,733,334	10,000,000			20,733,334	2024/25
	19/6/2025				4,702,490	4,702,490	2024/25
Total		**131,483,332**	**954,718,487**	**0**	**124,254,473**	**1,210,456,292**	

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

Head of Accounts Department MWI
Name_____Sign_____Date_____

Head of Accounts: CRVWWDA
Name: CPA Grace J Bowen Sign_____ Date 29/10/2025

APPENDIX V Reporting of climate relevant expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Itare	Construction of dam, water reservoirs and water pipeline.	To contribute to national forest cover	- Tree Planting Slope protection to reduce erosion -Capacity building on proper tree caring, protection and management			150,000	100,000	GOK	The Agency, County Government, WSPs, NEMA, WRA and the Local Community.
Chepareria Sewerage Project	Construction of sewerage treatment plant and sewer lines in Chepareria Town	To improve quality of life for people living in Chepareria town and its environs	- Tree Planting -Capacity building on proper waste disposal and management - Slope protection to reduce erosion	0	0	1,800,000	0	Project bill item on environmental management and climate change	The Agency, County Government, WSPs, NEMA, WRA and the Local Community
Chemususu	Construction of LMC to benefit people living in Baringo and parts of Nakuru Counties	To contribute to national forest cover	- Tree Planting - Slope protection to reduce erosion - Capacity building on proper tree caring, protection and management	0	0	1,800,000	600,000	GoK	The Agency, County Government, WSPs, NEMA, WRA and the Local Community
Naivasha	Naivasha industrial park	To contribute to national forest cover	- Capacity building tree caring and management				100,000	GOK	The Agency, County Government, WSPs, NEMA, WRA and

Project Name	Project Description	Project Objectives	Project Activities					Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
			- Slope protection to reduce erosion - Capacity building on proper tree caring, protection and management						the Local Community
Ceremonial tree planting	Commissioning of various water projects	To contribute to national forest cover	- Slope protection to reduce erosion	50,000	0	100,000	50,000	GOK	Stakeholders and partners in the water sector
Muchongoi	Various small projects	To contribute to national forest cover	- Slope protection to reduce erosion			150,000			The Agency, County Government, WSPs, NEMA, WRA and the Local Community
Laikipia	World water day celebrations held in 2025		- Slope protection to reduce erosion-			100,000			The Agency, County Government, WSPs, NEMA, WRA and the Local Community

APPENDIX VI Reporting on Disaster Management Expenditure

There were no expenditures reported or disaster reported

21 Annexes

Annex 1

AfDB funded Kenya Towns Sustainable Water Supply and Sanitation Programme

S/No.	Project Title	Total Project Cost	Total Expended to date	% Completion	Budget Ksh	Actual (Kshs)	Sources of funds
1	Design review, tender documents and supervision of works for Narok Town Sewerage Project	185,115,670	164,030,050	100	185,379,728	185,115,670	AfDB/ GoK
2	Narok Sewerage works and Last Mile Connectivity for Water Supply	1,477,780,324	1,474,846,530	100	1,453,797,278	1,477,780,324	AfDB/ GoK
3	design review and supervision for Olkalou Sewerage Project	40,958,643	29,097,896	100	36,088,937	40,958,643	AfDB/ GoK
4	Olkalou Town Sewerage Project works	589,021,144	326,380,425	100	360,889,368	589,021,144	AfDB /GoK
5	design review and supervision Kapenguria-Makutano Sewerage Project	61,263,851	42,865,403		49,393,847	61,263,851	AfDB/ GoK
6	Kapenguria Sewerage Project works	482,110,132	96,422,026	58	270,984,941	482,110,132	AfDB/ GoK
7	Chepareria Sewerage Project works	217,096,202	100,882,860	99	222,953,525	217,096,202	AfDB/ GoK
8	Feasibility Study, Detailed Design and Tender Documents of Amaya Dam Water Supply Project	81,234,971	64,701,701	100	90,000,000	81,234,971	AfDB/ GoK
9	Feasibility Study, Detailed Design and Tender Documents of Bergei Water Supply Project	93,057,462	37,004,661	75	93,600,000	43,170,000	AfDB/ GoK
10	Feasibility Study, Detailed Design and Tender Documents of the Proposed Eldama Ravine Water Supply Project	34,803,556	24,457,742	100	407,964,250	34,803,556	AfDB/ GoK K

Annex2

JICA Projects

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Barkatiew Community Borehole Wp	8,271,617	1,381,212	30			JICA
2	Kaptir Community BorholeWp	8,171,453	-	32			JICA
3	Kimoriot Community Borehole Wp	7,724,464	1669900	40			JICA
4	Lelnane Community Borehole Wp	7,620,360	2,766,300	70			JICA
5	Kaptirgen Borehole and Kamweton Borehole	4,983,014	4,971,630	100			JICA

Annex 3

Chemususu Last Mile Connectivity Project

S/NO	Project Name	Total Project Cost (Kshs)	Expenditure to Date (Kshs)	% Completion to date	Budget	Actual	Sources of funds
1.	Chemususu Last mile Connectivity-Mogotio Lot 1	44,761,882	40,557,504	100%			
2.	Chemususu Last mile Connectivity-Mogotio Lot 2	26,450,825	26,295,743	100%			
3.	Chemususu Last mile Connectivity-Eldama Ravine Lot 2	36,825,582	35,497,522	100%			
4.	Chemususu Last mile Connectivity-Eldama Ravine Lot 1	25,052,029	22,157,165	100%			
5.	Chemususu Last mile Connectivity-Rongai Lot 1	23,925,987	20,571,244	100%			
6.	Chemususu Last mile Connectivity-Rongai Lot 2	23,977,585	21,382,340	100%			

S/NO	Project Name	Total Project Cost (Kshs)	Expenditure to Date (Kshs)	% Completion to date	Budget	Actual	Sources of funds
7.	Chemususu Last mile Connectivity (Solian-Kirobon)	14,712,182	-	40%			
8.	Chemususu Last mile Connectivity(Mochongoi-Ngorombich)	27,083,423	-	30%			
9.	Chemususu Last mile Connectivity (Kiplombe)	41,722,671	-	30%			
10.	Chemususu Last mile Connectivity (Lombogishu)	30,574,023	-	25%			
11.	Chemususu Last mile Connectivity (Kelelwa)	18,951,508	-	60%			
12.	Chemususu Last mile Connectivity (Chemogoch)	39,425,733	-	5%			
13.	Chemususu Last mile Connectivity (Kiptoim-Kures)	33,470,141	-	30%			

Annex 4

Public Priority Projects

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kio primary	7,699,450	2,810,640	80			Gok
2	Baraka Nursery	7,602,423	2,224,008				GoK
2	Pesi/Kabaa Primary school borehole	4,575,953	2,184,795	100			Gok
3	Rutara Dam Phase 1	39,883,548	25,536,426	98			Gok

Annex 5

Small Dams, Pans

S/ No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Kimotony water pan	6,071,982	2,963 500	70			GoK
	Nyaunyau water pan	4,926,926	4,692,310	100			GoK
	Lelgut water pan	8,591,610		70			GoK
	Chemurtoi water pan	4,886,815	4,768,815	100			GoK
2	Nadwat Community B/H	7,500,920	-	0			Gok

Annex 6

Rehabilitation of water supplies.

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Ilkamaniki Dam Water Project	32,737,180	17,462,518	100			GoK
2	Lettari Borehole Water Project	7,671,016	2,077,400	100			Gok
3	Chorwet Primary school	3,340,700	2,594,060	100			GoK
4	Rehabilitation of Mugitiri water project	17,177,624	4,541,647	30			GoK
5	Oldebes Borehole	2,152,400	2,116,174	100			GoK
6	Nyalilbuch borehole	1,025,165	1,017,808	100			GoK
7	Sobea Ndarakwa Community	3,903,240	3,476,995	100			GoK
8	Ogilgei- ngata borehole	2,827,125	2,631,076	100			GoK
9	Olmusakwa pri School Borehole Water Project	7,671,013	2,089,800	98			GoK

Annex 7

Cross County Projects Programme

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Bahati borehole	7,940,730	5,830,752.00	100			GoK
3	IndonyoOseroLempere Borehole	7,205,690	1,765,520	90			GoK
5	Naisoiya water project -solarization	4,236,812	3,376,779	100			GoK
7	Mukurweini Water Project-laikipia	23,737,734	18,143,278	100			GoK
8	Mwicirirngiri borehole	7, 674, 975	2,489,715	30			GoK

Annex 8

National Water Harvesting And Ground Water Exploitation Programme

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Gatimu Borehole Water Project	7,512,010	693,846	20			Gok
4	Oloi BorSoito Primary School	7,362,410	-	42			Gok

Annex 9

Equalization Fund Projects

S/No	Project Name	Total Project Cost	Expenditure to date (Ksh)	% Completion to date	Budget	Actual	Sources of funds
1.	Lokichogio DCCs Borehole	10,873,643	-	85%			GoK
2.	Lorengipi Borehole	7,736,885	4,702,490	100%			GoK
3.	Kalokol Water Project	72,624,200	36,400,000	90%			GoK
4.	Ewoi Akinyor Borehole	7,594,348	-	100%			GoK
5.	Amarieth (Kakiteitei) Borehole	8,399,845	-	0%			GoK
6.	Lodoupua Borehole	9,711,870	-	30%			GoK
7.	Lomunyenkirion Borehole	12,308,483	10,083,559	100%			GoK
8.	Ngaukon Borehole	7,797,720	6,743,060	100%			GoK
9.	Narengewoi (Nalekan) Borehole	9,453,181	9,003,030	100%			GoK
10.	Nakabaran Borehole	8,803,809	6,686,980	100%			GoK
11.	Natapar Water Pan	17,107,073	-	100%			GoK
12.	Kapetadie Water Pan	24,623,445	23,450,900	100%			GoK

S/No	Project Name	Total Project Cost	Expenditure to date (Ksh)	% Completion to date	Budget	Actual	Sources of funds
13.	Ngikoloi Water Pan	24,689,700	23,514,000	100%			GoK
14.	Kaekongae & Nomadi Water Pans	12,098,573	-	80%			GoK
15.	Lokabuk Borehole	9,188,109	-	50%			GoK
16.	Lelechuet Pri. Sch.Bh	6,536,250	2,234,290	70%			GoK
17.	Kishermoruak Boys Sec. Sch. Bh	6,536,250	2,511,000	70%			GoK
18.	Sirinik Pri. Sch. Bh	7,004,771	1,410,880	40%			GoK
19.	Pusol Water Project	8,975,525	-	0%			GoK
20.	Orolwo Community Borehole	6,200,206	-	10%			GoK
21.	Nakwapuon Water Pan	9,986,323	-	20%			GoK
22.	Kaingeny Water Pan	10,668,398	-	0%			GoK
23.	Konyao Centre Borehole	5,899,999	-	20%			GoK

Annex 10

Water Harvesting Projects

S/No.	Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	AC Primary School Borehole Water Project	6,786,252	Ksh 2,718,780	100			Gok
2	Kaimbaga Borehole	8,622,328		100			Gok
3	Kiplombe Secondary school borehole	7,108,284	2,974,950	100			Gok
4	Nyangatia primary school	8,444,025	1,555,200	50			Gok
5	Olkalou Industrial Park Borehole Water Project	10,606,365	5,560,534	100			Gok
6	Orinie Primary School Borehole Water Project	3,843,300	2,289,914	100			Gok
7	Utumishi Borehole Water Project	7,311,700	1,541,700	100			GoK

Annex 11

Central Rift Valley Projects

S/No.	Project Name	Total Project Cost	Expenditure to date, Kshs	% Completion to date	Budget	Actual	Sources of funds
1	Kotsitek Community Borehole	3,281,502	3,281,502	100%			GOK
2	Kanjulul Water pan in Eldama Ravine	4,989,451	-	30%			GOK
3	Kapsok Borehole	1,380,050	1,366,930	100%			GOK
4	Maombi community Borehole	3,096,293	1,665,060	100%			GOK
5	Perkerra Model	2,789,000	-	100%			GOK
6	Rotian	2,998,800	1,343,270	40%			GOK
7	Kabarnet High School	4,989,303	4,743,210	100%			GOK
8	Kipkamur Community BH	3,403,950	1,910,590	100%			GOK
9	Lokuru Community BH	3,203,550	2,402,200	100%			GOK
10	Miti Mingi	4,998,866	4,911,910	100%			GOK
11	Kampi ya Samaki	5,822,900	-	100%			GOK
12	Mayu	4,980,150	4,622,640	100%			GOK
13	Olopito Senchura Borehole	4,495,573	3,952,135	100%			GOK
14	Majani Borehole	4,230,618	3,995,025	100%			GOK
15	Thitai Borehole	2,740,301	-	100%			GOK
16	Manyatta Borehole	2,672,670	-	100%			GOK
17	Suguro Borehole	3,049,989	-	100%			GOK
18	Kapchorwa community borehole	4,983,108	4,405,148	100%			GOK
19	Kibathi Pri. Sch. Bh	7,394,016	-	10%			GOK
20	Bartulgel Community Bh	7,918,815	-	5%			GOK
21	Sundu River BH	6,499,999	-	5%			GOK
22	Kampi ya Samaki	34,157,286	6,831,457	40%			GOK
23	Gatirima wp	6,248,263	-	10%			GOK
24	Kapkosom water project	7,860,063	-	0%			GOK

S/No.	Project Name	Total Project Cost	Expenditure to date, Kshs	% Completion to date	Budget	Actual	Sources of funds
25	Arimi pri & community borehole -drilling and equipping	3,782,130	-	100%			GOK
26	Solarization for Kabazi BH	2,488,680	-	100%			GOK
27	Rising Mains For Ngata Bh	3,575,326	-	70%			GOK
28	Kiamaiko Borehole	2,896,097	-	100%			GOK
29	Siambara North community borehole	3,131,625	2,786,460	100%			GOK
30	Pekerra Ngoswe	2,619,318	-	0%			GOK
31	Burgei	4,542,190	4,313,305	100%			GOK
32	Magare Borehole	3,576,456	1,984,895	100%			GOK
33	Kapchorwa community borehole	3,139,180	2,411,907	100%			GOK

