

REPUBLIC OF KENYA



REPORT

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**IMPROVING PUBLIC HEALTH AND
ENHANCING TECHNICAL SKILLS OF YOUTH
IN KENYA THROUGH SANITATION
TECHNOLOGY TRANSFER PROJECT GRANT
NO. 100000034**

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



**PROJECT NAME: IMPROVING PUBLIC HEALTH AND ENHANCING TECHNICAL
SKILLS OF YOUTH IN KENYA THROUGH SANITATION TECHNOLOGY TRANSFER
PROJECT**

IMPLEMENTING ENTITY: KENYA WATER INSTITUTE

PROJECT GRANT/CREDIT NUMBER: 100000034

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED

30 JUNE 2025

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

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

TABLE CONTENTS

1. Acronyms, Abbreviations and Glossary of Terms	ii
2. Project Information and Overall Performance	iii
3. Statement of Performance Against Project’s Predetermined Objectives	xii
4. Environmental and Sustainability Reporting	xiv
5. Statement of Project Management Responsibilities.....	xix
7. Statement Of Financial Performance for the Year Ended 30 th June 2025.....	1
8. Statement of Financial Position as at 30 th June 2025	2
9. Statement of Changes in Net Assets	3
10. Statement Of Cashflow for the year ended 30 th June 2025.....	4
11. Statement of Comparative Budget and Actual Amounts for the year ended June 30, 2025.....	5
12. Notes to the Financial Statements.....	6
13. Annexes	20

1. Acronyms, Abbreviations and Glossary of Terms

KEWI	Kenya Water Institute
SAGA	Semi-Autonomous Government Agency
CEO	Chief Executive Officer
AIA	Appropriation-in-Aid
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
IPC	Interim Payment Certificate
AfDB	African Development Bank
SATO	Low-cost safe pit latrines
GTS	Green Toilet System
IPSAS	International Public Sector Accounting Standards
PFM ACT	Public Finance Management Act, 2012
WIP	Work in Progress
ICPAK	Institute of Certified Public Accountants of Kenya
Comparative FY	Financial year preceding the current financial year

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project.

Objective

The objective of the project is to contribute to SDG 6, where Kenya has committed itself to achieve access to adequate and equitable sanitation and hygiene for all. Specifically, the proposed project is to improve sanitation services and promote water saving sanitation technologies in peri-urban and rural areas of Kenya- at community, school and household level. This will be done through enhancing technical skills of youth and women with an aim to create job opportunities

Address

The project headquarters offices are Nairobi, Nairobi County, Kenya.

The address of its registered office is Kenya Water Institute, Ole Shapara Avenue; P.O Box 60013 – 00200 Nairobi, Kenya.

Contacts: The following are the project contacts

Telephone: (254) 0722207757

E-mail: info@kewi.or.ke

Website: www.kewi.go.ke

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Project Information and Overall Performance (Continued)

2.2 Project Information

Project Start Date:	The project start date is 17 12 2021
Project End Date:	The project end date is 30 09 2025
Project Manager:	The project manager is Mr. Nelson Kwamini
Project Sponsor:	The project sponsor is African Development Bank

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water Sanitation and Irrigation.
Project number	G-KE-E00-TRN
Strategic goals of the project	The strategic goals of the project are as follows: To improve sanitation services and promote water saving sanitation technologies in peri-urban and rural areas of Kenya- at community, school and household levels.
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Training of Trainers and Development of curriculum and Training Materials. (ii) Training of Women, Youth, Farmers, Community Health Workers and Manual Septage Emptiers (iii) Implementation of low-cost safe pit latrines (SATO toilets) and pilot (Green Toilet Systems) GTS projects (iv) Knowledge Management and Publicity
Other important background information of the project	The proposed project will train KEWI staff who will be the trainers of the improved and water saving sanitation technologies and transfer sanitation technologies to youth and women. Over the project lifetime, the following will be trained > 20

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

	<p>KEWI and Oololaiser Water and Sewerage Company staff > 800 women and youth in low-cost safe pit latrines > 20 youth in GTS(including manual septage emptiers) > 6 Community Health Workers > 50 local farmers how to use fertilizer made from human waste Pilot projects will be implemented in 5 selected communities (2 for GTS in Tharaka Nithi County and in a peri-urban area (Kiserian Township) and 3 for low cost safe pit latrines in Tharaka Nithi, Kisumu and Kitui Counties).</p> <p>The project benefits include: (a) sanitation technology enhancement of KEWI and Oololaiser Water and Sewerage Company Limited staff, women and youth; (b) improved sanitation services and reduced water pollution leading to improvement of the public health in pilot project areas; (c) increased job opportunities/ income generation for women and youth; and (d) increased knowledge on implementation of sanitation projects in peri-urban and rural areas.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) Improving public health (ii) Training of youth & women through sanitation technology transfer
<p>Project duration</p>	<p>The project started on 17th December 2021 and is expected to run until 30 September 2025.</p>

Project Information And Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current period:

- (i) KCB Bank – A/C no.1169807860

2.5 Auditors

The project is audited by the Office of the Auditor General.

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Nelson Kwamini	Deputy Director, Research, Consultancy & Technical Services	Master in Business Administration (Strategic Management, Bachelor of Education - Sciences	Project Coordinator
Beatrice Langat	Senior Principal Research, Strategy & Performance Management Officer	Master of Science- Environmental Science, Bachelor Science Environmental Science	Assistant Project Coordinator
William Oduor	Senior Lecturer	Bachelor of Science in Water and Environmental Engineering	Monitoring and Evaluation Officer

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Paul Rarieya	Principal, Chiakariga Campus	Master of Science in Environmental Science, Bachelor of Science in Meteorology,	Environment Officer
Matara Kaburi	Principal, Kitui Campus	Bachelor of Science (Electrical Engineering)	Social Safeguards Officer
Elvis Mwangi Songa	Manager Finance & Accounts	Master of Business Administration, Bachelor of Commerce Finance, Certified Accountants Final Examination, ICPAK, ICM(K) Certified Credit	Project Accountant
Peter Maina	Principal Supply Chain Management Officer	Master of Science in Procurement and Contract Management, Bachelor of Business Administration	Project Procurement Officer
Dr. Kimeli M. Chirchir	Deputy Director, Corporate Services	Doctor of Philosophy in Business Administration and Management, Master of Business Administration, Bachelor of Arts	Co-opted Member

2.7 Funding summary

The Project is for duration of four years from 2021 to 2025 with an approved budget of USD 960,080 equivalent to KShs 96,080,000 as highlighted in the table below:

Project Information and Overall Performance (Continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Development Partner Commitment		Amount received to date – (30 th June 2025)		Undrawn balance to date	
	Development Partner currency	KShs	Development Partner currency	KShs	Development Partner currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant						
African Development Bank	960,080	96,080,000	592,950	79,769,295	367,850	44,142,028
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
	960,080	96,080,000	592,950	79,769,295	367,850	44,142,028

Note: The Exchange rate as at May 2023 (when first disbursement was done) was 135.38

Note: The Exchange rate for undrawn balance is estimated at 120

Note: The amount received to date includes USD 381,406.32 disbursed to the Special Account and USD 211,542.93 settled through Direct payments.

Project Information and Overall Performance (Continued)

B. Application of Funds

Application of funds	Amount received to-date – (30 th June 2025)		Cumulative amount paid to-date – (30 th June 2025)		Unutilized Balance – (30 th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
African Development Bank	381,407	51,130,612	363,178	48,773,331	18,229	2,357,573
(ii) Counterpart funds						
Government of Kenya	-	-	-	-	-	-
Total	381,407	51,130,612	363,178	48,773,331	18,229	2,357,573

Note: The table captures only the project special account transactions

Note: The Exchange rate as at May 2023 (when first disbursement was done) was 135.38

Note: The Exchange rate as at June 2025 (when 2nd disbursement was done) was 129.22

Project Information and Overall Performance (Continued)

2.8 Summary of Overall Project Performance:

- i) Budget performance against actual amounts for current period and for cumulative to-date, During this FY- 2024/2025, the project had a budget of Ksh 86,000,00. As at the period ended 30th June 2025, the actual expenditure was Kshs 85,988,065.16, Kshs 37,214,734.16 being direct payment and Kshs 48,773,331 being payment from the project special account.

Summary of the Direct payments is as follows;

S/NO.	CONTRACTOR	AMOUNT
1	Francis Venzi Simion	919,500.00
2	Hakmoh Enterprises	1,646,910.00
3	Asfia Investment Ltd	4,595,222.07
4	Linked Investment Ltd	9,873,874.13
5	Francis Venzi Simion	1,839,000.00
6	Hakmoh Enterprises	9,764,176.23
7	Monana Agency Ltd	1,057,086.21
8	Multiline Motors (K) Ltd	7,518,965.52
		37,214,734.16

- ii) Physical progress based on outputs, outcomes and impacts since project commencement

Compenent	Outcome
Component 1: Training of Trainers and Development of Training Materials	A total of 16 trainers were trained
Component 2: Training of Women and Youth	A total of 800 youth was trained
Component 3: Implementation of Pilot Projects	95%
Component 4: Knowledge Management and Publicity	Data disseminated in various schools around the project implementation areas Research paper and findings disseminated across the country

- iii) Indicate the absorption rate for each year since the commencement of the project.

FY	Budget (Ksh)	Actual Amount (Ksh)	% Absorption
2022/2023	246,080,000	-	0
2023/2024	68,000,000	53,140,042	78
2024/2025	86,000,000	32,846,026	38

- iv) List the implementation challenges and recommended way forward.
- Mobility issues - the projects is being implemented in different parts of the country; Chiakariga, Kitui, Kajiado & Kisumu. Movement to these areas for supervision purposes is a challenge.
 - Delayed payments - the contractors have raised their IPCs but to date none has been paid.

2.9 Summary of Project Compliance:

- i) Include significant cases of non-compliance with applicable laws and regulations, and essential external financing agreements/covenants
- The project has complied with applicable laws and regulations, and essential external financing agreements/covenants.
- ii) Include consequences suffered on account of non-compliance or likely to be suffered.
- There are no consequences suffered since the project has complied with applicable laws and regulations, and essential external financing agreements/covenants.
- iii) Indicate mitigation measures taken or planned to be taken to alleviate the adverse effects of actual or potential consequences of non-compliance.
- A project implementation team (PIT) comprising all relevant technical expertise is in place.
 - Monitoring and evaluation initiatives on a regular basis.
 - Internal audits undertaken on the project.

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

3. Statement of Performance Against Project’s Predetermined Objectives

Introduction

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

The key development objective of the *project’s agreement/* plan is to:

- a) Improve sanitation services and promote water saving technologies in peri-urban and rural areas of Kenya at community, school and household level through enhancing technical skills of youth and women with an aim to create job opportunities through the following components:
 - i) Training of Trainers and Development of Training Materials
 - ii) Training of Women and Youth
 - iii) Implementation of Pilot Projects
 - iv) Knowledge Management and Publicity

Progress on attainment of strategic development objectives

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

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project	To improve sanitation services and promote water saving sanitation technologies in peri-urban and rural areas of Kenya- at community, school	(i) Training of Trainers and Development of curriculum and Training Materials. (ii) Training of Women, Youth, Farmers,	100% of youth and women trained	In FY 2024/25 we trained 80 (no) of youth and 12 (no) farmers.

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
 Technology Transfer Project
 Annual Report and Financial Statements for the financial year ended June 30, 2025*

	and household levels.	Community Health Workers and Manual Septage Emptiers (iii)Implementation of low-cost safe pit latrines (SATO toilets) and pilot (Green Toilet Systems) GTS projects (iv)Knowledge Management and Publicity		
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4. Environmental and Sustainability Reporting

KEWI through the MWSI was funded for the project by AfDB after a successful submission of a funding proposal. The project was funded up to Ksh.96,080,000.00. The project is being implemented in Tharaka-Nithi, Kitui, Kisumu and Kajiado Counties. The main objective of the project is to improve sanitation services and promote water saving technologies in peri-urban and rural areas of Kenya at community, school and household level. This was done through enhancing technical skills of youth and women with an aim to create job opportunities through the following components; (1) Training of Trainers and Development of Training Materials; Twenty (20) TOTs were trained on how to construct operate and maintain GTS and SATO technologies. Through this component 500 copies of training materials were developed, printed and bound for future reference and other training purposes. Curriculum and training materials were developed to aid in administering the training on operation and maintenance of GTS. (2) Training of Women and Youth; Eight hundred and thirty six (836) youths were trained on how to use and maintain low-cost safe pit latrine technologies, 20 youths trained on GTS technologies while six (6) youths trained on manual pit emptiers and as community health volunteers. The project also trained 50 farmers on the use of humanure on farms and its acceptance as well. (3) Implementation of Pilot Projects; -Construction of 2 Waste treatment facilities constructed and operational (Kajiado and Tharaka Nithi). These treatment facilities was to receive wastes from GTS stationed at various sites of the counties. 150 No. of low-cost safe pit latrines constructed (Kisumu and Kitui). 20 GTS constructed and operational (Kajiado and Tharaka Nithi) and a workshop constructed and operational (Tharaka Nithi). (4) Knowledge Management and Publicity; 4 No. of knowledge products produced & disseminated in conferences; 2 No. of knowledge products published/ submitted to peer reviewed journals. Four (4) knowledge products disseminated through community outreach. (5) Project Management; An end project audit is scheduled as per the contract agreement between KEWI and the AfDB. Environmental sustainability was achieved through proper implementation of the environmental management plan developed in each project by the environmental expert. This environmental management plan was approved by NEMA, the environmental regulating body in Kenya. The project being classified as low risk project did not have any adverse effects on the environment.

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

i) Sustainability strategy and profile

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

ii) Environmental performance

Kenya Water Institute developed its Environment Policy in 2013. The Institute, recognizes that its operations affect the environment; believes that it has a responsibility to care for and protect the environment in which it operates; and commits to integrating the consideration of environmental concerns and impacts into all

**Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**

decision-making and activities. The Institute recognizes key environmental impacts to be in areas such as Procurement, Energy use, Water use, and Waste generation and management. The Institute therefore strives to; Comply with the constitution, legal requirements and voluntary commitments, prevent pollution, reduce risk, use resources sustainably, communicate its environment policy, train to increase awareness and improve continually.

During the FY 2024/2025:

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



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

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*



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



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

iii) Employee welfare

The Institute was guided by the Human Resource Policy and Procedures Manual, 2018 in the hiring, promotion, disciplining and termination of employees. A revised manual was approved in March 2024. New Human Resource instruments were approved by the Public Service Commission within the financial year. A proposed salary structure has been submitted to the Salaries and Remuneration Commission for approval.

Further, the Institute undertakes continuous improvement training for staff in relevant areas to ensure that staff have relevant skills to discharge their duties. During the period under review, 37 members of staff were trained in their areas of specialization. Performance appraisals are conducted bi-annually to track employee performance. The organization is in full compliance with the Occupational Safety and Health Act of 2007, (OSHA) by having a medical cover, Group Personal Accident (GPA) and Work Injury Benefits Act (WIBA) for employees.

iv) Market place practices

a) Responsible supply chain and supplier relations

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

b) Responsible marketing and advertisement

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

v) Corporate Social Responsibility/Community Engagements

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

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

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

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

Our social aspect of CSR in KEWI places emphasis on Responsibility and Accountability. KEWI takes the issue of CSR seriously as evidenced in our daily dealings, for instance when an employee is dealing with a

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

customer(s), the Institution expects him/her to behave honestly and ethically. In that regard, the issue of corporate social responsibility is quickly moving from a "nice to have" to an "absolutely must have."

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

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

5. Statement of Project Management Responsibilities

The Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial period ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

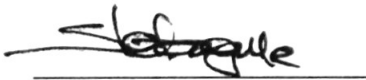
The Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2025, and of the Project's financial position as at that date. The Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

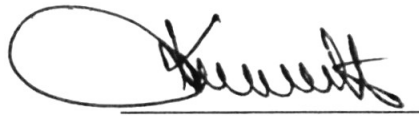
***Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025***

Approval of the Project financial statements

The Project financial statements were approved by the Director/CEO for Kenya Water Institute and the Project Coordinator for **Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer project** on _____ 2025 and signed by:



Leiro Letangule, Ph.D., E.B.S
Director/CEO



Nelson Kwamini
Project Coordinator

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON IMPROVING PUBLIC HEALTH AND ENHANCING TECHNICAL SKILLS OF YOUTH IN KENYA THROUGH SANITATION TECHNOLOGY TRANSFER PROJECT GRANT NO. 100000034 FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project set out on pages 1 to 21 which comprise of the statement of financial position

Report of the Auditor-General on Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project Grant No. 100000034 for the year ended 30 June, 2025

as at 30 June, 2025 and the statement of Performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Improving Public Health and Enhancing Technical Skills of Youth In Kenya Through Sanitation Technology Transfer Project as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Financing Agreement No. G – KE - E00 - TRN and Grant No. 100000034 dated 17 December, 2021 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Amount Withdrawn but not Justified

The statement of special account reconciliation for Improving Public Health and Enhancing Technical Skills of Youth Through Sanitation Technology Transfer Project reflects total advanced by AfDB as Kshs.49,201,479.80 (USD 381,406.82) out of which Kshs.36,273,538.409 (USD 281,190.22) has been justified as at 30 June, 2025 leaving a balance of Kshs.12,927,941.40 (USD100,216.60) as amount withdrawn and not claimed as at 30 June, 2025.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of the Financial Statements for Audit

The Improving Public Health and Enhancing Skills of Youth in Kenya Through Sanitation Technology Transfer Project financial statements for the financial year ended 30 June, 2025 were submitted on 21 October, 2025 rather than on 30 September, 2025, contrary to Section 47(1) of the Public Audit Act, 2015 which requires that the financial statements required under the Constitution, Section 81 of the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate. In addition, this was contrary with paragraph 1.8 of National Treasury No. AG.3/88 Vol. VII (41) dated 4 December, 2024 which requires financial statements to be submitted by 30 August, 2025.

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

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

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

Conclusion

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

Basis for Conclusion

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by ADB GRANT/CREDIT NUMBER: 100000034, I report, based on my audit, that:

- i. 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.
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Improving Public Health and Enhancing Technical Skills of Youth Through Sanitation Technology Transfer Project compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 November, 2025

Report of the Auditor-General on Improving Public Health and Enhancing Technical Skills of Youth in Kenya Through Sanitation Technology Transfer Project (Grant No. 100000034) for the year ended 30 June, 2025

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

7. Statement Of Financial Performance for the Year Ended 30th June 2025

	Notes	FY 2024/25	FY 2023/24
		Kshs	Kshs
Revenue			
Revenue Transfers	6	28,924,530	18,874,507
Total revenue		28,924,530	18,874,507
Expenses			
Use of goods and services	7	15,562,592	37,026,032
Depreciation and amortization expense	8	1,503,793	-
Certified Works	9	9,764,176	16,116,007
Total expenses		26,830,562	53,142,040
Surplus/ (deficit)		2,093,968	(34,267,533)

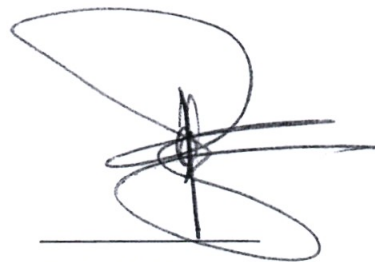
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Leiro Letangule, Ph.D., E.B.S
Director/CEO



Nelson Kwamini
Project Coordinator



Elvis M. Songa
Project Accountant

ICPAK Member Number: 23792

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

8. Statement of Financial Position as at 30th June 2025

	Note	FY 2024/25	FY 2023/24
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	10	2,357,573	6,278,777
Receivables	11	12,577,167	19,722,718
Total Current Assets		14,934,740	26,001,495
Non-Current Assets			
Property, Plant and Equipment	12	6,015,172	-
Total Non- Current Assets		6,015,172	-
Total Assets (a)		20,949,912	26,001,495
Liabilities			
Current Liabilities			
Trade and Other Payables	13	10,415,052	18,874,507
Third Party Deposits	14	2,162,115	848,211
Total Current Liabilities		12,577,167	19,722,718
Total Liabilities (b)		12,577,167	19,722,718
Net Assets (a-b)		8,372,745	6,278,777
Represented By:			
Accumulated Surplus		8,372,745	6,278,777
Total Net Assets		8,372,745	6,278,777

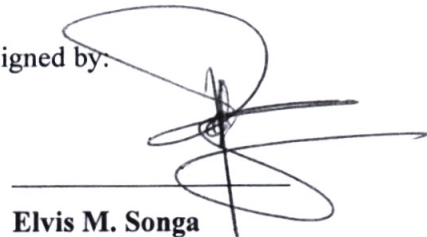
The financial statements were approved on _____ 2025 and signed by:



Leiro Letangule, Ph.D., E.B.S
Director/CEO



Nelson Kwamini
Project Coordinator



Elvis M. Songa
Project Accountant

ICPAK Member Number: 23792

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

9. Statement of Changes in Net Assets

Description	Accumulated Surplus
	Kshs
As at 1 st July 2024	6,278,777
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
Surplus/(Deficit) for the year	2,093,968
As at 30 th June 2025	8,372,746

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

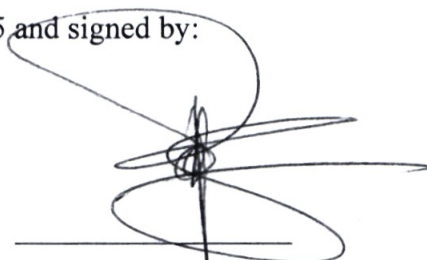
The financial statements were approved on _____ 2025 and signed by:



Leiro Letangule, Ph.D., E.B.S
Director/CEO



Nelson Kwamini
Project Coordinator



Elvis M. Songa
Project Accountant
ICPAK Member Number: 23792

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

10. Statement Of Cashflow for the year ended 30th June 2025

Description	Note	FY 2024/25 Kshs	FY 2023/24 Kshs
Cashflow from operating activities			
Receipts			
Revenue Transfers		28,924,530	18,874,507
Total receipts		28,924,530	18,874,507
Payments			
Use of goods and services		15,562,592	37,026,032
Certified Works		9,764,176	16,116,007
Total payments		25,326,769	53,142,040
Net cash flow from operating activities	15	3,597,761	(34,267,532)
Cashflow from investing activities			
Acquisition of non-financial assets		(7,518,966)	-
Net cash flows from investing activities		(7,518,966)	-
Cash flow from financing activities		-	-
Net cash flow from financing activities		-	-
Net increase/Decrease in cash and cash equivalents		(3,921,204)	(34,267,532)
Cash and cash equivalent at 1st July 2024	10	6,278,777	40,546,310
Cash and cash equivalent at end June 2025	10	2,357,573	6,278,778

11. Statement of Comparative Budget and Actual Amounts for the year ended June 30, 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Budget Carry Overs from previous periods		-	-	-	-	-
Receipts						
Revenue Transfers	25,000,000.00	-	25,000,000.00	28,924,530.26	3,924,530	116
Total Revenue	25,000,000.00	-	25,000,000.00	28,924,530.26	3,924,530	116
Payments						
Use of goods and services	15,500,000.00	-	15,500,000.00	15,562,592.46	(62,592)	100
Certified Works	9,500,000.00	-	9,500,000.00	9,764,176.23	(264,176)	103
Total Payments	25,000,000.00	-	25,000,000.00	25,326,768.69	(326,769)	101
Surplus	-	-	-	A	3,597,762	

12. Notes to the Financial Statements

1. General Information

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

2. Statement of compliance and basis of preparation

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

The Statement of Cash Flows is prepared using the direct method. The other financial statements are prepared on accrual basis.

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The project did not have any leases during the reporting period.</p>
IPSAS 44:	<i>Applicable 1st January 2025</i>

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

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

**Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025

Standard	Effective date and impact:
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Recurrent and Development grants from the Ministry that are not received within the period shall only be recognized when the funds have been received after the reporting period but before the preparation of the financial report.</p> <p>The standard has no effect on the Project Financial statements since the project end date is 30th September 2025.</p>
<p>IPSAS 48: Transfer Expenses</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no effect on the Project Financial statements since the project end date is 30th September 2025.</p>
<p>IPSAS 49: Retirement Benefit Plans</p>	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has no effect on the Project Financial statements since the project end date is 30th September 2025.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

	<p>impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</p> <p>iii. Disclosures that identify and explain the amounts in the entity’s financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</p> <p>The standard has no effect on the Project Financial statements since the project end date is 30th September 2025.</p>
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iv. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

b) Budget information

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

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

Notes to the financial statements

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.

c) Research and development costs

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

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

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

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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The transportation equipment purchased during FY 2024/25 were depreciated at a rate of 20%.

e) Provisions

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

Contingent liabilities

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

Contingent assets

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

f) Changes in accounting policies and estimates

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

g) Related parties

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

h) Cash and cash equivalents

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

i) 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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Notes to the financial statements

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the project.
- 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. Additional disclosure of these estimates of provisions is included in Note 13.

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 provision for audit fees.

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the financial statements

6. Revenue Transfer

Description	FY 2024-25	FY 2023-24
	KShs	KShs
Unconditional Transfers		
GoK Counter Part funding	-	-
African Development Bank	10,584,302	-
Total Unconditional Transfers (a)	10,584,302	-
Conditional Transfers		
African Development Bank	18,340,228	18,874,507.00
Total Conditional Transfers (b)	18,340,228	18,874,507.00
Total Transfers for the Year (a + b)	28,924,530	18,874,507.00

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (FY 2024/25)	Total transfers (FY 2023/24)
	Kshs	Kshs	Kshs	Kshs	Kshs
GOK Funding	-	-	-	-	-
African Development Bank	28,924,530	-	-	28,924,530	18,874,507.00
Total	28,924,530	-	-	28,924,530	18,874,507.00

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the Financial Statements

7. Use of Goods and Services

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Bank charges	21,484	41,111.00
Domestic travel and subsistence	14,251,142	24,976,886.80
Hospitality supplies and services	232,880	8,365,509.82
Specialized materials & services	1,057,086	3,642,524.83
Total	15,562,593	37,026,032.45

8. Depreciation and Amortization expense

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Property, Plant and Equipment	1,503,793	-
Intangible Assets	-	-
Total	1,503,793	-

9. Certified Works

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Construction of Treatment Facility in Tharaka Nithi and Kajiado County (1 Lot	9,764,176	1,646,911
Construction of Green Toilet System (GTS) in Tharaka Nithi and Kajiado County and Workshop in Chiakariga: GTS	-	4,595,222
Construction of Low Cost Safe Toilets (SATO) - Kitui (Lot 1) & Kisumu (Lot 2)	-	9,873,874
Total	9,764,176	16,116,007

Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025

Notes to the Financial Statements

10. Cash and Cash equivalents

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Cash in Bank	2,357,573	6,278,777
Cash on hand	-	-
Total Cash and Cash Equivalents	2,357,573	6,278,777

Project Bank Accounts

Details	FY 2024/25	FY 2023/24
	Kshs	Kshs
Local Currency Accounts		
Kenya Commercial Bank [A/c No. 1169807860]	2,357,573	6,278,777
Total local currency balances	<u>2,357,573</u>	<u>6,278,777</u>
Total bank account balances	<u>2,357,573</u>	<u>6,278,777</u>

11. Receivables

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Direct payments due to contractors	11,777,157	19,722,718
Audit fees	800,000	-
Total Receivables	12,577,157	19,722,718

Note: These are IPCs raised by the contractors and have been forwarded to the bank but are yet to be settled, retention amount owed to the contractors in respect with the IPCs raised and provision for audit fees

Ageing analysis for Receivables

Description	FY 2024/25		FY 2023/24	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Between 1- 2 years	12,577,157	100	19,722,718	100
Total	12,577,157	100	19,722,718	100

Notes to the Financial Statements

12. Property, Plant and Equipment

Cost	Motor vehicles	Total
	Kshs	Kshs
Depreciation rate	20%	
As At 1 July 2024 (opening balances)	-	-
Additions	7,518,966	7,518,966
Disposals	-	-
Transfers/Adjustments	-	-
As at 30th June 2025	7,518,966	7,518,966
Depreciation And Impairment		
As at 1 July 2024	-	-
Depreciation charge for the year	1,503,793	1,503,793
Impairment loss	-	-
Transfers/ Adjustments	-	-
As At 30th June 2025	1,503,793	1,503,793
Net Book Values		
As at 1st July 2024	-	-
As at 30th June 2025	6,015,172	6,015,172

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements

13. Trade and Other Payables

Description	FY 2024/25		FY 2023/24	
	Kshs		Kshs	
Trade payables	10,415,052		18,874,507	
Total trade and other payables	10,415,052		18,874,507	
Ageing analysis: (Trade and other payables)	Current FY	% of the Total	Comparative FY	% of the Total
1-2 years	10,415,052	100	18,874,507	100
Total (tie to above total)	10,415,052		18,874,507	

Note: These are IPCs raised by the contractors and have been forwarded to the bank but are yet to be settled.

14. Third-Party Deposits

Description	FY 2024/25		FY 2023/24	
	Kshs		Kshs	
Contractor's Retention	1,362,115		848,211	
Audit fees	800,000		-	
Total deposits	2,162,115		848,211	
Ageing analysis: (Refundable deposits)	Current FY	% of the Total	Comparative FY	% of the Total
1-2 years	1,362,115	100	848,211	-
Total	1,362,115		848,211	

**Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Notes to the Financial Statements

15. Cash Generated from Operations

Description	FY 2024/25	FY 2023/24
	Kshs	Kshs
Surplus/Deficit for the year	2,093,968	(34,267,533)
Adjusted for:		
Depreciation	1,503,793	-
Working capital adjustments		
Decrease in receivables	7,915,551	(19,722,718)
Decrease in payables	(7,915,551)	19,722,718
Net cash flow from operating activities	3,597,762	(34,267,533)

16. Special Deposit Accounts

The balances in the Project's Special Deposit Account(s) as at 30th June 2025 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the period under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	FY 2023/24	FY 2023/24
	Kshs	Kshs
(i) A/C Name [A/c No. 1000492104]		
Opening balance	-	-
Total amount deposited in the account	10,584,302	-
Total amount withdrawn	<u>10,584,302</u>	=
Closing balance (as per SDA bank account reconciliation attached)	=	=

17. Related Party Disclosures

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

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements

National Government

The institute is under the Ministry of Water and Sanitation & Irrigation and grants of Kshs 323,300,000 were received; recurrent grant of Kshs 223,300,000 and a development grant of Kshs 100,000,000.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

18. Events after the Reporting Period

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

19. Ultimate and Holding Entity

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

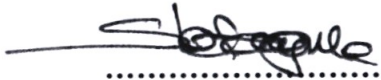
20. Currency

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

13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A



Leiro Letangule, Ph.D., E.B.S
Director/CEO



Nelson Kwamini
Project Coordinator

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

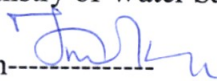
Annex 2: Reconciliation of inter-entity transfers

Project Name:				
Break down of transfers from the Ministry of Water Sanitation & Irrigation				
B.	Direct payments		(Kshs)	
		20.06.2025	10,584,302	FY 2024/25
		Total	10,854,302	

Project Coordinator
Kenya Water Institute

Sign 

Head of Accounting Unit
Ministry of Water Sanitation & Irrigation

Sign 

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Annex 3: Fixed Assets Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/out) during the year	Historical Cost of FY 2024/25 (Kshs)
Transport equipment	-	7,518,966	-	-	7,518,966
Total	-	7,518,966	-	-	7,518,966

*Improving Public Health and Enhancing Technical Skills of Youth in Kenya through Sanitation
Technology Transfer Project
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Annex 4: Other Support Documents

- i. Fixed Asset register
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)