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REPORT

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THE AUDITOR-GENERAL

ON

**TANA WATER WORKS DEVELOPMENT
AGENCY**

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





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TANA WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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



T.W.W.D.A. IS ISO 9001:2015 CERTIFIED

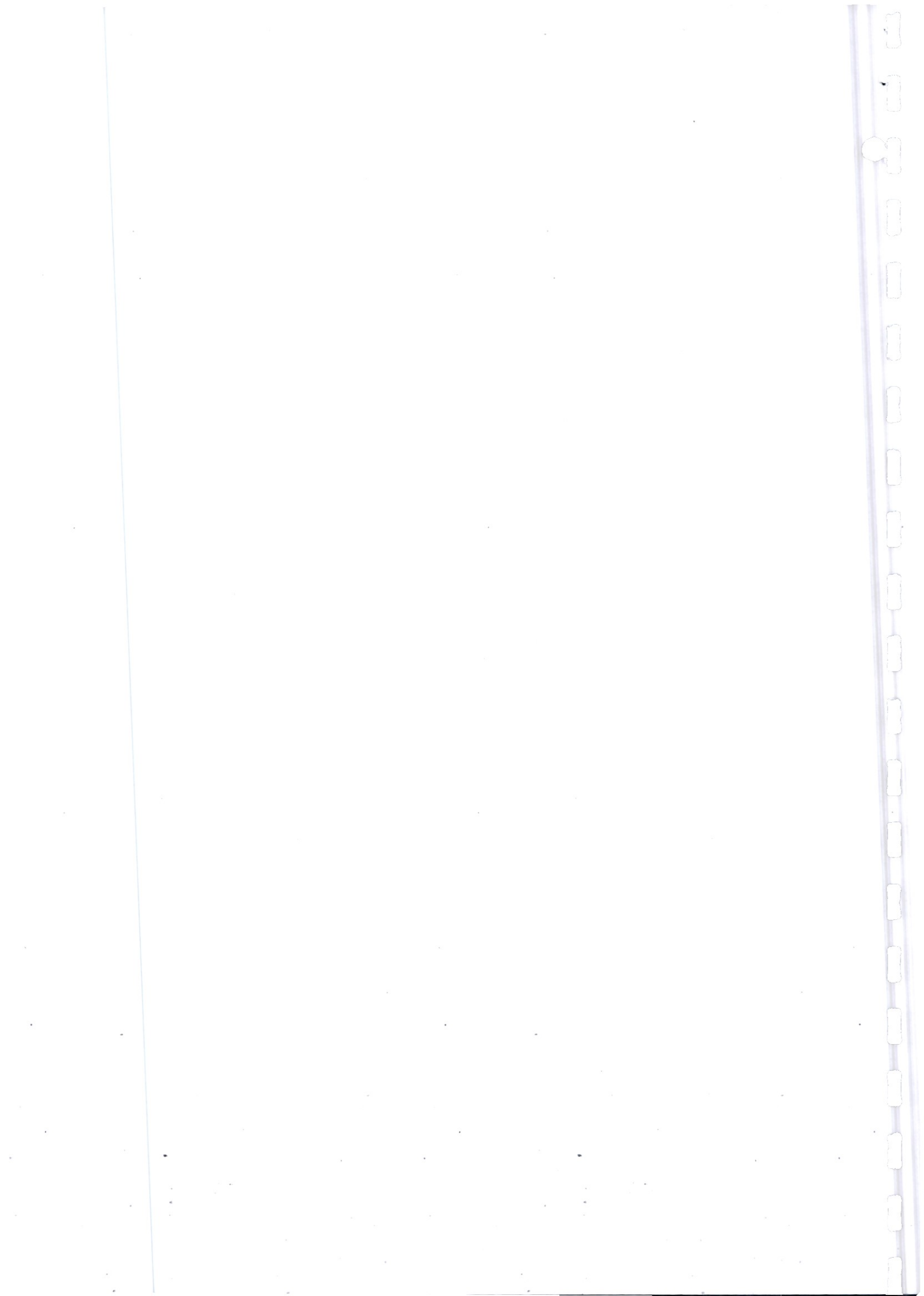


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Acronyms and Glossary of terms

ADB	African Development Bank
ADF	African Development Fund
AfDB	African Development Bank
A-I-A	Appropriations in Aid
BETA	Bottom –Up Economic Transformation Agenda
BSC	Bachelor of Science
ENG	Engineer
ERP	Enterprise Resource Planning
CAD	Computer Aided Design
CEO	Chief Executive Officer
CHRPK	Certified Human Resource Professional of Kenya
CICT	Certified Information Communication Technologist
CIFA-K	Certified Investment and Financial Analysts of Kenya
CISA	Certified Information Systems Auditor
CPA	Certified Public Accountant
CPA-K	Certified Public Accountant of Kenya
CS	Certified Secretaries
CS-K	Certified Secretaries of Kenya
CCNP	Cisco Certified Network Profession
CCNA	Cisco Certified Network Associate
CSK	Computer Society of Kenya
DR	Doctor
FY	Financial Year
GoK	Government of Kenya
GPA	Group Personal Accident
GTZ	Gesellschaft für Technische Zusammenarbeit
ICIFA	Institute of Certified Investment and Financial Analysts
ICPAK	Institute of Certified Public Accountant
ICT	Information Communication Technology
ICS	Institute of Certified Secretaries

IHRM	Institute of Human Resource Management
IIA	Institute of Internal Auditors
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KEMU	Kenya Methodist University
KEBS	Kenya Bureau of Standards
KFS	Kenya Forest Service
KIM	Kenya Institute of Management
KNEC	Kenya National Examination Council
KSHS	Kenya Shillings
KTWSP	Kenya Towns Sustainable Water Supply and Sanitation Program
LLB	Bachelors of law
MBA	Master of Business Administration
MSME	Micro Small and Medium Enterprise
MWSI	Ministry of Water Sanitation and Irrigation
NHIF	National Hospital Insurance Fund
NITA	National Industrial Training Authority
NSSF	National Social Security Fund
NWWDA	Northern Water Works Development Agency
NYEWASCO	Nyeri Water and Sanitation Company
PAYE	Pay As You Earn
PC	Performance Contract
PFM	Public Financial Management
PPP	Public Private Partnership
QMS	Quality Management System
SCAC	State Corporation Advisory Committee
TWWDA	Tana Water Works Development Agency
UNESCO	United Nations Educational, Scientific and Cultural Organization
WASPA	Water and Sanitation Providers Association
WSBSP	Water Service Board Support Project
WSP	Water Service Provider



2. Key Agency Information and Management

(a) Background information

Tana Water Works Development Agency (TWWDA) was established under section 65 of the Water Act, 2016 vide legal notice no. 27 of 26th April 2019. The Agency is domiciled in Kenya and is a State Corporation currently under the Ministry of Water, Sanitation and Irrigation. The Agency head office is located in Nyeri. TWWDA's area of coverage for development of water works is five (5) Counties in Mount Kenya region namely; Nyeri, Kirinyaga, Embu, Tharaka-Nithi, and Meru.

The Agency is headed by Chief Executive Officer and for efficient management and performance, it has four (4) functional departments namely:

- i. Technical Services Department;
- ii. Finance and Resource Mobilization Department;
- iii. Corporate Services Department; and
- iv. Research, Strategy and Compliance Department.

(b) Principal Activities

i. Mandate

The mandate of TWWDA as outlined in the Water Act 2016 section 68 is to:

- (a) Undertake the development, maintenance and management of the National Public Water Works within its area of jurisdiction;
- (b) Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of County Governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
- (c) Provide reserve capacity for purposes of providing water services where pursuant to section 103, the Regulatory Board orders the transfer of water services functions from a defaulting Water Services Provider (WSP) to another licensee;
- (d) Provide technical services and capacity building to such county governments and Water Services Providers within its area as may be requested; and
- (e) Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Act.

ii. Vision

Universal access to quality water and sanitation services.

iii. Mission

To enhance quality of citizenry life by improving access to safe water and sanitation services through infrastructure development and capacity building at the county level.

(c) Key Management

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

1. Board Members;
2. Chief Executive Officer; and
3. Management comprising of;
 - Chief Executive Officer and Secretary to the Board,
 - Chief Manager, Technical Services,
 - Chief Manager, Finance and Resource Mobilization,
 - Manager, Human Resources Management and Administration,
 - Manager, Internal Audit and Assurance,
 - Manager, Supply Chain Management,
 - Manager, ICT,
 - Manager, Research, Strategy and Planning.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. Philip Gichuki
2.	Chief Manager, Technical Services	Eng. Daniel Ngugi
3.	Chief Manager, Finance and Resource Mobilization	CPA Nicholas Kanyeke
4.	Manager, Human Resources Management and Administration	CHRPK. Pauline Miriga.
5.	Manager, Internal Audit and Assurance	Mr. Vincent Kachi
6.	Manager, Supply Chain Management	Mr. James Ribiru
7.	Manager, ICT	CICT Joseph Githinji
8.	Manager, Research, Strategy and Planning.	Ms. Jemimah Muraya*

* Left the Agency with effect from 1st June 2023.

(e) Fiduciary Oversight Arrangements

To enhance good corporate governance, the Board has three working committees namely; Finance and Administration, Technical, Planning & Strategy and Audit, Risk and Compliance Committees.

Finance and Administration Committee

The Finance and Administration Committee is responsible for overseeing:

- Leadership and coordination of Finance & Accounts in accordance with the Public Finance Management Act, 2012 and development, review and implementation of strategies for resource mobilization;
- Human Resource Management & Development, Administration, Information and Communications Technology and Corporate Communication functions; and
- Procurement of goods, works and services, inventory management and disposal.

The members of the Finance and Administration Committee were:

1. CPA. Patrick Nyoike Njihia – Chairperson
2. Mr. Joseph Gichohi
3. Cabinet Secretary, The National Treasury and Economic Planning
4. Principal Secretary, Ministry of Water, Sanitation and Irrigation
5. Inspector General (State Corporations)

The Chief Executive Officer is the Secretary to the committee.

Technical Planning and Strategy Committee

The Technical, Planning and Strategy Committee is responsible for:

- Technical planning and design, infrastructure development, asset management, liaison and capacity development;
- Development and review of strategic and business plans, quality assurance, risk management coordination, knowledge management, performance management, business process re-engineering, coordinating research, and monitoring & evaluation of Agency programmes and projects; and
- Monitoring of litigation and conveyancing matters, legal and governance compliance and contracts management.

The members of the Technical, Planning and Strategy Committee were;

1. Ms. Winfred Mwai – Chairperson-
2. Mr. John Ndambiri
3. CPA. Patrick Nyoike Njihia
4. Mr. Joseph Gichohi
5. Principal Secretary, Ministry of Water, Sanitation and Irrigation
6. Inspector General (State Corporations)

The Chief Executive Officer is the Secretary to the Committee.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is responsible for assuring the Agency of internal control systems, risk management and governance structures.

The members of the Audit, Risk and Compliance Committee were:

1. Mr. John Ndambiri – Chairperson
2. Ms. Winfred Mwai
3. Cabinet Secretary, The National Treasury and Economic Planning
4. Inspector General (State Corporations)

The Manager Internal Audit & Assurance is the Secretary to the Committee.

Terms of the Chairpersons and Board Members

S/NO	NAME OF BOARD MEMBER	TERM OF SERVICE
1.	Dr. David Muthoga	5 th July, 2022 to 10 th February, 2023
2.	Mr. James Gathaka	10 th February, 2023 to date
3.	CPA. Patrick Nyoike	5 th July, 2022 to 30 th June, 2023
4.	Ms. Winfred Mwai	5 th July, 2022 to 30 th June, 2023
5.	Mr. Joseph Gichohi	5 th July, 2022 to 30 th June, 2023
6.	Mr. John Ndambiri	2 nd June, 2020 to 4 th June, 2023

(f) TWWDA Headquarters

P. O. Box 1292 – 10100
Maji House Building
Baden Powell road
Nyeri, KENYA

(g) TWWDA Contacts

Telephone: 061- 2032282
Email address: info@tanawwda.go.ke or ceo@tanawwda.go.ke
Website: www.tanawwda.go.ke

(h) TWWDA Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
Nyeri Branch
P.O Box 215 - 10100
NYERI, KENYA

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

3. The Board Members



Mr. James Justus Wanyaga Gathaka

Mr. Wanyaga was born in 1952. He was appointed as the Board Chairperson on 10th February 2023 vide Kenya Gazette Notice No 1379. He holds Honorary Doctorate Degree in leadership from Breakthrough University and a degree in Bachelor of Commerce from Marathwada University. He was formerly the Mayor, of Nyeri Municipal Council and the elected chairman of all mayors in the Mount Kenya Region.



CPA. Patrick Nyoike Njihia

CPA. Nyoike was an independent Board Member born in 1964. He was appointed to the Board on 5th July 2022 vide Kenya Gazette Notice No. 8028. He is a Certified Public Accountant (CPA-K) and a Certified Secretary (CS-K). He holds a Diploma in ICT. He is a Principal Audit Staff Partner at Njehia & Associates (Certified Public Accountants -Kenya). He has vast experience in accounts. He was the Chairperson of the Finance and Administration Committee and a member of the Technical, Planning & Strategy Committee until the 30th June, 2023.



Ms. Winfred Mwai

Ms. Mwai was an independent Board Member born in 1971. She was re-appointed to the Board on 5th July 2022 vide Kenya Gazette Notice No. 8028. Ms. Mwai holds an MBA, a Bachelor's degree in International relations and a Diploma in Business Administration. She is the Board Member-Operations at Figaros Limited since 2007. She was the 2nd Secretary Ministry of Foreign Affairs from 2003 to 2007. She was an Administrative Assistant at Kenya Airways from 1999 to 2000. She is a Board Member at the Chamber of Commerce and Chairperson Mama Winnie Foundation. She was the Chairperson of Technical, Planning & Strategy Committee and a member of Audit, Risk and Compliance Committee until the 30th June, 2023.



Mr. John Mwangi Ndambiri

Mr. Mwangi was an independent Board Member born in 1960. He was appointed to the Board on 3rd June 2020 vide Kenya Gazette Notice No. 3831. He did his A levels at Mosoriot Training Teachers College. He has teaching experience spanning over nineteen (19) years. He is currently a business person in Embu and Kirinyaga County. He was the Chairperson of the Audit, Risk and Compliance Committee and a Member of the Technical, Planning and Strategy until the 4th June, 2023.



Mr. Joseph Gichohi

Mr. Gichohi was an independent Board Member born in 1975. He was appointed to the Board on 5th July 2022 vide Kenya Gazette Notice No. 8028. He holds a Diploma of Church Ministry in Bible Studies and Theology from Jesus is Alive Ministries Kenya, Africa. He has vast experience in Theology. He was a member of the Finance and Administration Committee and Technical, Planning & Strategy Committee until the 30th June, 2023.



Eng. Mary Wamaitha Wainanina

Eng. Mary Wamaitha was born in 1980. She is the Alternate Director to the Principal Secretary, State Department of Water and Sanitation. She holds an MBA Degree in Project Management and a BSC in Civil Engineering. She has also attended other professional certification, including the Senior Management Course, Kenya School of Government, Water Technologies and Management Systems and Certificate in Integrated Environmental Impact Assessment and Audit. She is currently the Ag. Director, Water and Sanitation, Ministry of Water, Sanitation & Irrigation. She has vast experience in water and sanitation infrastructure development and have served in various position coordinating such developments. She is a member of the Engineers Board of Kenya (professional Engineer) and a Corporate Member, Institute of Engineers of Kenya. She is also currently serving as the Co-Chair of the National Water Sector Investment Plan as per the Water Act, 2016, Water Sector indebtedness Committee, Water Sector Handing Over Framework Development Committee, Job Analysis Committee and WASPA Youth and Women Water and Sanitation Committee



CPA. Edward Kariungu Wamweya

CPA. Wamweya was born in 1984. He is the alternate to the Cabinet Secretary, The National Treasury and Economic Planning. He holds an MBA degree in Finance, Bachelor of Commerce degree (Finance Option), CPA (K) and is a Certified Investment and Financial Analyst (CIFA-K). He is currently a Principal Investment Officer in The National Treasury and Planning with vast experience in monitoring the financial performance of State Corporations, management of GoK loans to State Corporations, preparation of lending agreements, appraisal of State Corporations projects, reviewing and analyzing State Corporations annual budgets, performance contracting and borrowing. He is a member of ICPAK and ICIFA.



Ms. Winfred Wanjiku Njoroge

Ms. Winfred Wanjiku was born in 1980 she is the representative of the Inspector-General (State Corporations) with effect from 1st December 2022. She holds an MBA degree in Operations Management and a Bachelor of Arts in Economics and Sociology from the University of Nairobi. She holds a diploma in Project Management from Kenya Institute of Management. She is currently the Deputy Inspector-General (State Corporations). She was previously the Deputy Director, Political Affairs, attached to the Secretary, State Corporations Advisory Committee. Her main responsibilities include governance monitoring, undertaking inspections & audits in State Corporations.



Eng. Philip Gichuki - Chief Executive Officer/ Secretary to the Board

Eng. Philip Gichuki holds an MSc degree in Agricultural Engineering – Soil and Water Engineering and a BSc (Hons) Civil Engineering both from the University of Nairobi. He is a professional Engineer registered with the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1st December 2020. His main responsibilities include: Ensuring safe custody and management of the Agency’s assets, Providing strategic direction and leadership to the Agency’s staff, Developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term

strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency's strategies and approved work plans.



CS. Josephine Waceke Muritu – Corporation Secretary and Manager Legal Services

CS. Muritu holds an LLB from the University of Nairobi and a diploma in Law from the Kenya School of Law. She was appointed to the Agency on 6th March, 2023. She previously worked at Kiambu County Water and Sewerage Company Limited as the Corporation Secretary and Director, Legal Services. She is an Advocate of the High Court, a member of the Law Society of Kenya and a member of the Institute of Certified Secretaries. Her main responsibilities include: Overseeing the formulation, implementation and review of Agency policies to align them with the governing Laws, by-laws and relevant regulations, Overseeing the design and implementation and review of legal agreements and contracts in liaison with relevant departments, divisions and sections; ensuring that the Board complies with statutory and other regulatory requirements, Carrying out investigation on legal issues affecting the Board and Coordinate governance audit process and legal representation.

4. Management Team



Eng. Philip Gichuki- Chief Executive Officer/ Secretary to the Board
Eng. Gichuki holds an MSc degree in Agricultural Engineering – Soil and Water Engineering and a BSc (Hons) Civil Engineering both from the University of Nairobi. He is a Professional Engineer registered by the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1st December 2020. His main responsibilities include: ensuring safe custody and management of the Agency’s assets, providing strategic direction and leadership to the Agency’s staff, developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s strategies and approved work plans.



Eng. Daniel Ngugi – Chief Manager, Technical Services
Eng. Ngugi holds an MSc Degree in Water Management (Water Services) from UNESCO-IHE Delft in the Netherlands, and a BSc degree in Civil Engineering from the University of Nairobi. He is a Professional Engineer registered by the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He was appointed to the Agency on 16th April 2021. His main responsibilities among others include; Establishing technical policies and systems, overseeing the engagement, management and supervision of contractors and consultants, directing, coordinating, controlling and managing the Agency’s technical operations and ensuring good maintenance of infrastructure for quality water and sanitation services of Water Service Providers and in close consultation with development partners and other stakeholders ensuring efficient and effective implementation of funded water and sanitation infrastructure.



CPA Nicholas Mutunga Kanyeke – Chief Manager, Finance and Resources Mobilisation

CPA Kanyeke holds an MSc (Finance) degree & an MBA (Corporate Management) degree from KCA University and a B.Com degree from University of Nairobi. He is a member of ICPAK and CISA. He joined the Agency on 25th May 2009. His main responsibilities include; establishing financial and management systems for the effective implementation of the Agency's goals and policies, advising the CEO and the Board on the financial position of the proposed projects and investments, ensuring compliance with the International Accounting Standards on financial reporting for the Agency and development, review & implementation of resource mobilization strategies.



CS. Josephine Waceke Muritu – Corporation Secretary and Manager Legal Services

CS. Muritu holds an LLB from the University of Nairobi and a diploma in Law from the Kenya School of Law. She was appointed to the Agency on 6th March, 2023. She previously worked at Kiambu County Water and Sewerage Company Limited as the Corporation Secretary and Director, Legal Services. She is an Advocate of the High Court, a member of the Law Society of Kenya and a member of the Institute of Certified Secretaries. Her main responsibilities include: Overseeing the formulation, implementation and review of Agency policies to align them with the governing Laws, by-laws and relevant regulations, Overseeing the design and implementation and review of legal agreements and contracts in liaison with relevant departments, divisions and sections; ensuring that the Board complies with statutory and other regulatory requirements, Carrying out investigation on legal issues affecting the Board and Coordinate governance audit process and legal representation.



Mr. Vincent Mali Kachi – Manager, Internal Audit and Assurance

Mr. Kachi holds a Bachelor's degree in Business Administration (Accounting & Finance) from Kenya Methodist University (KEMU) and professional qualifications in Accounting (CPA). He is a member of the Institute of Internal Auditors (IIA). He joined the Agency on 1st May 2017. His main responsibilities include Assessment and evaluation of the adequacy and effectiveness of the organization's governance, risk management and internal control systems and process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. Other responsibilities include: ensuring annual, medium and long-term audit plans are prepared in line with the Agency's corporate goals and objectives, ensuring timely availability and implementation of approved Internal Audit strategies and ensuring that internal audits are completed and documented to the required standards.



Mr. James Karanja Ribiru – Manager, Supply Chain Management

Mr. Ribiru holds an MBA degree (Procurement and Supply Chain Management) from the University of Nairobi, a Bachelor of Business Management (Purchasing and Supplies) degree from Moi University, a Diploma in Supplies Management from Railway Training Institute and Kenya Polytechnic and Certificates in the same field. He joined the Agency on 1st May 2017. His main responsibilities include; overseeing the overall management of procurement and supplies at the Agency; processing tender documentation and applications; preparing relevant progress and annual reports on the performance of the Agency; preparing annual procurement plans by the budget; ensuring compliance with regulations, policies and practices in the implementation of procurement activities; managing the awarded contracts; ensuring maintenance of optimal stock-levels of supplies in tandem with the Agency's requirements; performing administrative duties within the department among others.



CICT Joseph Karani Githinji – Manager, ICT

CICT Githinji holds a Bachelor of Science in Information Systems degree. He is a Certified Information and Communication Technology (CICT-Kasneb), Cisco Certified Network Profession (CCNP) and Cisco Certified Network Associate (CCNA). He is also a member of CISA and CSK. He joined the Agency on 15th January 2010. His main responsibilities include; ensuring that hardware and software components of the Agency's ICT systems are available and are properly installed and maintained; establishing and maintaining appropriate connectivity for the Agency's

networking, communications and other needs; managing web operations, providing internet support, allocate user rights and ensure the security of systems; liaise with external service providers for the maintenance and support of the systems; advice management on the computer resources requirements for the organization and overseeing performance management in ICT Division.

Ms. Jemimah Muraya – Manager, Research, Strategy and Planning



Ms. Muraya holds an MSc degree in Social Statistics from the University of Nairobi, a BSc degree in Applied Statistics from Maseno University and a diploma in Project Management from Kenya Institute of Management. She joined the Agency on 1st December 2020 and left on 1st June 2023. Her main responsibilities included: Advising on the potential implications of new policies and guidelines, managing market assessments required in the annual review of deemed values, managing the development and review of the organization's Strategic Plan and Business Plan, coordinating and overseeing the implementation of annual Performance Contract, developing research tools and coordinating research and analysis of potential areas of infrastructure development including gender and development, social, economic levels and demographics features of interest communities.



CHRPK. Pauline Wairimu Miriga – Manager, Human Resource Management and Administration.

CHRPK. Miriga holds an MBA degree in Human Resource Management, a Bachelors of Business Administration majoring in Entrepreneurship and a minor in Human Resource Management, a higher diploma in Management from Kenya Technical Teachers College, a higher diploma in Human Resources Management (KNEC), a diploma in Human Resource Management (KIM) and Certified Human Resource Professional (K) by Institute of Human Resource Management Kenya (IHRM). She joined the Agency on 6th February 2006. She is a member of IHRM Kenya. Her main responsibilities include: developing, implementing and effectively managing human capital and administration policies, strategies, systems and processes and ensuring these are aligned with the corporate strategic objectives, increasing productivity and enhancing organizational effectiveness, coordinating the implementation of administrative support services such as provision of effective and efficient transport services, document/information management, occupational safety and maintenance of office facilities.

5. Chairman's Statement



Introduction

I am gratified to present the annual report and financial statements for Tana Water Works Development Agency, for the financial year ended 30th June, 2023. The financial year 2022/2023 was undoubtedly a busy one for the Agency with our organization's drive to ensure the effectiveness and fulfillment of its core mandate. The Agency has implemented projects that are funded by AfDB and GoK in line with the reviewed TWWDA Strategic Plan 2022-2027. The Agency acknowledges continued support through engagement with a variety of stakeholders including our Parent Ministry, Development Partners, County Governments, Water Service Providers, the Public and other State Agencies which have enabled successful implementation of the projects.

Key Activities

During the period under review, the Agency continued with the implementation of infrastructural programmes geared towards increasing access to water and sanitation, which are key enablers of the Kenya Kwanza Bottom-Up Economic Transformation Agenda (BETA).

In the financial year 2022/2023, the Agency continued to implement capital works in various counties under the African Development Bank (AfDB) and Government of Kenya (GoK) co-funded Kenya Towns Sustainable Water Supply and Sanitation Program (KTSWSSP) whose objective is to improve the access, quality, availability and sustainability of water and wastewater services in regional centers and towns. The Agency continued implementation of projects in conjunction with Northern Water Works Development Agency (NWWDA) under the Tana Cluster, which comprises the two Water Works Development Agencies.



Figure 1: Rwanyange sewerage treatment plant at Meru Sewerage Infrastructure. The sewerage treatment capacity is 8,000M³ per day.



Figure 2: Ongoing works of the sedimentation basin at Muratiri Treatment Plant – Kerugoya-Kutus Water Supply Infrastructure within TWWDA area of jurisdiction. The treatment facility is supposed to treat 30,000m³/day of water.

Additionally, the Agency continued implementing projects funded under the National Government through the Ministry of Water, Sanitation and Irrigation namely; Cross County Water Programme, National Water Harvesting and Ground Water Exploitation Programme, Small Dams/Pans and Boreholes, Universal Health Coverage Programme and Water for Schools Programme. The Agency also received support from the Ministry of Water, Sanitation and Irrigation to undertake drought mitigation measures in various counties to support needy institutions and communities.

Success Consolidated

Despite the consequences of change in rainfall patterns that reduced and curtailed the operations in our region, leadership at TWWDA and commitment to good corporate governance by the Board Members and the management ensured that the Agency sustained an upward growth in the year. Aggressive resource mobilization efforts had indeed a positive impact that resulted in completion and good progress in several development projects, the commissioning of new ones and proposals that have moved pretty close to attracting substantial external funding.

Tana Water Works Development Agency continued to seize opportunities and address the challenges to strengthen its position in line with its vision of universal access to quality water and sanitation services. In addition, TWWDA has maintained ISO 9001:2015 certification by the Kenya Bureau of Standards (KEBS).

Challenges

It is appreciated that the gap between the available financial resources for the sector against the investment requirements remains huge. It is however noted that a majority of the investments lack the last mile infrastructure. This presents a challenge since investments in Phase One of the project without a supporting last mile, implies that consumers cannot adequately receive the much-needed service. It is also noted that a number of players have a role in asset development and synergies need to be built to avoid duplication. Duplication makes the investments ineffective. To optimize investments, the sector requires a coordinated approach. The Ministry of Water, Sanitation and Irrigation, is in the process of developing a national investment plan which will guide all investments in the sector. In addition, funding continues to be the biggest challenge to the Agency's execution of its mandate as it relies fully on the exchequer.

As interventions are being put in place to mitigate the impacts of climate change, the sector should build resilience in the water supply systems. This will act as means of adaptation and hence minimize these impacts. The sector needs to review policies on water storage and flood control; manage water demand, among competing needs. There is a need to improve operation and maintenance, to reduce wastage as an intervention to deal with the challenge.

It is estimated that approximately 40% of the global population faces water scarcity, while floods and other water-related disasters account for 70% of all deaths related to natural disasters. Access to water and sanitation in Kenya has not been keeping pace with the population growth and only 58 percent of

Kenyans have access to basic drinking water and 30 percent have access to basic sanitation at the moment. It is therefore evident that climate change will continue to have far-reaching effects on drinking water supplies; ranging from quantity to quality aspects.


Future Outlook

The National Government through the Tana Water Works Development Agency plays an important role in developing sustainable National Water and Sanitation Public Works. This will enhance the effectiveness of the water and sanitation sector by guaranteeing the right to water and obligating the Agency to ensure that every person has access to safe and adequate quantities of water and a further right to reasonable standards of sanitation as required by the Constitution.

The Agency shall continue to ensure progressive realization of the right to clean and safe water in adequate quantities and to reasonable standards of sanitation, this will contribute towards increasing access to water and sanitation. In addition, TWWDA will establish alliances with development partners to seek for more funding.

Appreciation

I hereby extend my deepest appreciation to the Board Members, the management, staff and our esteemed stakeholders, for your continued support and significant contribution.


.....
Mr. James Justus Wanyaga Gathaka,
Board Chairman

6. Report of the Chief Executive Officer



Introduction

I am delighted to present the annual report and financial statements of TWWDA for the fiscal year ending on June 30, 2023. This report reflects a year of significant achievements and continued growth in our operations and financial performance. It is with immense pride that I share this success story with you, and I express my gratitude to the dedicated team that contributed to these outstanding results. The past year marked a pivotal moment as the Agency realigned its strategic focus to strengthen our core business and enhance capacities at all levels, fortifying our management systems to ensure sustained service delivery to our valued customers.

Key Activities

In the financial year 2022/2023, TWWDA made remarkable strides in the implementation of water and sanitation projects. Guided by our Strategic Plan (2022-2027), the Bottom-Up Economic Transformation Agenda (BETA), and the Water Act of 2016, we prioritized interventions, improvements, and expansions of water and sanitation infrastructure. The noteworthy projects completed during this period include:

The key projects that were completed during the reporting period were;

- Completion of six water projects, including the Chogoria Water Project, Weru-Nchaure-Gitugu Water Project, Mungetho-Gacharu Water Project, Mathira Community Water Project, Gitije-Kandungu Water Project (Phase I), and the Extension of Water Works for Moi Stadium in Embu.



Figure 3: Completed Treatment Plant at Chogoria Water Infrastructure

- Completion of three Universal Health Coverage program projects, encompassing Kianyaga Sub-County Hospital, Kerugoya Referral Hospital, and Mutuati Sub-County Water Supply Improvement projects.



Figure 4: 48M3 steel Elevated tank at Kerugoya Referral Hospital

- Execution of two sanitation projects, namely Othaya Sewerage Last Mile Connectivity and Desludging of Kiaigi Wastewater Treatment Plant.



Figure 5: Completed Othaya Sewerage Project - Last Mile Connectivity

- Drilling and equipping of seven borehole projects, namely Uvarire Primary School Borehole, Kinyaiti-Kedaki Borehole, Manthi Primary School Borehole, Kianjai Community Borehole, Kaongoni Community Borehole, Nkuura Primary School Borehole, and Kianyaga Boys' High School Borehole.



Figure 6: Pump house and water Kiosk at Kinyaiti-Kedaki Borehole with a yield of 54m³/day in Kieni, Nyeri County

Additionally, we successfully completed the Garissa Town Water Supply Project and Isiolo Town Water Supply and Sewerage Project - Last Mile Connectivity Projects in the NWWDA area of operation. Furthermore, we continued the implementation of ten projects for TWWDA and NWWDA under the Kenya Towns Sustainable Water Supply and Sanitation Programmes. The Government also allocated funds for vital projects, such as the Rehabilitation of Endarasha, Kamatongu, and Ena-Siakago-Ishiara Water Projects, the Construction and Rehabilitation of Water Works for Mwai Kibaki Hospital, and the Relocation of Ihwagi Water Intake. Moreover, we initiated drilling, development, test pumping, and equipping of several community boreholes.

To enhance efficiency and service delivery, we continued to implement performance contracts, fostering better resource utilization and delivering better value for money.



Figure 7: Inlet works at Chogoria Sewerage Infrastructure



Figure 8: Anaerobic pond at Chogoria Sewerage Infrastructure

Financial Performance

In the fiscal year 2022/2023, TWWDA encountered a deficit of Kshs. 240,975,528 primarily attributed to depreciation and provisions for bad debt. Despite facing challenges such as delayed fund disbursements, Covid-19 containment measures, and difficulties in acquiring land easements from various authorities, we maintained an absorption rate of 100% of allocated funds and a project completion rate of 87%. We are committed to addressing these challenges to further improve our financial standing.

Success

Our achievements during the past year include:

1. Maintenance of ISO 9001:2015 certification, demonstrating our commitment to international best practices and delivering high-quality water services.
2. Launching the Agency's Strategic Plan 2022-2027.
3. Completion of various projects, even in the face of fund disbursement delays.

Challenges

The main challenges we encountered include:

1. Inadequate funding, with a proposed budget of Kshs 14.286 billion against an allocation of Kshs 3.552 billion.
2. Delays in fund disbursement, impacting our ability to honor commitments and obligations.
3. Insufficient storage structures (dams) to sustain existing utilities.
4. Lack of synergy, particularly regarding authorizations and easements from key state agencies.
5. High costs associated with land acquisition, wayleaves, and crop compensation.

We are actively engaging with the Ministry of Water, Sanitation, and Irrigation and other relevant stakeholders to address these challenges.

Future Outlook

As Kenya focuses on Vision 2030 and addresses climate change, TWWDA is committed to implementing climate mitigation and adaptation measures. These measures include rock catchment, rainwater harvesting in schools, the use of renewable energy through solarization, and increasing tree cover to meet the national target of at least 10% of land area. Additionally, we recognize the importance of effective governance, particularly in the context of the COVID-19 pandemic and will continue to strive for resilience and service delivery.

Our post-COVID-19 strategies involve ongoing rehabilitation and expansion of community water projects and real-time provision of water services to promote hygiene and sensitize the community on measures to mitigate the causes of COVID-19.

Appreciation

I extend my heartfelt appreciation to the Board, Management, Staff, Development Partners, and Stakeholders for their unwavering support. Our accomplishments would not have been possible without their dedication and collaboration.

Sincerely,



.....
Eng. Phillip Gichuki, MBS
CHIEF EXECUTIVE OFFICER

7. Statements of the Agency's Performance against Predetermined Objectives for FY 2022/2023

TWWDA has three (3) strategic pillars and objectives within its Strategic Plan for the FY 2022-2027. These strategic pillars are as follows: -

Pillar 1: Excellent water and sanitation infrastructure.

Pillar 2: Strategic Partnerships.

Pillar 3: Operational excellence.

TWWDA develops its annual work plans based on the above three (3) pillars. Assessment of the Agency's performance against its annual work plan is carried out on a quarterly basis. The Agency achieved its performance targets set for the FY 2022/2023 period for its three (3) strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Excellent water and sanitation infrastructure	1. Increase access to water and sanitation services	<ul style="list-style-type: none"> Percentage population accessing water services (move it from 58% to 90%) 	<ul style="list-style-type: none"> Construction of (10) No. water supply projects under GoK Construction of seven (7) projects under KTSWSSP Construction of two (2) dams Drilling and equipping of boreholes Rehabilitation of four (4) projects 	<p>Increased water coverage from 58% to 60% by;</p> <ul style="list-style-type: none"> Completing five (5) water supply projects under GoK and one (1) project under KTSWSSP Completing equipping of seven (7) boreholes Completing drilling of ten (10) boreholes <p>Continued construction of;</p> <ul style="list-style-type: none"> Two (2) dams Seven (7) water supply projects under GoK and six (6) projects under KTSWSSP Four (4) projects under rehabilitation Eight (8) boreholes under equipping.

		<ul style="list-style-type: none"> • Percentage population accessing sanitation services (move it from 8% to 30%) 	<ul style="list-style-type: none"> • Implementation of five (5) projects • De-sludging of Kiaigi waste water treatment plant. 	<p>Increased sanitation coverage from 8% to 8.3% by.</p> <ul style="list-style-type: none"> • Completing one (1) sewerage project. • Completing de-sludging of Kiaigi waste water treatment plant-improved treatment efficiency. <p>Continued construction of</p> <ul style="list-style-type: none"> • Five (5) sewerage projects.
	2. Improve brand visibility	<ul style="list-style-type: none"> • Customer satisfaction index • Perception index 	<ul style="list-style-type: none"> • Undertake customer satisfaction survey and implement recommendations 	<ul style="list-style-type: none"> • Continuation of implementation of recommendations of the customer satisfaction survey of 2022
		<ul style="list-style-type: none"> • Percentage Resolution of complaints 	<ul style="list-style-type: none"> • Undertake timely resolution of complaints 	<ul style="list-style-type: none"> • 92% of complaints resolved
	3. Enhance research, innovation and uptake in technology	<ul style="list-style-type: none"> • Percentage uptake of the use of computer-aided design 	<ul style="list-style-type: none"> • Build capacity (training and tools) on computer-aided design software 	<ul style="list-style-type: none"> • Capacity building of technical staff on use of computer-aided design software. AutoCAD Civil 3D.
		<ul style="list-style-type: none"> • Percentage of mapped water and sanitation infrastructure 	<ul style="list-style-type: none"> • Map water and sanitation infrastructure 	<ul style="list-style-type: none"> • Ongoing mapping of projects in the Data Base Management System
		<ul style="list-style-type: none"> • Number of new researches conducted 	<ul style="list-style-type: none"> • Develop and implement partnership and collaboration framework for research in the water sector 	<ul style="list-style-type: none"> • Ongoing collaboration with Dedan Kimathi University of Technology in the area of research.

Pillar 2: Strategic Partnerships	1.Improve financial sustainability	<ul style="list-style-type: none"> • Amount of funds raised (PPP, Development partners, GOK & A-I-A) • Percentage Infrastructure development loan recovery as per repayment schedule 	<ul style="list-style-type: none"> • Establish strategies of selling water in bulk 	<ul style="list-style-type: none"> • Ongoing establishment of strategy to sell water in bulk
	2.Enhance partnership and collaborations	<ul style="list-style-type: none"> • Number of new programmes from partnerships and collaborations • Number of new collaborations & partnerships • Number of projects initiated through PPP 	<ul style="list-style-type: none"> • Develop concept notes for development programmes • Lobbying for development partners. 	<ul style="list-style-type: none"> • 19 Concept notes developed and submitted to the Ministry of Water, Sanitation and Irrigation. • Engaged 6 investors with interest in Public Private Partnership financing model.
	3.Enhance stakeholder participation and engagement	<ul style="list-style-type: none"> • Percentage of stakeholder requests/ proposals appraised • Percentage Support from the community/ stakeholder in project implementation • Percentage Resolution of grievances/ disputes • Percentage Transfer of ownership of the acquired property(s) 	<ul style="list-style-type: none"> • Undertake community/ stakeholder requests appraisals • Engaging the community/stakeholders in project implementation • Development of grievances resolution committee. • Transfer ownership of acquired lands for infrastructure development 	<ul style="list-style-type: none"> • Ongoing projects Appraisals-Stakeholders involved (95% appraised) • 100% support from stakeholders improving the projects completion rate • 100% of the grievances/ disputes resolved by the committee • 60% of lands for infrastructure development transferred.

Pillar 3: Operational excellence.	1.Improve service delivery	<ul style="list-style-type: none"> • Percentage compliance to QMS 	<ul style="list-style-type: none"> • Undertake regular and ad hoc quality audits of processes and implement recommendations 	<ul style="list-style-type: none"> • Undertook two (2) internal quality audits.
		<ul style="list-style-type: none"> • The percentage level of system integration • Percentage of automated processes 	<ul style="list-style-type: none"> • Implement an ERP solution and integration of processes 	<ul style="list-style-type: none"> • Complete development of ERP System and users training for its enrollment in FY 2023-2024.
		<ul style="list-style-type: none"> • Percentage compliance with project completion time 	<ul style="list-style-type: none"> • Undertake process flow mapping and re-engineering Review/develop Standard Operating Procedures 	<ul style="list-style-type: none"> • Ongoing implementation and monitoring of Re-engineered processes of Project Implementation and Project handing over.
		<ul style="list-style-type: none"> • Percentage Adherence to the scope of the project 	<ul style="list-style-type: none"> • Develop and implement contract management policy to ensure timely and quality projects. 	<ul style="list-style-type: none"> • Ongoing development of contract management policy
	2.Enhance human resource capacity	<ul style="list-style-type: none"> • Employee satisfaction Index 	<ul style="list-style-type: none"> • Conduct employee satisfaction survey(s) and implement recommendations 	<ul style="list-style-type: none"> • Carried out skill gap analysis. • Conducted employee satisfaction survey. Recommendations implementation is ongoing.

		<ul style="list-style-type: none"> • Work environment index 	<ul style="list-style-type: none"> • Conduct employee work environment survey(s) and implement recommendations 	<ul style="list-style-type: none"> • Conducted employee work environment survey. Recommendations implementation ongoing.
		<ul style="list-style-type: none"> • Performance contract score 	<ul style="list-style-type: none"> • Assign individual Performance targets. • Conduct individual's performance appraisal 	<ul style="list-style-type: none"> • Individual performance targets assigned • Performance appraisal conducted.

8. Corporate Governance Statement

Tana Water Works Development Agency is committed to operating within the corporate governance principles and guidelines. It has established a governance framework and structures designed to ensure accurate and regularly reporting to facilitate informed decision making, scheduled assessment of progress and initiating continued improvement of performance.

Board of Directors

Tana Water Works Development Agency is governed by a Board of Directors comprising of Seven members representing various stake holder's interests. Its composition includes independent Board Members and the representative of the National Treasury and Economic Planning and the Ministry of Water, Sanitation and Irrigation. For purposes of checks and balances, the representative of the Inspectorate of State Corporations attends the Board and Committee Meetings.

The Board is responsible for providing strategic direction to the Agency, monitoring the Agency performance to ensure deliver on its mandate. It is also responsible for ensuring that the Agency has the resources to enable it perform its functions.

The Board has therefore approved and monitors the implementation of the Agency Strategic Plan (2022/2027), Annual Budget and Procurement plan. In addition, the Board has executed a tripartite performance contract between the mother Ministry, the Chief Executive Officer and itself. This is a tool that assists the Board to evaluate the Agency and the Chief Executive Officer performance.

The Board is committed to protect the stakeholder's interest and is keen to ensure that the mission and vision of the Agency is achieved. It has ensured that the Agency value systems continue to be institutionalized and positively impact the beneficiaries of its services.

To enable the Board efficiently and effectively undertake its mandate, the Board has been inducted into the operations of the Agency and trained on Corporate Governance, and in particular, the Mwongozo Code of Governance. It has also been training in other respective areas such financial and risk management.

In its operations, the Board benchmarks with the international standards and aligns with the sector standards.

Chief Executive Officer

The Chief Executive Officer is responsible for the day to day operations of the Agency, staff performance and discipline and acts as the link between the staff and the Board of Directors. The Chief Executive Officer is an appointee of the Board.

Board Committees

The Board of Directors are appointed in accordance with the provisions of the Water Act, 2016. For efficient delivery of its mandate, the Board has established the following Committees and delegated some of its responsibilities to the Committee as per the approved Board Charter. In undertaking its mandate, the Board is guided by the provision of the law, the Mwongozo Code of Governance, Sector Guidelines, the Board Charter and the Board Almanac.

Finance and Administration Committee

The objective of the Committee is ensuring that the Agency acquires adequate resources and that these resources are optimally and prudently utilized to realize the mandate of the Agency. The resources include financial, human, technology and social resources.

The Committee is therefore responsible for the Board for –

- a) Human Resource management and specifically-
 - i. Ensuring that the Agency has adequate staff compliment, skills and competencies;
 - ii. Evaluating staff performance and discipline;
 - iii. Reviewing the human resource instrument, staff welfare, terms and conditions of employment and work environment;
 - iv. Ensuring that the Agency leverages on ICT.
- b) Financial probity and specifically, proposing annual budgets and budget reviews, resource mobilization strategies, debt/ credit managements, review of implementation of approved budgets through financial management reports, statutory financial reports and review of implementation of procurement plans.
- c) Reviewing implementation of strategies to ensure positive and sufficient brand visibility and stakeholder management, specifically, stakeholder mapping and management, implementation of branding strategies, corporate responsibility activities, media and communication, documentation and dissemination of information.

Audit & Compliance Committee

The objective of the Committee is to promote good governance and ensure compliance with the laws, policies and guidelines relevant to the mandate of the Agency. It is therefore responsible to the Board for conduct of audits to ensure-

- a) Effective implementation of approved policies of the Agency and the resolutions of the Board;
- b) Adherence to projects implementation plans, standards, timelines and budgets;
- c) Proper financial reporting and disclosure;
- d) risk management framework is in place and implemented;
- e) The Agency is achieving its strategic objective; and
- f) Adherence to the Agency Values systems, laws and policies on ethical culture and that redress measures are undertaken as appropriate.

Technical, Planning and Strategy Committee

The objective of the Committee is to ensure that the Agency implements the projects (core mandate) on time, within the approved budgets and the set out standards. It is therefore responsible to the Board for-

- a) Recommending strategic and business plans;
- b) reviewing the implementation of the strategic and business plan;
- c) infrastructure development, asset management, contract implementation;
- d) Reviewing the Performance of the Agency generally and under the performance contracting framework; and
- e) Recommend the Risk Management framework and review its implementation.

Board and Committee Meetings

During the financial year, the Board has held its meetings and the meetings of the Committee as per the approved Almanac. It also held a Stakeholder Validation and Launch of the Agency's Strategic Plan for the period 2022-2027. The Board also held meetings for purposes of shortlisting and recruitment of Corporation Secretary & Manager, Legal Services, Manager, Corporate Communication & Public Relations and Manager, Resource Mobilisation. A detailed analysis of the Board activities is attached hereto.

A detailed analysis of the Board meeting attendance is shown in Table 1 below.

Table 1: Analysis of Board meeting attendance

	Board Member	Board Training	Finance & Admin	Technical, Planning & Strategy	Audit, Risk & Compliance	Special Finance & Admin	Special Technical, Planning & Strategy	Consultative Audit, Risk & Compliance	Board meeting	Special Board meeting
1.	Dr. David Muthoga	5	1	1	1	-	-	-	3	11
2.	Mr. Joseph Wanyaga	2	-	-	-	-	-	-	2	3
3.	Ms. Winfred Mwai	7	-	4	5	-	1	-	5	12
4.	Mr. John Ndambiri	7	-	4	5	-	1	1	6	12
5.	Mr. Joseph Gichohi	7	4	4	-	6	1	-	5	12
6.	CPA. Patrick Njihia	7	4	4	-	6	1	-	5	12
7.	Representative of CS - National Treasury and Economic Planning	7	4	-	5	6	-	-	6	13
8.	Representative of PS - Ministry of Water, Sanitation and Irrigation	7	4	4	-	6	1	-	6	12
9.	Representative of the Inspectorate General State Corporations (IG-Rep)	7	4	4	5	6	1	-	6	14

Succession Plan

In accordance with section 66 (1) of the Water Act, 2016 the appointing authority of the Agency Chairperson to the Board and Board Member is both the President and the Cabinet Secretary for Water, Sanitation and Irrigation. In this regard, the Agency has no control over the succession planning of the Board Members. However, the management notifies the appointing authority six months prior to the Board Members' time of retirement. The Agency has a policy on succession planning for the CEO, Senior Management and Staff.

Board Charter

The Board has an approved Board charter, which is also uploaded on the Agency's website. As part of the induction Programme, newly appointed Board members are inducted on the contents of the charter.

Appointment and Removal of Board Members

In accordance with section 66 (1) of the Water Act, 2016 the Cabinet Secretary Ministry of Water, Sanitation and Irrigation shall appoint the Chairperson of the Board and four other Board Members.

A Board member's term can be terminated if a member;

- Serves the Cabinet Secretary with a written notice of resignation; or
- Is absent, without the permission of the chairperson for three consecutive meetings; or
- Is convicted of an offense and sentenced to imprisonment for a term exceeding six months or to a fine exceeding two thousand shillings; or
- Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- Conducts himself in a manner deemed by the Cabinet Secretary to be inconsistent with membership of the Board.

Roles and Functions of the Board

The functions of the Board are to:

- i. Determine TWWDA's mission, vision, purpose and core values;
- ii. Review, evaluate and approve, regularly, long-term plans for TWWDA;
- iii. Review, evaluate and approve TWWDA's budget and financial forecasts;
- iv. Review and approve the operating and financial results of TWWDA;
- v. Ensure effective, accurate, timely and transparent disclosure of pertinent information on TWWDA's operations and performance;
- vi. Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession; and
- vii. Review, evaluate and approve the remuneration structure of TWWDA;

Induction, Training and Development

The Agency has an induction Programme for newly appointed Board members. When appointed, Board members are provided with an effective induction programme to familiarize them with their responsibilities as Board members, general principles of governance and Board practices. The induction programme also provides the Board members with an orientation of the Agency, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics and applicable policies. The induction entails meetings with the management and visits to TWWDA's water infrastructure facilities.

S/NO	NATURE OF MEETING	MEETING DATE
1.	Board Induction	28 th to 29 th July, 2023
2.	Board Workshop on Strategic Plan 2022/2027	2 nd to 3 rd August, 2022
3.	Stakeholder Validation Workshop	15 th August, 2022
4.	PC Vetting	17 th August, 2022
5.	Launch of the Strategic Plan 2022/2027	29 th August, 2022
6.	Board Tour to Marsabit and Isiolo	19 th to 21 st September, 2022
7.	Board Training	10 th to 14 th October, 2022
8.	18 th Cycle Annual PC Evaluation for FY 2021/2022	19 TH October, 2022
9.	Board Tour to Meru, Chogoria, Chuka and Kirinyaga	2 nd to 5 th November, 2022
10.	Board Training	11 th to 13 th January, 2023
11.	Board Retreat on review of Agency Policies	23 rd to 24 th January, 2023
12.	Board Induction Workshop by SCAC	24 th to 26 th April, 2023
13.	Board Training on E-Board	17 th to 18 th May, 2023
14.	Board Inspection Visit	19 th to 23 rd June, 2023

Board and Member Performance

The Mwongozo Code of Governance requires the performance of Board Members of State Corporations to be evaluated by State Corporation Advisory Committee (SCAC) at the end of every year of service. The Agency complies with this requirement and a performance evaluation is carried out in conjunction with SCAC for the Board, individual Board Member, Chairperson and CEO. The Agency through the guidance of SCAC officials conducted Board self-evaluation for FY 2021/2022 for all Board members and the CEO on 17th August, 2022 and the results were tabled and discussed by the Board on 31st October, 2022.

Conflict of Interest

Board members are required to avoid conflict of interest between their private activities and their part as Board Members in the conduct of the business of the Agency as specifically provided in the Code of Conduct and Ethics and the Mwongozo Code of Governance. In this regard, the Agency maintains conflict of interest registers in which Board Members declare any conflict of interest before the commencement of all meetings.

Board Remuneration

The remunerations of Board Members are based on circulars issued by the State Corporation Advisory Committee from time to time. The remuneration includes; sitting allowance, accommodation allowance, lunch allowance, mileage allowance, chairman honoraria and airtime allowance. The allowances are subject to the applicable income tax laws. In addition, the independent Board Members have insurance cover which include Medical cover, Group Personal Accident and Last Expense.

Ethics and Conduct

Board members have a duty to act ethically at all times and in accordance with the Board Charter and in line with their fiduciary duty to act honestly and in the best interests of TWWDA. Towards this end, all the Board Members signed a Code of Conduct and Ethics in line with the Mwongozo Code of Governance.

Governance Audit

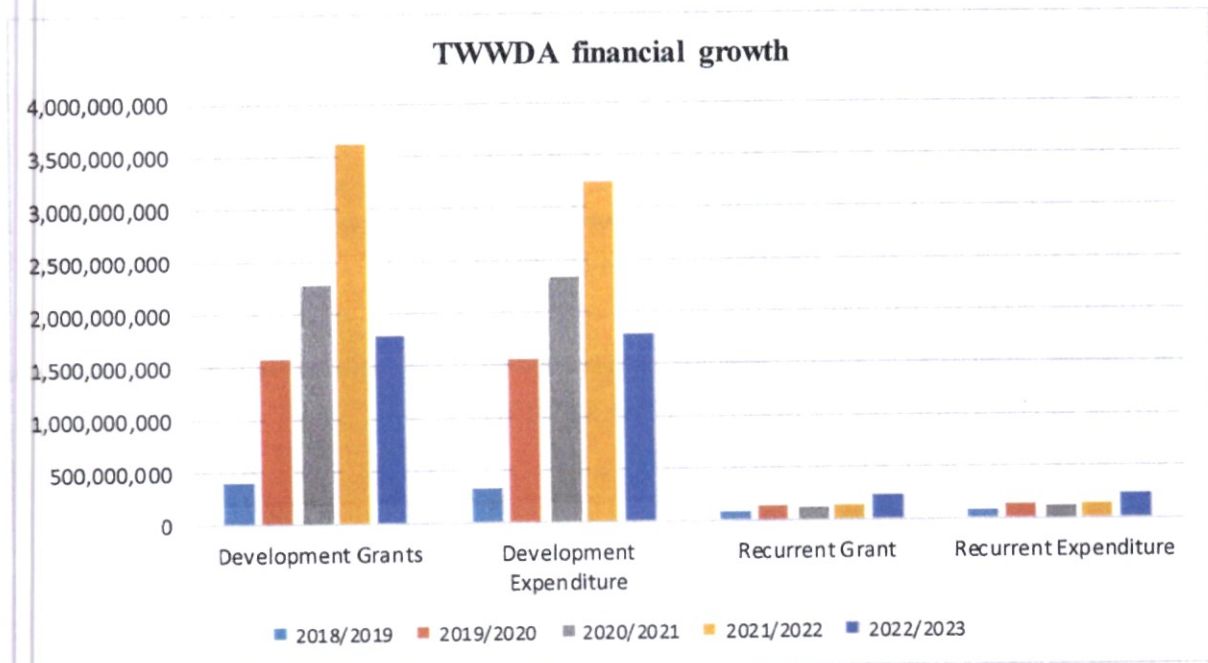
The Mwongozo code of Governance requires SCAC in conjunction with the Institute of Certified Secretaries (ICS) to conduct Governance audits on an annual basis. The Agency has complied with the provision of the Mwongozo Code of Governance for State Corporations by training both the Board and the Management on Legal and Governance Audits between the 11th and 13th January, 2023 at the Severin Sea Lodge, Mombasa.

9. Management Discussion and Analysis

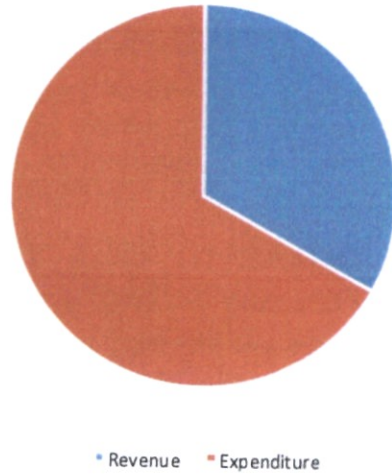
The Agency's Operational and Financial Performance

The Core business of the Agency continues to be water and sanitation infrastructure development. The Agency continued to adopt Performance Contract Management Approach in line with the Government Reforms initiatives. This approach improved the utilization of available resources leading to better service delivery and better value for money in the Agency activities.

In addition, during the financial year 2022/2023, the Agency has continued to maintain constructive engagements with Development Partners and Stakeholders to support the rehabilitation and augmentation of the existing water and sewerage services infrastructure and to initiate new projects to increase coverage in line with BETA.

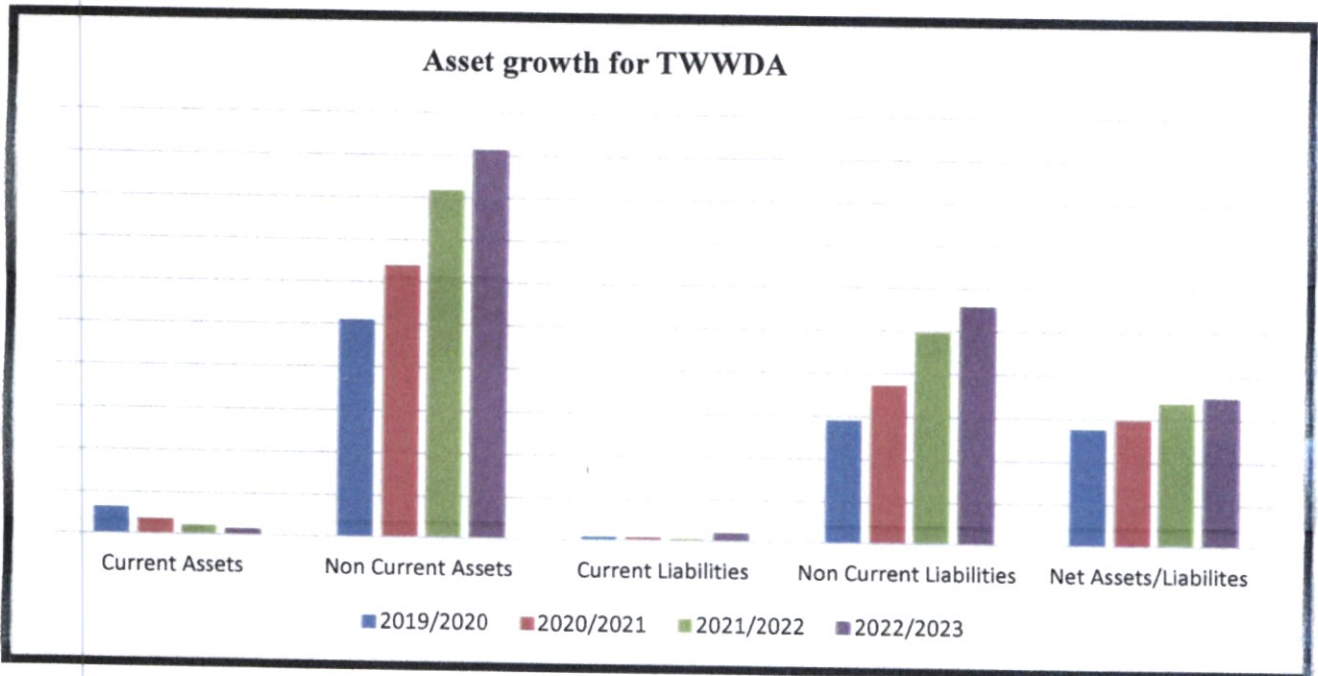


Revenue Vs Expenditure 2022/2023



The increase in expenditure is attributed to increase in depreciation due to capitalization of completed projects

Asset growth for TWWDA



Key projects and investment decisions TWWDA implemented and ongoing projects

Tana Water Works Development Agency, guided by its Strategic Plan 2022-2027, has prioritized areas that require intervention, improvement and expansion of existing water and sanitation infrastructure.

In the Financial Year 2022/2023 the Agency maintained active engagement with the already established alliances with development partners to enhance resource mobilization for expanding the water and sanitation infrastructure to the un-served areas.

The Agency has continued with the implementation of Kerugoya-Kutus Water and Sewerage Infrastructure Projects, Chuka Water Supply and Sewerage Infrastructure Projects, Chogoria Sewerage Infrastructure Project, and Meru Sewerage Infrastructure Project.

Additionally, TWWDA in conjunction with NWWDA is implementing Marsabit Water Supply and Sanitation Infrastructure Projects, Mandera Water Supply and Sanitation Infrastructure Projects.

In the Financial Year 2022/2023, the National Government has provided budgetary allocations to support the construction of the following programmes and projects;

- Cross County Water Programme
- National Water Harvesting and Ground Water Exploitation Programme
- Water for Schools Programme
- Universal Health Coverage Programme
- Construction of Thambo and Kanjogu Dams

The Agency's compliance with statutory requirements

Tana Water Works Development Agency is compliant with its statutory obligations. These include:

PAYE and Withholding tax, NHIF, NSSF, Loan deductions and Pension among others.

Major risks facing TWWDA

In undertaking its activities, TWWDA is exposed to risks in terms of threats and potential loss of opportunities which can affect its operations. Several risks were identified and their mitigation measures were considered. The Agency maintains risk registers which are monitored and reviewed from time to time.

The Agency's risk management strategy recognizes the various risks the Agency is exposed to including operational risk, credit risk, liquidity risk and political risk. This is based on a clear understanding of the risk and the continuous risk assessment, measurement and monitoring.

Operational Risk

Operational risk is the exposure to the Agency that could arise as a result of failure or deficiencies related to system, process and people. To mitigate the operational risk the Agency has strengthened the internal systems and processes, strengthened staff capacity, insurance against the risks and has a disaster management plan.

Credit Risk

Credit risk is the risk that the borrower is unable to meet his financial obligations to the lender. The Agency's credit risk is attributable to its cash and cash equivalent and trade receivables.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet the Agency's obligations. The Agency manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk.

Material arrears in statutory/financial obligations

The Agency had no pending bills as of the end of the financial year 2022/2023.

The Agency's financial probity and serious governance issues

There were no financial improbity and governance issues reported during the financial year 2022/2023.

The review of the economy and the water sector

The water sector plays a key role as an enabler of the pillars of the Bottom-Up Economic Transformation Agenda (BETA) hence contributing immensely to the economic growth of the country. The bulk of investments in the water sector is still at the first-mile infrastructure stage. This presents a major challenge as it implies that the consumer cannot fully benefit from the infrastructure. In this regard, there is a great need for last-mile connectivity funding.

However, the gap between the available financial resources for the sector against the investment requirements remains huge and therefore to optimize investments, the sector requires a coordinated approach and synergies, which need to be built to avoid duplication.

Future Developments

Tana Water Works Development Agency continued to implement projects in line with Bottom-Up Economic Transformation Agenda (BETA) and Water Act, 2016. With a key focus on intervention, improvement and expansion of existing water and sanitation infrastructure. The following projects are planned for implementation before the end of the Strategic Plan 2022-2027;

1. Runyenjes Water Supply and Sewerage Project in Embu County
2. Embu Town and environs Water Supply Project in Embu County
3. Kirinyaga South East Bulk Water Supply and Sanitation Project in Kirinyaga County
4. Kerugoya Water Supply (Last Mile Connectivity) Project in Kirinyaga County
5. Wang'uru-Makutano Sewerage Project in Kirinyaga County
6. Kagumo-Baricho-Kagio-Sagana Sewerage Project in Kirinyaga County
7. Kerugoya Sewerage Project (Last Mile Connectivity) Project in Kirinyaga County
8. Timau Water Supply and Sewerage Project in Meru County

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9. Meru Town and environs Water Supply Project in Meru County
10. Mutuati Water Supply Project in Meru County
11. Nkubu Sewerage Project in Meru County
12. Maua Sewerage Project (Last Mile Connectivity) Project in Meru County
13. Naromoru Water Supply and Sewerage Project in Nyeri County
14. Karatina Water Supply and Sewerage Project in Nyeri County
15. Kieni West Water Supply Project in Nyeri County
16. Rehabilitation of Aguthi Water Supply Project in Nyeri County
17. Rehabilitation of Tetu/Thegenge Water Supply Project in Nyeri County
18. Kabiruini-Chaka Sewerage Project (formerly Dedan Kimathi University of Technology and Environs Sewerage Project) in Nyeri County
19. Kathwana Water Supply Project in Tharaka Nithi County
20. Ndigia Water Phase II in Tharaka Nithi County
21. Chuka & Chogoria Water Supply (Last Mile Connectivity) in Tharaka Nithi County
22. Chuka Sewerage (Last Mile Connectivity) in Tharaka Nithi County
23. Chogoria Sewerage (Last Mile Connectivity) in Tharaka Nithi County
24. Gakurungu Water Supply Project;
25. Extension of Mwiyo Water Supply; and
26. Construction of the following eleven (11) Small Dams.
 - Subuiga Dam
 - Mporoko Dam
 - Maitaka Dam
 - Muminji Dam
 - Kaiboche Dam
 - Gachuragua Dam
 - Ngathu Earth Dam
 - Bulu 2 (Miariki) Earth Dam
 - Maragima Tagwa Dam
 - Mukuru Gathagana Dam
27. Construction of the following medium-large dams.
 - Muhoya, Ghura, Honi, Karimeno, and Naromoru Dams in Nyeri County.

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- Kamumu, Thuci, Rupingazi, and Thabana Dams in Embu County.
- Tungu and Maara Dams in Tharaka Nithi County
- Timau, Kathita, Kithino, Thingithu, Mutonga, Iraru and Ngarinathing Dams in Meru County.

10. Environmental and Sustainability Reporting

Tana Water Works Development 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. Below is a brief highlight of our activities that drive towards sustainability:

i) Sustainability strategy and profile

TWWDA is cognizant of the fact that developing strong relationships with suppliers helps ensure that they are operating sustainably, that contracts are fair and that the business it conducts with them is mutually beneficial. The Agency is funding the drilling and equipping of boreholes. The Agency believes that reforestation will play a crucial role in reducing carbon footprint and in curbing air pollution. We have therefore made a strategic decision to become a major partner in the afforestation and reforestation programmes in Kenya.

Kenya's political situation has relatively remained stable thus allowing the Agency to implement the government's "Bottom-up Economic Transformation Agenda" (BETA) that is anchored on five key pillars; Agriculture, Micro Small and Medium Enterprise (MSME) Economy, Housing and Settlement, Healthcare as well as Digital and Creative Economy. The priority interventions proposed in the plan are expected to contribute towards six broad objectives including lowering the cost of living, eradicating hunger, managing unemployment, improving fiscal performance, stabilizing foreign exchange and ensuring inclusive economic growth.

The Agency acknowledges its responsibility to society in its capacity as a corporate citizen. Consequently, it endeavors to play an active role in national and regional matters as per its mandate besides contributing to various worthy causes. In the financial year under review, the Agency continued to offer technical support and capacity building to different stakeholders in the water sector, particularly the county governments to facilitate access to safe and clean water in adequate quantities. The Agency has utilized criteria of good practices fulfilling human rights obligations related to access to safe drinking water and sanitation mandated by the Human Rights Council. The criterion includes availability, accessibility, Quality/safety, participation and accountability.

ii) Environmental performance

Towards environmental conservation, we have planted and nurtured a total of 23,232 indigenous tree seedlings. 3,000 indigenous tree seedlings were planted at Nandago Hills (an adopted hill from the County Government of Tharaka-Nithi), 1,000 at Ahiti Ndomba sewerage treatment plant in Kutus (Kerugoya -Kutus Sewerage Project) in Kirinyaga County, 600 during an inspection of Marsabit Water Supply Project, Chogoria Water Supply Project and Othaya Sewerage Project - Last Mile Connectivity project by the Cabinet Secretary Ministry of Water Sanitation & Irrigation, 1,000 tree seedlings in collaboration with KFS, Old Mutual, Faulu Kenya, NYEWASCO among other stakeholders and 166 tree seedlings with Kenya Scouts Association, Kenya National Council of Chambers, County government of Nyeri, Kenya Forest Service and other key stakeholders.



Figure 9: Tree planting by TWWDA staff at Nandago Hills County Government of Tharaka-Nithi

This increased the tree cover by 26.475 Acres (10.71 Hectares) and ensured a sustainable source of water for the projects being implemented in Kirinyaga, Meru, Nyeri, Tharaka-Nithi, Lamu and Samburu counties. Our programs focused on environmental sustainability aim to tackle local water issues by enhancing the efficiency of water and energy usage. The Agency has adopted climate change adaptation strategies, such as utilizing renewable energy (specifically solar power) for back washing and solarizing boreholes. To enhance water and energy efficiency, the Agency employs a combination of employee involvement, operational improvements, and innovative engineering projects across its various locations. The implementation of rainwater harvesting structures and initiatives to reduce waste are also part of the Agency's efforts. Rainwater harvesting serves as one of the strategies employed by the Agency to adapt to climate change.

iii) Employee welfare

To effectively continue delivering on its mandate the Agency continues to implement its human resource strategies to develop its staff. This entailed: staff training, team building, improving working environment, decongesting the offices, enhancing performance management, succession management and enhancing knowledge management. The Agency has ensured a gender ratio of 1:2 for female to male. The Agency is firmly committed to ensuring the occupational health, safety and well-being of our employees, contractors and visitors. Our commitment to occupational health and safety is underpinned by our core values: "Good governance", and "customer-focus".

iv) Market place practices-

The Agency outlined its efforts to: -

a) Responsible supply chain and suppliers relations

The Agency commits to ensure ease of doing business by promptly making payments to its suppliers thus improving its Agency-Supplier relationship.

b) Responsible ethical practices

The Agency is committed to promoting and adhering to the highest standards of probity and accountability in the use of its funding and takes a zero-tolerance stance towards cases of fraud and corruption in its activities and operations within the institution. To this end the Agency has developed and implemented four anti-corruption policies and continues to train staff both at the Agency and Water Service Provider. The Agency also ensures to remain apolitical in its endeavors.

c) Regulatory impact assessment

The Agency educates its stakeholders and makes them aware of their responsibilities and rights. Consumers must work united, to promote and protect their own interest. As the Agency designs and implements its projects, it ensures that there is minimal impact on the environment. Environmental Social Impact Assessment is undertaken in all projects before implementation takes place.

v) Corporate Social responsibility/Community Engagements-

The Agency recognizes and understands the significance of the local community within which it operates. We aim to enhance our contribution to the community by being sensitive to the needs of local people and groups, and promoting ethical and socially responsible operations. The Agency believes that its operations can only thrive in a healthy community environment. Our success is, therefore, reliant on sustainable growth and development of our local communities.

Working with our development partners, local stakeholders and the communities themselves, the Agency contributes to community sustainability by providing locals, jobs in our projects, fostering an enterprise culture throughout our value chain, sourcing from local businesses (promoting local content in procurement) where feasible and addressing local concerns through community investment programs. We undertake this through our stakeholder engagement framework that supports a wider, holistic approach to local economic development driven by the following focus areas; Water access: Water is life.

There are many communities in the Agency area of geographical jurisdiction that have no access to clean and safe water. This is due to reasons such as lack of rainfall and poor infrastructure. In response to this, the Agency has continuously partnered with various development partners in the provision of safe, reliable and sustainable water supply to communities living in water-stressed areas. We continue to invest heavily in water projects that have a positive and long-term impact on thousands of people by: reducing the incidence of water-borne diseases and by releasing time otherwise spent by women and children in search of water for alternative income-generating activities. The Agency promotes healthcare through the provision of safe and clean water and enhanced sanitation that ensures a reduction in water borne diseases. The Agency's legal and constitutional mandate is the development and maintenance of national water and sanitation works. Thirty (30) Boreholes have been drilled and equipped within the Agency area of geographical jurisdiction as a measure of increasing access to water.



Figure 10: 48m³ Elevated steel tank and pump house at Bangeru Community Agithi borehole with a yield of 36m³/day in Kianjai, Meru County



Figure 11: 48m³ Elevated steel tank and pump house at Uvarire Village borehole with a yield of 12.5m³/day in Mbeere, Mbeere Embu County

The Agency has implemented one (1) CSR project of construction of a Kitchen for Kabebero Mixed Secondary School at a cost of Kshs 2,784,542 benefitting 260 students and staff.



Figure 12: Completed kitchen for Kabebero Mixed Secondary School

In addition, the Agency also distributed twenty-six (26) plastic water storage tanks with a capacity of 10,000 liters to schools, prisons, churches and children’s homes within its area of geographical jurisdiction.



Figure 13: Donated 10M³ plastic tank at DEB Muslim Primary and Junior Secondary School



Figure 14: The Director Tunyai Children's Home and children receiving 10,000M³ a tank from TWWDA

11. Report of the Board Members

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

i) Principal activities

The principal activities of the Agency continue to be;-

1. Undertake the development, maintenance and management of the national public waterworks within its area of jurisdiction;
2. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of county governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
3. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee;
4. Provide technical services and capacity building to such county governments and water services providers within its area as may be requested; and
5. Provide to the Cabinet Secretary technical support in the discharge of his or her functions.

ii) Results

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

iii) Board Members

The members of the Board who served during the year are on page v to x. The summary of their terms of service are analyzed in the table below;

S/NO	NAME OF BOARD MEMBER	TERM OF SERVICE
1.	Dr. David Muthoga	5 th July, 2022 to 10 th February, 2023
2.	Mr. James Gathaka	10 th February, 2023 to date
3.	CPA. Patrick Nyoike	5 th July, 2022 to 30 th June, 2023
4.	Ms. Winfred Mwai	5 th July, 2022 to 30 th June, 2023
5.	Mr. Joseph Gichohi	5 th July, 2022 to 30 th June, 2023
6.	Mr. John Ndambiri	2 nd June, 2020 to 4 th June, 2023
7.	Dr. Geoffrey Rukuja	30 th June, 2023 to date
8.	Mr. Anthony Githinji	30 th June, 2023 to date
9.	Ms. Jane Mwangi	30 th June, 2023 to date
10.	Ms. Cate Mbogoh	30 th June, 2023 to date

**Tana Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2023**

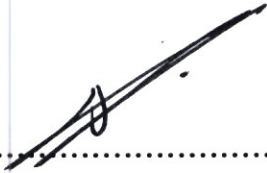
iv) Surplus remission

TWWDA is a non-commercial semi-autonomous government entity and therefore did not make any surplus during the FY 2022/2023 hence there was no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board



.....
Eng. Philip Gichuki , MBS

Chief Executive Officer

12. Statement of Board Members' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Board Members 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 Members are also required to ensure that the Agency keeps proper accounting records that disclose with reasonable accuracy the financial position of the Agency. The Board Members are also responsible for safeguarding the assets of the Agency.

The Board Members 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 financial year ended on June 30, 2023. This responsibility includes:

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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.

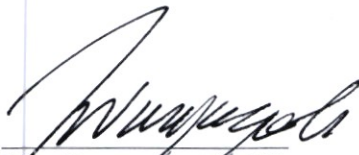
The Board Members accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and the manner required by the PFM Act 2012 and the State Corporations Act. The Board Members 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 financial year ended June 30, 2023, and of the Agency's financial position as at that date. The Board Members 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 Members to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

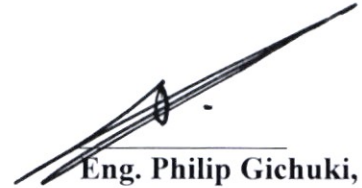
**Tana Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2023**

Approval of the financial statements

The Agency's financial statements were approved by the Board on 30th August 2023 and signed on its behalf by:



**Mr. James Justus Wanyaga Gathaka
Board Chairman**



**Eng. Philip Gichuki, MBS
Chief Executive Officer**

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON TANA WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana Water Works Development Agency set out on pages 1 to 46, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 Tana Water Works Development Agency as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

1.0 Long Outstanding Trade Debtors

The statement of financial position reflects an amount of Kshs.295,231,097 in respect of receivables from non-exchange transactions, which include Kshs.286,874,560 and Kshs.2,359,378 all totalling to Kshs.289,233,938 in respect of trade debtors, exhauster and water bowser debtor respectively as disclosed in Note 16 to the financial statements. The trade debtors were due from various water service providers dating back to 2016. Though records reviewed indicated that the Agency was negotiating with the various water service providers to ensure settlement of the owed amounts, as at the time of audit in December 2023, the issue was outstanding and thus remained unresolved. The accumulation of the receivables denied the Agency much needed revenue to finance its activities.

In the circumstances, the validity, accuracy and recoverability of the trade debtors of Kshs.289,233,938 could not be confirmed.

2.0 Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.7,754,531,779 in respect of property, plant and equipment as disclosed in Note 19A to the financial statements.

However, the following observations were made:

2.1 Inherited Assets

As previously reported, the Agency inherited several non-current assets from the Ministry of Water and Irrigation and the National Water Conservation and Pipeline Corporation, which were not incorporated in the Agency's financial statements for the year ended 30 June, 2023. These assets include land and buildings (Maji House Nyeri), Water and Sewerage infrastructure assets of unknown value spread within its jurisdiction and fifteen motor vehicles and various District Water Offices of unknown value.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.7,754,531,779 could not be confirmed.

2.2 Lack of Land Ownership Documents

The property, plant and equipment balance Includes an amount of Kshs.1,001,745,060 in respect of land which further includes land valued at Kshs.47,032,500 whose title deeds were not provided for audit.

In the circumstances, the ownership of land valued at Kshs.47,032,500 included in the property, plant and equipment balance could not be confirmed.

2.3 Assets Registered under other Entities

The property, plant and equipment balance Includes an amount Kshs.2,769,248 in respect of net book value of motor vehicles. However, review of logbooks provided for audit revealed that eighteen (18) motor vehicles were not registered in the name of the Agency but under other entities.

In the circumstances, the ownership of motor vehicles valued at Kshs.2,769,248 included in the property, plant and equipment balance could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana 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 final receipts budget and actual on a comparable basis of Kshs.386,353,000 and Kshs.290,712,299 respectively resulting to an under-funding of Kshs.95,640,701 or 24.8% of the budget. Similarly, the Agency expended Kshs.305,128,966 against an approved budget of Kshs.386,353,000 resulting to an under-expenditure of Kshs.81,224,034 or 21% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023. However, the Management did give any explanation for the failure to resolve the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Lack of Diversity in Staff Ethnic Composition

Review of the personnel records and staff establishment revealed that the Agency had a total of one hundred and seven (107) employees as at 30 June, 2023, out of which, eighty (80) or (74.8%) were from the dominant ethnic community. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

2.0 Value for Money on Dormant Projects

The statement of financial position reflects work in progress amounting to Kshs.10,511,828,964 as disclosed under Note 20 to the financial statements. Out of this amount, Kshs.2,418,234,954 was in respect of work in progress funded by the Government of Kenya (GOK) which further includes projects with a contract sum of Kshs.42,073,711 that were dormant as at 30 June, 2023.

In the circumstances, value for money for projects worth Kshs.42,073,711 may not have been realized. Further, the effectiveness of project implementation and resource mobilization strategies could not be confirmed.

3.0 Long Outstanding Borrowings

The statement of financial position reflects a balance of Kshs.11,149,086,809 in respect of outstanding borrowings as disclosed in Note 22 to the financial statements. Included in this amount is a long outstanding loan balance of Kshs.3,373,390,407 out of which an amount of Kshs.918,024,002 was in respect of loan repayment arrears. Further, the loan repayment arrears remained outstanding for ninety-six (96) months and beyond as at 30 June, 2023.

Failure to repay outstanding loan arrears when they fall due may expose the Agency to penalties and fines on unremitted loan arrears resulting in losses.

4.0 Long Outstanding Payables

The statement of financial position reflects an amount of Kshs.403,509,550 in respect of trade and other payables from exchange transactions as disclosed in Note 21 to the financial statements. However, included in the amount is Kshs.112,655,115 that had been outstanding over two (2) years.

Failure to settle payables when they fall due may expose the Agency to interests and other charges as a result of late payments resulting in losses.

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

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

Conclusion

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

Basis for Conclusion

Maintenance of Fixed Asset Register

Review of the fixed assets register maintained by the Agency revealed that the register lacked key information including supplier details, tag number and in some instances the cost and location of the assets were not indicated.

In the circumstances, the effectiveness of internal controls on fixed 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 processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and 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 control 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 control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease sustaining its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL


Nairobi

13 February, 2024

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

	Notes	2022/2023	2021/2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Government Recurrent Grants	6(a)	161,195,602	146,412,689
GoK Grants- Project Administrative Expense related Grants	6(a)	73,617,889	
		234,813,491	146,412,689
Revenue from exchange transactions (A-in-A)			
Sale of goods	7	1,302,500	1,045,000
Other income	8	202,215	1,301,000
		1,504,715	2,346,000
Total revenue		236,318,206	148,758,689
Expenses			
Use of goods and services	9	93,101,618	87,270,121
Employee costs	10	173,531,500	142,780,612
Board Expenses	11	26,259,916	17,940,612
Depreciation and amortization expense	12	177,043,768	181,519,471
Repairs and maintenance	13	3,151,763	2,778,832
Contracted services	14	4,205,169	3,152,635
Total expenses		477,293,734	435,442,282
Surplus/(deficit) for the period - Note 4 (h)		(240,975,528)	(286,683,593)
Attributable to			
Surplus/(deficit) attributable to owners of the controlling entity	27	(240,975,528)	(286,683,593)
		(240,975,528)	(286,683,593)

The notes set out on pages 7 to 34 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:



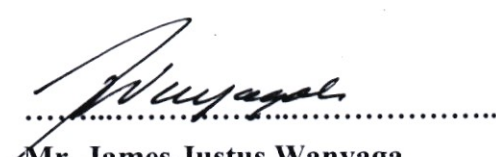
Eng. Philip Gichuki, MBS
Chief Executive Officer

Date: 08/01/2024



CPA. Nicholas M. Kanyeke
Chief Manager Finance & Resource Mobilization
ICPAK Member Number: 4164

Date: 08th January 24



Mr. James Justus Wanyaga
Gathaka
Board Chairman


Date: 08-01-2024


14. Statement of Financial Position as at 30 June 2023

	Notes	2022/2023 Kshs	2021/2022 Kshs
Assets			
Current assets			
Cash and Cash equivalents	15	910,003	79,640,648
Receivables from Non-Exchange Transactions	16	295,231,097	347,320,873
Inventories	17	830,476	1,245,220
Prepayments	18	6,463,653	5,604,093
Total Current Assets		303,435,229	433,810,834
Non-Current Assets			
Property, Plant and Equipment	19a.	7,754,531,779	7,780,481,783
Work In Progress	20	10,511,828,964	8,586,653,073
Total Non-Current Assets		18,266,360,743	16,367,134,856
Total Assets		18,569,795,972	16,800,945,691
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	21	403,509,550	112,895,176
Total Current Liabilities		403,509,550	112,895,176
Non-Current liabilities			
ADF Loan No. 2100150015546(WSBSP)	22(a)	1,452,875,329	1,452,875,329
ADF Loan No. 2100150021543(ST&RWSSP)	22(a)	1,920,515,078	1,920,515,078
AfDB Loan No. 2000200000501(KTWSWS&SP)	22(b)	7,746,216,594	6,538,027,927
ADF Loan No. 2100150036294(KTWSWS&SP)	22(c)	29,479,808	14,792,850
Total Non-Current liabilities		11,149,086,809	9,926,211,184
Total Liabilities		11,552,596,359	10,039,106,360
Net Assets			
Reserves	24	9,021,423,681	8,528,555,772
Accumulated Fund	25	(2,004,742,333)	(1,767,235,771)
ADB Loan repayment Fund	26	518,265	519,330
Total Net Assets and Liabilities		7,017,199,613	6,761,839,331

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:


.....
Eg. Philip Gichuki, MBS
Chief Executive Officer


.....
CPA. Nicholas M. Kanyeke
Chief Manager Finance & Resource
Mobilization
ICPAK Member Number: 4164


.....
Mr. James Justus Wanyaga Gathaka
Board Chairman

Date: 08/09/2024

Date: 08th January 24

Date: 08-01-2024

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

		Accumulated Fund	Capital Reserves	ADB Loan Repayment Fund	Total
	Notes	Kshs	Kshs	Kshs	Kshs
At July 1, 2021		(1,484,126,067)	7,381,385,113	2,519,530	5,899,778,576
Surplus/(deficit) for the period		(286,683,593)			(286,683,593)
Transfers to/from accumulated surplus - Gratuity		5,673,247	-	-	5,673,247
ADB (WSBSP) Loan		-	-	(2,000,200)	(2,000,200)
Payment during the year - Gratuity		(2,099,358)	-	-	(2,099,358)
Capital Reserves		-	1,147,170,659	-	1,147,170,659
At June 30, 2022		(1,767,235,771)	8,528,555,772	519,330	6,761,839,331
Surplus/(deficit) for the year	27	(240,975,528)			(240,975,528)
Transfers to/from accumulated surplus - Gratuity		5,263,501	-	-	5,263,501
ADF (WSBSP) Loan	26	-	-	(1,065)	(1,065)
Payment during the year - Gratuity		(1,794,535)	-	-	(1,794,535)
Capital Reserves	24	-	492,867,909	-	492,867,909
At June 30, 2023		(2,004,742,333)	9,021,423,681	518,265	7,017,199,613

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

	Notes	2022/2023 Kshs	2021/2022 Kshs
Cash Flows from Operating Activities			
Receipts			
Government grants	6(a)	161,195,602	146,412,689
GOK Grants- Project Administrative Expense related Grants		73,617,889	
Sale of goods	7	1,302,500	1,045,000
Other income	8	202,215	1,301,000
Total Receipts		236,318,206	148,758,689
Payments			
Use of goods and services	9	93,101,618	87,270,121
Employee costs	10	173,531,500	142,780,612
Board expenses	11	26,259,916	17,940,612
Depreciation and amortization expense	12	177,043,768	181,519,471
Repairs and maintenance	13	3,151,763	2,778,832
Contracted services	14	4,205,169	3,152,635
Total payments		477,293,734	435,442,282
Surplus/ (Deficit) for the year		(240,975,528)	(286,683,593)
Net Cash Flows used in operating activities	23	278,327,574	(147,343,900)
Cash Flows from investing activities			
Purchase of Property, Plant, Equipment and Intangible assets	19A	(151,093,764)	(600,865,898)
Work In Progress	20	(1,925,175,890)	(3,207,429,967)
Net Cash Flows used in investing activities		(2,076,269,654)	(3,808,295,865)
Cash Flows from financing activities			
AfDB Loan No. 2000200000501(KTWSWS&SP)	22(b)	1,208,188,668	2,466,154,747
ADF Loan No. 2100150036294(KTWSWS&SP)	22(c)	14,686,958	14,792,850
ADF (WSBSP) Loan Account receipts	26	(1,065)	(2,000,200)
Gratuity	25	3,468,966	3,573,889
Capital Reserves	24	492,867,909	1,147,170,659
Net Cash Flows used in financing activities		1,719,211,436	3,629,691,945
Net increase/(decrease) in Cash and Cash equivalents		(78,730,645)	(325,947,820)
Cash and Cash equivalents at 1 July 2022	15	79,640,648	405,588,469
Cash and Cash equivalents at 30 June 2023	15	910,003	79,640,648

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:

Name: Eng. Philip Gichuki, MBS.
Chief Executive Officer

Date: 08/01/2024

Name: CPA Nicholas M. Kanyeke
Chief Manager Finance & RM
ICPAK Member Number: 4164

Date: 08th January 24

Name: Mr. James Justus Wanyaga Gathaka
Board Chairman

Date: 08-01-2024

17. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization	% of Utilization Notes
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
Government Recurrent Grants	175,612,266	-	175,612,266	161,195,602	(14,416,664)	92%	Note 1
Other Income & Agency Administrative Cost fee	130,136,641	-	130,136,641	50,294,715	(79,841,926)	39%	Note 2
GOK Grants- Project Administrative Expense related Grants	75,000,000	-	75,000,000	73,617,889	(1,382,111)	98%	
Prepayments - Insurances	5,604,093		5,604,093	5,604,093	-		Note 3
Total Income	386,353,000	-	386,353,000	290,712,299	(95,640,701)		
Expenses							
Use of Goods & Services	131,415,000	-	131,415,000	97,980,618	33,434,382	75%	
Employee costs	212,559,000	-	212,559,000	173,531,500	39,027,500	82%	
Board Expenses	26,779,000	-	26,779,000	26,259,916	519,084	98%	
Repairs and Maintenance	11,100,000	-	11,100,000	3,151,763	7,948,237	28%	
Contracted Professional Services	4,500,000	-	4,500,000	4,205,169	294,831	93%	
Total Expenditure	386,353,000	-	386,353,000	305,128,966	81,224,034		
Surplus/Deficit for the period	-	-	-	(14,416,667)	-		

Explanation of % of Utilization Notes

Note 1: The performance difference of (-) 8% is as a result of FY 2022/2023 recurrent grants of Kshs 14,416,664 for FY 2022/2023 not being received as at 30th June 2023

Note 2: The performance difference of (-) 53% arises from reduced revenue realised from tender sales, exhauster service charges and non remittance of Agency administrative cost fee by Water Service Providers (WSPs).

Note 3: This relates to Insurance prepayments balances brought forward from FY 2021/2022

18. Notes to the Financial Statements

1. General Information

Tana Water Works Development Agency (TWWDA) was established by and derives its authority and accountability from section 65 of the Water Act 2016 vide legal notice no. 27 of 26th April 2019. The Agency is a state corporation wholly owned by the Government of Kenya and is domiciled in Kenya currently under the Ministry of Water, Sanitation and Irrigation.

The Agency's principal activity is to develop sustainable National Public Water and Sanitation Works within TWWDA area of jurisdiction that enhances socio-economic growth for our stakeholders.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Agency.

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

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

3. Adoption of New and Revised Standards

- i. The Agency did not adopt revised/new/amendments standards effective for the year ended 30 June 2023 this was because the changes to the standard will have no impact on the Agency's operation

- ii. **Early adoption of standards**

The Agency did not early – adopt any new or amended standards in financial year 2022/2023.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Agency and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized: -

- **Grants**

Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the asset that has been acquired using such funds. In addition, related administrative expenses are matched with Development grant and recognized as income in Statement of Financial Performance.

- **Agency Administrative Costs Fees**

This relates to Water Service Providers (WSPs) share of Agency administrative costs.

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.

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 entity.

Interest income

Interest income is accrued on a time proportion basis, by reference to the principal amount outstanding and the effective interest rate applicable.

ii) Revenue from exchange transactions

b) Budget information

The original budget for FY 2022/2023 was approved by the The National Treasury and Economic Planning on 15th June 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

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 on page 6 of these financial statements.

c) Taxation

The Agency is a non-commercial State Corporation established under the Water Act, 2016 Section 65 and is funded fully by the exchequer to implement National public Water and Sanitation Works on behalf of the National Government and therefore the operations of the Agency are not for profit and hence does not pay taxes.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency 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.

e) Research and development costs

The Agency capitalises research and development costs on an individual project basis when it can be demonstrated that:

- The technical feasibility of completing the asset will be available for use
- Its intention to complete and its ability to use the asset
- the asset will generate future economic benefits or service potential

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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.

f) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through loans and borrowings.

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

g) Inventories

Inventories are stated at lower of cost and net realizable value.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of business in the year.

h) Provisions

Trade Debtors are recognized and carried at the net Agency's Administrative costs fee less a general provision for bad and doubtful debts at 10% as at the balance sheet date. The general practice in the Industry reveals that revenue collection rate ranges between 90 – 95 % of the billing. However, this will be affected since WSPs in the Agency area are reluctant to remit the Agency Administration cost fee as Water Provision Services is a devolved function.

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

i) Contingent liabilities

The Agency 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.

j) Contingent assets

The Agency 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 Agency 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.

k) Nature and purpose of reserves

The Agency maintains and creates reserves in terms of specific requirements. The Agency maintains the following reserves;

- **Capital Reserves** – This relates to the development grants allocated by the government including the grants from development partners.
- **Deficit for the year** – This relates to expenses recognised in the statement of Financial Performance whose corresponding income is a grant reflected in the Capital Reserve Account.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agency pays fixed contributions into a separate Agency (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.

Gratuity Fund– This is a sinking fund set for the purposes of payment of staff upon expiry of their employment contract. This is calculated at 31% of their basic salary as per their employment contracts.

n) Foreign currency transactions

The accounting records are maintained in Kenya Shillings which is the functional currency of the primary economic environment in which the Programme operates. Transactions in foreign currencies during the year/period are converted into the functional currency using the following:

- Goods and Works – exchange rates as provided in the individual contracts.
- Services – exchange rate prevailing during tender evaluation.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized upon completion of the acquiring or construction of the asset.

p) Related parties

The Agency regards the following as related parties:

- Government – The Agency gets Grants from the Government. During the Financial year the received Recurrent Grants amounting to KES 161,195,602 and Development Grants amounting to KES 566,485,798
- Board Members – During the financial year, the Board expenses amounted to KES 26,259,916.
- Management – The Agency’s management comprises of the Chief Executive Officer and Senior Managers. During the financial year the Management salaries amounted to KES 90,990,047.

q) Cash and cash equivalents

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

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 on page 6 of these financial statements.

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgements and Sources of Estimation Uncertainty

The preparation of the Agency'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.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a reducing balance basis over the expected useful life of the assets. The annual rates of depreciation are as follows: -

Motor Vehicles, motor bikes and boats	25%
Furniture and Fittings	12.5%
Plant and Equipment	20%
Computer and Accessories	33.3%
Water Infrastructure/Schemes	2.5%

Amortization for Capital Grants

Capital grants relates to various assets which were donated by Kenya Water Sanitation Programme (KWSP), Gesellschaft für Technische Zusammenarbeit (GTZ) and Ministry of Water, Sanitation & Irrigation (MWSI) at the formation of the Agency. Amortization is calculated on a reducing balance basis using the respective asset items annual rate as follows:-

Motor Vehicles and motor bikes	25%
Furniture and Fittings	12.5%
Computer and Accessories	33.3%

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 Agency based its assumptions and estimates on parameters available when the 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 Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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. The management made the following provisions in FY 2022/2023;

- General provision for bad and doubtful debts at 10%

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6(a) Transfers from other Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
Unconditional Grants		
GoK Recurrent Grants - Received by TWWDA*	158,583,336	144,333,329
GoK Grants - Salaries paid to Seconded Staff**	2,612,266	2,079,360
GOK Grants- Project Administrative Expense related Grants***	73,617,889	-
Total Government Grants and Subsidies	234,813,491	146,412,689

* The total funds disbursed as at 30 June 2023 relate to the Months of July 2022 to May 2023.

**This relates to salaries paid to four(4) seconded staff from the Ministry of Water, Sanitation and Irrigation. The increase is attributed to an additional one(1) No. seconded staff during the reporting period..

***This relates to project related expenses expensed during the reporting period.

6(b). Transfers from Ministry

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial Performance	Amount recognized in Capital Reserve Fund	Total grant income during the year	Total grant income FY 2021/2022
	Kshs	Kshs	Kshs	Kshs
Ministry of Water, Sanitation and Irrigation	161,195,602	492,867,909	654,063,511	1,293,583,348
GOK Grants- Project Administrative Expense related Grants	73,617,889	-	73,617,889	-
Total	234,813,491	492,867,909	727,681,400	1,293,583,348

7. Sale of Goods (A-in-A)

Description	2022/2023	2021/2022
	Kshs	Kshs
Water Boozer Income*	1,302,500	1,045,000
Total Sale of Goods	1,302,500	1,045,000

*The increase is due to increased demand of clean water by stakeholders as a result of prolonged drought.

8. Other Income (A-in-A)

Description	2022/2023	2021/2022
	Kshs	Kshs
Sale of Tenders	47,000	63,000
Insurance Claim	-	1,238,000
Sale of Trees	101,250	-
Sale of Tyres	9,300	-
Training Fees -NITA	44,665	-
Total Other Income	202,215	1,301,000

9. Use of Goods and Services

The following are included in Use of Goods and Services Expenses;

Description	2022/2023	2021/2022
	Kshs	Kshs
Electricity ^{Note1}	1,822,138	1,118,061
Water ^{Note2}	294,537	375,472
Security	4,340,430	3,898,412
Professional and Subscription fee	493,534	496,462
Advertising & Publicity ^{Note3}	2,042,337	1,453,719
Audit fees	580,000	580,000
Conferences and Meetings	1,489,550	1,350,400
Consumables - Office & House Keeping	3,529,747	2,888,945
Fuel and lubricants	2,081,372	1,888,590
Staff Insurances - Medical & Group Life ^{Note4}	23,984,488	19,767,653
Work Injury and Staff GPA	416,460	563,715
Property Insurance	80,168	60,253
Motor Vehicle Insurances ^{Note5}	675,255	2,057,492
Travelling & Subsistence ^{Note6}	7,026,543	4,771,262
Trade Shows ^{Note7}	216,347	-
Postage and Courier ^{Note8}	581,760	394,213
Publishing, Printing and stationery	1,965,959	1,566,421
Cleaning costs and Ground Maintenance	1,269,624	1,083,633
Telecommunication/Telephone ^{Note9}	2,960,767	2,688,317
Training	1,899,698	1,919,625
Internet and Networking	2,430,970	2,329,117
Computer Stationery and Accessories	3,140,780	2,993,128
Sub Total	63,322,464	54,244,889

Note1-The increase in electricity cost is as a result of increase of electricity tariffs

Note 2-The decrease in water cost is as a result of payment of water by the County office department of Water during FY 2022/2023 - KES 102,076.

Note 3-The increase in advertising & publicity is as a result of advertising of job vacancies and addendum for insurances

Note 4-The increase in medical cost arises from insurance cover of sixteen (16) new staff members engaged during the third quarter of the FY 2021/2022.

Note 5-The decrease in motor vehicles insurance is as a result of transfer of commercial vehicles (ie trucks and single cab) to WSPs

Note 6-The increase in travel and subsistence arose from increased project activities during the reporting period.

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Note 7- This relates to cost incurred during the 17th Regional Nile Day celebrations held at KICC Nairobi

Note 8-The increase in postage costs is due to increase in courier charges and sending of international mails during the reporting period.

Note 9-The increase in telecommunication/telephone costs is due to additional of new staff who are eligible for monthly telephone allowance.

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance b/f from page 15	63,322,464	54,244,889
Suscription to newspapers & periodicals ^{Note10}	529,200	405,400
Catering Services	1,935,638	1,675,842
Staff Welfare	8,383,942	8,204,377
Workshop & Seminars	8,010,771	6,766,824
Staff Uniforms ^{Note11}	715,750	232,050
Laboratory Materials & Equipments ^{Note12}	172,376	-
Water Boozer Costs	2,711,592	2,802,695
ISO 9001:2015 QMS ^{Note13}	6,807,807	8,771,348
Computer Software licences & Maintenance	879,317	1,108,823
General Prov. Bad and Doubtful debts	(4,879,000)	(500,489)
Corporate Social Responsibility	292,000	278,880
Strategic Plan ^{Note14}	4,028,252	3,062,294
Bank Charges	191,509	217,187
Use of Goods & Services	93,101,618	87,270,121

Note 10- The increase in subscription to newspapers & periodicals costs is due to employment of new staff into the TWWDA staff establishment who are eligible for daily newspapers.

Note 11 - The increase in staff uniform costs is due to procurement of new staff uniforms during the reporting period.

Note 12- This relates to cost incurred on calibration of equipments and water meters during the reporting period.

Note 13- The decrease in ISO 9001:2015 QMS costs is due to FY 2021/2022 included Iso documentation review and KEBS recertification Audit Costs

Note 14 - This increase in Strategic plan Costs is due to costs incurred during launching of TWWDA 2022-2027 strategic plan

10. Employee Costs

Description	2022/2023	2021/2022
	Kshs	Kshs
Salaries and Wages ^{Note1}	116,325,618	95,358,478
Contributions to Pension ^{Note2}	13,029,614	8,774,300
Commuter Allowances ^{Note1}	8,754,972	7,357,000
Housing Allowances ^{Note1}	24,487,425	20,797,000
NSSF-Employer Contribution ^{Note3}	719,280	204,000
Gratuity	5,334,773	5,248,966
Leave Allowance	3,776,391	4,099,504
Salary Top Ups ^{Note4}	1,103,427	941,364
Employee Costs	173,531,500	142,780,612

Staff Establishments

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Note1- Increase in salaries & wages, commuter and house allowances is attributed to;

(i) Annual salary increments.

(ii) Employment of sixteen (16) new staff during the third quarter of FY 2021/2022 and two (2) new staff during FY 2022/2023.

Note2- Increase in contributions to pension is attributed to;

(i) Annual salary increments .

(ii) Employment of sixteen (16) new staff into during the third quarter of FY 2021/2022 and two (2) new staff during FY 2022/2023.

Note3- Increase in NSSF is attributed to introduction of mandatory deduction of NSSF for both employee and employer at a rate of KES 1,080 per month which became effective from 1st February 2023

Note4- The increase in salary top-up is due to addition of one (1) No. seconded staff from the Ministry of Water, Sanitation and Irrigation.

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11. Board Expenses

Description	2022/2023	2021/2022
	Kshs	Kshs
Chairman's Honoraria ^{Note1}	960,000	-
Sitting Allowances ^{Note2}	7,780,000	4,420,000
Induction and Training ^{Note2}	2,242,065	4,207,007
Travel and Accomodation ^{Note2}	13,792,281	8,356,341
Other Allowances ^{Note2}	1,037,873	415,000
Directors Medical & GPA Insurance ^{Note2}	447,697	542,264
Total Board Expense	26,259,916	17,940,612

Note1-During FY 2021/2022 the Agency did not have a substantive Chair of the Board

Note2- The increase Board Expenses is due to increase Board activities during the reporting period i.e the Board was inducted , trained on legal and governance audit and undertook recruitment for key manegerial positions

12. Depreciation and Amortization Expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, Plant and Equipment	177,043,768	181,519,471
Total Depreciation and Amortization	177,043,768	181,519,471

13. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property	432,530	321,967
Computer ^{Note1}	1,167,200	1,075,942
Vehicles ^{Note2}	1,552,033	1,380,923
Total Repairs and Maintenance	3,151,763	2,778,832

Note1- The increase in repairs and maintenance of computers costs is due to aged computing and printing devices which were regularly serviced and repaired.

Note2- The increase in repairs and maintenance of vehicles costs is due to increased activities in Agency's area of jurisdiction.

14. Contracted Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Consultancy ^{Note1}	3,750,000	1,080,433
Legal Fee	455,169	2,072,202
Total Contracted Services	4,205,169	3,152,635

Note1 - The increase in consultancy services is due to training services on legal and governance audit

15(a) Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	909,658	79,640,265
Others	345	383
Total Cash and Cash equivalents*	910,003	79,640,648

* The Variance in cash and cash equivalent is attributed to the Agency not receiving its third and fourth quarter disbursements during the reporting period

15(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2022/2023	2021/2022
a) Current Account		Kshs	Kshs
Kenya Commercial Bank - Nyeri Branch	1101-992-220 GOK Recurrent	290,164	4,373,428
	1101-996-188-Gratuity	56,930	6,648,583
	1101-998-733 -Development Account	17,294	67,544,585
	1127-326-287- Exhauster Services	27,005	554,340
	1208-789-120 ADB (WSBSP) Loan	518,265	519,330
Sub Total		909,658	79,640,265
b) Others			
Cash in Hand		345	383
Sub Total		345	383
Total		910,003	79,640,648

16. Receivables

Current Receivables	2022/2023	2021/2022
	Kshs	Kshs
Trade debtors - Annex II (a)	286,874,560	330,785,560
Exhauster & WaterBowser Debtors - Annex II (b)	2,359,378	2,359,378
Payroll debtors - Salary Surcharge - Annex III	60,796	157,915
Payroll debtors - Salary Advances - Annex IV	-	20,000
Zhonghao Overseas Construction Co. Ltd	-	1,261,056
Northern Water Works Development Agency ^{Note1}	3,397,873	3,276,700
Deposits	18,490	18,490
Gatamathi Water Company	350,000	350,000
Deposit - Fuel Cards ^{Note2}	1,620,000	1,620,000
Deposit-Motor Vehicle Maintenance ^{Note3}	550,000	-
Security for Cost fee	-	7,471,774
Less: Impairment allowance	-	-
Total Current Receivables	295,231,097	347,320,873

Note1- This relates to refundable amounts paid by the Agency on behalf of Northern Water Works Development Agency for TWWDA Chief Executive Officer training at Oxford University.

Note2- This relates to a bank guarantee in favour of Total Kenya ltd as a security for fuel consumed by TWWDA vehicles.

Note3- This relates to a bank guarantee in favour of CFAO Motors as a security for maintenance of TWWDA vehicle.

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Ageing Analysis -Receivable from non-exchange transaction	FY 2022/2023	% of The Total	FY 2021/2022	% of The Total
Less than 1 Year	1,880,379	0.64%	12,649,530	3.64%
Between 1-2 Years	2,058,011	0.70%	-	0.00%
Over 2 Years	291,304,998	98.67%	334,671,343	96.36%
Total	295,243,388		347,320,873	

17. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Publishing Printing and Stationery	726,028	621,716
Consumables - Office & House Keeping	-	6,144
Motor Vehicles Expenses	-	617,360
Covid -19- PPE's	104,448	-
Total inventories at the lower of cost and net	830,476	1,245,220

NB.

There was a sewer leak detection equipment (Sewerin Secophorn AC06) estimated at KES 1,769,227 and two (2) Collapsible Water Tanks 10,000L estimated at KES 388,000 this are included in the PPE under ADB project.

18. Prepayments

Description	2022/2023	2021/2022
	Kshs	Kshs
Board Members Medical & GPA Insurances*	116,805	84,075
Staff Insurances - Medical & Group Life*	6,119,273	5,056,856
Motor Vehicles Insurance**	227,575	356,650
Work Injury and Staff GPA*	-	95,941
Property Insurance**	-	10,571
Total Prepayments	6,463,653	5,604,093

*This is Medical insurance premiums paid during FY 2022/2023 but relates to the months of July, August and September 2023 of FY 2023/2024

**This is motor vehicles insurance premiums paid during FY 2022/2023 but relates to the months of July to November 2023 of FY 2023/2024.

19 A. Property, Plant and Equipment

	Land	Building	ADB Project	Water Infrastructure	Kahuti Scheme	Motor Vehicles	Furniture and Fittings	Plant and Equipment	Computers and Printers	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	648,037,133	-	3,720,307,400	4,128,429,267	17,770,088	90,540,030	7,220,164	10,287,572	50,156,376	8,672,748,030
Additions	268,198,212	1,490,374	-	323,811,069	-	-	2,412,279	1,125,200	3,828,764	600,865,898
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustment	-	-	-	-	-	-	-	-	-	-
At 30 June 2022	916,235,345	1,490,374	3,720,307,400	4,452,240,336	17,770,088	90,540,030	9,632,443	11,412,772	53,985,140	9,273,613,928
Additions	85,509,715	-	-	61,493,454	-	-	2,289,222	495,248	1,306,125	151,093,764
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	1,001,745,060	1,490,374	3,720,307,400	4,513,733,790	17,770,088	90,540,030	11,921,665	11,908,020	55,291,265	9,424,707,692
Depreciation and impairment										
At 1 July 2021	-	-	602,658,871	563,795,890	5,614,979	85,616,923	4,369,810	9,328,258	40,227,943	1,311,612,674
Depreciation	-	-	79,939,706	91,400,856	311,670	1,641,036	287,360	239,829	3,785,680	177,606,137
Impairment	-	-	-	-	-	-	-	-	-	-
At 30 June 2022.	-	2,484	680,600,084	661,007,001	5,918,857	86,847,700	4,896,668	9,745,161	44,114,190	1,493,132,145
Depreciation	-	29,758	75,992,683	96,318,170	296,281	923,082	533,147	432,572	2,518,075	177,043,768
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
At 30 June 2023	-	32,242	756,592,767	757,325,171	6,215,138	87,770,782	5,429,815	10,177,733	46,632,265	1,670,175,913
Net book values										
At 30 June 2023	1,001,745,060	1,458,132	2,963,714,633	3,756,408,619	11,554,950	2,769,248	6,491,850	1,730,287	8,659,000	7,754,531,779
At 30 June 2022	916,235,345	1,487,890	3,039,707,316	3,791,233,335	11,851,231	3,692,330	4,735,775	1,667,611	9,870,950	7,780,481,783

19 B. Amortization of Capital Grant

	Motor Vehicles	Furniture and Fittings	Computers and Accessories	Total
Cost	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30 June 2022	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30 June 2023	9,506,000	984,960	2,769,822	13,260,782
Amortization				
At 1 July 2021	9,410,725	873,427	2,765,579	13,049,731
Amortization	23,819	13,942	1,414	39,175
Impairment	-	-	-	-
At 30 June 2022	9,434,544	887,369	2,766,993	13,088,906
Amortization	17,864	12,199	943	31,006
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30 June 2023	9,452,408	899,568	2,767,936	13,119,912
Net book values				
At 30 June 2023	53,592	85,392	1,886	140,870
At 30 June 2022	71,456	97,591	2,829	171,876

20. Work In Progress
20 (a) GoK Funded Projects

Description	2022/2023	2021/2022
	Kshs	Kshs
Refurbishment of Maji House	49,188,563	35,872,990
Mathira Community Water Projects	378,752,940	359,257,047
Kamumu MultiPurpose Dam	6,631,687	6,631,687
Rupingazi Multi purpose Dam	1,115,516	1,115,516
Thambana Multipurpose Dam	1,146,814	1,115,514
Iraru Dam	724,900	724,900
Kathita Multipurpose Dam	2,054,637	2,054,637
Mariara Multipurpose Dam	514,420	514,420
Marania Dam	821,400	821,400
National Water Harvesting and Ground Exploitation	492,290,903	426,615,668
Water for Schools	152,991,314	138,953,603
Cross County Water Projects	725,124,263	477,007,255
Embu Water Projects	-	23,926,111
Small and Medium Sized - Maara Dams	206,704,439	182,067,058
Feasibility Study	10,885,710	9,974,110
Drought Mitigation Intervention	107,662,898	80,645,474
Sagana Restoration Project expenses	585,750	585,750
World Water Day Infrastructure	9,239,807	8,427,807
COVID -19 Protective Equipments	14,848,249	14,645,497
Water Meters	10,228,000	10,228,000
Dedan Kimathi University Sewerage Project	25,349,239	12,967,490
Universal Health Coverage Program	75,230,876	40,521,982
Mwiyo Water Project	5,966,259	3,716,239
Naromoru Water Project	13,137,100	12,155,500
Mporoko and Mwerianda Dams	-	3,044,200
Bisirigichia Dam	195,908	195,908
Githanga Borehole	-	11,710,902
Kanjuki Boreholes	-	3,333,956
Mathira Youth Empowerment Borehole	53,920	53,920
Kieni Borehole	53,920	53,920
Kagurumo Borehole	-	13,906,869
Kinyaiti Borehole	3,281,910	-
Othaya Water Project	2,535,540	2,535,540
Kiamwenja Modern Market Borehole	14,123,080	6,197,229
Rehabilitation of Water Supplies	57,088,189	-
Thangatha Dam	782,300	-
Non Revenue Water (NRW)	287,800	-
Ngariama Njuki- Ini	8,592,424	7,134,684
Gathuthini Borehole	-	4,710,233
Kianyaga Boys Borehole Project	6,977,777	-
Ena Siakago Water Project	2,159,145	-
Gichonjoini Borehole	2,955,088	-
Muhoya Dam	120,000	-
Mukiria Youth Borehole	2,066,772	-
K.K Nkengechia Borehole	1,308,600	-
Kamatongu Water Project	3,624,165	-
Endarasha Selfhelp Group Borehole	419,300	-
Kabiru-ini Chaka Sewerage	2,347,260	-
Embu Moi Stadium	6,834,754	-
Mbaranga Borehole	534,528	-
Sub-total	2,407,538,064	1,903,423,016

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Description	2022/2023	2021/2022
	Kshs	Kshs
Muthutira Borehole	1,452,500	-
Kalkima Chuma Borehole	2,462,704	-
Irunduni - Ikubu Community Borehole	1,908,285	-
Karatina Water & Sewerage Project	944,400	944,400
Runyenjes Water and Sanitation Project	929,300	929,300
Nkubu Water & Sanitation Project	1,230,400	810,400
Kiamuringa Borehole	1,769,301	348,500
Sub-total	10,696,890	3,032,600
Total	2,418,234,954	1,906,455,616

20 (b) AfDB Loan - Kenya Towns Sustainable Water Supply & Sanitation Projects

1. Tana Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Consultancy Services	406,717,794	317,212,271
Works	3,629,332,924	2,876,562,494
Goods	38,144,827	38,144,827
AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	304,264,768	118,050,972
Sub Total	4,378,460,313	3,349,970,564

2. Northern Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Consultancy Services	369,620,658	237,186,343
Works	3,264,255,564	3,030,777,164
Goods	38,144,827	38,144,827
AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	13,632,839	9,325,709
Sub Total	3,685,653,888	3,315,434,043
Total AfDB -Kenya Towns	8,064,114,202	6,665,404,607

20 (c) ADF Loan - Kenya Towns Sustainable Water Supply & Sanitation Programme

Northern Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Consultancy Services	29,479,808	14,792,850
Sub Total	29,479,808	14,792,850
Total Work In Progress	10,511,828,964	8,586,653,073

Land acquisition amounts are included in the property, plant and equipment under Land additions.

21. Trade and Other Payables from Exchange Transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade payables - Annex V	305,122,139	112,895,176
Employee Payables- Annex V	91,301,145	-
Other Payables- Annex V	7,086,266	-
Total Trade and Other Payables	403,509,550	112,895,176

Ageing analysis: (Trade and other payables)	FY 2022/2023	% of The Total	FY 2021/2022	% of The Total
Under One Year	290,854,435	72.08%	240,061	0.21%
1-2 Years	580,000	0.14%	- 580,000	0.51%
2-3 Years	112,075,115	27.78%	112,075,115	99.27%
Total	403,509,550		112,895,176	

22. Borrowings

22(a). ADF Loan No. 2100150015546 ID No. P-KE-E00-005

1. ADF Loan - Water Services Board Support Projects

Description	2022/2023	2021/2022
	Kshs	Kshs
(i) Loan Revenue - Special Account	15,903,200	15,903,200
(ii) Direct Payments	1,436,972,129	1,436,972,129
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,452,875,329	1,452,875,329

The total borrowings are non-current liabilities. The purpose of the loan was for infrastructure development and the security is The National Treasury and Economic planning. The loan was rendered at an interest rate of 3% per annum over a period of 30 years with a grace period of 5 years. The grace period of 5 years is from the date of closure of the loan and the loan was closed in August 2015 and therefore the loan was due from October 2020.

Debt portfolio for Water Services Board Support Projects Murang'a County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties
		Kshs	Kshs	Kshs
1	Kahuti Water & Sanitation Company	17,434,504	5,088,773	32,399
2	Murang'a Water & Sanitation Company	671,228,402	195,917,779	1,247,359
3	Murang'a South Water & Sanitation Company	764,212,423	223,057,904	1,420,154
Sub Total		1,452,875,329	424,064,456	2,699,912

2. ADF Loan - Small Towns & Rural Water Supply & Sanitation Projects No. 2100150021543 ID. No. P-KE-E00-007

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance at the beginning of the period;		
(i) Loan Revenue - Special Account	24,710,700	24,710,700
(ii) Direct Payments	1,895,804,378	1,895,804,378
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,920,515,078	1,920,515,078
Total ADF Loan	3,373,390,407	3,373,390,407

The total borrowings are non-current liabilities. The purpose of the loan was for infrastructure development and the security is The National Treasury and Economic Planning. The loan was rendered at an interest rate of 3% per annum over a period of 30 years from April 2016 including a grace period of 5 years. The grace period of 5 years is from the date of closure of the loan and the loan was closed on June 2017 and therefore the loan is due from October 2022.

Debt portfolio for Small Towns & Rural Water Supply & Sanitation Projects

1 Nyeri County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties
		Kshs	Repayment (Ksh)	Kshs
1	Othaya Mukurwe-ini Water & Sanitation Company	1,498,001,761	385,288,446	2,615,922
Sub Total		1,498,001,761	385,288,446	2,615,922

2 Meru County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties
		KES	Repayment (ksh)	Kshs
1	Imetha Water & Sanitation Company	422,513,317	108,671,100	737,824
Sub Total		422,513,317	108,671,100	737,824
Total		1,920,515,078	493,959,546	3,353,746

**22(b). AfDB Loan No. 2000200000501 Project No. P-KE-E00-011
ADB Kenya Towns Sustainable Water Supply & Sanitation Program**

1. Tana Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance at the beginning of the period;	3,231,919,592	1,981,916,986
External borrowings during the year	842,275,953	1,250,002,606
Repayment of external borrowings during the year	-	-
Balance at the end of the period	4,074,195,545	3,231,919,592

2. Northern Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance at the beginning of the period;	3,306,108,335	2,089,956,194
External borrowings during the year	365,912,715	1,216,152,140
Repayment of external borrowings during the year	-	-
Balance at the end of the period	3,672,021,050	3,306,108,335
Total AfDB Loan	7,746,216,594	6,538,027,927
Less: Total Current Portion of Bank Loans	-	-

22(c). ADF Loan No. 2100150036294 Project No. P-KE-E00-011

1. Northern Water Works Development Agency

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance at the beginning of the period;	14,792,850	-
External borrowings during the year	14,686,958	14,792,850
Repayment of external borrowings during the year	-	-
Balance at the end of the period	29,479,808	14,792,850
Total ADF Loan	29,479,808	14,792,850
Total Non-Current Borrowings (ADF loan + AfDB Loan)	11,149,086,809	9,926,211,184

23. Cash Generated from Operations

Description	2022/2023	2021/2022
	Kshs	Kshs
Surplus for the year before tax	(240,975,528)	(286,683,593)
Adjusted for:		
Depreciation	177,043,768	181,519,471
Working capital adjustments:		
Decrease/ (Increase) in inventory	414,744	(875,222)
Decrease/ (Increase) in receivables	52,089,776	(7,199,688)
Increase/ (Decrease) in payables	290,614,374	(33,716,378)
Decrease/ (Increase) in Prepayments	(859,560)	(388,490)
Net cash flows from operating activities	278,327,574	(147,343,900)

24. Capital Reserves

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance b/f	8,528,555,772	7,381,385,113
Water for Schools ^{Note 1}	61,535,798	31,500,000
Drought Mitigation	-	40,000,000
Cross County Water Projects	16,450,000	532,500,000
National Water Harvesting and Ground Exploitation ^{Note 2}	14,500,000	109,041,659
Maua Water Supply, Sewerage and Drainage	50,000,000	-
Ngariama Njukiini Water Project ^{Note 3}	50,000,000	-
AfDB GoK Counterpart - Kenya Towns WSSP	250,000,000	350,000,000
Maara Dams	-	-
Water Meters	-	10,000,000
Rehabilitation of Water Projects	50,000,000	-
Water Projects	54,000,000	-
Universal Health Care Coverage	-	42,129,000
NRW Intervention	20,000,000	30,000,000
Kiamuringa Borehole	-	2,000,000
GOK Grants- Project Administrative Expense related Grants	(73,617,889)	-
	9,021,423,681	8,528,555,772

Note 1- Water for Schools Grants includes Ksh 28,035,798 for FY 2018/2019 and Ksh 31,500,000 for FY 2021/2022.

Note 2- This relates to National Water Harvesting and Ground Exploitation Grants for FY 2021/2022 which was received during the reporting period.

Note 3- This relates to Ngariama Njukiini Water Projects grants for FY 2021/2022 which was received during the reporting period.

25. Accumulated Fund

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance Brought Forward	(1,767,235,771)	(1,484,126,067)
Surplus/Deficit for the Period	(240,975,528)	(286,683,593)
Amortisation of capital grant	31,006	39,175
Capital Grant b/f	(171,876)	(211,051)
Gratuity Fund	3,468,966	3,573,889
Capital Grant	140,870	171,876
	(2,004,742,333)	(1,767,235,771)

26. ADF Loan Repayment Fund

Description	2022/2023	2021/2022
	Kshs	Kshs
Balance Brought Forward	519,330	2,519,530
Trade Debtors (Murang'a South Water & Sanitation Company)	-	(2,000,000)
Bank charges	(1,065)	(200)
	518,265	519,330

27. Deficit Analysis

Description	2022/2023	2021/2022
	Kshs	Kshs
Depreciation for the period*	177,043,768	181,519,471
Specific Provision	-	-
General Provision (Decrease)*	(4,879,000)	(500,489)
Provision of Audit fees		
	172,164,768	181,018,982
Expensed Project Administrative Expenses/Costs	-	99,831,410
Prepaid insurance premium b/f 1st July 2023	5,604,093	-
Agency Administrative Cost Fee Arrears**	48,790,000	5,004,886
Exhauster and Water Bowser Fee Arrears	-	828,315
Accrued Income (Pending Recurrent Grants for the month of June 2023)	14,416,667	-
	240,975,528	286,683,593

* These are non-cashflow items included in the Statement of Financial Performance.

**These relate to expenses paid from arrears collected from WSPs during the reporting period and utilized to finance FY 2022/2023 expenditures. This income was accounted for in the previous accounting periods.

30. Financial Risk Management

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency'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 Agency 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 Agency's financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

Description	Total Amount (Ksh)	Fully Performing (Ksh)	Past Due (Ksh)	Impaired (Ksh)
At 30 June 2023				
Receivables from Non Exchange Transactions	295,231,097		295,231,097	-
Bank balances	858,766	858,766		-
Total	296,089,863	858,766	295,231,097	-
At 30 June 2022				
Receivables from Non Exchange Transactions	347,320,873	-	347,320,873	-
Bank balances	79,640,648	79,640,648	-	-
Total	426,961,521	79,640,648	347,320,873	-

The creditors under the fully performing category are paying their debts as they continue trading. The Water Service Providers under Receivables from Non Exchange Transactions are not paying their debts as they are under the County Government. The credit risk associated with these receivables is high and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered not adequate to cover any potentially irrecoverable amounts.

The Board Members set the Agency'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 Agency's Board Members, who have built an appropriate liquidity risk management framework for the management of the Agency's short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Agency 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	(Ksh)	(Ksh)	(Ksh)	(Ksh)
At 30 June 2022				
Trade payables	1,400,061	-	111,495,115	112,895,176
Total	1,400,061		111,495,115	112,895,176
At 30 June 2023				
Trade payables	28,185,759	262,377,378	112,895,176	403,458,313
Total	28,185,759	262,377,378	112,895,176	403,458,313

(iii) Market risk

The Agency has put in place an Internal Audit Function to assist it in assessing the risk faced by TWWDA on an on-going 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 Agency'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, Risk & Compliance Committee.

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

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

iv) Capital Risk Management

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

Description	2022/2023 (Ksh)	2021/2022 (Ksh)
Accumulated Fund	(2,044,742,330)	(1,767,235,771)
Capital Reserve	9,021,423,678	8,528,555,772
ADB Loan Repayment Fund	518,265	519,330
Total funds	7,017,199,613	6,761,839,331
Total Borrowings	11,149,086,809	9,926,211,184
Less: cash and bank balances	858,766	79,640,648
Net debt/(excess cash and cash equivalents)	11,148,228,043	9,846,570,536
Gearing	158.87%	145.62%

31. Related Party Balances

Nature of related party relationships

Entities and other parties related to Tana Water Works Development Agency 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 TWWDA, holding 100% of the Agency equity interest. The Government of Kenya has provided guarantees to current long term loan. Other related parties include:

- i) The National Treasury and Economic Planning
- ii) The Ministry of Water, Sanitation and Irrigation
- iii) Water Service Providers.
- iv) Board Members
- v) Key Management Staff
- vi) Chief Executive Officer.

Transactions with related parties

Particulars	2022/2023	2021/2022
	(Ksh)	(Ksh)
A. Purchase from Related Parties		
Purchase of Electricity from KPLC	1,822,138	1,118,061
Total	1,822,138	1,118,061
B. Grants from Government		
GoK Recurrent Grants	161,195,602	146,412,689
GoK Development Grants	566,485,798	1,147,170,659
Total	727,681,400	1,293,583,348
C. Key Management Compensation		
Board Members Allowances	26,259,916	17,940,612
Compensation to the CEO	7,880,480	7,880,480
Compensation to the Key Management	52,877,791	36,849,258
Total	87,018,187	62,250,350

32. Contingent Liabilities

Contingent Liabilities	2022/2023	2021/2022
	(Ksh)	(Ksh)
Legal Fees	-	8,040,751
Total	-	8,040,751

There were no pending legal fees for litigations as at 30th June 2023.

33. Events after the reporting period

There were no material adjusting and non-adjusting events after the reporting period. However, four (4) Board Members were appointed on 30th June 2023 vide Kenya Gazette Notice Numbers 6469 and 8484.

34. Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Water, Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

35. Currency

The Financial Statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs

APPENDIX I: Implementation Status of Auditor –General’s Recommendations

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

We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
1.0	<p>Long Outstanding Trade Debtors</p> <p>The statement of financial position reflects a balance of Kshs. 347,320,873 in respect of receivables from non-exchange transactions which includes Kshs. 330,785,560 and Kshs. 2,359,378 in respect to trade debtors, exhauster and water bowser debtors respectively, as disclosed in Note 18 to the financial statements. The trade debtors are due from various Water Service Providers dating back to 2016. Accumulation of such receivables denies the Agency much needed revenue to run its activities and recoverability may be in doubt.</p> <p>In the circumstances, accuracy and recoverability of the receivables could not be confirmed.</p>	<p>The challenge in recoverability of Trade Receivables is as a result of Water Service Providers failure to remit Board Administrative Cost Fee following directives from respective County Governments not to remit any money to the Agency since provision of water services is a devolved function (See Appendix I - Letters from County Governments). To ensure recoverability of the receivable, the Agency embarked on negotiation with WSPs. Nyeri Water and Sanitation Company (NYEWASCO) which owes KES 52,929,735 to the Agency has accepted to recall the investment in treasury bills for the</p>	Eng. Philip Gichuki, MBS - Chief Executive Officer	<p>The management is considering development of Water and Sanitation Infrastructure within the WSPs area of operation, the WSPs will be required to deposit trade receivables monies with TWWDA. The Agency in pursuit of this strategy has convinced Nyeri Water and Sanitation Company (NYEWASCO) and Nyeri County Government. NYEWASCO has since paid Kshs. 47,200,000 for</p>	Ongoing

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>money reserved for the Agency debt. The county Government of Nyeri has concurred and authorized the utilization of the fund to increase water coverage within the Agency and NYEWASCO area of jurisdiction by depositing the fund with the Agency to write off the debt (See Appendix II - Negotiation Letter and Debt Settlement proposal from Nyewasco)</p> <p>The Agency has negotiated with Kirinyaga Water and Sanitation Company to clear their debt of KES 16,743,785 by July 2027 (See Appendix III - Negotiation Minutes)</p> <p>The Agency held negotiation meeting on 5th December 2022 with Embu Water and Sanitation Company which owes the Agency KES 73, 169,455. The mode of payment is to be determined in</p>		<p>construction of Baraka Chaka Tagwa Water Supply. The Agency communicated to NYEWASCO 23rd June 2023 to pay the balance of Kshs. 5,729,735.</p>	

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>January 2023 (See Appendix IV - Negotiation Minutes) Further the Agency made a proposal to Meru Water and Sanitation Services (MEWASS) which owes the Agency KES 51,135,957, on the available option to settle the debt. To counter the letter issued by the County Government to the WSP not to remit the debt to the Agency, WSP was advised to liaise with the County Government of Meru. (See Appendix V - Debt settlement letter to MEWASS)</p>			
2.0	<p>Property, Plant and Equipment. The statement of financial position reflects a balance of Kshs. 7,780,481,783 in respect of property, plant and equipment as disclosed in Note 21A to the financial statements. However, review of the provided information and documents revealed the following anomalies;</p>	<p>The management wrote a letter to the Parent Ministry requesting for the cost of GKB 062B and also to Athi Water Works Development Agency requesting for the costs of KBU 819T, KBU 822T, KBU 821T, KBU 857T and KBU 861T (See Appendix VI - Letters). Once these</p>	<p>Eng. Philip Gichuki MBS - Chief Executive Officer</p>	<p>The seven (7) motor vehicles have since been incorporated in the TWWDA Asset register.</p>	<p>Resolved</p>
2.1	<p>Incomplete Assets Register</p>				

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	The property, plant and equipment balance of Kshs. 7,780,481,783 include an amount of Kshs. 3,692,330 in respect of motor vehicles owned by the Agency. However, review of the asset register revealed that six (6) motor vehicles with an unknown value had not been recorded in the assets register. Further, a water bowser and several water tanks received from the parent Ministry were not included in the assets register.	costs are issued these motor vehicles will be included in the Agency asset register.			
2.2	Lack of Ownership Documents. The property, plant and equipment balance of Kshs. 7,780,481,783 also includes an amount of land of Kshs. 916,235,345 which in turn includes land valued at Kshs. 14,838,103 that was partly paid for and whose ownership documents had not been obtained. Further, as previously reported, the financial statements include an amount of Kshs. 4,202,829 for Kiawaiguru water tank project which was constructed in the financial year 2015/2016 and capitalized in the year 2017/2018. The land upon which the water tank is built was provided voluntarily to Tana Water Works	The management will fast track towards obtaining ownership documents for the parcels of land in question. The Kiawaiguru Tank is built on a parcel of land that was donated by a resident of Kiawaiguru Area, Mathira. The Donor passed on and the family does not reside in the area. The Agency has communicated to the family of the deceased through the area chief and a meeting has been organized so as to	Eng. Philip Gichuki, MBS - Chief Executive Officer Eng. Philip Gichuki, MBS - Chief Executive		

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	Development Agency. However, the ownership documents were not provided.	request for transfer of the title where the tank is built.	Officer		
2.3	<p>Inherited Assets from the Ministry and Tana Water Services Board.</p> <p>The Agency inherited several non-current assets from the Ministry of Water, Irrigation, National Water Conservation and Pipeline Corporation, which have not been incorporated in the Agency's financial statements. These assets include land and building (Maji House Nyeri), Water and Sewerage infrastructure assets of unknown value spread within its jurisdiction and fifteen motor vehicles.</p> <p>In addition, the property, plant and equipment balance include an amount of Kshs. 26,252,205 in respect of Kiambere – Mwingi Water Supply Project which is under the jurisdiction of Tanathi Water Works Development Agency but whose initial development cost was borne by Tana Water Services Board. Although the Board does not draw any benefits from Kiambere – Mwingi Water Project, the Agency continues to reflect as assets the cost of these assets in its books and charge annual depreciation on the assets.</p>	<p>The former MWI and NWC&PC transferred assets to TWWDA that were handed over to Water Service Providers. These assets have not been included in the financial statement because although the MWI contracted a consultant to undertake the valuation of assets and eventually handed over the draft valuation report, the value stated in the valuation report has not been formally agreed upon by the WSPs because some assets were not reflected in the valuation report. For this reason, the management of TWWDA has not officially tabled the report to the Board of Directors for adoption so that the assets can be included in the financial statements of the Agency.</p>	Eng. Philip Gichuki, MBS - Chief Executive Officer	<p>It is important to note that the handing over execution instruments by the Parent Ministry have not been verified. In addition, the Water Act, 2016 Regulations have not been gazetted. In this regard, the Agency is awaiting for the gazette of the Regulation and the verification of the handing over execution instruments to guide on the transfer of the assets and consequent value of the same assets.</p>	Immediately once the communication from the parent Ministry on the implementation of the transfer plan is received.

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs. 7,780,481,783 could not be confirmed.</p>	<p>It is important to note that the initial transfer plan has already expired. However, the MWI&S is mandated to gazette the revised transfer plan and guide the water institutions on the road map towards its implementation.</p> <p>TWWDA is therefore waiting for official communication from MWI&S on the implementation of the transfer plan.</p> <p>Kiambere Mwingi Water Project which falls under Tanathi Water Works Development Agency was developed by TWWDA. The exclusion of these assets from TWWDA Financial Statements shall be effected after the official transfer is carried out between the two Agencies. The official transfer of assets and</p>			

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		liabilities has not stalled but it is expected to take place in due course because the exercise involves the Board of Directors and TWWDA Board of Directors had deliberated on this matter.			
3.0	<p>Long Outstanding Borrowings. The statement of financial position reflects a balance of Kshs. 9,926,211,184 in respect of outstanding borrowings as disclosed in Note 24 to the financial statements. Included in this amount is long outstanding loan balance of Kshs. 3,373,390,407 out of which an amount of Kshs. 810,987,742 is for loan repayment arrears. Further, the loan repayment arrears has remained outstanding for 84 months and beyond as at 30 June, 2022.</p> <p>In the circumstances, failure to repay outstanding loans arrears when due exposes the Agency to penalties and fines on unremitted loan repayment arrears.</p>	The loan has not been serviced due to the new Water Act 2016 that created the Water Works Development Agencies replacing the Water Boards not having a framework to enables the Agencies to collect funds from Water Service Providers (WSPs) due to . In addition, the Water Act 2016 places WSPs under the County Government.	Eng. Philip Gichuki, MBS Chief Executive Officer	It is important to note that the handing over execution instruments by the Parent Ministry have not been verified. In this regard, the Agency is awaiting for the verification of the handing over execution instrument to guide on the transfer of the assets and consequent value of the same.	Immediately once the verification of the handing over execution instrument to guide on the transfer of the assets and consequent value of the same is done.
Other Matters					

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
1.0	<p>Budgetary Control and Performance. The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs. 264,055,603 and Kshs. 159,807,493 respectively resulting to an under – funding of Kshs. 104,248,110 or 39.5% of the budget. Similarly, the Agency expended Kshs. 253,922,812 against an approved budget of Kshs. 264,055,603 resulting to an under – expenditure of Kshs. 10,132,791 or 3.8% of the budget.</p> <p>The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	<p>The under expenditure is attributed to less recurrent grants received from the Parent Ministry. The management has been in communication with the parent Ministry to fast track disbursements of funds to avoid delays in project completions and ensure services delivery.</p>	<p>Eng. Philip Gichuki, MBS - Chief Executive Officer</p>	<p>The management has been in communication with the parent Ministry to fast track disbursements of funds to avoid delays in project completions and ensure services delivery.</p>	<p>Ongoing</p>
2.0	<p>Unresolved Prior Year Matters. In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and</p>	<p>• Project Verification Construction of Kanjogu Dam The dam is located inside MT. Kenya Forest. The Agency sought authority from Kenya Forest Service (KFS) to construct the dam inside the forest. However, KFS rejected. KFS has finally granted authority in November</p>	<p>Eng. Philip Gichuki, MBS - Chief Executive Officer</p>	<p>The management is awaiting for the addendum to the special user licence from KFS. The average overall project completion rate is 10% for both Thambo and</p>	<p>Ongoing</p>

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>confirmed by The National Treasury's Circular Ref: PSASB/1/12 Vol. 1(44) of 25 June 2019.</p>	<p>2021 for the construction of the dam and the works will commence.</p> <p>Construction of Thambo dam The dam is located inside MT. Kenya Forest. The Agency sought authority from Kenya Forest Service (KFS) to construct the dam inside the forest. However, KFS rejected. KFS has finally granted authority in November 2021 for the construction of the dam and the works will commence.</p> <p>Construction of Nkubiu Mulika Water Project The project was an extension of supply line from the existing old intake at Thanantu river. The scope of Work for Phase I was to Supply, lay and join different sizes (225mm/110mm) of uPVC pipes for approximately 2.5km. Installation of Hydraulic Valves and construction of Valve Chambers and River crossings. This was as per the available budget. The proposal for phase 2 will consist</p>		<p>Kanjogu dams with the site clearance completed. The expected completion date was revised to 29th June 2023 further, the contractor has sought for extension of time.</p> <p>The Agency is awaiting for approval of the proposed budget for phase II from the Parent Ministry.</p>	

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>of extension of 3km main pipeline, 2no storage tanks and 8km distribution pipelines. Budget for these works have been forwarded to the Ministry for consideration.</p> <p>Kietherani Rock Catchment</p> <p>The management wishes to state that water is not supplied by a pipeline but the community gets water by use of containers and have a timetable for the activity.</p> <p>• Non-Compliance with National Cohesion and Integration Act, 2008.</p> <p>TWWDA is committed and has put the following measures in place to comply with the national representation of all the national diversities and the set policies and regulations.</p> <ul style="list-style-type: none"> • To advertise all the vacancies in 		<p>The Agency is developing a proposal for funding of pipeline extension of approximately 2km and construction of a water kiosk to reduce the distance that the beneficiaries cover to access the water.</p> <p>This is an ongoing process; to this effect, the management has recruited one (1) engineering assistant and two (2) interns who are not from the dominant ethnic community. In every recruitment, the management will endeavour to reduce the</p>	

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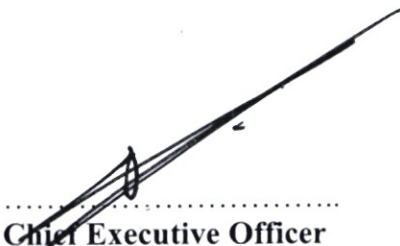
Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>print media to enable all qualified Kenyans to apply.</p> <ul style="list-style-type: none"> To ensure that when vacancies arise people from all diversities e.g. women, youth marginalized and person with disabilities are given equal opportunities <p>However, its important to note that recruitment process is carried out under competitive environment and therefore only successful candidates are engaged.</p>		percentage to the required ratio.	

Report on lawfulness and effectiveness in use of public resources

1.0	<p>Delayed Projects Implementation</p> <p>During the year under review, twenty (20) projects with a contract sum of Kshs. 1,104,126,540 were verified in the month of November, 2022 out of which eighteen (18) projects with a contract sum of Kshs. 728,662,288 had satisfactory progress. However, two (2) projects with a total contract sum of Kshs. 375,464,252 whose contracts were signed on 30 November, 2020, with completion dates of 29 June, 2022 and completion</p>	<p>The delay in commencement of construction work of both Thambo and Kanjogu dam was occasioned by a forest moratorium imposed by Kenya Forest Service (KFS). KFS finally granted the authority for the construction of the dams and the Special Use License. Thus, the Project commencement date was revised to 29th</p>	Eng. Philip Gichuki, MBS Chief Executive Officer	<p>The management is awaiting for the addendum to the special user licence from KFS. The average overall project completion rate is 10% for both projects with the site clearance</p>	ongoing
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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>dates revised to 29 June, 2023, were 90% incomplete or 10% done. The Management explained that the delay was caused by delay in obtaining approval from Kenya Forest Service for implementation of the projects inside the forest.</p> <p>In the circumstances, the public did not benefit from the two projects as intended.</p>	<p>June 2022 and completion date to 29th June 2023. Additionally, the other projects works have yet to be commissioned and are ongoing.</p>		<p>completed. The expected completion date was revised to 29th June 2023 further, the contractor has sought for extension of time.</p>	
2.0	<p>Staff Ethnic Diversity</p> <p>A review of human resource records revealed that during the year under audit, the Agency had ninety-four (94) employees out of which seventy-seven (77) or 82% were from one dominant community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>The management will endeavour to address the gap in future recruitments</p>	<p>Eng. Philip Gichuki, MBS Chief Executive Officer</p>		<p>Ongoing</p>

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 Chief Executive Officer
 Eng. Philip Gichuki, MBS

Date 08/01/2024

APPENDIX II : PROJECTS IMPLEMENTED BY TANA WATER WORKS DEVELOPMENT AGENCY

Projects implemented by the Agency funded by development partners

	Project title	Project Number	Donor	Period/ duration	Donor/GoK commitment (Kshs)	Separate donor reporting (Yes/No)	Consolidated in the Financial Statement
A	AfDB - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1	Kerugoya Kutus Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,301,651,496	Yes	Yes
2	Kerugoya Kutus Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	544,099,510	Yes	Yes
3	Chuka Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	606,550,711	Yes	Yes
4	Chuka Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	472,960,411	Yes	Yes
5	Chogoria Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	645,288,468	Yes	Yes
6	Chogoria Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	449,442,491	Yes	Yes
7	Meru Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,138,500,000	Yes	Yes
8	Mandera Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,752,581,600	Yes	Yes
9	Mandera Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	978,871,630	Yes	Yes
10	Marsabit Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	740,006,322	Yes	Yes
11	Marsabit Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,270,403,927	Yes	Yes
12	Murang'a Urban Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	57,500,000	Yes	Yes
13	Murang'a South Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	34,500,000	Yes	Yes
14	Othaya Sewerage Project	ID NO.P-KE-E00-011	AfDB	10 Months	69,000,000	Yes	Yes
15	Isiolo Town Water Supply and Sewerage	ID NO.P-KE-E00-011	AfDB	10 Months	115,000,000	Yes	Yes
16	Garisa Town Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	230,000,000	Yes	Yes
17	Institution Support	ID NO.P-KE-E00-011	AfDB	6 Months	410,300,000	Yes	Yes
18	Climate Change Adaptation	ID NO.P-KE-E00-011	AfDB	6 Months	181,500,000	Yes	No
	Total				10,998,156,567		

	Project title	Project Number	Donor	Period/ duration	Donor/GoK commitment (Kshs)	Separate donor reporting (Yes/No)	Consolidated in the Financial Statement
B	ADF - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1	Nanyuki Water and Sewerage Project	ID NO, P-KE-E00-011	ADF	18 Months	80,000,000	Yes	Yes
	Total				80,000,000		
	Grand Total				11,078,156,567		

Status of Projects Completion

	Project title	Total project Cost Ksh	Total expended to date (Kshs)	Completion % to date	Budget (Kshs)	Actual (Kshs)	Sources of Fund
A.	AfDB Kenya Towns Sustainable Water Supply and Sanitation						
1	Kerugoya Kutus Water Supply Project	1,301,651,496	1,062,411,048	89%	245,974,000	242,747,800	AfDB
2	Kerugoya Kutus Sewerage Project	544,099,510	406,380,023	92%	190,000,000	73,177,825	AfDB
3	Chuka Water Supply Project	606,550,711	441,232,820	75%	312,000,000	128,451,644	AfDB
4	Chuka Sewerage Project	472,960,411	366,962,636	77%	226,930,000	39,032,748	AfDB
5	Chogoria Water Supply Project	645,288,468	649,061,206	100%	150,000,000	170,219,311	AfDB
6	Chogoria Sewerage Project	449,442,491	251,157,799	89%	232,036,000	47,150,591	AfDB
7	Meru Sewerage Project	1,138,500,000	555,770,651	62%	341,000,000	83,894,765	AfDB
8	Mandera Water Supply Project	1,752,581,600	1,090,821,620	59%	203,000,000	2,488,379	AfDB
9	Mandera Sewerage Project	978,871,630	825,954,800	73%	135,000,000	110,058,283	AfDB
10	Marsabit Water Supply Project	740,006,322	610,142,461	96%	135,000,000	96,947,328	AfDB
11	Marsabit Sewerage Project	1,270,403,927	941,060,215	88%	15,000,000	100,000,313	AfDB
12	Murang'a Urban Water Supply	57,500,000	55,068,004	100%	5,000,000	-	AfDB
13	Murang'a South Water Supply	34,500,000	26,819,369	100%	8,000,000	670,484	AfDB
14	Othaya Sewerage	69,000,000	70,760,404	100%	14,000,000	16,117,236	AfDB
15	Isiolo Town Water Supply & Sewerage	115,000,000	49,683,749	100%	29,801,000	-	AfDB
16	Garisa Town Water Supply	230,000,000	171,146,599	100%	53,233,000	26,921,694	AfDB
17	Institution Support	410,300,000	40,161,227	50%	205,000,000	24,161,227	AfDB
18	Climate Change Adaptation	181,500,000	-	-	-	-	AfDB
19	ERP	-	55,332,309	70%	-	46,149,045	AfDB
20	Exhauster	-	76,289,654	100%	-	-	AfDB
	Total	10,998,156,567	7,746,216,594		2,500,974,000	1,208,188,668	

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Fund
B.	ADF Kenya Towns Sustainable Water Supply and Sanitation						
1	Nanyuki Water and Sewerage Project	80,000,000	29,479,808	85%	80,000,000	14,686,958	ADF
	Total	80,000,000	29,479,808		80,000,000	14,686,958	
	Grand Total	11,078,156,567	7,775,696,402		2,580,974,000	1,222,875,626	



Appendix III: Inter – Entity Transfers

Entity name		Tana Water Works Development Agency		
Break down of transfers from the Ministry of Water, Sanitation & Irrigation				
FY 2022/2023				
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
		27-07-2022	14,416,667	FY 2022/2023
		09-09-2022	14,416,667	FY 2022/2023
		06-10-2022	14,416,667	FY 2022/2023
		15-11-2022	14,416,667	FY 2022/2023
		13-12-2022	14,416,666	FY 2022/2023
		05-01-2023	14,416,666	FY 2022/2023
		07-02-2023	14,416,667	FY 2022/2023
		23-03-2023	14,416,667	FY 2022/2023
		14-04-2023	14,416,667	FY 2022/2023
		06-06-2023	14,416,667	FY 2022/2023
		26-06-2023	14,416,667	FY 2022/2023
	Total		158,583,335	
b.	Development Grants			
1.	National Water Harvesting and Ground Explorations Programme	29-09-2022	14,500,000	FY 2021/2022
		Sub Total	14,500,000	
2.	Cross County Water Project	29-09-2022	16,450,000	FY 2021/2022
		Sub Total	16,450,000	
3.	ADB Kenya Towns	30-09-2022	125,000,000	FY 2022/2023
		12-10-2022	125,000,000	FY 2022/2023
		Sub Total	250,000,000	
4.	Rehabilitation of Water Projects	30-09-2022	25,000,000	FY 2022/2023
		22-11-2022	25,000,000	FY 2022/2023
		Sub Total	50,000,000	
5.	Water for Schools		31,500,000	FY 2021/2022
		27-9-2022	28,035,798	FY 2018/2019
		29-9-2022	2,000,000	FY 2022/2023
		Sub Total	31,535,798	
6.	Maua Water Drainage Project	30-09-2022	25,000,000	FY 2022/2023
		12-10-2022	25,000,000	FY 2022/2023
		Sub Total	50,000,000	
7.	Water Projects	30-09-2022	27,000,000	FY 2022/2023
	Water Projects	22-11-2022	27,000,000	FY 2022/2023
	Total		54,000,000	

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		Bank Statement Date	Amount (Kshs)	FY to which the amounts relate
8	Ngariama Njuki-ini Water Project	07-07-2022	50,000,000	FY 2021/2022
9	NRW Water	06-12-2022	20,000,000	FY 2022/2023
	Total Development Grants		566,485,798	
b.	Direct Payments			
	TWWDA	Date Disbursement Request Submitted to MWS&I	Amount (Kshs)	FY to which the amounts relates
	222	25-07-2022	29,913,914	FY 2022/2023
	223	25-07-2022	4,869,707	FY 2022/2023
	224	04-08-2022	32,652,325	FY 2022/2023
	225	25-08-2022	20,844,928	FY 2022/2023
	226	21-09-2022	32,300,635	FY 2022/2023
	227	21-09-2022	8,075,159	FY 2022/2023
	228	21-09-2022	38,460,395	FY 2022/2023
	229	21-09-2022	6,260,995	FY 2022/2023
	234	27-10-2022	58,233,226	FY 2022/2023
	235	27-10-2022	24,957,097	FY 2022/2023
	236	21-11-2022	23,694,834	FY 2022/2023
	237	21-11-2022	5,923,709	FY 2022/2023
	240	21-11-2022	29,145,814	FY 2022/2023
	241	21-11-2022	4,744,667	FY 2022/2023
	244	28-11-2022	25,219,934	FY 2022/2023
	245	28-11-2022	37,829,901	FY 2022/2023
	257	09-01-2023	61,170,094	FY 2022/2023
	258	09-01-2023	26,215,755	FY 2022/2023
	260	02-02-2023	8,012,245	FY 2022/2023
	261	01-02-2023	549,797	FY 2022/2023
	262	01-02-2023	120,687	FY 2022/2023
	264	08-02-2023	46,214,466	FY 2022/2023
	265	08-02-2023	7,523,285	FY 2022/2023
	268	22-02-2023	35,251,618	FY 2022/2023
	269	22-02-2023	8,812,905	FY 2022/2023
	270	07-03-2023	23,664,000	FY 2022/2023
	271	27-03-2023	16,117,236	FY 2022/2023
	272	27-03-2023	22,910,049	FY 2022/2023
	273	27-03-2023	5,727,512	FY 2022/2023
	274	27-03-2023	12,078,270	FY 2022/2023
	275	27-03-2023	266,000	FY 2022/2023



		Date Disbursement Request Submitted to MWS&I	Amount (Kshs)	FY to which the amounts relates
	TWWDA			
	278	16-05-2023	28,757,344	FY 2022/2023
	279	16-05-2023	7,189,336	FY 2022/2023
	282	18-05-2023	42,237,739	FY 2022/2023
	283	18-05-2023	18,101,888	FY 2022/2023
	284	19-06-2023	21,386,942	FY 2022/2023
	285	19-06-2023	5,346,735	FY 2022/2023
	286	19-06-2023	42,666,863	FY 2022/2023
	287	19-06-2023	10,666,716	FY 2022/2023
	Sub Total		842,275,953	
	NWWDA- Direct Payments			
	230	26-09-2022	2,699,437	FY 2022/2023
	231	21-11-2022	3,828,100	FY 2022/2023
	232	21-11-2022	3,374,296	FY 2022/2023
	233	21-11-2022	4,785,125	FY 2022/2023
	238	21-11-2022	23,983,454	FY 2022/2023
	239	21-11-2022	23,983,454	FY 2022/2023
	242	21-11-2022	25,509,947	FY 2022/2023
	243	21-11-2022	25,509,946	FY 2022/2023
	246	02-12-2022	4,976,757	FY 2022/2023
	249	13-12-2022	41,983,217	FY 2022/2023
	250	13-12-2022	55,977,622	FY 2022/2023
	251	13-12-2022	6,603,236	FY 2022/2023
	252	13-12-2022	6,893,484	FY 2022/2023
	253	16-12-2022	53,784,952	FY 2022/2023
	254	16-12-2022	53,784,952	FY 2022/2023
	256	09-01-2023	16,000,000	FY 2022/2023
	266	08-02-2023	17,348,327	FY 2022/2023
	267	17-02-2023	9,573,367	FY 2022/2023
	277	27-03-2023	8,161,227	FY 2022/2023
	Sub Total		380,599,673	
	Total Direct Payments		1,222,875,626	

Head of Finance & Resource Mobilization
Tana Water Works Development Agency

Head of Accounting Unit
Ministry of Water, Sanitation
& Irrigation

ANNEX I

Agency Administrative Cost Fee Arrears collected During The Reporting Period

	2022/2023	2021/2022
WSP Company	Amount (Kshs)	Amount (Kshs)
Embe	-	200,000
Kahuti	1,100,000	1,000,000
Murang'a South	100,000	2,750,000
Nithi	-	204,886
Tetu-Aberdare	190,000	570,000
Tuuru	200,000	100,000
Naromoru	-	180,000
Sub Total	1,590,000	5,004,886
Nyeri Water and Sanitation*	47,200,000	-
Sub Total	47,200,000	-
Grand Total	48,790,000	5,004,886

**This money is earmarked for implementation of Chaka Baraka Tagua Water Project as per the terms of MOU.*

ANNEX II

(A) Trade Debtors as at 30 June 2023

	2022/2023	2021/2022
WSPs Company	AMOUNT (Kshs)	AMOUNT (Kshs)
Embe	572,885	572,885
Embu	73,169,455	73,169,455
Gatamathi	6,395,840	6,395,840
Imetha	7,962,466	7,962,466
Kahuti	4,690,232	5,790,232
Kathita Gatunga	934	934
Kirinyaga	16,743,785	16,743,785
Mathira	34,116,395	34,116,395
Meru	51,135,957	51,135,957
Murang'a	49,922,918	49,922,918
Murang'a South	20,699,784	20,799,784
Ngandori Nginda	14,641,753	14,641,753
Nyeri	5,729,735	52,929,735
Othaya Mukurwe-ini	23,975,157	23,975,157
Ruiru Thau	409,839	409,839
Tetu Aberdare	1,734,433	1,924,433
Tuuru	5,655,379	5,855,379
Naromoru	1,192,564	1,192,564
Sub Total	318,749,511	367,539,511
LESS: 10% General Provision for Bad and Doubtful Debts	(31,874,951)	(36,753,951)
Net Trade Debtors	286,874,560	330,785,560

(B) Exhauster & Water Bowser Debtors as at 30 June 2023.

Nyeri Water Company	17,000	17,000
Nyeri County Government	71,000	71,000
Tharaka Nithi County	600,000	600,000
Othaya Mukurwe-ini Water Company	7,000	7,000
Murang'a Water Company	1,576,378	1,576,378
Mukurwe-ini Sub County Dispensary	28,000	28,000
Embu	60,000	60,000
Sub Total	2,359,378	2,359,378
Grand Total	289,233,938	333,144,938

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Annex III**

Payroll debtors (Salary Surcharge) as at 30th June 2023

		FY 2022/2023	FY 2021/2022
Name of Officer	P/No	AMOUNT (Kshs)	AMOUNT (Kshs)
Michael Mabumba		60,796	86,860
Josephat Onserio		-	71,055
SUB TOTAL		60,796	157,915

ANNEX V

List of Creditors as at 30 June 2023

Details	FY 2022/2023 Amount (Kshs)	FY 2021/2022 Amount (Kshs)
A. RECURRENT		
Employee Payables		
Payroll Liabilities	23,617,119	-
Staff Airtime Allowances	992,000	-
Staff Allowances	1,552,192	
Sub Total	26,161,311	
Other Payables		
Directors Liabilities	2,988,458	-
Insurance Liability	973,135	-
Sub Total	3,961,593	
Trade Payables		
Kenya National Audit Office	1,160,000	1,160,000
Rentokil Initials	137,616	15,538
King'ong'o Junction	-	224,523
Wells Fargo	2,342,620	-
Fargo Courier	229,572	-
Fidco Chemicals	400,464	-
Ice Clean Group Company	168,348	-
Solidarity Building	184,200	-
Eland Safari Hotel	2,393,680	-
Palean Security	590,839	-
Ryanada Limited	100,238	-
Kenya Bureau of Standards	184,208	-
Megatech Solutions Ltd	188,240	-
Kenya Prison Industries Fund	593,400	-
Bantu Africa Resort Ltd	60,000	-
Public Society of Kenya	10,000	-
Institute of Human Resource	7,000	-
Intitution of Certified Public Secreatries	12,500	-
Law Society of Kenya	42,720	-
Institute of Economic Affairs	10,000	-
Bulltex Emporium Co Ltd	30,400	-
Nyeri Club	80,000	-
Retreat Ltd	204,330	-
Bermwaki Africa	4,945	-
Global Solutions	80,000	-
Peaks Hotel	602,000	-
Sub Total	9,817,320	1,400,061
Page Total	39,940,224	1,640,122

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	FY 2022/2023	FY 2021/2022
Details	Amount (Kshs)	Amount (Kshs)
Gimax Media Ltd	428,100	-
Afri Data Business Software	294,260	-
PMAK Kenya	92,800	-
Nyewasco	19,040	-
Kenya Power & Lightning Company	58,343	-
Safaricom PLC	55,680	-
Blue Osmium	218,080	-
Kenya Literature Bureau	188,500	-
Sparclean Enterprises	29,500	-
Mpeta Guest House	154,000	-
Maintenance of Building	33,900	-
Ibrahims Bulls Enterprises	59,800	-
H & A Consulting Ltd	1,950,000	-
Information Systems Audit	22,828	-
Sub Total	3,604,831	-
Total (A)	43,545,055	1,400,061
B. DEVELOPMENT		
Total Energies	1,580,182	-
CMC Motors Group	291,499	-
King'ong'o Junction Garage	490,680	-
CFAO Motors	125,120	-
Fast Choice	373,900	-
Rozmun Autocare	469,500	-
Automobile Association of Kenya	142,240	-
Kingsway Tires Ltd	306,400	-
Thika Motor Dealers	31,595	-
Nation Media Group	1,248,160	-
Eland Safari Hotel	3,728,150	-
Central Water Company	1,020,836	-
Petalite Peridot Co. Ltd	10,246,625	-
Tantalum FL Limited	1,325,520	-
Flexolink Limited	4,722,794	-
Spetarian Sunstone Limited	1,683,000	-
Saffron Ventures Ltd	4,680,600	-
Lavarock Investment Limited	18,104,282	-
Exporthydro Pumps	3,941,700	-
Maji Africa Ltd	13,802,811	-
Kassim Investments	185,566	-
Sub Total	68,501,160	-

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	FY 2022/2023	FY 2021/2022
Details	Amount (Kshs)	Amount (Kshs)
Power & Solar Group Ltd	838,760	-
AMG Sagrin Ltd	3,554,208	-
Bavco Engineering Ltd	4,305,000	-
Dido and Sons	20,877,468	-
Insta Pumps Engineering Ltd	1,300,040	-
Robinson Githui Kariuki	1,419,590	-
East Africa Aquatech Drilling Ltd	2,066,772	-
Samura engineering Limited	1,898,000	
Octagon Builders Company Ltd	1,452,500	
MFI Document Solutions	1,220,180	
Mamo Graphics Stationers	207,220	
Labrana Enterprises Ltd	78,660	
National Land Commision	131,000	-
Radio Thome	327,120	-
Tiles and Carpet Ltd	108,475	-
Albatross Aviation Limited	1,751,310	-
Danco Capital Ltd	177,693	-
The Standard Group	777,200	-
Visrom Company Ltd	7,320,561	-
Peaks Hotel	1,706,400	-
Mountain Breeze Hotel Ltd	210,000	
NEEMA	268,100	
Trans Africa Water Systems	7,801,531	
GIKS Rewinders Ltd	401,892	
Nyewasco	353,193	
Caymal Technologies Enterprises	779,520	
Marsabit Central Construction Ltd	903,282	
Waki Clearing and Forwarding	331,743	
Engi Consult Limited	12,343,149	
Doritex Investment Ltd	161,964	
Staff Allowances	65,139,834	-
Directors Liabilities	3,124,673	
Ranju Ltd	17,465,778	-
Macplan Engineering	19,165,404	-
Mazingira & Engineering Consultants Ltd	267,120	267,120
Global View Associate	128,310	128,310
Mithega K & Advocates	1,830,164	1,830,164
Gichuhi Mwangi	614,217	614,217
Land*	108,655,304	108,655,304
Sub Total	291,463,335	2,839,811
Total (B)	359,964,495	111,495,115
Grand Total (A+B)	403,509,550	112,895,176

**This relates to pending land cost acquired for implementation of ADB Funded Projects as follows;*

i. Chuka Sewerage Infrastructure

Date	Particulars	Amount (Kshs)
27-May-20	Henry Kithinji - Land LR. Karingani/Ndagani/1938	323,485
27-May-20	Jediline Muthoni - Land LR. Karingani/Ndagani/1938	228,457
27-May-20	Eliphira Kanyua - Land LR. Karingani/Ndagani/1938	180,127
27-May-20	Janet Mwendu - Land LR. Karingani/Ndagani/1938	180,127
27-May-20	Purity Murugi - Land LR. Karingani/Ndagani/1938	180,127
11-Jun-20	Julius Mbabu Findenzio- Land LR. Karingani/Ndagani/11546	392,897
27-May-20	Mary Njeri - Land LR. Karingani/Ndagani/1938	108,608
	Total	1,593,828

ii. Chogoria Sewerage Infrastructure

Date	Particulars	Amount (Kshs)
17-Mar-20	Ashford Miti Mjuriangi - Land LR.WIMBI/KIRARO/665	533,747
7-Apr-20	Maingi Chambari - Land LR.WIMBI/KIRARO 657	854,063
7-Apr-20	Japhet Mwambia Mukinda - Land LR.WIMBI/KIRARO/732	1,174,245
7-Apr-20	Julian Riungu - Land LR.WIMBI/KIRARO/599	2,348,500
7-Apr-20	Beatrice Nkuene - Land LR.WIMBI/KIRARO/655	640,497
14-Sep-20	Hellen Kaburi Kairenya -L.R No Mwimbi/KIRARO/147	480,000
14-Sep-20	Wilfed Micheni Kiaranya -L.R No 147	239,572
14-Sep-20	Nicholas Riungu Kairanya -L.R No Mwimbi/KIRARO/147	239,572
14-Sep-20	Japhet Kariuki Kairanya -L.R No Mwimbi/KIRARO/147	239,572
14-Sep-20	James Kairanya -L.R No Mwimbi/KIRARO/147	719,572
14-Sep-20	Caroline Wanja Nkonge -L.R No Mwimbi/KIRARO/276	30,000
14-Sep-20	Wilson Mutembe Nkiria -L.R No Mwimbi/KIRARO/652	344,267
14-Sep-20	Frank Kirugara S Kathimbu -L.R No Mwimbi/KIRARO/273	884,687
14-Sep-20	Timothy Mugendi Kathenya - L.R No Mwimbi/KIRARO/744	195,251
14-Sep-20	Calumen Kangai Kaithenya - L.R No Mwimbi/KIRARO/744	84,000
14-Sep-20	Kimathi Kathenya - L.R No Mwimbi/KIRARO/744	195,251
01-09-21	Catherine Kathure Marete	2,937,930.00
	Total	12,140,726

iii. Chogoria Water Project

Date	Particulars	Amount (Kshs)
16-02-22	Loyd Nyaga - LR MWIMBI/CHOGORIA/3882	600,000
	Total	600,000

iv. Marsabit Sewerage Infrastructure

Date	Particulars	Amount (Kshs)
13-Mar-20	Saleh Salim M Addulla- Land LR. Marsabit/Mountain/538	29,652,000
13-Mar-20	Hassan Salim Mohamed- Land LR. Marsabit/Mountain/56	29,652,000
25-Jan-22	Abubakar Salim Baslum- Land LR. Marsabit/Mountain/539	27,817,650
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/1059	771,000
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/592	481,860
24-05-22	Fatuma Bagaja - Land L.R Marsabit/Mountain/53	1,927,440
24-05-22	Omar Salim - Land L.R Marsabit/Mountain/1912	771,000
23-06-22	Soke Ote Soke- Land LR Marsabit/Mountain/2647	1,734,720
23-06-22	Ali Elema Kapchowa- Land LR Marsabit/Mountain/1911	877,020
23-06-22	Hibro Huka- Land LR Marsabit/Mountain/1912.	636,060
	Total	94,320,750
	Grand Total	108,655,304

