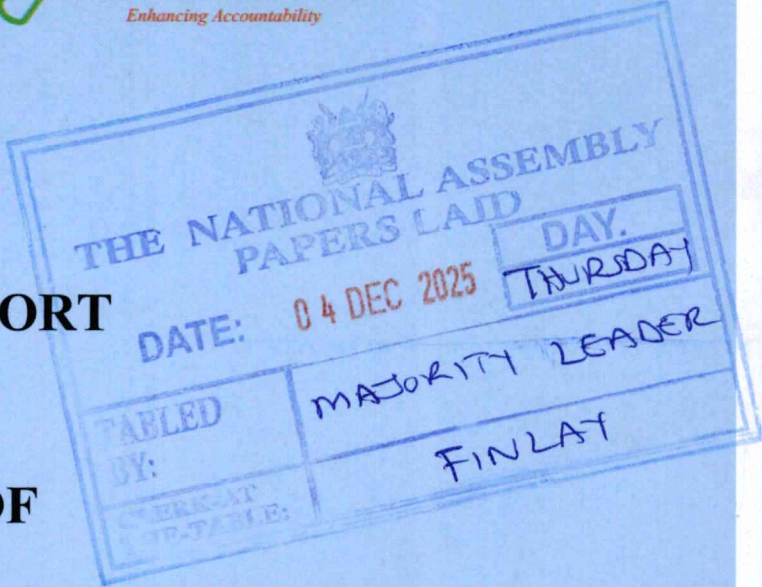
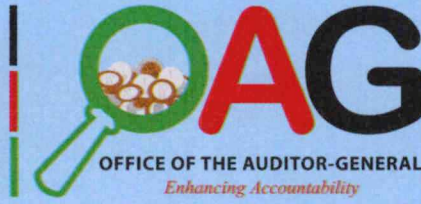
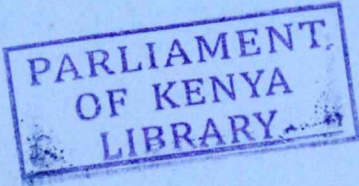


REPUBLIC OF KENYA



REPORT



OF

THE AUDITOR-GENERAL

ON

**NORTH RIFT VALLEY WATER WORKS
DEVELOPMENT AGENCY**

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



NORTH RIFT VALLEY WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

OFFICE OF THE AUDITOR GENERAL
ELDORET REGIONAL OFFICE

22 OCT 2025

RECEIVED
P. O. Box 2774 - 30100, ELDORET

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Table of Contents.....	Page
1. Acronyms and Definition of Terms.....	ii
2. Key Agency Information and Management	iii
3. The Board of Directors.....	viii
4. Key Management Team	xii
5. Chairman’s Statement	xv
6. Report of the Chief Executive Officer	xvii
7. Statement of Performance against Predetermined Objectives for FY 2024/2025.....	xix
8. Corporate Governance Statement.....	xxi
9. Management Discussion and Analysis.....	xxiv
10. Environmental and Sustainability Reporting.....	xxvi
11. Report of the Directors.....	xxviii
12. Statement of Directors Responsibilities	xxx
13. Report of the Independent Auditor for the Financial Statements of North Rift Valley Water Works Development Agency.....	xxxii
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
15. Statement of Financial Position as at 30 June 2025.....	3
16. Statement of Changes in Net Assets for the year ended 30 June 2025.....	5
17. Statement of Cash Flows for the year ended 30 June 2025.....	7
18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2025 .	9
19. Notes to the Financial Statements	12
20. Appendices	71

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

1. Acronyms and Definition of Terms

A: Acronyms and Abbreviations

CS	Cabinet Secretary
PS	Principal Secretary
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TNT	National Treasury
WB	World Bank
NRVWWDA	North Rift Valley Water Works Development Agency

B: Definition of Key Terms

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

Comparative Year- Means the prior period.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

2. Key Agency Information and Management

(a) Background information

North Rift Valley Water Works Development Agency (NRVWWDA) is one of the nine (9) Water Works Development Agencies under the Ministry of Water, Sanitation and Irrigation (MoWSI). It was established *vide* Kenya Gazette Supplement No. 5 of 7th February 2020 pursuant to the Water Act No. 43 of 2016. The Agency offices are located in Eldoret town.

The Agency covers the counties of Usain Gishu, West Pokot, Turkana and Elgeyo-Marakwet with a total population of approximately 3.2 Million and an area of approximately 83,000 km² as per 2019 National Census. It was carved from the former Rift Valley Water Works Development Agency (*West Pokot, Turkana and Elgeyo-Marakwet counties*) and Lake Victoria North Water Works Development Agency (*Usain Gishu County*). The Agency was operationalized by the Ministry of Water, Sanitation and Irrigation through the deployment of staff on 15th July 2020.

(b) Mandate

NRVWWDA is responsible for efficient and economical provision of water and sanitation services within its area of jurisdiction as mandated by Section 68 of the Water Act 2016.

The specific functions of NRVWWDA are as outlined below:

- 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 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.
- e. Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and the water Act 2016.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

a) Vision Statement

Sustainable water and sanitation infrastructure for socio-economic transformation

b) Mission Statement

Develop, manage and maintain sustainable water and sanitation facilities for enhanced livelihood and economic development.

c) Core values

Integrity: We are committed to acting in honest, accountable and transparent manner in all our undertakings.

Professionalism: We are committed to the highest level of competency and pertinent skills in all our endeavours.

Innovativeness: we are committed to be embrace new ideas and technologies to improve efficiencies in our projects.

Teamwork: We are committed to consult and pull our efforts for enhanced service delivery.

Inclusivity: The Agency will involve all stakeholders and discharge its mandate without discrimination

Sustainable development: The Agency will pursue development that satisfies the needs of the present generation without compromising the capacity of future generations, guaranteeing balance between economic development, care for the environment and social wellbeing.

(c) Key Management

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

No.	Designation	Name
1.	Board of Directors	Board of Directors
2.	Chief Executive Officer	CPA. Edwin Rotich
3.	General Manager Infrastructure Development	Eng. Jimmy Kemboi
4.	Manager Supply Chain Management	Isaac Chirchir
5.	Manager Human Resources & Administration	Miriam Birgen
6.	Ag. Manager Finance	CPA Titus Chesire
7.	Ag. Manager Corporate Planning	Sammy Kipkorir

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Key Agency Information and Management (continued)

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	Edwin C. Rotich
2.	Head of Human Resources & Administration	Miriam Birgen
3.	Head of Infrastructure Development	Eng. Jimmy Kemboi
4.	Head of Finance and Accounting	CPA Titus Chesire
5.	Head of Supply Chain Management	Isaac Chirchir
6.	Head of Corporate Planning	Sammy Kipkorir

(e) Fiduciary Oversight Arrangements

Ministry of Water, Sanitation and Irrigation- Reviews the budget approved by the Board of Directors in order to ensure that the Government strategic objectives and policies are incorporated.

Blue Economy and Irrigation Committee - The Committee ensures that there is value for money for all projects undertaken by the Board.

State Corporations Advisory Committee (SCAC) - The Committee is mandated to advise the Board on the general administration issues.

Inspectorate of State Corporations- Evaluates the results of the Board based on the agreed performance targets.

Board of Directors; - Overall oversight and direction of all the board activities, the following are committees of the Board;

- i. Finance and Administration Committee, whose main duties are: - to review financial statements and annual budgets; Financial performance; Strategic planning and annual performance reviews.
- ii. Risk, Governance & Audit Committee, whose main duty is to ensure that the systems of internal control are affected to mitigate on risks.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

- iii. Technical Services Committee, whose focus is on issues arising from the Agency's stewardship of essential water and sanitation infrastructure. The committee is also tasked to ensure environment and social safeguards are adhered to during planning and development of water and sanitation infrastructure.

Development partner oversight activities;- for projects funded by external development partners, quarterly reports are submitted. The funds are audited by external auditors appointed by the Development Partners on an annual basis.

(f) Agency Headquarters

Office of the Auditor General (OAG) Building (2nd Floor),
Furfural Road, Opposite Public Works (Mechanical Division), Eldoret-Kenya.
P. O. Box 1012-30100, Eldoret.

(g) Agency Contacts

Tel. 0700 347 896/ 0753 347 896
Email: info@nrvwvda.go.ke, ceo.nrvwwda@gmail.com
Website: www.nrvwwda.go.ke

Key Agency Information and Management (continued)

(h) Agency Bankers

Kenya Commercial Bank
Eldoret Main Branch
P.O Box 560-30100
Eldoret.

Cooperative Bank of Kenya
Eldoret Main Branch
P.O Box 2948-30100
Eldoret.

(i) Independent Auditor



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

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

(j) Principal Legal Adviser

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

3. The Board of Directors

<p>1. Prof. John Krop Lonyangapuo - (Born 10 December 1964) - Chairman, NRVWDA</p> <p>Professor John Krop Lonyangapuo is the Non-Executive Chairman of the Board of the North Rift Valley Water Works Development Agency, having been appointed by the President of the Republic of Kenya in April 2024. A distinguished academic and experienced public servant, Prof. Lonyangapuo holds a Bachelor of Science in Pure Mathematics from Egerton University and a PhD in Applied Mathematics from the University of Leeds, UK.</p> <p>As a professor of Applied Mathematics, Prof. Lonyangapuo has made significant contributions to the academic community, previously serving as the principal of Chepkoilel Campus, which is now known as the University of Eldoret. His leadership in academia is complemented by a robust career in public service. He held the esteemed position of Permanent Secretary in the Ministry of Industrialization from 2008 to 2010, where he played a pivotal role in shaping industrial policy in Kenya.</p> <p>Prof. Lonyangapuo’s political career includes serving as the Senator for West Pokot County from 2013 to 2017 and subsequently as the Governor of the same county from 2017 to 2022. His tenure in these roles has underscored his commitment to advancing Kenya's development, particularly in the areas of water resource management and community empowerment. With a unique blend of academic expertise and political acumen, Prof. Lonyangapuo is dedicated to driving strategic initiatives at the Agency, ensuring the effective implementation of programs that enhance water accessibility and sustainability across the North Rift region. His vision and leadership are vital for advancing the Agency’s mission and contributing to the broader objectives of national development..</p>	
<p>2. Dr. Sammy Latema (Born 01 January 1971)</p> <p>Dr. Sammy Latema is a distinguished academic and expert in environmental planning with over 20 years of experience in academia and public service. He holds a PhD from Wageningen University, Netherlands, as well as a Master’s and Bachelor’s degree in Environmental Planning and Management and Environmental Studies from Kenyatta University.</p> <p>Currently a Senior Lecturer at Kenyatta University, Dr. Latema has held prominent leadership positions in the public sector, including Chairman of the Kenya Forestry Research Institute, Chairman of the National Irrigation Board, and Director at the Sacco Societies Regulatory Authority (SASRA).</p> <p>He is actively involved in professional organizations, serving as a Corporate Member of the Kenya Institute of Planners and as a Lead Expert in Environmental Impact Assessment and Audit with the National Environment Management Authority (NEMA). As a Board member, Dr. Latema chairs the Board Technical Services Committee and contributes to the Audit, Governance, and Risk Committee, providing strategic insights that enhance the Agency’s mission and governance practices.</p>	

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

3. Dr. Risper Maccs Berem (Born 17 April 1984)

Dr. Risper Maccs Berem is a distinguished academic and community leader with over 15 years of experience in academia and community engagement. She holds a PhD in Agricultural Economics and Agribusiness Management, an MSc in Agricultural and Applied Economics, and a BA in Economics and Sociology, complemented by a Certificate in Business Management from the Kenya Institute of Management.

As a Lecturer at Egerton University, Dr. Berem is dedicated to academic excellence and mentorship. She has significantly influenced youth empowerment through her role as the founding President of the Yes Youth Can! program in Elgeyo Marakwet County, where she helped establish over 1,200 youth groups and a youth savings and credit cooperative, facilitating low-interest loans and contributing to poverty alleviation.

Dr. Berem has also held leadership positions at Egerton, Pretoria, and Kassel Universities and is actively involved in various community initiatives. As a Board member, she chairs the Board Finance and Administration Committee and serves on the Technical Committee, where her expertise enhances strategic planning and operational efficiency.



4. David Kimeto (Born 18 July 1964)

Mr. David Kimeto is a seasoned business professional with extensive expertise in business management. He holds a Bachelor in Business Management (Business Administration) from the University of Eldoret and a Diploma in Business Management from Moi University, along with an Advanced Certificate and Certificate in Business Management from the Kenya Institute of Management (KIM). He also holds a Certificate in Performance-Based Roads Maintenance from the Kenya Institute of Highways and Building Technology.

Since 2011, Mr. Kimeto has served as the Managing Director of JAID Investments Limited, where he has successfully led numerous road maintenance and improvement projects across Kenya, managing large-scale contracts and routine maintenance efforts. With over a decade of experience in the construction industry, he plays a pivotal role in advancing Kenya's infrastructure and economic growth.

In addition to his business leadership, Mr. Kimeto is the Chairman of the Audit, Governance, and Risk Committee of the Board, providing strategic oversight on risk management and corporate governance. He is also a member of the Board's Technical Committee, where his expertise in infrastructure projects contributes significantly to planning and implementation efforts.





**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

<p>5. Everlyne Nadio (Born 1973) Appointed to the Board of the North Rift Valley Water Works Development Agency on September 1, 2023, Ms. Everlyne Nadio brings over 20 years of expertise in program management, humanitarian work, and community development. Her roles as Programme Manager for the Hunger Safety Net Programme and Mass Registration Team Leader at Oxfam GB have enhanced her skills in cash transfers, public communication, and data management.</p> <p>Ms. Nadio holds a Bachelor's degree in Development Studies and a Diploma in Community Development, establishing a robust academic foundation for her extensive practical experience. Recognized for her collaborative leadership style, she is deeply committed to community engagement, gender equity, and innovative program design.</p> <p>As a valuable member of the Board, she serves on both the Finance & Administration Committee and the Technical Services Committee, where her strategic vision and dedication to positive change will significantly contribute to the Agency's growth and impact.</p>	
<p>6. Victor Marege Alternate Director to the Cabinet Secretary National Treasury.</p> <p>He holds a Master of Science degree in Procurement and Logistics from Jomo Kenyatta University of Agriculture and Technology (JKUAT) and a Bachelor of Arts degree in Economics from the University of Nairobi (UON), equipping him with a solid academic foundation in both economics and supply chain management.</p> <p>In his role as Deputy Director of Supply Chain Management at the Public Procurement Department, National Treasury, he brings extensive expertise in procurement policies, strategic sourcing, and logistical planning. His deep understanding of public sector procurement processes ensures compliance, efficiency, and transparency within the department.</p> <p>He is a valuable member of both the Finance and Administration Committee and the Audit and Risk Committee, where his insights and strategic thinking contribute to effective financial oversight and risk management. His leadership and professional acumen make him a key player in enhancing the governance and operational performance of the Agency.</p>	




**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

<p>7. Eng. Patricia Kiarie Alternate Director to the Principal Secretary, state department for Water & Sanitation.</p> <p>Eng. Patricia Kiarie is a highly qualified professional holding a Master of Engineering (M.Eng.) in Energy and Environmental Management from the University of Flensburg, Germany. Currently, she serves as the Deputy Director of Operations and Coordination, also fulfilling the role of Coordinator for the Japan International Cooperation Agency (JICA) at the Ministry.</p> <p>With over 15 years of extensive experience in water and sanitation projects, she possesses a profound understanding of technical operations and project management within this critical sector.</p> <p>In addition to her operational responsibilities, Eng. Kiarie plays a vital role on the Board, contributing her expertise to the Technical Committee as well as the Audit, Governance, and Risk Committees. Her leadership and strategic insights in these capacities are essential for ensuring effective oversight and guiding the Agency's initiatives in alignment with its objectives.</p>	
<p>8. Edwin C. Rotich (Born 15th January 1978)</p> <p>Mr. Edwin C. Rotich was appointed Chief Executive Officer of the North Rift Valley Water Works Development Agency in May 2022. He possesses a Master of Business Administration from the University of Manchester and a Bachelor of Commerce degree (Accounting Option) with First Class Honours from Kenyatta University.</p> <p>With a wealth of experience in both governance and management, Mr. Rotich has served as a member of the County Executive Audit Committee for the County Government of Elgeyo Marakwet. His extensive background includes previous board positions at the Retirement Benefits Authority and the Agricultural Finance Corporation. Additionally, he has held senior management roles in esteemed organizations, including Relief International (Somalia), War Child Holland (South Sudan), Inter-Church Organization for Development Cooperation (Sudan), and World Vision Kenya.</p> <p>Mr. Rotich's strategic vision and leadership have been pivotal in advancing the Agency's mission and enhancing its operational effectiveness.</p>	


4. Key Management Team

<p>1.</p>	 <p>Edwin C. Rotich - He holds a Master of Business Administration degree from the University of Manchester and a Bachelor of Commerce Degree (Accounting Option) First Class Honours, from Kenyatta University. He is also a member of Institute of Certified Public Accountants of Kenya (ICPAK)</p>	<p>Chief Executive Officer</p>
<p>2.</p>	 <p>Eng. Jimmy Kemboi- He Hold a Master of Science degree in Development studies from Moi University and a Bachelors Degree in Water and Environmental Engineering from Egerton University. He is a registered Professional Engineer (PE) with the Engineers Board of Kenya and Corporate member of the Institution of Engineers of Kenya (IEK). He has over 15 years experience in water infrastructure development.</p>	<p>General Manager – Infrastructure Development</p>

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

<p>3.</p>		<p>Head of Human Resources & Administration</p>
<p>Mrs. Mirriam Choge Birgen- Holds Masters of Arts in Public Administration and a Bachelor of Business Administration (Human Resource Option). She is a member of Institute of Human Resource Management. She has over 15years experience in Human Resource Management and Administration.</p>		
<p>4.</p>		<p>Head of Finance</p>
<p>CPA Titus Chesire- Holds a Bachelor of Arts Degree in Economics and a Certified Public Accountant of Kenya(CPA-K). He is also a member of Institute of Certified Public Accountants of Kenya (ICPAK)</p>		
<p>5.</p>		<p>Head of Procurement</p>
<p>Mr. Isaac Chirchir- Holds Masters of Science in Procurement and Logistics and a Bachelor of Supplies and Procurement. He is a member of Kenya Institute of Supplies Management. He has over 15years experience in procurement and supplies management</p>		

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

6.	 <p>Sammy Kipkorir- Holder of Bachelor Arts Antropology and Government, Post Graduate Diploma in Human Resources Management. Member of Institute of Human Resources Management.</p>	<p>Head of Corporate Planning</p>
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5. Chairman's Statement



The North Rift Valley Water Works Development Agency (NRVWDA) is one of the nine (9) Water Works Development Agencies established under the Ministry of Water, Sanitation and Irrigation (MoWSI). The Agency was formally constituted through Kenya Gazette Supplement No. 5 of 7th February 2020 pursuant to the Water Act, 2016.

Our mandate extends across the counties of Uasin Gishu, West Pokot, Turkana and Elgeyo-Marakwet, covering a land area of approximately 83,000 km² and serving a population of nearly 3.2 million people as per the 2019 National Census. With population growth and urbanisation projected to rise sharply by 2030, the demand for reliable water services will increase significantly. This calls for robust planning, investment, and innovation in water infrastructure to safeguard the resource for present and future generations. Recent drought episodes and the broader impacts of climate change have underscored the urgency of building climate-resilient water systems, a task that requires deliberate investment and commitment from all stakeholders.

The Board of Directors remains steadfast in providing effective leadership to the Agency. The Board is fully constituted and continues to benefit from a rich mix of professionals drawn from diverse fields, each bringing valuable skills and perspectives. Anchored on the national values enshrined in the Constitution, the Board upholds principles of good governance, transparency, equity, inclusivity, and social justice in delivering its mandate. To enhance oversight and accountability, the Board functions through specialized committees which independently review sectoral matters and provide well-considered recommendations for adoption by the full Board. This governance framework promotes efficiency, professionalism, and sound decision-making.

The Agency's Strategic Plan (2023–2028) provides the roadmap for achieving our overarching goal of developing sustainable water and sanitation infrastructure. We have aligned our strategy with the

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Government's Bottom-Up Economic Transformation Agenda (BETA), Vision 2030, and the Sustainable Development Goals (SDGs). Our focus remains on expanding access to clean and safe water, rehabilitating and upgrading aging water networks, improving sewerage systems, and investing in new projects. Achieving these goals will require mobilization of adequate financial and human resources through government funding, development partner support, and innovative financing mechanisms.

Stakeholder engagement continues to be central to our work. The Agency values its collaboration with consumers, community leaders, county and national governments, development partners, sector experts, sister water agencies and Water Service Providers. We recognize that the success of our projects depends on strong partnerships, inclusivity, and continuous dialogue. Each engagement offers an opportunity to co-create solutions that improve livelihoods and enhance service delivery.

On behalf of the Board of Directors, I wish to express our deep appreciation to the National Government through the Ministry of Water, Sanitation and Irrigation, county governments in our area of jurisdiction, development partners and sector stakeholders for their steadfast support. Their contributions in policy, financing, and technical support have been invaluable in enabling us to deliver on our mandate.

As we look ahead, we acknowledge the challenges before us, ranging from resource limitations to the growing impacts of climate change. However, we also see immense opportunities to innovate, collaborate, and build a water-secure future for the North Rift region and beyond. With the collective effort of our partners, staff, and stakeholders, I am confident that we will continue making meaningful progress in transforming lives through sustainable water solutions.

Thank you.



Prof. John Krop Lonyangapuo
Chairman of the Board of Directors
North Rift Valley Water Works Development Agency

6. Report of the Chief Executive Officer



Over the past year, the North Rift Valley Water Works Development Agency (NRVWWDA) has continued to make steady progress in fulfilling its mandate of expanding access to safe, reliable, and sustainable water and sanitation services across its area of jurisdiction. This journey has been shaped not only by the Agency's commitment to service delivery, but also by significant reforms within the water sector that are redefining how institutions operate, collaborate, and deliver value to the people of Kenya. It is against this backdrop that I highlight some of the key developments and milestones achieved during the financial year.

The enactment of the Water Act, 2024, which builds on and amends the Water Act, 2016, has further redefined the governance and operational framework of the water sector. A key highlight of the new Act is the formal recognition of Water Works Development Agencies (WWDAs) as licensed bulk water providers, tasked with supplying treated water to Water Service Providers (WSPs) for onward distribution to consumers. This important reform is expected to enhance efficiency, accountability, and sustainability in the management of water resources, while also promoting cost-reflective tariffs and improved service delivery.

During the financial year, the Agency received budgetary allocations from the Ministry both for recurrent expenditure and the implementation of key water and sanitation projects under various programs. These resources have supported project design, procurement of contractors, and rollout of works, with initiatives now at different stages of implementation. With continued support from the Ministry, the Agency has achieved notable milestones in expanding access to clean and safe water and sanitation services across its area of jurisdiction.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

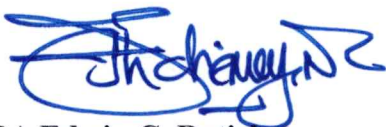
To deepen impact and ensure sustainability, NRVWDA continues to prioritize collaboration with stakeholders, including county governments, county commissioners, and Water Service Providers. These engagements are essential in fostering strong partnerships and coordinated service delivery, particularly as the Agency transitions into its new role as a licensed bulk water supplier. Our Strategic Plan (2023–2028) remains fully aligned to the Constitution of Kenya 2010, Vision 2030, the Medium-Term Plan III, the Bottom-up Economic Transformation Agenda (BETA), the Sustainable Development Goals (SDGs), and Agenda 2063. Guided by these frameworks and the Water Act, 2024, the Agency is committed to accelerating the development, management, and maintenance of water and sanitation infrastructure.

We remain deeply grateful to the Government of Kenya through the Ministry of Water, Sanitation and Irrigation, and the National Treasury for their policy direction and resource support, as well as to our Development Partners—particularly the African Development Bank (AfDB) and other donors—whose contributions remain central to our progress. We look forward to their continued collaboration as we implement the Development Plan 2023–2028.

I particularly wish to appreciate the Chairman and the Board of Directors for their strategic leadership, and the Agency’s staff for their dedication and hard work in building a strong foundation for growth and sustainability.

As we move forward, we anticipate stronger partnerships and collaborations with all stakeholders as we embrace our new mandate as a bulk water seller. Together, we are committed to delivering sustainable water and sanitation infrastructure that improves service coverage, enhances livelihoods, and contributes to Kenya’s socio-economic transformation.

Finally, I extend heartfelt gratitude to the County Governments, Water Service Providers, and all our partners for the support extended during the year. We look forward to continued collaboration in the coming financial year and beyond as we work towards a water-secure and prosperous future.



**CPA Edwin C. Rotich
Chief Executive Officer
North Rift Valley Water Works Development Agency**

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government Agency's performance against predetermined objectives.

The Agency has five (5) strategic pillars and objectives within the current Strategic Plan for the FY 2023 to FY 2027. These strategic pillars/ themes/ issues are as follows:

Pillar 1: increase water coverage from 55% to 80% by 2028;

Pillar 2: increase urban sewerage coverage from 5% to 18% by 2028;

Pillar 3: increase water harvesting and storage capacity by 102Mm³ by 2028

Pillar 4: financial sustainability by mobilizing 121.5Billion and diversification of funds by 2028;

Pillar 5: collaboration with four (4) number County Governments and five (5) number Water Service Providers.

Pillar 6: institutional capacity development through adequate qualified staff, improved work environment, operational efficiency, enhanced corporate image and enhanced corporate governance;

The Agency's annual work plans are based on the above five (5) pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis.

The Agency's performance against predetermined objectives for FY 2024/2025 period is as indicated in the diagram below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Water coverage	increase water coverage from 55% to 80% by 2028	Number of water projects constructed	Design water projects Procure contractors Construct water projects	The Agency implemented several water projects which include Kerio, Biretwo,,Kapyego, Mogil, Elie Kalokol, Kalapata, Cheminya, community water projects among others.
Sewerage coverage	Increase urban sewerage coverage from 5% to 18% by 2028	Number of sewerage and sanitation facilities constructed	Design sewerage and sanitation projects Procure contractors Construct sewerage and sanitation projects	Carried out appraisals for various projects. Chepareria, Makutano and Eldoret last mile projects are ongoing. The projects are being implemented by Central Rift Valley Water Works

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
				Development Agency on behalf of NRVWDA
Water harvesting and storage capacity	increase water harvesting and storage capacity by 102Mm ³ by 2028	Volume of water harvested and stored	Construction and rehabilitation of dams	Suwerwa small dam and Narasha Dam desilted
Financial sustainability	financial sustainability by mobilizing 121.5 Billion and diversification of funds by 2028	Financial stability	Participate in budget making processes Undertake proposals and designs for submission to donors	The Agency received Kshs.106,000,000 allocations for recurrent and Kshs.602,493,302 for development. Target on absorption of the allocated funds has been allocated in the performance contract.
Institutional capacity development	Build human resource capacity through adequate qualified staff, improved work environment, operational efficiency, enhanced corporate image and enhanced corporate governance;	Increased Productivity	Recruitment of staff, training of staff and Board, procurement of furniture, computers and motor vehicles	The Agency has recruited 23 staff, undertook trainings for staff and the Board of Directors. The Agency also procured additional furniture, vehicles and computers for staff to improve on work environment and increased productivity
Collaboration with four (4) number County Governments and five (5) number Water Service Providers	To enhance water and sanitation provision in the area of jurisdiction	Increased access to water and sanitation services	Develop framework for engagements, undertake trainings, carry out GIS mapping for Non Revenue Water	Seamless implementation of projects. Target on enhancement of collaboration between the two levels of government has been included in the performance contract

8. Corporate Governance Statement

North Rift Valley Water Works Development Agency Board is committed to the values and principles of good corporate governance. The Board of Directors and Management of the Agency regard corporate governance key to the success of the Agency and are committed to ensuring that the Agency adheres to the highest standards of conduct and accountability in accordance with the best practice and principles of corporate governance. These principles are applied throughout all levels of the Agency.

In the financial year under review, we continued to maintain high levels of corporate governance by focusing on the following areas:

- Continually enforced internationally recognised accounting principles;
- Focused on clearly defined Board and management duties and responsibilities;
- Enhancing directors' competencies through transformative leadership training
- Ensuring compliance with relevant laws and upholding the highest levels of integrity in the organization's culture and practices.

Board charter

The Board Charter is critical to the Agency's governance framework, and offers guidance on matters including but not limited to the following;

- The separation of the roles, functions, responsibilities and powers of the Board and its individual members;²
- Powers delegated to the Board committees;
- Matters reserved for final decision-making and approval by the Board;
- Policies and practices of the Board on matters of corporate governance, directors' declarations and conflict of interest, conduct of Board and Board committee meetings;
- Board Induction

The role and responsibilities of the Board

The Board of Directors provides leadership through oversight, review and guidance whilst setting the strategic direction for the organization. It is the primary decision-making body for all matters considered as material to the Agency. The Board has a formal schedule of matters reserved for it. The

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

Directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters. Ultimately, the Board determines the organization's strategic objectives, values, key policies and procedures in accordance with best practice. The Board has delegated the authority for day-to-day management of the organization to the Chief Executive Officer. However, it maintains overall responsibility for the Agency's performance, compliance functions as well as monitoring of its operations and ensuring competent management of the business.

Composition of the Board of Directors

The Board of Directors comprised of eight (8) members; the Chairman who is a non-executive director, and four non-executive independent directors and two directors from government representing the Principal Secretary for Ministry of Water, Sanitation and Irrigation and the National Treasury. In addition, there is a representative from Inspectorate of state corporations who is in attendance. The Chief Executive Officer is the Secretary to the Board and its committees. The Board has an appropriate balance of skills, knowledge and experience to perform its role effectively. All directors are subject to periodic re-appointment in accordance with the State Corporations Act, the Office of the President and the Ministry of Water, Sanitation and Irrigation.

Induction and on-going development

On appointment, the directors were inducted and the induction programme included specific sessions with the management across the units for clarity and better understanding of the organizations' functions, roles and accountabilities, business model and operations.

The directors were sensitized on the legal, regulatory and other obligations of a director of a State Corporation. During the year the Board attended audit and Risk training as part of their capacity development.

Board Committees

In line with guidelines issued by the Government, the Board has delegated its authority to committees to deal with specific aspects of its responsibilities. These committees have specific terms of reference and reports to the full Board meeting. NRVWDA has the following Board committees: -

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

i. Finance and Administration Committee

Its main duties are: - to review financial statements, annual budgets, Procurement Plan and periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff; and general welfare of the Agency's employees.

S.NO	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	RISPER BEREM	4	4
2.	VICTOR O. MAREGE	4	4
3.	EVERLYNE NADIO	4	4

ii. Technical Services Committee

Its main duties include issues arising from the Agency's stewardship of essential water and sanitation infrastructure and has a duty of reviewing the conditions and performance of technical assets including projects. The committee is also tasked with safeguarding the environment and ensuring stakeholder engagements during implementation of projects.

S.NO	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	SAMMY LETEMA	4	4
2.	ENG PATRICIA KIARIE	4	4
3.	RISPER BEREM	4	4
4.	DAVID KIMETTO	4	4
5.	EVERLYNE NADIO	4	4

iii. Audit and Risk Committee

The committee is responsible for assisting the Board of Directors in fulfilling its oversight responsibilities in relation to governance matters.

SNO.	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	ENG PATRICIA KIARIE	4	4
2.	DAVID KIMETTO	4	4
3.	VICTOR O. MAREGE	4	4
4.	SAMMY LETEMA	4	4

iv. Full Board Meetings

SNO.	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	PROFF JOHN LONYANGAPUO	6	6
2.	DAVID KIMETTO	6	6
3.	SAMMY LETEMA	6	6
4.	RISPER BEREM	6	6
5.	VICTOR O. MAREGE	6	6
6.	ENG PATRICIA KIARIE	6	6
7.	EVERLYNE NADIO	6	6

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

9. Management Discussion and Analysis

Financial Performance

The Agency received an allocation of shillings one hundred and six million (Kshs.106,000,000) for the financial year 2024-25 for recurrent expenditures. In addition, it received Kshs.602,493,302 from Ministry of Water, Sanitation and Irrigation for construction of rural water projects and shillings one hundred and forty four million (Kshs.144,000,000) under development for Soy Kosachei and Moberidge mutanda. The Agency also had carry overs from the previous financial year amounting to Kshs.645,668,479 comprising of Kshs.46,896,785 recurrent, Kshs.293,408,170 from Rural water projects account and Kshs.305,363,524 from Development. From the Recurrent budget amount, the Agency spent Kshs.43,403,881 against a budget of Kshs.45,188,592 under Use of Good and Services, Kshs.13,782,958 for Board Expenses against a budget of Kshs.14,014,700, Kshs.23,362,169 for repairs and maintenance against a budget of Kshs.25,805,737 and Kshs.38,229,969 for employee cost against a budget of Kshs.49,695,672

The Agency also continued to receive support from Ministry of Water Sanitation and Irrigation, and Central Rift Valley Water Works Development Agency through the payment of salaries for the seconded staff. The cost of the salaries amounted to Kshs.6,704,693 for ministry staff and Kshs.3,495,400 for Central Rift Valley Water works development Agency staff.

Key Projects

The Agency received Kshs.144,000,000 under development for Soy Kosachei water supply project and Moiberidge Matunda water supply project and Kshs.602,493,302 to implement various projects which include Kapyego, Suwerwa, Arangai, Cheminya, Kerio and Biretwa community water projects among others under Rural Water Supply Projects. There are other projects being implemented by Central Rift Valley Water Works Development Agency on behalf of the Agency. These include Kipkaren Water supply Project, Eldoret Last Mile Sewerage Project, Chepareria Sewerage Project and Kapenguria-Makutano Sewerage Project. The projects are being financed by African Development Bank through Kenya Towns Sustainable Program.

Major Risks

The Agency is faced with the following risks:

- i) Cashflow challenges due to lack of budgetary allocations.
- ii) Delays in receipt of projected revenues

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

- iii) Inadequate staffing levels
- iv) Inadequate office space
- v) Harsh terrains
- vi) Inadequate office equipment
- vii) Flooding during heavy rains

Compliance with statutory requirements

The regulatory environment remains an area of significance to our operations. NRVWWDA continued to ensure compliance with Constitution of Kenya 2010 (CoK 2010), the PFM Act, PFM Act, the State Corporations Act, the Water Act 2016 and all the relevant government circulars as issued from time to time. All the statutory deductions and other requirements were submitted to the relevant authorities in time.

Key challenges

The Agency continued to operate amidst of several challenges including:

1. Lack of adequate budgetary allocations for the financial year.
2. Inadequate staffing levels.
3. Harsh terrains
4. Inadequate office equipment.

Future Developments

During the financial year 2021-2022, the Agency developed and launched its strategic plan for five years up to 2026 which detailed projects that the agency intends to develop. The projects include rehabilitation of existing water supplies, development of new water and sanitation projects in the four counties and carry out institutional strengthening. The Agency during the Financial year 2023-2024 reviewed its strategic plan to align it to the Government Bottom up Economic Transformation Agenda. Upon review, the new strategic plan will run upto 2028 and will require a budgetary allocation of **Kshs.121.2billion** over the five-year period.

Material arrears in statutory and other financial obligations

During the financial year the Agency did not have any Material arrears in statutory and other financial obligations.

10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

In order to ensure sustainability, the Agency has put in place various strategies which include diversification of resource mobilization by preparing and participating in national budgeting process, involvement of public private partnership, engineering procuring, contracting and financing, preparation of bankable project proposals, framework for loan repayments by water services providers, invest in sustainable technologies in water and sanitation programs such as gravity system and green energy. The agency ensures continuous monitoring of abstractions to avoid depletion of water resources, incorporate planting of trees during project implementation.

The Agency while undertaking resource mobilization process considers the prevailing social political and economic environment in the country which include the attractiveness of the financial resources and the repayment conditions.

ii) Environmental performance

The Agency fully adheres to the environmental management and coordination act (EMCA) 1999 which requires the Agency to prepare environmental impact assessment and acquire licence before construction of projects. The Agency ensure the contractors adheres to environmental and social management plan which requires contractors to provide personal protective equipment to staff on site, secure excavations and water dusty areas. The Agency will also require contractors to submit quarterly environmental and safety reports in the prescribed format. The Agency will also ensure Water Service Providers operating sewerage facilities comply with the effluent discharge standards as per Water Resource Authority guidelines. The Agency is developing an environmental policy to guide.

iii) Employee welfare

The Agency human resource and policy manual has an elaborate policy guideline which cover recruitment, placement, training, remuneration, rewards, performance management system and promotion among others.

In implementing this policy, the Agency will put into consideration national diversity, gender and special group while exercising fairness and equity. Under the same human resource policy there are

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

clear guideline of handling staff welfare issues which include non-discrimination on gender, on account of HIV/AIDS, counselling, drug and substance abuse, care and support. The Agency will comply with Occupational Safety and Health Act of 2007, (OSHA) by installing fire extinguishers, proper cabling of wires and providing enough ventilation on the offices.

iv) Market place practices-

The Agency undertakes the following:

a) Responsible competition practice.

The Agency ensures compliance with Public Procurement and Disposal Act 2015 by undertaking open and competitive tendering while selecting suppliers and contractors by ensuring tenders are advertised in national circulation dailies, evaluations of tenders are done as per criteria set out in the bidding documents, all clarifications are circulated to all bidders.

b) Responsible Supply chain and supplier relations

The Agency ensures that contracts are entered into when funds are available and ensure prompt payments upon inspection of goods, works and services. The Agency will carry out capacity building for bidders on the laws governing procurement processes.

c) Responsible marketing and advertisement

The Agency carries out annual market surveys and submit quarterly reports of all procurement activities to Public Procurement and Regulatory Authority (PPRA).

d) Product stewardship

The Agency will ensure Water Services Providers charge consumers as per approved tariff by Water Services Regulatory Board. It will also ensure clean and safe water is distributed to consumers by carrying out frequent water quality tests.

v) Corporate Social Responsibility / Community Engagements

North Rift Valley Water Works Development Agency Corporate recognizes Social Responsibility (CSR) as a vital activity in the Agency. We are therefore committed to the cause of social service and will channel part of our resources and activities to the communities in our area of jurisdiction, thus positively affect the society socially, ethically and also environmentally.

The Agency participated in tree planting exercise for restoration of Kaptagat forest and Kessup forest in Elgeyo Marakwet county.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended 30th June 2025, shows the state of the Agency's affairs.

i) Principal activities

The principal activity of the Agency is to develop, manage and maintain water and sanitation infrastructure in the counties of Uasin Gishu, West Pokot, Turkana and Elgeyo Marakwet.

ii) Results

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

	Kshs
Surplus/ (Deficit) before depreciation and finance costs	107,962,033
Less: Depreciation	(9,768,652)
Surplus/ (Deficit) before finance costs	98,193,381

Net Surplus for the period

The Agency registered a Surplus of **Ksh.98,193,381** during the year.

iii) Directors

The members of the Board of Directors who served during the year are shown on page VIII and XI. During the year no director retired/resigned.

iv) Surplus remission

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

The Agency did not remit the surplus for the FY 2024-25 since the Agency has committed all the funds.

v) 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.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

By Order of the Board



Edwin C Rotich

Chief Executive Officer

Date 14/10/2025

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act 446, require the Directors to prepare financial statements in respect of the, which give a true and fair view of the state of affairs of the Agency at the end of the financial year/period and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes:

- i. maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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 Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2025, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

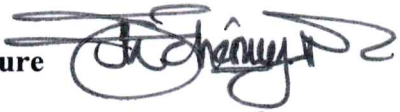
**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

Approval of the financial statements

The Agency's financial statements were approved by the Board on 22nd August, 2025 and signed on its behalf by:

Signature 
Name Prof John K. Lanyangapwa
Chairperson of the Board

Signature 
Name EDWIN G. ROTICH
Chief Executive Officer

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REPORT OF THE AUDITOR-GENERAL ON NORTH RIFT VALLEY WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

- A. Report on 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.
- 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 North Rift Valley Water Works Development Agency set out on pages 1 to 74, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance,

Report of the Auditor-General on North Rift Valley Water Works Development Agency for the year ended 30 June, 2025

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 North Rift Valley Water Works Development Agency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with 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 North Rift Valley Water Works Development Agency 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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue final budget and actual on comparable basis of Kshs.1,358,060,551 and Kshs.1,364,810,551 resulting to over funding of Kshs.6,750,000 of the budget. Similarly, the agency spent Kshs.934,456,413 against actual receipts of Kshs.1,364,810,551 resulting in an under expenditure of Kshs.430,354,138 or 32% of the actual receipts.

The under-performance affects the planned activities and may have impacted negatively 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 judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several paragraphs were raised under the report on Lawfulness and Effectiveness in the Use of Public Resources, Effectiveness of Internal Controls, Risk Management and Governance. Even though Management has provided explanations on the progress made on the recommendations made by auditors, the

issues have remained unresolved as relevant parliamentary committee had not discussed them as detailed in **Appendix 1**.

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Implementation of Projects

Review of the project implementation status report presented revealed that there were seven (7) projects with a total contract sum of Kshs.175,524,230 which had not been completed and were past the completion timelines. This is contrary to Section 79. 2 (b) of the Public Finance Management Act, 2012 which states that a public officer employed in a national government, state organ or public entity shall ensure that the resources within the officer's area of responsibility are used in a way which is lawful and authorized; and (ii) is effective, efficient, economical and transparent. It was not clear as to why the projects were still in-complete.

In the circumstances, the residents may not have obtained value for money for the expenditure for delayed projects.

2. Delayed Completion of Construction of Moiben- Kuserwo Phase 1 Water Supply Project

As was reported the previous year, review of project implementation status revealed that the Agency invited bids for the completion of the water project on 18 October, 2022 in which the contract was awarded to the winning bidder at a contract sum of Kshs.8,950,020 and signed on 30 January, 2023.

Project commencement date was 24 February, 2023 and contract period being 4 months and had already expired as at 30 June, 2024. The project was handed over from Lake Victoria North Water Works Development Agency in 2022/2023 financial year when it was in phase 1 and it was to be implemented in two (2) phases at an estimated cost of Kshs.89.3 million.

Phase 1 was to cost Kshs.37 million while phase 2 was to cost Kshs.52.3 million. The project received funds in the financial year 2016/2017 of Kshs.36 million at Lake Victoria North Water Works Development Agency. On handing over, the Agency requested for funds to complete the pending works under phase 1 and were granted Kshs.10 million in the financial year 2022/2023 translating to a total of Kshs.46 million.

Phase 1 included construction of 50 cubic m and 100 cubic m, masonry tank, and laying of the entire 160mm diameter HDPE pipes. Total expenditure incurred during the year by Agency amounted to Kshs.4,030,352 leading to a total of Kshs.40,030,352 for phase 1 which is yet to be completed.

Physical inspection carried out in the month of October, 2025 revealed that there was a lot of siltation upstream, community interference at the Sitoton community tank and water point, flooding, trees falling in the forest disjointing the lines, soil erosion along the excavated sections and inability for the Agency to ease the load between Chepsirgen and Sitoton tank.

In the circumstances, the residents may not have obtained value for money for the expenditure incurred on the project.

3. Composition of the Board Committees

Review of board records and committee membership revealed that all the three committees of the board namely; Audit Governance and Risk Committee, Finance and Administration Committee, Technical Services Committee have more than one-third of the full board members. This is contrary to Section B.4 of OP Circular No. OP/CAB.9/1A of 11 March, 2020 states that the number of members to the board committees should not be more than one third (1/3) of all the full board members to obviate the risk of a committee conducting its business within the framework of a full board structure and any exception must be approved by the cabinet secretary in consultation with the SCAC and that members can only sit in a maximum of two committees.

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

4. Non-Compliance with Law on Ethnic Composition

As previously reported, the payroll records for the year under review revealed that the Agency has a workforce of 17 out of which 23 or 73.91% are members of the dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment should have more than one third of its staff from the same ethnic community.

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

Basis for Conclusion

1. Long Outstanding Trade and Other Payables

Statement of financial position and as disclosed in Note 40 to the financial statements reflects long outstanding balance of Kshs.49,577,974 in respect to trade and employee benefit obligations which has been outstanding for a long time. Kshs.8,093,649 has been outstanding for 1-2 years, Kshs.5,240,875 for 2-3 years and Kshs.1,381,725 for over 3 years. Management has not put interventions necessary to clear the outstanding balances of Kshs.14,716,249. In addition, the long outstanding balance has increased from Kshs.18,806,098 in 2023/2024 to Kshs.49,577,974 in 2024/2025.

Further, the long outstanding balances of Kshs.14,716,249 were not captured in the budget, and did not form the first charge. Failure to settle bills during the year to which they relate adversely affects the implementation of the subsequent year's budgeted programs to which they have to be charged. Delay in settling bills may attract legal cases, interest in case of disputes, and affect the following year's budget.

In the circumstances, the ability of the hospital to settle the outstanding trade and other payables balance of Kshs.49,577,974 could not be confirmed.

2. Lack of an Approved Risk Management Policy

As previously reported the Agency operated without a risk management policy contrary to Regulation 165 (1) of the Public Finance management (National Government Regulations, 2015 which requires each Accounting Officer to ensure that the national government entity develops risk management strategies which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operation.

3. Lack of Governance Audit

As previously reported, the Agency was not subject to governance audit to evaluate governance practices of the organisation. This is contrary to Parameter 1.13 of the Mwongozo code of governance 2015 which requires that the board, in consultation with the oversight office, should ensure that it subjects the organization to an annual Governance Audit by a member regulated by Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

Lack of governance audit may lead to higher liability and un identified risks which may led to financial loses and operational in efficiency.

4. Failure to Conduct Board Competency Needs Assessment

The Agency's Board did not plan and conduct a competency needs assessment program including a comprehensive annual development exercise with a minimum of two (2) days per board member during the financial year. Management did not provide evidence to confirm that the Board had been certified by an accredited body within the first six (6) months of their appointment. This was contrary to governance principles provided in Section 1.10 of the Mwongozo (Code of Governance for State Corporations), 2015.

In the circumstances, the board may lack critical skills in areas like finance, risk management, technology which lead to poor decision-making and missed strategic opportunities.

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

Responsibilities of the Management and those Charged with Governance

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 October, 2025

Appendix 1

Unresolved Prior Year Matters

No.	Financial Year	Audit Issue
		Report on Lawfulness And Effectiveness in the Use of Public Resources
1	2023/2024	Non-Compliance with Law on Ethnic Composition
2	2023/2024	Delayed Implementation of Projects
3	2023/2024	Delayed Construction of Moiben- Kuserwo Phase 1 Water Supply Project
		Report on Effectiveness of Internal Controls, Risk Management and Governance
4	2023/2024	Lack of Governance Audit
5	2023/2024	Lack of Information Communication Technology (ICT) Strategy and Periodic Reports
6	2023/2024	Lack of Risk Management Policy
7	2023/2024	Lack of Segregation of Duties in the Finance and Accounting Department

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	529,693,395	565,904,330
Levies, Fines, and penalties	7	-	-
Public contributions and donations	8	-	200,000
Property taxes revenue	9	-	-
Licenses and permits	10	-	-
		529,693,395	566,104,330
Revenue from exchange transactions			
Rendering of services	11	-	-
Sale of goods	12	7,600	-
Rental revenue from facilities and equipment	13	-	-
Finance income	14	-	-
Other income	15	-	5,808,046
Total revenue		529,700,995	571,912,376
Expenses			
Use of goods and services	16	42,809,466	32,803,990
Employee costs	17	64,895,964	32,293,574
Board Expenses	18	13,782,958	14,571,921
Depreciation and amortization expense	19	9,768,652	5,317,854
Repairs and maintenance	20	4,320,969	4,580,012
Contracted services	21	-	-
Grants and subsidies	22	295,929,605	212,525,046
Finance costs	23	-	-
Total expenses		431,507,614	302,092,397
Other gains/(losses)			
Gain/Loss on sale of assets	24	-	-
Gain/Loss on foreign exchange transactions	25	-	-
Gain /Loss on fair value of investments	26	-	-
Impairment loss	27	-	-
Surplus/ (deficit) before tax		98,193,381	269,819,979
Taxation	28	-	-
Surplus/(deficit) for the period/year		98,193,381	269,819,979
Remission to National Treasury	47	-	-
Net Surplus for the year		98,193,381	269,819,979
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling Entity		-	-
		98,193,381	269,819,979

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

The notes set out on pages 12 to 70 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:



Name: **Edwin Cherich**
Accounting Officer

Date: **14/10/2025**



Name: **Titus Chesire**
Head of Finance

ICPAK M/No: 21106

Date: **14.10.2025**



Name: **Prof. John K. Longengoro**
Chairman of the Board

Date: **14/10/2025**

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

15. Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	29	446,378,119	662,133,537
Receivables from Exchange Transactions	30 (a)	319,314,424	12,990,790
Receivables from Non-Exchange Transactions	31	0	0
Inventories	32	950,769	513,245
Investments in financial assets	33	0	0
Total Current Assets		766,643,312	675,637,572
Non-Current Assets			
Property, Plant and Equipment	34	338,706,183	111,746,666
Investments	33	-	-
Intangible Assets	35	-	-
Investment Property	36	-	-
Receivables from Exchange Transactions	30 (b)	-	-
Total Non- Current Assets		338,706,183	111,746,666
Total Assets		1,105,349,495	787,384,238
Liabilities			
Current Liabilities			
Trade and Other Payables	37	40,660,416	14,888,738
Refundable Deposits from Customers	38	-	-
Current Provision	39	-	-
Finance Lease Obligation	40	-	-
Current Portion of Borrowings	43	-	-
Deferred Income	41	-	-
Employee Benefit Obligation	42	8,917,558	3,917,359
Social Benefits	46	-	-
Taxation	48	-	-
Total Current Liabilities		49,577,974	18,806,098
Non-Current Liabilities			
Non-Current Employee Benefit Obligation	42	-	-
Non-Current Provisions	43	-	-
Borrowings	44	-	-
Service Concession Liability	45	-	-
Social Benefits	46	-	-


**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Deferred Tax Liabilities	49	-	-
Total Non- Current Liabilities		-	-
Total Liabilities		49,577,974	18,806,098
Net Assets		1,055,771,521	768,578,140
Represented by:			
Reserves		578,157,304	389,157,304
Accumulated Surplus		477,614,217	379,420,836
Capital Fund			
Net Assets		1,055,771,521	768,578,140

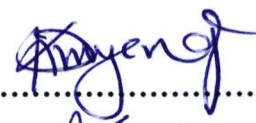
The financial statements set out on pages 1 to 11 were signed on behalf of the Board of Directors by:


 Name **Edwin Cherichit**
 Accounting Officer

Date **14/10/2025**


 Name **Titus Chesire**
 Head of Finance
 ICPAK Member

Number:21106
 Date **14.10.2025**


 Name **Prof. John K. Lanyanga**
 Chairman of the Board

Date **14/10/2025**

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023	-	-	-	104,283,003	-	154,475,158	258,758,161
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	269,819,979	-	-	269,819,979
Capital/development grants received during the year	-	-	-	-	-	240,000,000	240,000,000
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	5,317,854	-	-5,317,854	-
Dividends paid	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
As at June 30, 2024	-	-	-	379,420,836	-	389,157,304	768,578,140
As at July 1, 2024	-	-	-	379,420,836	-	389,157,304	768,578,140
Issued new capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on investments	-	-	-	-	-	-	-
Surplus/ deficit for the year	-	-	-	98,193,381	-	-	98,193,381
Capital/development grants received during the year	-	-	-	-	-	189,000,000	189,000,000

North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	9,768,652	-	-9,768,652	-
Dividends paid	-	-	-	-	-	-	-
Interim dividends paid	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
As at June 30, 2025	-	-	-	487,382,869	-	568,388,652	1,055,771,521

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

	Notes	2024-2025	2023-2024
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	519,493,302	554,095,000
Levies, Fines, and penalties	7		
Public contributions and donations	8		200,000
Property taxes revenue	9		
Licenses and permits	10		
Rendering of services	11		
Sale of goods	12	7,600	
Rental revenue from facilities and equipment	13		
Finance income	14		
Other income	15		5,808,046
Total Receipts		519,500,902	560,103,046
Payments			
Use of goods and services	16	43,403,881	33,193,572
Employee costs	17	49,695,672	18,180,409
Board Expenses	18	13,782,958	14,571,921
Repairs and maintenance	20	4,320,969	4,580,012
Contracted services	21	-	
Grants and subsidies	22	386,671,155	203,421,315
Total Payments		497,874,635	273,947,229
Net cash flows from/(used in) operating activities	45	21,626,267	286,155,817
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	34	-426,381,685	-92,291,856
Proceeds from sale of property, plant and Equipment			
Decrease/(Increase) in non-current receivables			
Purchase of investments			
Sale of investments			
Net cash flows from/(used in) investing activities		-426,381,685	-92,291,856
Cash flows from financing activities			
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from issue of shares			
Transfer of capital grants from other government entities	6	189,000,000	240,000,000
Increase in capital funds			
Net cash flows from /(used in) financing activities		189,000,000	240,000,000

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

	Notes	2024-2025	2023-2024
Net increase/(decrease) in cash & Cash equivalents		-215,755,418	433,863,961
Cash and cash equivalents at 1 July	28	662,133,537	228,269,576
Cash and cash equivalents at 30 June	28	446,378,119	662,133,537

North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100
Budget carryovers from the previous year*	-	646,109,556	646,109,556	646,109,556	-	100
Receipts						
Transfers from Other Governments entities	777,000,000	-65,056,605	711,943,395	718,693,395	-6,750,000	101
Levies, Fines and Penalties	-	-	-	-	-	-
Public Contributions and Donations	-	-	-	-	-	-
Property Taxes Revenue	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Rendering of Services	-	-	-	-	-	-
Sale of Goods	-	7600	7,600	7,600	0	100
Rental Revenue from Facilities and Equipment	-	-	-	-	-	-
Finance Income	-	-	-	-	-	-
Agency Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Receipts	777,000,000	(65,049,005)	711,950,995	718,700,995	(6,750,000)	101
payments						
Use of Goods and Services	13,458,400	31,730,192	45,629,669	43,403,881	2,225,788	95
Employee costs	77,725,548	10,200,093	87,925,641	59,895,765	28,029,876	68
Remuneration of Directors	14,014,700	-	14,014,700	13,782,958	231,742	98
Repairs and Maintenance	801,352	25,004,385	25,805,737	23,362,169	2,443,568	91
Contracted Services	-	-	-	-	-	-
Grants and Subsidies	327,000,000	363,321,280	690,321,280	386,671,155	303,650,125	56
Total Payments	433,000,000	430,255,950	863,255,950	527,115,928	336,581,099	61
Capital Expenditure Payments	344,000,000	150,363,524	494,363,524	407,340,485	87,023,039	82
Surplus	-	441,077	441,077	430,354,138	(430,354,138)	

Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

- 1. Budget carry overs from the previous year-** The budget carry overs from the previous year of 2023-2024 amounting to **Kshs.645,668,479** which is comprised of closing bank balances for recurrent, Development Revenue and Rural accounts. The amounts were re-budgeted to the financial year 2024-2025.
- 2. Original budget of Kshs.777,000,000.** The amount is comprised of approved budget of Kshs.106,000,000 for recurrent and Kshs.671,000,000 for Development.
- 3. Use of goods and services-** the absorption of 95% is within the budget however the was under expenditure on fuel and motor vehicle insurance since one vehicle was not operating as it needs major repairs.
- 4. Repair and maintenance Costs -** The budget line had an absorption rate of 91%. The under expenditure was caused by savings on the procurement of office furniture and equipment which had been budgeted under repair and maintenance of office furniture.
- 5. Grants and subsidies.** This budget line is composed of Rural water supply projects. The under-absorption is because The Agency received additional allocation to implement new projects which were approved during supplementary III. The budget was approved in April 2025 which therefore means the projects could not be implemented within two months.

Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)

- **Total Revenue:** The difference between the original budget revenue and the final budget revenue is that the final budget revenue include Kshs.9,830,192 for AfDB training which the Agency is implementing on behalf of the Central Rift Valley Water Works Development Agency cluster, Kshs. 134,913,110 being net changes on development budget upon approval of supplementary budgets and Kshs.10,200,093 being salary of seconded staff to the Agency paid by the respective institutions they came from. The Also received Kshs.7,600 was received on disposal of used tyres.

**North Rift Valley Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

- Total Expenditure: The difference between the original budget expenses and the final budget expenses is that the final budget expenses include Kshs.9,830,192 for AfDB training which the Agency is implementing on behalf of the Central Rift Valley Water Works Development Agency cluster, Kshs. 134,913,110 being net changes on development budget upon approval of supplementary budgets and Kshs.10,200,093 being salary of seconded staff to the Agency paid by the respective institutions they came from. The Also received Kshs.7,600 was received on disposal of used tyres.

Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	430,354,138
1	Add balance of Retention account at the beginning of the financial year	12,117,999
2	Add balance of gratuity account at the beginning of the financial year	3,905,982
	Closing Cash and Cash Equivalent as per the statement of Cash flows	446,378,119

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

19. Notes to the Financial Statements

1. Establishment

North Rift Valley Water Works Development Agency is established by and derives its authority and accountability from water Act 2016. The Agency is wholly owned by the Government of Kenya and is domiciled in Kenya. The Agency's principal activity is develop and maintain water and sanitation infrastructure within its area of jurisdiction.

2. Statement of Compliance and Basis of Preparation

Statement of Compliance

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements. 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 in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<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 standard does not have impact on the Agency</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></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 standard does not have impact on the Agency</p>
IPSAS 45- Property Plant and Equipment	<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</p>

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Standard	Effective date and impact:
	<p>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 standard does not have impact on the Agency</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> <p>The standard does not have impact on the Agency</p>
<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>The standard does not have impact on the Agency</p>

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Standard	Effective date and impact:
<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 does not have impact on the Agency</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 does not have impact on the Agency</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> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The standard does not have impact on the Agency</p>

iii. Early adoption of standards

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and Fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income. Development grants are recognized in the statement of financial performance after meeting the revenue recognition criteria. Conditional grants are recognized as revenue upon fulfilment of the set conditions.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Interest income

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

Rental income

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

b) Budget information

The original budget for the Current FY was approved by the National Assembly on January 2024. 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 Agency upon receiving the respective approvals in order to conclude the final budget. The Agency had an original budget of Kshs.777,000,000 comprising of Kshs.106,000,000 for recurrent and Kshs.671,000,000 for Development. During supplementary budget The Agency experienced budget cuts for development and therefore the Budget was reduced to by Kshs.110,000,000. The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Agency and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Biological Assets

The Agency recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

Summary of Significant Accounting Policies (Continued)

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Agency does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Agency's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Trade and other receivables

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

k) Inventories

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

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

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Provisions

Provisions are recognized when the Agency 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 Agency 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.

m) Social Benefits

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

n) 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.

o) 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 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.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

q) 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.

r) Employee benefits

Retirement benefit plans

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

s) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

t) Borrowing costs

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

u) Related parties

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

v) Service concession arrangements

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash impress and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

x) Comparative figures

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

y) 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.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments 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. State all judgements, estimates and assumptions made:

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2024-2025	2023-2024
	KShs	KShs
Unconditional Grants		
Operational Grant	-	-
Unconditional development grants	-	-
Other Grants	-	-
Total Unconditional Grants	-	-
Conditional Grants amortised/ transferred to revenue		
Housing Development Grant	-	-
Infrastructure Grant	-	-
Library Grant	-	-
Facilities Development Grant	-	-
Other Organizational Grants (specify)	-	-
Total Government Grants And Subsidies	-	-

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

Name of The Agency Sending The Grant	Amount recognized to Statement of Financial performance.	Amount deferred under deferred income.	Amount recognised in capital fund.	Total transfers 2024-2025	2023-2024
	KShs	KShs	KShs	KShs	KShs
Ministry of Water, Sanitation and Irrigation	525,401,706	-	189,000,000	714,401,706	800,003,404
Central Rift Valley Water Works Development Agency	3,838,228	-	-	3,838,228	3,838,228
Lake Victoria North Water Works Development Agency	-	-	-	-	2,062,698
Total amount recognized in the Statement of Financial Performance	529,239,934	-	189,000,000	718,239,934	805,904,330

N/B Salaries for seconded staff amounting to Kshs.9,746,632 were paid directly by the Ministry of Water, Sanitation and Irrigation and Centra Rift Valley Water Works Development Agency. Their services were recognised in the statement of financial performance but this did not involve movement of cash in the cash flow.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

7. Levies, Fines and Penalties

Description	2024-2025	2023-2024
	Kshs	Kshs
Fuel Levy	-	-
Other Levies (Specify)	-	-
Fines	-	-
Penalties	-	-
Total	-	-

8. Public Contributions and Donations

Description	2024-2025	2023-2024
	Kshs	Kshs
Health Donations	-	-
Research Donations	-	-
Donations transferred to revenue on conditions being met.	-	-
Other Public Donations (Specify)	-	200,000
Total Transfers and Sponsorships	-	200,000
Reconciliation Of Public Contributions and Donations		
Balance Unspent at Beginning of The Year	-	-
Current Year Receipts	-	200,000
Conditions Met - Transferred to Revenue	-	-
Conditions To Be Met - Remain Liabilities	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

9. Property Taxes Revenue

Description	2024-2025	2023-2024
	KShs	KShs
Taxable Land and Buildings		
Residential	-	-
Commercial	-	-
State	-	-
Penalties	-	-
Sub- Total Property and Taxes	-	-
Income Forgone/ waived	-	-
Total Property Taxes Revenue	-	-

10. Licenses, Fees and Permits

Description	2024-2025	2023-2024
	Kshs	Kshs
Licenses	-	-
Fees	-	-
Permits	-	-
Total	-	-

11. Rendering Of Services

Description	2024-2025	2023-2024
	KShs	KShs
Tuition Fees	-	-
Training Fees	-	-
Health services	-	-
Service Fees (specify)	-	-
Quality Assurance	-	-
Others (specify)	-	-
Total Revenue from The Rendering Of Services	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

12. Sale of Goods

Description	2024-2025	2023-2024
	Kshs	Kshs
Sale of goods		
Sale of electricity	-	-
Sale of water	-	-
Sale of books	-	-
Sale of publications	-	-
Other (disposal of tyres)	7,600	-
Total revenue from the sale of goods	7,600	-

13. Rental Revenue from Facilities and Equipment

Description	2024-2025	2023-2024
	Kshs	Kshs
Operating Lease Revenues	-	-
Staff Houses	-	-
Contingent Rentals*	-	-
Total Rentals	-	-

14. Finance Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from Treasury Bills	-	-
Interest income from Treasury Bonds	-	-
Interest from outstanding debtors	-	-
Total finance income	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

15. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance recoveries	-	-
Income from sale of tender	-	-
Services concession income	-	-
Skills development levy	-	-
Agency fee	-	-
Income written back	-	-
Bad debts recovered	-	-
Miscellaneous incomes	-	5,808,046
Total Other income	-	5,808,046

16. Use of Goods and Services

Description	2024-2025	2023-2024
	KShs	KShs
Electricity	394,686	388,008
Water	214,123	100,192
Professional Services	-	-
Subscriptions	124,750	84,400
Advertising	-	-
Admin Fees	-	-
Audit Fees	750,000	750,000
Conferences and Delegations	1,731,110	4,883,964
Consulting Fees	-	-
Consumables	-	-
Fuel and Oil	2,300,617	2,067,859
Insurance	1,085,969	824,059
Legal Expenses	-	-
Licenses and Permits	-	-
Chemicals	-	-
Water Purification Cost	-	-
Postage	166,640	227,832
Printing and Stationery	2,254,819	2,201,052
Hire Charges	-	-
Rent expenses	8,108,400	8,475,860
Security Costs	-	-
Sewage Treatment Costs	-	-
Skills Development Levies	-	-
Inventory Scrapping	-	-
Telecommunication	1,359,055	1,240,442

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Description	2024-2025	2023-2024
	KShs	KShs
Training	16,112,249.00	4,126,098
Travel, Subsistence & Other Allowances*	7,178,703.00	6,027,810
Bank charges	304,601	184,144
Other General Expenses	723,744	1,222,270
Total Use of Goods and Services Costs (recognized in the statement of financial performance)	42,809,466	32,803,990
Add items in the cashflow but not in the statement of financial performance (Accrued payments for previous FY paid for in the current FY, staff advance and stationary paid for but not expensed in the current FY)	1,798,169	1,273,406
Less items not affecting cashflow statement (Expenses recognized during the financial year but not paid for and stationary paid for in the previous FY but expensed in the current FY)	1,203,754	883,824
Total Use of Goods and Services Costs (recognized in the cashflow statement)	43,403,881	33,193,572

17. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages Central Rift Valley Water Works Development Agency	3,495,400	3,838,228
Salaries and wages Lake Victoria North Water Works Development Agency	-	2,062,698
Salaries and wages Ministry of Water, Sanitation and Irrigation	6,704,693	5,908,404
Salaries and Wages	45,976,818	14,526,495
Employer contribution to health Insurance Schemes	-	-
Employer contribution to pension schemes	-	178,680
Travel, accommodation, subsistence, & other allowances	-	-
Housing benefits and allowances	-	-
Overtime payments	-	-
Performance and other bonuses	-	-
Social contributions	-	-
Gratuity	5,000,199	2,303,835
Other employee related costs *	3,718,854	3,475,234
Employee costs	64,895,964	32,293,574

Other related costs relate to Kshs.577,546 for telephone allowances, Kshs.890,450 relating to staff welfare and Kshs.2,250,858 for staff recruitment expenses.

N/B Salaries for seconded staff amounting to Kshs.10,200,093 were paid directly by the Ministry of Water and the Central Rift Valley Water Works Development Agency. Their services were recognised in the statement of financial performance but this did not involve movement of cash in the cash flow. Gratuity expense amounting to Kshs.5,000,199 was also recognised in the statement of financial performance but did not involve movement of cash in the cashflow.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

18. Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Chairman/Directors' Honoraria	960,000	560,000
Sitting Allowances		
Medical Insurance	712,318	1,267,400
Induction and Training	2,357,000	3,145,116
Travel and Accommodation	9,753,640	9,599,405
Other Allowances		
Total	13,782,958	14,571,921

19. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	9,768,652	5,317,854
Intangible assets	-	-
Investment property carried at cost	-	-
Total depreciation and amortization	9,768,652	5,317,854

The increase in depreciation was occasioned by procurement of two new vehicles and office furniture during the financial year under review.

20. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property and equipment	400,924	1,305,245
Investment Property	-	-
Equipment and Machinery	-	-
Vehicles	1,712,669	1,598,613
Furniture and Fittings	9,280	318,252
Computers and Accessories	1,438,996	398,250
Others-Motor Vehicle tyres and batteries	759,100	959,652
Total Repairs and Maintenance	4,320,969	4,580,012

21. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Actuarial Valuations	-	-
Investment Valuations	-	-
Property Valuations	-	-
Others (specify)	-	-
Total Contracted Services	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

22. Grants and Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Community Development (Rural Water Supplies Projects)	295,929,605	212,525,046
Education Initiatives and Programs	-	-
Social Development	-	-
Social benefit expenses*	-	-
Community Trust	-	-
Sporting Bodies	-	-
Total Grants and Subsidies recognized in the statement of financial performance	295,929,605	212,525,046
Less items recognized in the statement of financial performance and not in the statement of cashflow (retention recovered during the financial year but not paid by the end of the financial year and advance recovered in the current FY)	49,307,599	24,829,674
Add items recognized in the statement of cashflow and not in the statement of financial performance (advance to contractors during the FY, retention paid for but had been expensed in the previous financial years and staff advances inform of imprest)	140,049,149	15,725,943
Total Grants and Subsidies recognized in the statement of cashflow	386,671,155	203,421,315

23. Finance Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Borrowings (amortized cost) *	-	-
Finance leases (amortized cost)	-	-
Unwinding of discount on lease liabilities	-	-
Interest on bank overdrafts	-	-
Interest on loans from commercial banks	-	-
Total finance costs	-	-

24. Social Benefits Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
<i>Benefits to PWDs</i>	-	-
<i>Benefits to the Aged</i>	-	-
<i>Others specify</i>	-	-
Total Social Benefits	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

25. Gain on Sale of Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
	-	-
Property, plant and equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total gain on sale of assets	-	-

26. Gain/Loss on foreign exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Gain on foreign exchange transactions	-	-
Loss on foreign exchange transactions	-	-
Total Gain/Loss	-	-

27. Gain/ (loss) on Fair Value Investments

Description	2024-2025	2023-2024
	Kshs	Kshs
Investments at Fair Value- Equity investments	-	-
Fair value – Investment property	-	-
Fair value- other financial assets (specify)	-	-
Total Gain	-	-

28. Gain/(Loss) on Fair Value Impairment

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Total Impairment Loss	-	-

29. Taxation

Description	2024-2025	2023-2024
	Kshs	Kshs
Current income tax charge	-	-
Tax charged on rental income	-	-
Tax charged on interest income	-	-
Deferred tax: [note 53]	-	-
Original and reversal of temporary differences	-	-
Income tax expense reported in the statement of financial performance	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

30. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	446,378,119	662,133,537
Savings Account	-	-
On - Call Deposits	-	-
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Others (Specify)	-	-
Total Cash and Cash Equivalents	446,378,119	662,133,537

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank Revenue Account	1280469625	95,714	441,078
Kenya Commercial Bank Recurrent Account	1280469390	28,848,171	46,896,785
Kenya Commercial Bank Development Account	1280469552	216,523,039	551,613,523
Co-operative Bank Rural Water Supply Projects	01141958483700	152,683,531	47,158,170
Co-operative Bank Retention Account	01141958483701	39,310,106	12,117,999
Co-operative Bank Gratuity Account	01141958483702	8,917,558	3,905,982
Sub- Total		446,378,119	662,133,537
b) On Call Deposits			
Kenya Commercial Bank		-	-
Equity Bank – etc.		-	-
Sub- Total		-	-
c) Fixed Deposits Account			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
d) Staff Car Loan/ Mortgage			
Kenya Commercial Bank		-	-
Bank B		-	-
Sub- Total		-	-
e) Others (Specify)			
Cash in Transit		-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Financial Institution	Account number	2024-2025	2023-2024
		Kshs	Kshs
Cash in Hand		-	-
Mobile Money Accounts		-	-
Sub- Total		-	-
Grand Total		446,378,119	662,133,537

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

31. Prepayments

Description	2024-2025	2023-2024
	Kshs	Kshs
Insurance	-	-
Rent	-	-
Water	-	-
Internet	-	-
Others specify	-	-
Total	-	-

32. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2024-2025	2023-2024
	Kshs	Kshs
Receivables		
Service, Water and Electricity Debtors	319,314,424	12,990,790
Other Exchange Debtors	-	-
Total Current Receivables	319,314,424	12,990,790

The debtors relate to Kshs.317,613,294 being advance payments to contractors, Kshs.400,000 being advance to Vivo energies for operating fuel and Kshs.1,301,130 being staff advances in form of imprest.

(b) Receivables from Exchange Transactions (Long-term)

Description	2024-2025	2023-2024
	Kshs	Kshs
Total receivables	-	-
Service, water and electricity debtors	-	-
Other exchange debtors	-	-
Less: impairment allowance	-	-
Total receivables	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables (a+b)	319,314,424	12,024,703

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

(c) Ageing analysis for Receivables from exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	319,314,424	%	9,715,560	%
Between 1- 2 years	-	%	3,275,230	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	319,314,424	%	12,990,790	%

(d) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

33. Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Property tax debtors	-	-	-	-
Levies, fines, and penalties	-	-	-	-
Licenses, fees and permits	-	-	-	-
Other debtors (non-exchange transactions)	-	-	-	-
Less: impairment allowance	-	-	-	-
Total receivables from non- exchange transactions	-	-	-	-
Ageing Analysis- Receivables from non-exchange transactions	2024-2025	% of the total	2023-2024	% of the total
Less than 1 year	-	%	-	%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Description	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

34. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable stores	950,769	513,245
Medical supplies	-	-
Spare parts and meters	-	-
Water for distribution	-	-
Other goods held for resale	-	-
Catering	-	-
Less: allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	950,769	513,245

The inventories relate to the stationaries in the store at the end of the financial year

Detailed disclosure on inventories

	2024-2025
Opening balance	513,245
Additional Inventory in the year	2,692,343
Inventory expensed in the year	2,254,819
Write-downs in the year	-
Others specify	-
Closing balance	950,769

35. Investments in financial assets

Description	2024-2025	2023-2024
	Kshs	Kshs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK	-	-
CBK	-	-
Sub- total	-	-
b) Investment with Financial Institutions/ Banks	-	-
Bank x	-	-
Bank y	-	-
Sub- total	-	-
c)Equity investments (specify)	-	-
Equity/ shares in Agency	-	-
Sub- total	-	-
Grand total	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

a) Movement of Equity Investments

Impairment allowance/ provision	2024-2025	2023-2024
	Kshs	Kshs
At the beginning of the year	-	-
Purchase of investments in the year	-	-
Sale of investments during the year	-	-
Gain/(loss) in fair value of investments through surplus or deficit	-	-
At the end of the year	-	-

b) Shareholding in other entities

Name of Agency where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Comparative year
	%	%	%	Kshs	Kshs	Kshs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
Entity C	-	-	-	-	-	-
	-	-	-	-	-	-

Annual Reports and Financial Statements
for the year ended June 30, 2025.

Notes to the Financial Statements (Continued)

36. Property, Plant and Equipment

Cost or Valuation	Furniture office equipment fittings 12.5%	Computer & Accessories 33.3%	Motor Vehicle 25%	Plant, Machinery & Equipment 20%	Water Supply Infrastructure 2.5%	Land and Buildings	Capital Work in Progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at July 1,2023	4,083,500	4,598,040	11,930,000	0	0	0	9,409,265	30,020,805
Additions at cost	136,880	8,475,424	0	0	0	0	83,679,552	92,291,856
Disposals	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0
As at June 30, 2024	4,220,380	13,073,464	11,930,000	0	0	0	93,088,817	122,312,661
Additions at cost	1,990,537	1,011,800	16,038,864	0	0	0	217,686,969	236,728,169
Disposals	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Revaluation Adjustments	0	0	0	0	0	0	0	0
As at June 30, 2025	6,210,917	14,085,264	27,968,864	0	0	0	310,775,786	359,040,830
Depreciation and Impairment								
Balance as at July 1,2023	1,531,313	3,716,829	0	0	0	0	0	5,248,142
Depreciation	527,548	1,807,806	2,982,500	0	0	0	0	5,317,854
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Balance as at June 30, 2024	2,058,860	5,524,635	2,982,500	0	0	0	0	10,565,995
Charge for the period	776,365	3,002,500	5,989,787	0	0	0	0	9,768,652
Disposals	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0
Balance as at June 30, 2025	2,835,225	8,527,135	8,972,287	0	0	0	0	20,334,647

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Cost or Valuation	Furniture office equipment fittings 12.5%	Computer & Accessories 33.3%	Motor Vehicle 25%	Plant, Machinery & Equipment 20%	Water Supply Infrastructure 2.5%	Land and Buildings	Capital Work in Progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Net Book Values								
Net Book Values as at June 2024	2,161,520	7,548,829	8,947,500	0	0	0	93,088,817	111,746,666
Net Book Values as at June 30 2025	3,375,692	5,558,129	18,996,577	0	0	0	310,775,786	338,706,183

The WIP amount relates to development projects which are Moisbridge Matunda and Soi Kosachei water supplies.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Valuation

The Agency currently does not own land or building hence no valuation has been carried out.

34 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	-	-	-
Motor Vehicles, Including Motorcycles	27,968,864	8,972,287	18,996,577
Computers And Related Equipment	14,085,264	8,527,135	5,558,129
Office Equipment, Furniture, And Fittings	6,210,917	2,835,225	3,375,692
Total	48,265,045	20,334,647	27,930,398

Note. The Agency uses straight line method of depreciation as per the Agency financial procedure manual.

Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	-	-
Motor Vehicles including Motorcycles	-	-
Computers and Related Equipment	4,598,040	1,532,680
Office Equipment, Furniture and Fittings	-	-
Total	4,598,040	1,532,680

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

37. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost		
At beginning of the year	-	-
Additions	-	-
At end of the year	-	-
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	-	-

38. Investment Property

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Additions	-	-
Disposal during the year	-	-
Depreciation	-	-
Impairment	-	-
Gain/(loss) in fair value (if fair value is elected)	-	-
At end of the year	-	-

39. Biological Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Trees in a plantation forest	-	-
Animals: Dairy Cattle, Pigs, Sheep	-	-
Others specify	-	-
Total	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

40. Trade and Other Payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	40,660,416		14,888,739	
Payments received in advance	-		-	
Employee payables	8,917,558		3,917,359	
Third-party payments	-		-	
Other payables	-		-	
Total trade and other payables	49,577,974		18,806,098	
Ageing analysis: (Trade and other payables)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	34,861,725	%	12,710,653	%
1-2 years	8,093,649	%	3,554,999	%
2-3 years	5,240,875	%	1,858,741	%
Over 3 years	1,381,725	%	681,705	%
Total (tie to above total)	49,577,974		18,806,098	

The trade payables relate to retention money owed to contractors and paid upon completion of the projects. Additionally, it relates to accrued electricity and water bills as well as accrued gratuity.

41. Refundable Deposits and Prepayments from Customers

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Customer deposits	-		-	
Prepayments	-		-	
Other deposits	-		-	
Total deposits	-		-	
Ageing analysis: (Refundable deposits)	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-		-	

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

42. Prepayments from customers

Description	2024-2025	2023-2024
	Kshs	Kshs
Specify	-	-
	-	-
	-	-
Total Prepayments	-	-

43. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance b/f	-	-	-	-	-
Additional provisions	-	-	-	-	-
Provision utilized	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non-current provisions	-	-	-	-	-
Total provisions year end	-	-	-	-	-

44. Finance Lease Obligation

Description	2024-2025	2023-2024
	Kshs	Kshs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount (Kshs)
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 And Onwards	-
Less: Unearned Interest	-
Total	-

Analysed as:

Description	Amount (Kshs)
Current	-
Non- Current	-
Total	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

45. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
National Government	-	-
International Funders	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

Additional Details

	National government	International funders	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance Brought Forward	-	-	-	-
Additions	-	-	-	-
Transfers to Capital Fund	-	-	-	-
Transfers to Income Statement	-	-	-	-
Other Transfers	-	-	-	-
Balance Carried Forward	-	-	-	-

46. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2024-2025	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Opening balance as at 1 st July	-	-	-	3,917,359	1,613,525
Current Benefit Obligation	-	-	-	5,000,199	2,303,834
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	8,917,558	3,917,359

Retirement benefit Asset/ Liability

The Agency operates a defined benefit scheme for all full-time employees from July 1, 2024. The scheme is administered by ICEA lion Trust Octagon Africa are the custodians of the scheme. The scheme is based on 15 percentage of salary of an employee at the time of retirement. An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Description	2024-2025	2023-2024
Discount Rates	0%	0%
Future Salary Increases	0%	0%
Future Pension Increases	0%	0%
Mortality (Pre- Retirement)	0%	0%
Mortality (Post- Retirement)	0%	0%
Withdrawals	0%	0%
Ill Health	0%	0%
Retirement	0 years	0 years

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2024-2025	2023-2024
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial gains/ losses arising from changes in financial assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (specify)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

b) Amounts recognised in the Statement of Financial Position

Description	2024-2025 Kshs	2023-2024 Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded Status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net Asset or liability arising from defined benefit obligation	-	-

The Agency also contribute to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Agency's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,080 per employee per month. Other than NSSF the Agency will also contribute to a defined benefits scheme under the water sector pension which is currently operational Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred

47. Borrowings

Description	2024-2025 Kshs	2023-2024 Kshs
a) External borrowings		
Balance at beginning of the year	-	-
External borrowings during the year	-	-
Repayments of during the year	-	-
Balance at end of the year	-	-
b) Domestic borrowings		
Balance at beginning of the year	-	-
Domestic borrowings during the year	-	-
Repayments during the year	-	-
Balance at end of the year	-	-
Balance at end of the period- domestic and External borrowings c = a+b	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

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

	2024-2025	2023-2024
	Kshs	Kshs
External Borrowings		
Dollar Denominated Loan From 'X Organization'	-	-
Sterling Pound Denominated Loan From 'Y Organization'	-	-
Euro Denominated Loan from Z Organization'	-	-
Domestic Borrowings	-	-
Kenya Shilling Loan From KCB	-	-
Kenya Shilling Loan from Barclays Bank	-	-
Kenya Shilling Loan from Consolidated Bank	-	-
Total Balance at End Of The Year	-	-

Description	2024-2025	2023-2024
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

48. Social Benefit Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Benefits to PWDs	-	-
Benefits to the Aged	-	-
Others Specify	-	-
Total	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

49. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
Balance at the end of the year	-	-	-	-	-

50. Service Concession Arrangements

Description	2024-2025	2023-2024
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

51. Surplus Remission (for category 3 entities)

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Agency did not remit the surplus since the funds had been committed to the ongoing projects. The funds will be paid to the contractors once they raise the payment certificates.

The Surplus Remission has been computed as follows:

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the period	-	-
Less: Allowable deductions by NT	-	-
90% Computation (Included in Statement of Financial Performance)	-	-

Surplus Remission Payable

Description	2024-2025	2023-2024
	Kshs	Kshs
Payable at the beginning of the year	-	-
Paid during the year	-	-
Payable at end of the year	-	-

52. Taxation

Description	2024-2025	2023-2024
	Kshs	Kshs
At beginning of the year	-	-
Income tax charge for the year (note 27)	-	-
Under/(over) provision in prior year/s (note 27)	-	-
Income tax paid during the year	-	-
At end of the year	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

53. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2024-2025	2023-2024
	Kshs	Kshs
Accelerated capital allowances	-	-
Unrealised exchange gains/(losses)	-	-
Revaluation surplus	-	-
Tax losses carried forward	-	-
Provisions for liabilities and charges	-	-
Net deferred tax liability/(asset)	-	-
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

54. Cash Generated from Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	98,193,381	269,819,979
Adjusted for:		
Depreciation	9,768,652	5,317,854
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working capital adjustments		
Increase in inventory	-437,524	148,259
Increase in receivables	-106,323,634	-966,087
Increase in deferred income		
Increase in payables	20,425,392	11,835,813
Increase in payments received in advance		
Net cash flow from operating activities	21,626,267	286,155,817

55. 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:

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

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

Financial Risk Management

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	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30th June (2025)				
Receivables from exchange transactions	319,314,424	319,314,424	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	446,378,119	446,378,119	-	-
Total	765,692,543	765,692,543	-	-
As at 30 June (2024)				
Receivables from exchange transactions	12,990,790	12,990,790	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	662,133,537	662,133,537	-	-
Total	675,124,327	675,124,327	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts due from contractors. The board of directors sets 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 directors, who have built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The 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
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2025				
Trade payables	12,321,127	7,091,931	21,247,358	40,660,416
Current portion of borrowings	-	-	-	-
Provisions				
Deferred income				
Employee benefit obligation	399,623	1,598,491	6,919,444	8,917,558
Total	12,720,750	8,690,422	28,166,802	49,577,974
As at 30th June 2024				
Trade payables	581,945	3,617,636	10,689,157	14,888,738
Current portion of borrowings	-	-	-	-
Provisions				
Deferred income				
Employee benefit obligation	312,763	625,524	2,979,072	3,917,359
Total	894,708	4,243,160	13,668,229	18,806,098

Financial Risk Management

iii) Market risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the Entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the 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 and Risk Management Committee. The Agency's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Entity's exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

The carrying amount of the Agency's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows

FY 2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

Foreign currency sensitivity analysis

FY2025

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2025			
Financial Assets	-	-	-
Investments	-	-	-
Cash	-	-	-
Debtors	-	-	-
Total Financial Assets	-	-	-
Financial Liabilities			
Trade And Other Payables	-	-	-
Borrowings	-	-	-
Total Financial Liabilities	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes To The Financial Statements (Continued)

Financial Risk Management

The following table demonstrates the effect on the Agency's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
Current FY			
Euro	10%	-	-
USD	10%	-	-
Previous FY			
Euro	10%	-	-
USD	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The Agency's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Agency's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Agency analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs 0 Current FY: Kshs 0). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs 0 (Current FY – Kshs 0)

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Financial Risk Management

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Agency's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

Description	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2025				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-
As at 30th June 2024				
Financial Assets				
Quoted Equity Investments	-	-	-	-
Non- Financial Assets				
Investment Property	-	-	-	-
Land And Buildings	-	-	-	-
Total	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

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. The Agency capital structure comprises of the following funds:

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve		-
Retained Earnings	578,157,304	379,420,836
Capital Reserve	477,614,217	389,157,304
Total Funds	1,055,771,521	768,578,140
Total Borrowings		-
Less: Cash and Bank Balances	446,378,119	662,133,537
Net Debt/(Excess Cash And Cash Equivalents)	(446,378,119)	(662,133,537)
Gearing	0%	0%

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

56. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the 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 the Agency, holding 100% of the Agency's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Agency, both domestic and external.

Other related parties include:

- i. The Parent Ministry.
- ii. County Governments
- iii. Other SCs and SAGAs
- iv. WASREB
- v. OAG
- vi. Key Management
- vii. Board of directors.

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with related parties		
A) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. Agencies	-	-
Water sales to govt. Agencies	-	-
Others (specify) e.g., interest and bank charges	-	-
Total	-	-
B) purchases from related parties		
Purchases of electricity from KPLC	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	8,108,400	8,475,860
Training and conference fees paid to govt. Agencies		
Others		
Total	8,108,400	8,475,860
C) Grants /transfers from the government		
Transfer from Ministry of Water, Sanitation and Irrigation	705,367,803	805,904,330
Transfer from Central Rift Valley Water Works Development Agency Board	3,495,400	3,838,228

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Description	2024-2025	2023-2024
	Kshs	Kshs
Transfer from Lake Victoria North Water Works Development Agency	0	2,062,698
Total	708,863,203	811,805,256
D)Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	-	-
Payments for goods and services for xxx	-	-
Total		
Key management compensation		
Directors' emoluments	13,782,958	14,123,576
Compensation to key management	21,480,732	12,390,512
Total	35,263,690	26,514,088

57. Segment Information

The Agency does not operate in different geographical regions or in departments and therefore there is no segmental reporting.

58. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2024-2025	2023-2024
	Ksha	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets Arising from Determination Of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Receivables From Other Government Entities	-	-
Others (Specify)	-	-
Total	-	-

The Agency did not have any contingent asset during the financial year

Contingent Liabilities

Description	2024-2025	2023-2024
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case xx against the Entity	-	-
Bank Guarantees in Favour of Subsidiary	-	-
Contingent Liabilities arising from Contracts Including PPPs	-	-
Others (Specify)	-	-
Total	-	-

The Agency did not have any contingent liability during the financial year

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Notes to the Financial Statements (Continued)

59. Capital Commitments

Capital Commitments	2024-2025	2023-2024
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	1,921,422,451	1,921,422,451
Total	-	-

The amount relates to contract for construction of Moisbridge-Matunda water supply project

60. Program for Results (PforR) Disclosure

Name of PforR: xxxxxx			Name of Financing Partners: xxx and xxx			
Expenditure Details*	Opening Cumulative for Previous FYs		Current FY		Total Cumulative	
	Budget	Actual	Budget	Actual	Budget	Actual
Program code						
Sub-program						
Sub-program						
Sub-total						
Program code						
Sub-program						
Sub-program						
Sub-total						
Total	-	-	-	-	-	-

This disclosure note is for entities implementing Programs for Results (PforR). The Agency is not implementing programs for Results (PforR)

61. Events after the Reporting Period

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

62. Ultimate And Holding Entity

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

63. Currency

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

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

20. Appendices

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

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

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)
1.	<p>Non-Compliance with Law on Ethnic Composition</p> <p>Review of the human resource data revealed that the Agency had a total of Eleven(11) employees .However ,of all eleven(11) staff, ten (10) are from one dominant community representing 91% of staff population contrary to the requirement of Section 7(1) and (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 circumstance ,Management was in breach of the law.</p>	<p>The Management notes the finding on the requirement to observe the one third rule in staff composition and is in the process of addressing the same it also commits to address the same through the subsequent staff recruitment as recommended by the auditors. The ultimate staff establishment is 150 while the current establishment is (23) twenty three. The Agency will therefore address the one third rule progressively as it fills the other vacancies. During the recent recruitments the Agency recruited nine number of staff out of which four were from non-dominant community. This was part of the commitment to reduce the ratio of the dominant community</p>	Partially Resolved	30 th June 2027
2.	<p>Delayed Implementation of Projects</p> <p>Review of the project implementation status report presented revealed that there were (4) water project with a total contract sum of Ksh.</p>	<p>The projects have been fast tracked and are now substantially complete.</p>	Issue closed	

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

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)
	<p>81,754,300 which had not been completed and were past the completion timelines. This is contrary to Section 79.2(B) of the Public Finance Management Act,2012 which states that public officer employed in a national government, state organ or public entity shall ensure that the resource within the officer's area of responsibility are used in a way which is lawful and authorized and (ii)is effective, efficient, economical and transparent. It was not clear as to why the project were still incomplete.</p> <p>In the circumstance, the resident may not have obtained value money for the expenditure for delay projects.</p>			
3.	<p>Construction of Moiben Kuserwo Phase 1 Water supply Project</p> <p>Review of project implementation status revealed that the Agency invited bids for the completion of the water project on 18 October 2022 in which the contract was awarded to the winning bidder at a contract sum of Kshs, 8,950,020 and signed on 30January 2023.</p> <p>Project commencement date was 24 February 2023 and contract period being 4 months and had already expired as at 30June 2024.The project was handed over from Lake Victoria North water works Development Agency in 2022/2023 financial year when it was in phase 1 and it was to be implemented in two (2) phases at an estimate cost of Kshs. 89.3million.</p> <p>Phase 1 was to cost Kshs. 37 million while phase 2 was to cost Kshs 52.3 million. The project received funds in the FY 2016/2017 of Kshs. 36 million at Lake Victoria North Water Works Development Agency. On handing over, the Agency requested for funds to complete the pending works under phase 1 and were granted Kshs 10 million in the FY 2022/2023 translating to a total of Kshs,46 million.</p>	<p>The Agency was forced to terminate the contract with Tabasia Holdings due to non-performance and thereafter engaged ELDOWAS to complete the remaining works. ELDOWAS have desilted the intake, repaired defective sections and currently finalizing the rectification/relaying of the last sections of the pipeline. The line will immediately thereafter be tested and commissioned.</p>	Issue partially Resolved	30 th October 2025

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

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)
	<p>Phase 1 included constructions of 50 cubic m and 100 cubic m, masonry tank, and laying of the entire 160mm diameter HDPE pipes Total expenditure incurred during the year by Agency amounted to Kshs.4,030,352 leading to a total of Kshs. 40,030,352 for phase 1 which is yet to be completed.</p> <p>Physical inspections carried out in the month of December 2024 revealed that there was a lot of siltation upstream, community interference at the Sitoton community tank and water points ,flooding ,trees in the forest disjoined the lines .soil erosion along the excavated sections and inability for the Agency to ease the load between Chepsirgen and Sitoton tank.</p> <p>In the circumstance, the resident may not have obtained value for money for the expenditure incurred on the project.</p>			
4.	<p>Lack of Governance Audit</p> <p>The water agency was not subjected to a governance audit to evaluate governance practises of the organization. This is contrary to Parameter 1.13(1) of Mwongozo code of governance 2015 which rewired that the board, in consultation with oversight office, should ensure that it subjects the organization to an annual governance audit but a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.</p>	<p>The Agency didn't adequately budget for the exercise due to limited resources during the FY.</p>	<p>Not Resolved</p>	<p>30th June 2025</p>
5.	<p>Lack of Information Communication Technology (ICT) Strategy</p> <p>As previously reported, the Agency did not have in place IT strategic committee, data recovery plan (DRP) and IT security policy that are vital in effective and efficient management of the entity's IT resources. Further, the Agency did not have an IT steering committee which is important in performing oversight function and formulation of policies to ensure that IT department functions effectively to assist in achievement of organizational</p>	<p>The Agency has developed a draft information communication technology strategy</p>	<p>Resolved</p>	<p>31st December 2025</p>

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

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)
	objectives in an economic, efficient and effective manner. In addition, the Agency did not have periodic IT reports which are supposed to assess the status of implementation of IT systems and suggest corrective measures. In the circumstances, business continuity may not be possible incase of a disaster.			
6.	<p>Lack of Risk Management Policy</p> <p>As reported previously, North Rift Valley Water Works Development Agency operated without a risk management policy contrary to Regulation 165(1) of the Public Finance Management (National Government) Regulations, 2015 which requires each National entity to develop risk management strategies and a system of risk management.</p> <p>In the circumstances, the Management was in breach of the law.</p>	The Agency has a draft policy which will be submitted to the Board for approval	Resolved	1 st December 2025
7.	<p>Inadequate Staffing of Finance and Accounting Department</p> <p>As reported previously, the finance and accounting department is not adequately staffed to effectively and efficiently carry out its mandate as it had only a finance manager who carried out the functions of budgeting, processing of payments, receiving and making payments, updating of cash books, updating of general and subsidiary ledgers, preparation of monthly reconciliation statements, preparation of quarterly and annual financial statements among other duties.</p> <p>In the circumstance, segregation of duties for effective service delivery may not have been possible.</p>	The Agency has recruited two staff and is in the process of recruiting one additional staff subject to availability of funds	Resolved	31 st December 2026



Chief Executive Officer

Date: 14/10/2022

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Appendix II: Projects implemented by North Rift Valley Water Works Development Agency

a) Rural Water Supply Projects

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Kamoi-Kapterit-Suwerwa Water Supply Project		GoK	2024-25	50,000,000	No	Yes
Ziwa-Sirikwa water project		GoK	2024-25	70,000,000	No	Yes
Kapyego community water supply		GoK	2024-25	25,000,000	No	Yes
Suwerwa dam		GoK	2024-25	25,000,000	No	Yes
Kerio Water Supply Project		GoK	2024-25	10,000,000	No	Yes
Borehole in Biretwo center		GoK	2024-25	8,000,000	No	Yes
Karenger community water project		GoK	2024-25	12,000,000	No	Yes
Koipirir Talai Endo community		GoK	2024-25	50,000,000	No	Yes
Construction and rehabilitation of augmentation of Chepkemel dam water supply		GoK	2024-25	30,000,000	No	Yes
Metipso Community Water supply project		GoK	2024-25	28,000,000	No	Yes
Chepkorio Water Project		GoK	2024-25	50,000,000	No	Yes

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

b) Capital Projects

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Moisbridge Matunda water supply project		GoK	2023-24	2,000,000,000	No	Yes
Soy-Kosachei Water Supply Project		GoK	2023-24	800,000,000	No	Yes

Status of Projects completion

1. Rural Water Supply Projects

These are small rural water supply projects which are directly expensed and are not taken to Work in Progress.

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Moiben/Kuserwo water project	8,950,020.00	4,030,351	84%	10,000,000	2,500,000	GoK
2.	Tot water supply	52,367,332.50	51,340,082	98%	60,000,000	25,000,000	GoK
3.	Arangai Water project	13,984,410.00	15,571,827	99%	15,000,000	8,750,000	GoK
4.	Embomon - Mogil water supply project	31,508,158.50	23,822,801	75%	35,000,000	18,750,000	GoK
5.	Kalapata water supply project	16,574,849.50	14,315,210	87%	20,000,000	12,000,000	GoK
6.	Kamasat water supply project	19,677,837.30	6,917,588	73%	20,000,000	12,000,000	GoK
7.	Kaptumbo - cherangany dam	19,922,748.20	11,998,180	86%	20,000,000	12,000,000	GoK
8.	Kapyego community water supply	80,990,659.68	43,882,558	64%	90,000,000	36,250,000	GoK
9.	Losito water project	13,216,335.00	13,241,464	99%	15,000,000	8,750,000	GoK
10.	Sitoton water project	13,002,550.00	8,896,456.	83%	15,000,000	8,750,000	GoK
11.	Suwerwa dam	17,908,855.00	14,322,808	70%	20,000,000	12,000,000	GoK
12.	Kamolagon - Kamelei - Tenderwa Water Supply Project	126,490,197.50	34,249,800	29%	141,000,000	nil	GoK
13.	Kamoret Water Supply Project	22,894,300.00	5,578,350	65%	50,000,000	20,000,000	GoK

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
14.	Kamoi-Kapterit-Suwerwa Water Supply Project	51,241,938.00	Nil	-	50,000,000	50,000,000	GoK
15.	Ziwa-Sirikwa water project	262,022,273.11	Nil	-	70,000,000	70,000,000	GoK
16.	Kapyego community water supply Phase II	80,990,659.68	Nil	-	25,000,000	25,000,000	GoK
17.	Suwerwa dam	17,908,855.00	Nil	-	25,000,000	25,000,000	GoK
18.	Kerio Water Supply Project	2,399,800.00	Nil	-	10,000,000	10,000,000	GoK
19.	Borehole in Biretwo center	2,279,970.00	Nil	-	8,000,000	8,000,000	GoK
20.	Karenger community water project	11,597,940.09	Nil	-	12,000,000	12,000,000	GoK
21.	Koipirir Talai Endo community	276,739,028.80	Nil	-	50,000,000	50,000,000	GoK
22.	Construction and rehabilitation of augmentation of Chepkemel dam water supply	29,791,185.00	Nil	-	30,000,000	30,000,000	GoK
23.	Metipso Community Water supply project	27,971,752.26	Nil	-	28,000,000	0	GoK
24.	Chepkorio Water Project	49,731,359.40	Nil	-	50,000,000	50,000,000	GoK

2. Status of Capital Projects

These are capital projects which are under Work in Progress and are capitalized once they are complete.

SN	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Moi's bridge Matunda water supply project	2,000,000,000	7,882,508	3	2,000,000,000	40,000,000	GoK
2.	Soy-Kosachei Water Supply Project	800,000,000	587,714	1	800,000,000	50,000,000	GoK

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Appendix IV: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Water, Sanitation and Irrigation	02-09-24	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	25-09-24	Recurrent	8,833,334	8,833,334	-	-	-	-	8,833,334
Ministry of Water, Sanitation and Irrigation	28-10-24	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	18-11-24	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	19-12-24	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	11-01-25	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	12-02-25	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	13-03-25	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	14-04-25	Recurrent	8,833,333	8,833,333	-	-	-	-	8,833,333
Ministry of Water, Sanitation and Irrigation	14-05-25	Recurrent	8,833,334	8,833,334	-	-	-	-	8,833,334
Ministry of Water, Sanitation and Irrigation	10-06-25	Recurrent	8,833,334	8,833,334	-	-	-	-	8,833,334
Ministry of Water, Sanitation and Irrigation	30-06-25	Recurrent	8,833,334	8,833,334	-	-	-	-	8,833,334
Ministry of Water, Sanitation and Irrigation	19-08-24	Recurrent	9,830,192	9,830,192	-	-	-	-	9,830,192

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Water, Sanitation and Irrigation	25-09-24	Development	325,416,667	172,416,667	153,000,000	-	-	-	325,416,667
Ministry of Water, Sanitation and Irrigation	04-10-24	Development	31,416,667	22,416,667	9,000,000	-	-	-	31,416,667
Ministry of Water, Sanitation and Irrigation	20-11-24	Development	31,416,667	22,416,667	9,000,000	-	-	-	31,416,668
Ministry of Water, Sanitation and Irrigation	22-11-24	Development	14,750,000	5,750,000	9,000,000				14,750,000
Ministry of Water, Sanitation and Irrigation	15-01-25	Development	164,749,999	155,749,999	9,000,000				164,749,999
Ministry of Water, Sanitation and Irrigation	31-07-24	Recurrent	506,010	506,010	-	-	-	-	506,010
Ministry of Water, Sanitation and Irrigation	31-08-24	Recurrent	506,010	506,010	-	-	-	-	506,010
Ministry of Water, Sanitation and Irrigation	30-09-24	Recurrent	536,300	536,300	-	-	-	-	536,300
Ministry of Water, Sanitation and Irrigation	31-10-24	Recurrent	518,060	518,060	-	-	-	-	518,060
Ministry of Water, Sanitation and Irrigation	30-11-24	Recurrent	521,140	521,140	-	-	-	-	521,140
Ministry of Water, Sanitation and Irrigation	31-12-24	Recurrent	551,140	551,140	-	-	-	-	551,140
Ministry of Water, Sanitation and Irrigation	31-01-25	Recurrent	699,833	699,833	-	-	-	-	699,833
Ministry of Water, Sanitation and Irrigation	28-02-25	Recurrent	573,240	573,240	-	-	-	-	573,240

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Water, Sanitation and Irrigation	31-03-25	Recurrent	573,240	573,240	-	-	-	-	573,240
Ministry of Water, Sanitation and Irrigation	30-04-25	Recurrent	573,240	573,240	-	-	-	-	573,240
Ministry of Water, Sanitation and Irrigation	31-05-25	Recurrent	573,240	573,240	-	-	-	-	573,240
Ministry of Water, Sanitation and Irrigation	30-06-25	Recurrent	573,240	573,240	-	-	-	-	573,240
Central Rift Valley Water Works Development Agency	31-07-24	Recurrent	111,531	111,531	-	-	-	-	111,531
Central Rift Valley Water Works Development Agency	31-08-24	Recurrent	111,531	111,531	-	-	-	-	111,531
Central Rift Valley Water Works Development Agency	30-09-24	Recurrent	111,531	111,531	-	-	-	-	111,531
Central Rift Valley Water Works Development Agency	31-10-24	Recurrent	1,653,537	1,653,537	-	-	-	-	1,653,537
Central Rift Valley Water Works Development Agency	30-11-24	Recurrent	218,829	218,829	-	-	-	-	218,829
Central Rift Valley Water Works Development Agency	31-12-24	Recurrent	184,063	184,063	-	-	-	-	184,063

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Central Rift Valley Water Works Development Agency	31-01-25	Recurrent	184,063	184,063	-	-	-	-	184,063
Central Rift Valley Water Works Development Agency	28-02-25	Recurrent	184,063	184,063	-	-	-	-	184,063
Central Rift Valley Water Works Development Agency	31-03-25	Recurrent	184,063	184,063	-	-	-	-	184,063
Central Rift Valley Water Works Development Agency	30-04-25	Recurrent	184,063	184,063	-	-	-	-	184,063
Central Rift Valley Water Works Development Agency	31-05-25	Recurrent	184,063	184,063	-	-	-	-	184,063
Central Rift Valley Water Works Development Agency	30-06-25	Recurrent	184,063	184,063	-	-	-	-	184,063
TOTAL			693,780,285	504,780,285	189,000,000	0	0	0	693,780,285

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Appendix V- Inter-Entity Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Entity]

[Insert Address]

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by <i>[Insert name of beneficiary Entity]</i> as at 30 th June (Current FY)							
Reference Number	Date Disbursed	Amounts Disbursed by <i>[SC/SAGA/Fund]</i> (KShs) as at 30th June (Current FY)				Amount Received by <i>[beneficiary Entity]</i> (KShs) as at 30 th June (Previous FY) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
Total							

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

Head of Accountants department of beneficiary Entity:

Name SignDate

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Annual Reports and Financial Statements
for the year ended June 30, 2025.**

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments