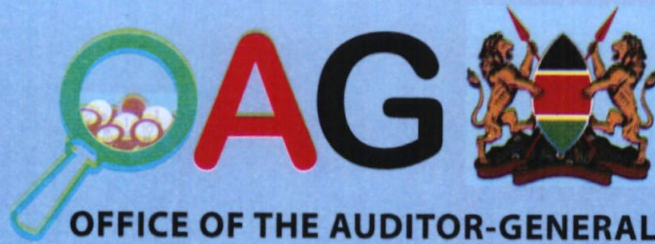


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

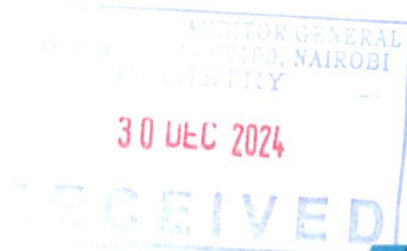
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 08 APR 2025	DAY: TUES
TABLED BY: Deputy Leader of the Majority Party (Hon Boga Yoo)	
CLERK-AT-TABLE: P Maiga (Pw)	

THE AUDITOR-GENERAL

ON

**ATHI WATER WORKS DEVELOPMENT
AGENCY**

**FOR THE YEAR ENDED
30 JUNE, 2024**



ATHI WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

**Athi Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2024.**

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

AWWDA	Athi Water Works Development Agency
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
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
WB	World Bank
WSPs	Water Service Providers

B: Glossary of Terms

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

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations; The Entity should customize the acronyms and abbreviation to capture all that has been used in the preparation

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2. Key Entity Information and Management

(a) Background information

Athi Water Work Development Agency (AWWDA) was established under the Water Act 2016 and Gazetted on 26th April 2019 to start operation on 3rd May 2019. AWWDA's area of jurisdiction comprises of Nairobi City County, Kiambu County and Murang'a County. The entity is domiciled in Kenya and its office is in Athi Water Plaza located along Muthaiga North Road, off Kiambu Road.

AWWDA draws its mandate from the Water Act of 2016. As per the Act, the Agency's mandate includes;

- a. Undertake the development, maintenance and management of National Public Waterworks;
- 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 waterworks are handed over to a county government, joint committee, authority of county government or water services provider,
- c. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d. Provide technical services and capacity building to such county government and water providers,
- e. Provide to the cabinet secretary technical support in discharge of his or her functions under the constitution the Water Act 2016.

AWWDA is expected to contribute to accelerated delivery of water and sanitation services aimed at progressive realization of the right to water and reasonable standards of sanitation as provided for under Article 43 of the Constitution which states that, "every person has the right to reasonable standards of sanitation and to clean and safe water in adequate quantities".

(b) Principal Activities

The principal activity of the AWWDA is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

(c) Key Management

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

No.	Designation	Name
1.	Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Ag. Director -Water, Sewer and Sanitation	Eng. Bonnie Nyandwaro
3.	Director Finance	CPA, Michael Kihungi Kimotho
4.	Chief Manager, Corporate Service	Mr. Joseph Mungai Kariuki

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Director Finance	CPA, Michael Kihungi Kimotho
3.	Director-Water, Infrastructure Development	Eng. Bonnie Nyandwaro
4.	Chief Manager Corporate Services	Mr. Joseph Mungai Kariuki
5.	Ag. Deputy Director, Water Works Infrastructure Development	Eng. Bonnie Nyandwaro
6.	Corporation Secretary and Legal Manager	CS. Joyce N. Mukururi
7.	Deputy Director, ICT	Mr. Tom Ongaki
8.	Deputy Director, Internal Audit	CPA, Murigi Mathew
9.	Deputy Director, Supply Chain Management	Mr. Jones K. Mwinzi
10.	Deputy Director, Supply Chain Management	Ms. Janet Lang'at
11.	Deputy Director, Finance and Accounts	CPA, Dr. Christine Mawia Julius
12.	Deputy Director, Environmental Safeguards	Ms. Loice Wairimu Kamau
13.	Deputy Director, Sewerage and Sanitation Works Development	Eng. James Gathitu Muturi
14.	Deputy Director, Strategy and Performance Management	Dr. Jackson Otieno
15.	Deputy Director, Resource Mobilization and Investments	Paul Muchai Mwika

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The ultimate oversight authority of Athi Water Works Development Agency is exercised by the Board of Directors through the Full Board. To ensure that good corporate governance is enhanced and that power is properly exercised in the stewardship of the corporation's total portfolio of assets and resources to maintain stakeholder value, the Board of Directors has established three committees:

- i. Water and Sewerage
- ii. Resources and Governance
- iii. Audit and Risk

(f) Entity Headquarters

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Athi Water Plaza
Muthaiga North Rd, Off Kiambu Road
NAIROBI

(g) Entity Contacts

Telephone: (254) 020 2724292/3
E-mail: info@awwda.go.ke
Website: www.awwda.go.ke

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. **Other Banks (state other bankers as appropriate)**
 - i) Cooperative Bank of Kenya
University Way Branch
NAIROBI
 - ii) SBM Group
Upper Hill Branch
NAIROBI
 - iii) NCBA Bank
Upper Hill
NAIROBI
 - iv) Stanbic Bank Kenya Limited
Kenyatta Avenue
NAIROBI
 - v) Kenya Commercial Bank
Kipande House Branch,
NAIROBI

Key Entity Information and Management (continued)




(i) Independent Auditor

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





(j) Principal Legal Adviser

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

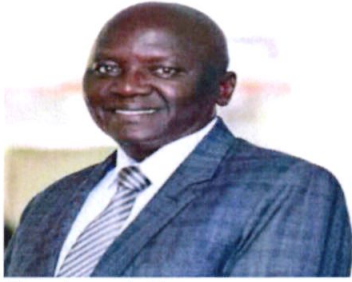
3. The Board of Directors

 <p>Mr. Charles Kamau Karondo</p>	<p>Mr. Charles Kamau Karondo was born on 18th August 1991. He holds a Masters of business Administration in Human resource Management from Mt Kenya University; He also hold a Bachelor's degree in Business Management (Human resource management option) from Mt Kenya University.</p> <p>Mr. Karondo is a human resource management expert with over 8 years' experience in human resource planning, leadership and Performance management. Over the years, he has gained a wealth of experience in building collaborative strategies and championing innovative solutions. He has also demonstrated exceptional leadership and success in dispatching duties and responsibilities.</p> <p>Mr. Karondo has worked in various government agencies such as National Parliament of Kenya and Ministry of investment, Trade and Industries and Ministry of interior and National administration that have played an integral role in developing his management experience.</p> <p>Mr. Karondo is an independent director and the Board chairperson as from 7th August 2023</p>
 <p>Eng James Wainaina</p>	<p>Eng. James Wainaina was born on 27th November 1959 holds a Bachelor of Science degree in Civil Engineering from State University of Civil Engineering in Moscow. He holds a Masters Degree in Water and Sanitation Engineering from Delft University of Technology, and also holds an MBA in project planning and Strategic Management form Esami/Maastricht School of Management.</p> <p>He is registered as a professional Engineer with the Engineers Board of Kenya (EBK) and had over 20 years' experience in planning, designs, construction, supervision, operations and management of urban and rural water supply and sanitation projects in Kenya. He has expertise in participatory planning, stakeholder co-ordination, capacity development and community empowerment.</p> <p>Eng. James Wainaina has worked on various projects funded by International Development partners such as the World Bank, AfDB, Kfw, AFD, USAID & JICA and has over the years gained extensive knowledge of the donors/ stakeholders coordination and projects implementation procedures.</p>
 <p>Mr. Francis C. Bor</p>	<p>Mr. Francis C. Bor is the Alternate Director representing the Principal Secretary of State Department of Water and Sanitation, Ministry of Water, Sanitation and Irrigation. He was born on 23rd April, 1970. He holds a Bachelors of Arts degree from University of Nairobi and a Masters of Arts in Public Administration from Moi University.</p> <p>He has over 20 years of work experience in the Public Service. He previously served as a District Officer in the Office of the President in Makueni, Kitui and Kuria. Assistant Secretary Ministry of Agriculture; Under Secretary State Department for Land and the State Department for Public works and Deputy Director Administration at the National Land Commission;</p> <p>Currently, Mr. Francis C. Bor serves at the Ministry of Water Sanitation and Irrigation as the Senior Deputy Secretary State Department of Water and Sanitation.</p>

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 <p>Mr. Francis Anyona</p>	<p>Mr. Francis Anyona is an alternate Director representing the Principal Secretary of the National Treasury. Holds a Masters and Bachelor's Degree in Economics from the University of Nairobi. Has over 25 years' experience in Planning and Budgeting/Public Finance Management in the Public Sector. Previously served as an Alternate Director in the National Government Constituency Development Fund, Kenya National Bureau of Statistics, and Coffee Research Foundation. Currently is the Director of Budget at the National Treasury and A Commissioner representing the Cabinet Secretary at the Salaries and Remuneration Commission.</p> <p>Mr. Francis Anyona is a member of resources and governance; audit and risk committee</p>
 <p>Ms. Felister Wangari Mwangi</p>	<p>Ms. Felister Wangari was born on 16th August 1972. She is a Human Resource and Organizational Development specialist with over 20 years professional experience in Human Resource management. She holds a master's in organizational development from United States International University (USIU), Bachelor of Education from Kenyatta University and a higher diploma in Human Resource Management from IHRM. She is a registered practicing HR professional with the Institute of Human Resource Management. She is an independent board member.</p>
 <p>Dr. Boaz Kiprop Cheluget</p>	<p>Dr. Boaz K. Cheluget was born in 1968. He holds a Doctorate in Business Strategic Information (University of Liverpool, UK), M.SC. Medical Statistics and IT (Leicester University, UK), B.SC. Mathematical Statistics and Computing (University of Nairobi, Kenya) and a Post Graduate Diploma in Education (Egerton University).</p> <p>He has over 35 years' Professional and Work experience internationally in technical and strategic guidance in development, political ownership, implementation, monitoring and Evaluation of National Development plans.</p> <p>He has worked with the Ministry of Health, National AIDS Control Council, National AIDS Control Program, University of Nairobi, Kenya Polytechnic and Rift Valley Institute of Technology, Great Lakes University and Pan African Christian University. He is an independent Board Member and was appointed on 18th August 2023.</p>
 <p>Mr. Simon Erick Mukhwana</p>	<p>Mr Simon Erick Mukhwana was born on 12th November 1966. He holds bachelor of arts (ECON) upper 2nd class hon from U.O.N. He also holds CPA part 2 certificate from ICPAK.</p> <p>He has gained valuable work experience having worked in various management positions with international companies i.e Caltex oil(k)ltd where he was an export officer and Xerox(k)ltd where he was the stock accountant before becoming the planning & programs manager</p> <p>He also had a short stint of Kenya breweries as a market research assistant. He is presently a director at global trends(k)ltd, a packaging company based in Nairobi and also an independent director at Athi Water Works Development Agency.</p> <p>Mr. Simon Erick was appointed as an independent Board Member on 18th August 2023</p>

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Eng Joseph Kamau

Eng. Joseph Kamau is the Chief Executive Officer. He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water. Eng Joseph was on 23rd September 2023 appointed the CEO in acting capacity. He was appointed the substantive CEO on 15th May 2024 after successfully going through a competitive recruitment process.



CS. Joyce N. Mukururi

CS Joyce N. Mukururi is the corporation secretary. She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 15 years standing and a registered member of the Institute of Certified Secretaries. She is also a Certified Professional Mediator. She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1st May 2021.

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4. Key Management Team

 <p>1. Eng. Joseph Kamau</p>	<p>Eng. Joseph Kamau is the Chief Executive Officer. He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water. Eng Joseph was on 23rd September 2023 appointed the CEO in acting capacity. He was appointed the substantive CEO on 15th May 2024 after successfully going through a competitive recruitment process.</p>
 <p>2. CPA Michael Kimotho</p>	<p>CPA Michael Kihungi Kimotho is the Director Finance He holds BA (Economics) and Masters In Business Administration from the University of Nairobi. He is a Registered member of the Institute of Certified Public Accountants and also a certified Information Systems Auditor and also a Certified Public Private Partnership (PPP) Specialist. He has over 15 years' experience in Finance in both Public and private organizations in the Field of Financial Management, Audit, Risk Management and ICT.</p>
 <p>3. Mr. Joseph Mungai Kariuki</p>	<p>Mr. Joseph Mungai Kariuki is the Chief Manager Corporate Services He holds a Bachelor of Arts and has Over 13 years' experience in the public sector with a particular bias in administration. Mr. Joseph Mungai Kariuki joined Athi Water Works Development Agency on 6th January 2020 and was appointed the Chief Manager Corporate Services on 1st April 2022.</p>
 <p>4. Eng. Bonnie Nyandwaro</p>	<p>Eng. Bonnie Nyandwaro is the Acting Director Infrastructure Development. Eng. Bonnie has over 14 years' experience in Water and waste water engineering. She holds a Master Degree in Civil Engineering and a Bachelor Degree in Civil and Structural Engineering. She is a member of the Engineers Board of Kenya (EBK), a corporate Member of Institute of Engineers, Kenya, a founding Member of Kenya Young Water Professional Association and a founding Member Tunnelling Association of Kenya. Eng. Bonnie Agnes Nyandwaro was appointed Acting Director Infrastructure Development to oversee the entire functions of the department with effect from 1st October 2023.</p>

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5. Chairman's Statement

I am pleased to present the Annual Report for the Financial year ending 30th June 2024. Through changing economic circumstances and the evolving needs of our customers and the communities we serve, Athi Water Works Development Agency continued to deliver consistent and reliable performance for all of our stakeholders.

During the Financial Year 2023-24, we continued that tradition of excellence by focusing on our business fundamentals, leading in customer satisfaction, and operating in the most effective and efficient manner. As always, we remain vigilant in our efforts to meet or exceed existing and emerging water quality standards which indicates the institutions progress towards the accelerating access to water and sanitation strategy. As an organisation, we remained keen on ensuring business continuity is aligned to our strategic aspirations which has enabled us to assess potential impact of disruptions, make decisions and minimize the impact of these disruptions.

The Board continues to be accountable for the implementation of the Innovation Driven Strategy that was approved in 2023 and the development and approval of supporting policies and strategies to guide its implementation. To this end, the Board has reviewed and refined the Agency's strategic goals for the next five (5) years in line with the Government of Kenya development Agenda which the Bottom-Up Economic Transformation Agenda. The new Strategic Plan will ensure the financial sustainability of Athi Water and also establish Athi Water as the leading provider of bulk water services within its areas of jurisdiction.

The Board is encouraged by the resilience that the economy has shown during the year and the economic recovery indicated by GDP growth surpassing pre-pandemic levels. Athi water works development agency is committed to supporting the Government of Kenya and Kenyan citizens in navigating this recovery phase through accelerating provision of Water and sanitation services. To maintain resilience in our business, we must continue to innovate and speedily execute sustainable water and sanitation solutions to meet the needs of our customers.

During the Financial Year AWWDA continued to implement the projects supported through the Government of Kenya and development partners. In this regard the Agency has completed the Northern Collector Bulk water supply system and the Karimenu II Bulk water supply systems. This will bring an additional 210,000 cubic meters a day to AWWDA area of jurisdiction.

Board performance

I am proud of the performance delivered by the board. The team not only performed outstandingly well in fulfilling their duties, but in proactively supporting management, delegating with responsibility and transparency, and applying its collective mind and skills to meet the challenges, and maximise the opportunities that have made themselves apparent during the year. In addition, during the year under review, we continued to work hard to understand the concerns of our stakeholders, to absorb them and apply them so that our strategy continually matches not only our vision, mission and purpose, but the needs and expectations of all those individuals and bodies that are impacted by what we do.

Acknowledgements

I would like to thank my colleagues on the Board for their diligence and commitment during the year, in providing effective assessments and guidance for management to act upon. Their skill, wisdom and experience have added a great deal of value to AWWDA.

I would like to acknowledge the contribution of all our employees, without whose commitment, loyalty, and hard work have enabled us to deliver on our strategy and produce our results. Finally, I also appreciate our Government of Kenya and development financial partners who have continued to support our strategy with favourable financing which has ensured that AWWDA remains on course to deliver on the its mandate.



**CHARLES K. KARONDO
CHAIRPERSON**

**Athi Water Works Development Agency
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6. Report of the Chief Executive Officer

I am pleased to share this report, highlighting our accomplishments for the Financial Year 2023/24, and detailing how we will build upon those achievements for financial year 2024/25 and beyond. Athi Water's strategic focus centres on efficient performance, operating with impact, and maximizing value for all stakeholders.

Performance:

The 2023/24 Financial Year's Integrated Annual Report demonstrates the proud record of the Athi Water Works Development Agency (AWWDA) as a going concern that continues to grow from strength to strength since its inception. AWWDA continues to deliver Water and Sanitation services to its stakeholders and is always looking at innovative ways to improve the supply of water and its operations.

As we share achievements for the FY 2023-24 and work to sustain and improve upon them in the future, you will see that we remain committed to our mission to provide clean, safe, reliable and affordable water and wastewater services a mission that we believe will make a positive impact on communities for generations. Through our disciplined approach to capital investment and regulatory execution, we continue to offer stakeholders a compelling growth opportunity while helping to address water and wastewater challenges in the counties of Nairobi, Kiambu and Muranga.

Key achievements for the period include:

- The Agency continued with Acquisition of ownership documents for land, wayleaves, water and wastewater infrastructure ongoing for all the required projects.
- Reviewed AWWDA organizational structure to include the bulk water operations in support of the strategy and continued to build capacity of its staff through management and technical trainings.
- As part of the Government of Kenya digitalization effort AWWDA developed robust ICT networks, information security management system and software solutions to support AWWDA processes.
- Operationalized Karimenu II bulk water project and Acquired license to operationalize Karimenu bulk water project as bulk water operator and ensured its resourced.

As we develop a pipeline of projects, we Continue to Develop Bankable concepts to be shared with the government and potential partners for development of water sources and last mile connectivity as part on the Government of Kenya transformation agenda.

Financial Performance:

Absorption of Allocated Funds (GoK) was at 99% while Absorption of Externally Mobilized Resources (Donor Funds) was at 93% which was very good despite the challenges the Agency faced on land acquisition and implementation of the resettlement action plan for its various projects.

During the financial year 2023/2024, AWWDA earned a total revenue of Kshs 2,086,663,799 comprising of donor grants, GoK grants, loan repayment receipts from Water Service Providers and Finance Income. This was an increase of 39% for the year which confirms that the agency is profitable and moving positively towards profitability and financial sustainability.

We continue to experience challenges of payments from the Water Service providers, AWWDA engaged the Water Service regulatory Board to support the Water Service Providers review their tariffs to ensure their financial sustainability and hence ability to meet their obligations to AWWDA. The Agency ensured compliance with the set budgetary levels while at the same time maintaining sound liquidity levels.

Asset development

The Asset Base for AWWDA increased from Ksh 120,039,540,169 to Ksh 126,620,478,634 during the Financial 2023-2024 indicating that the Agency continues to enjoy a strong financial standing.

Future outlook

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AWWDA in line with the Strategic direction will focus on its role as an assets developer and also utilize the assets developed to ensure its financial sustainability through bulk water operations. We shall work on engaging the county Governments to ensure that we work harmoniously to deliver water and sewerage services in an effective and efficient manner that creates value for all our stakeholders. The future outlook for AWWDA is positive as we aim at achieving self-reliance for the institution.

we remain committed to having open communication lines with all role-players to ensure that our customers and communities are kept abreast of developments and challenges that may impact the delivery of Water and sanitation services by AWWDA from time to time. I would like to take this opportunity to thank the Board or the continued support and guidance and management and staff of Athi Water for their invaluable contribution to the performance results achieved for the Financial Year 2023/24. These results demonstrate visionary leadership from our Board of Directors and the Ministry of Water Sanitation and Irrigation underpinned by strong commitment from staff.



**ENG. JOSEPH M. KAMAU
CHIEF EXECUTIVE OFFICER**

**Athi Water Works Development Agency
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7. Statement of Performance against Predetermined Objectives for FY 2023/2024

In 2023/24 the Agency started to implement its new strategic plan for the period 2023-2027. The Agency's strategic plan had five (5) strategic pillars. This included;

1. Institutional Strengthening
2. Water and Sewerage Coverage
3. Research and Development
4. Environmental and social Sustainability
5. Resource Mobilization for infrastructure development

Each of the key result areas/strategic pillars were to be achieved through a set of seven strategic objectives. The seven strategic objectives include;

1. The development of priority water infrastructure projects to increase population with coverage to water to 85% from the current 76% by 2027,
2. By 2027, achieve 60% access to sewerage sanitation coverage in our area of jurisdiction, paying special attention to peri-urban and informal settlement,
3. Pursue innovative resource mobilization strategies to raise KES. 206 billion by 2027 for water and sanitation infrastructure development,
4. Strengthen AWWDA institutional capacity and create appropriate management systems for smooth implementation of our mandate,
5. Create a climate for research, innovation and development that spurs innovative technologies for evidence-based water infrastructure interventions,
6. Identify and operationalize environmental sustainability measures which are consistent with our mandate,
7. Identify and operationalize social sustainability measures which are consistent with our mandate,

In the FY 2023/24, AWWDA developed the institutional annual workplan which then informed performance contracting for the period 2023/24. The activities in the work plan were aligned to the strategic intent of the Agency during that period. In table 1, we present the status/progress made in the implementation of the strategic plan. In table 2, we present the Agency's performance as it related to the performance contracting period of 2023/24.

Table 1: Status of implementation of 2023-2027 strategic plan (Achievements)

Strategic Objectives	Strategies	Achievement
Develop water infrastructure projects to increase population with access to water to 85% from the current 76% by 2027.	Development of Water Dams with a storage capacity of 461,000m ³ /day	Development of various Concept papers and studies for water dams funding ongoing
	Development of new Water Sources to produce additional 106,500m ³ /d	Development of various Concept papers and studies for new water sources currently ongoing
	Develop water treatments plants for the Metros with addition capacity of 385,500m ³ /day by 2022	Development of various Concept papers and studies for new water treatment plants currently ongoing
	Develop Water Transmission Networks of 483km	Development of various Concept papers and studies of projects to lay water pipelines currently ongoing

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Strategic Objectives	Strategies	Achievement
	Expand Water Distribution Networks by 360km	Development of various Concept papers and studies of projects to lay water pipelines currently ongoing
	Development of water treatment Plants	Development of various Concept papers and studies of projects currently ongoing
	Management and Rehabilitation of Water Infrastructure	Management and Rehabilitation of Water Infrastructure ongoing
	Reduction of Non- Revenue Water	Operationalized Metropolis Bulk Water Operator by setting KPI on NRW ongoing at Karimenu II dam
	Timely project completion	Implementation of projects currently ongoing
By 2027, achieve 60% access to sewerage sanitation coverage in our area of jurisdiction, paying special attention to peri-urban and informal settlement.	Expand Waste Water Treatment Capacities to treat additional 138,00m3/d	Development of various Concept papers and studies of projects currently ongoing
	Expand Sewer Networks by 880km	Development of various Concept papers and studies of projects currently ongoing
	Develop and implement 5 waste water treatment in medium urban centers with capacity to treat 1000m3/d	Development of various Concept papers and studies of projects currently ongoing
	Develop and implement 20Nr of Sanitation management Facilities	Development of various Concept papers and studies of projects currently ongoing
Strengthen AWWDA institutional capacity and create appropriate management systems for smooth implementation of our mandate	Implement strategic asset management	Acquisition of ownership documents for land, wayleaves, water and wastewater infrastructure ongoing for all the required projects.
	Improve human capital capacity	1. Reviewed AWWDA organizational structure to include the bulk water operations in support of the strategy 2. Undertook staff performance appraisal and measured employee performance 3. Trained and develop staff and management
	Enhance Environmental, Social and Governance compliance	1. Carried out of governance compliance audits 2. Undertook Board evaluations. 3. Preparation of the annual financial statement to the Kenyan National Audit Office currently ongoing 4. Prepared quarterly performance reports to the Board and National Treasury.

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Strategic Objectives	Strategies	Achievement
	Enhance institutional reputation, brand, partnerships, and collaboration	Continued with collaboration with our various partners and key stakeholders
	Enhance information and communication technology	1.Developed information security mechanism 2.Developed information security management system 3.Developed software solutions to support AWWDA processes 4.Developed robust ICT networks 5.Ensured the website communicates to all stakeholders 6.Enhanced Information and communication Technology to deliver value
Create a climate for research, innovation and development that spurs innovative technologies for evidence-based water infrastructure interventions	Promote research, development and adoption of appropriate technology	Collaborative research in water ongoing
		AWWDA continues to submit the required quarterly reports
Identify and operationalize environmental and social sustainability measures, which are consistent with our mandate.	Enhance Environmental protection and compliance	Ongoing for all active projects
	Promote climate resilience in projects	Ongoing for all active projects
	Manage project related community grievances	Ongoing for all active projects with RAP And a Consultant (Silma) is undertaking this for CKE 1135
	Enhance community engagement and participation	Ongoing for all active projects
	Promote occupational health and safety in projects	Ongoing for all active projects
	Promote fair labor practices in projects	Ongoing for all active projects
	Promote fair and just compensation of project affected persons	Ongoing for all active projects
Pursue innovative resource mobilization strategies to raise KES. 206 billion by 2027	Increase Internal Revenue Generation	Operationalized Karimenu II bulk water project
	Implement Innovative Financing Solutions	Establish a Water Asset Management Fund. A concept paper will be developed for the asset management fund. Stakeholders will also be engaged currently moved too be done by WTF
	Mobilize the Resources from GoK and Development Partners	Development of Bankable concepts to be shared with the government and potential partners currently ongoing Water and sewerage proposals concepts, preparation of masterplans, feasibility studies. The Proposal has

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Strategic Objectives	Strategies	Achievement
		already been done and forwarded to the ministry
	Operationalize the Bulk Water Works	Acquired license to operationalize Karimenu bulk water project. Installation of operational technology. - Billing system and smart meters prepared Resourcing of the bulk operator – Already done Set Performance standards- Operational Manual prepared and shared with staff operating

During the FY 2023/24, the Agency set out its performance contract targets in line with the 20th cycle performance guidelines. In table 2, the achievements are presented along the six (6) performance criteria.

Table 2: 2023/24 Performance Contract Report.

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2022/23)	Target (FY 2023/24)	Actual (FY 2023/24)	Variance
A	FINANCIAL STEWARDSHIP						
A1	Absorption of Allocated Funds (GoK)	%	2	92	100	99	-1
A2	Absorption of Externally Mobilized Resources (Donor Funds)	%	3	100	100	93	-7
A3	A-in-A	Kshs, (Million)	2	228.03	25	93.09	68.09
A4	Pending Bills	%	3	0.00	<1	0	0
	Weight Sub Total		10				
B	SERVICE DELIVERY						
B1	Implementation of Citizens' Service Delivery Charter	%	5	100	100	100	0
B2	Digitalization of Government Services	%	6	N/A	100	100	0
B3	Resolution of Public Complaints	%	4	100	100	100	0
	Weight Sub Total		15				
C	CORE MANDATE: AWWDA's priority projects/ programmes ("Big Four" Initiatives, Vision 2030 Flagship Projects, Projects/programmes aligned to SDGs and SPS)						
	"Big Four" Initiatives and Vision 2030 Flagship Projects						

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2022/23)	Target (FY 2023/24)	Actual (FY 2023/24)	Variance
C1	Ndakaini - Kigoro –Gigiri Water Transmission pipeline constructed	KMs	6	33.00	10.00	20.48	10.48
C2	Expansion of Dandora Estate Waste Water Treatment Plant Inlet works Constructed	%	6	5.00	35.00	47.50	12.50
C3	Kahawa West, Githurai, Kahawa Sukari Reticulation Sewer Constructed	KMs	6	85.00	32.00	55.3	23.3
C4	Kasarani/Mwiki Sewerage Constructed	%	6	60.00	30.00	54.47	24.47
C5	Nairobi East/West sewerage Constructed	KMs	4	60.00	1.6	10.00	-8.4
C6	Extension of Water and Sewerage Intervention for Informal Settlements constructed	%	6	15.00	35.00	58.45	23.45
C7	Nairobi Water and Sanitation Program - Kabete Olesereni, West and South Nairobi Constructed	%	5	N/A	10.00	0.00	-10
C8	Nairobi Water and Sanitation programme – Eastern Nairobi Water and Sewerage Network Intensification Constructed	KMs	6	N/A	48.00	75.00	27
C9	Nairobi Water and Sanitation Program – Informal areas Interventions Implemented	%	3	N/A	100.00	100.00	0
C10	Mwihoko Water Supply Constructed	%	5	N/A	5.00	10.00	5
C11	Strategic Plan Reviewed	%	3	N/A	100.00	100.00	0
C12	Project Completion Rate	%	2	N/A	100.00	100.00	0
C13	Productivity Mainstreaming	%	3	N/A	100.00	100.00	0
C14	Science, Technology and Innovation Mainstreaming	%	2	100.00	100.00	100.00	0
	Weight Sub Total		65				
D	Implementation of Presidential Directives	%	2	100	100.00	100.00	0
E	Affirmative Action in Procurement						
E1	Access to Government Procurement Opportunities (AGPO).	Kshs. (Million)	2	399.046	34.982	62.986	28.003
E2	Promotion of Local Content in Procurement	Kshs. (Million)	2	1,577.58	1,386.213	1,428.39	42.191
	Weight Sub Total		4				
G	CROSS-CUTTING						
G1	Asset Management	%	0.50	100.00	100.00	100.00	0

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2022/23)	Target (FY 2023/24)	Actual (FY 2023/24)	Variance
G2	Youth Internships/Industrial Attachments/Apprenticeships	No	1	61.00	58.00	78.00	6
G3	Competence Development	%	1	100.00	100.00	100.00	0
G4	National Values and Principles of Governance	%	1	100.00	100.00	100.00	0
G5	Road Safety Mainstreaming	%	0.50	100.00	100.00	100.00	0
	Weight Sub Total		4				
	Overall Total Weight		100				

Based on the status of current achievement, it is expected that the Agency will register a very good performance as determined by the self-evaluation guideline of performance contracting.

8. Corporate Governance Statement

Introduction

The AWWDA Board is committed to maximizing the long-term value of services to all stakeholders. The Board seeks to ensure that Athi Water Works Development Agency (AWWDA) is properly managed to protect and enhance stakeholder interests, and that AWWDA, its Board Members, officers and employees operate in an appropriate environment of corporate governance. The Board has developed a governance framework which includes adopting internal controls, risk management processes and corporate governance policies and practices designed to promote responsible management and ethical conduct. The Board Governance framework is documented and duly approved by the Board.

AWWDA has developed Governance instruments in line with the Constitution of Kenya 2010, Mwongozo -Code of Governance for State Corporations, the Water Act, 2016, the State Corporations Act, Cap.446 and other applicable Laws and best practises to facilitate good corporate governance practises in the Agency.

The Board

The Board comprises of a Chairperson, Board Members and the Chief Executive Officer. The Board is also supported by Board Committees and a Corporation Secretary.

The Board is the apex governance organ and provides overall strategic guidance for AWWDA and effective oversight of management. The Board sets and actualises the overall strategy and policy framework. This is enjoined with the formulation of AWWDA's vision, mission and core values. The Board also bears the responsibility of formulating, approving and ensuring operationalisation of the organisational structures, systems and governance policies.

Roles and Functions of the Board

The role and responsibilities of the Board are listed in Chapter 3 of the Board Charter and are summarised as follows:

- To review, evaluate and approve on a regular basis, long term plans for AWWDA
- To review, evaluate and approve AWWDA's budget and financial forecasts
- To review, evaluate and approve major resource allocations and capital investments
- To ensure that the procurement process is cost effective and delivers value for money
- To review and approve the operating and financial results for AWWDA
- To ensure effective, accurate, timely and transparent disclosure of pertinent information on AWWDA's operations and performance
- To ensure that effective processes and systems of risk management and internal controls are in place
- To review evaluate and approve the overall organisational structure, assignment of senior management responsibilities and plans for senior management development and succession
- To review, evaluate and approve the remuneration structure of AWWDA in consultation with relevant government agencies
- To adopt, implement and monitor compliance with AWWDA code of Conduct and Ethics
- To review the attainment of targets and objectives set in the agreed performance measurement framework within the Government of Kenya
- To review periodically AWWDA's strategic objectives and policies relating to sustainability and social responsibility/investment
- To monitor compliance with the Constitution, all applicable laws, regulations and standards
- To review and ensure that AWWDA is effective and effectively delivering on its mandate.

The Board has established committees with specific terms of reference so as to effectively discharge its mandate. The standing committees of the Board which are subject to review from time to time are as follows:

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- a) Water and Sewerage Committee
- b) Resources and Governance Committee
- c) Audit and Risk Committee

The Board Chairperson does not sit in committees.

Board Members remain individually and collectively responsible for the decisions and actions taken by any committee.

Board Charter

The roles and responsibilities of Board Members as well as functions and structure of the Board are provided in the Board Charter. The Board is structured in a way that supports the members in carrying out their oversight function. It provides the Board Members with an opportunity to think creatively and critically on how their strategic and operational plans align with the organisation's strategic direction and expectations founded on good governance. The Charter helps the Board in directing AWWDA to maximise long term value of services provided to all stakeholders.

The Charter has been adopted by AWWDA acting in accordance with Mwongozo; Code of Governance for State Corporations and is complementary to the requirements regarding the Board and the Board Members contained in applicable Kenyan Laws and regulations.

The Charter guides the Board on the following matters;

- Best practices and principles and Constitutional principles and requirements
- Board composition, terms and structures
- Board responsibilities, principles and procedures
- Board meetings, attendance and decisions
- Other Provisions- Conflict of interest of Board Members, Compensation of Board Members, Induction, ongoing training and Education, confidentiality etc

Appointment of Board Members

Board Members of AWWDA are appointed pursuant to section 66(1) of the Water Act, 2016. The Act provides that the Board should consist of a Chairperson and four other members appointed by the Cabinet Secretary responsible for matters relating to water and the Chief Executive.

Pursuant to section 6 of the State Corporations Act, Cap 446, the Board also comprises of the Principal Secretary of the parent Ministry (in the case of AWWDA; the Ministry of Water , Sanitation and Irrigation) and the Principal Secretary to the National Treasury.

The appointments are by name or by office and by notice in the Kenya Gazette.

The First Schedule of the Water Act, 2016 is applicable on matters of membership and procedure of Water Works Development Agencies. The schedule provides the following guidelines on appointment:

- **Qualification of members:** In making the appointments, the appointing authority shall have regard to Article 10 of the Constitution of Kenya on national values and principles of governance, Article 232 of the Constitution of Kenya on values and principles of public service, the academic qualifications, professional experience, character and integrity of the potential candidates for appointment, gender, regional and ethnic diversity. (section 2 of the Schedule)
- **Identification for appointment:** The Chairperson and members shall be identified for appointment through an open competitive process (section 2(2) of the First schedule)

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- **Term of office:** A member shall hold office for such term not exceeding three years as may be specified by the instrument of appointment. A member shall be eligible for reappointment for one further term.

Further, the Water Act, 2016 provides that the Chairman and the four other members appointed must be from a county within the basin area. The geographical area of jurisdiction of AWWDA is defined in Legal Notice 28 of 26th April 2019 as Nairobi, Kiambu and Muranga.

AWWDA Board Memberships

NAME	Office Held	Date of appointment	Date of Expiry	Nature of Directorship
Charles Kamau Karondo	Chairperson	7/08/2023	6/08/2026	Independent
Patrick Musili Mbangula	Chairperson	10/02/2023	6/08/2023 (Revoked)	Independent
James Wainaina	Member	28/04/2023	13/04/2025	Independent
Simon Erick Mukhwana	Member	28/04/2023	4/07/2025	Independent
Dr. Boaz Kiprop Cheluget	Member	18/08/2023	17/08/2026	Independent
Felister Wangari Mwangi	Member	28/04/2023	4/07/2025	Independent
Francis Bor	Alt. Director to PS Ministry of Water, Sanitation and Irrigation	6/03/2023		Alternate Director PS. State Department of Water, Sanitation
Francis Anyona	Alt Director to PS –The National Treasury	17/04/15		Alternate Director, PS. National Treasury

The **Inspector-General (Corporations)** is represented by **Mr. Isaac Omondi Odek** who was appointed with effect from 13th July 2020 in accordance with section 18 of the State Corporations Act Cap.446.

Succession Planning

The Code of Governance for State Corporations (Mwongozo) provides that the appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition. The AWWDA Board Charter at Clause 2.2.4 also provides for staggered retirement. The Board Members tenures are staggered accordingly.

Removal of Board Members

Section 6(1) of First schedule of the Water Act, 2016 provides for circumstances under which the office of a member shall become vacant as follows:

- Such member dies, resigns or is removed from office
- Such member absents himself or herself from four consecutive meetings of the Board or committee which reasonable notice has been given to the member unless-
 - The board or committee has granted the member leave to be absent from those meetings or
 - within four weeks after the last of the four meetings, the member is excused by the board or committee for having been absent from the meetings.
- The member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration or for their benefit
- Such member is adjudged or declared by any competent court or tribunal to be of unsound mind or
- Such member is convicted of an offence punishable by imprisonment for twelve months or more

If the office of a member becomes vacant, the appointing authority is mandated to fill the vacancy as prescribed in the Act. This process is also captured in the Board Charter at section 2.2.

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Role of the Corporation Secretary

The principle duties of the Corporation Secretary are as follows:

- a) Providing guidance to the Board and Board Members individually on their duties, responsibilities and powers and how these should be exercised in the best interest of AWWDA
- b) Ensuring that board procedures are followed and reviewed regularly and that the Board complies with the Laws and Regulations
- c) Assisting the Chairperson in organising Board activities including providing information, preparing the agenda, issuing notices and preparing for meetings, board evaluations and board development programs
- d) Providing secretarial services to the Board including ensuring that the Board Work Plan is prepared and adhered to.
- e) Ensuring the minutes of the Board and Board Committees are promptly prepared and circulated
- f) Keeping the Board abreast of and informed on current governance thinking and practice
- g) Coordinating the governance audit process.

Board Induction and Trainings

The Board has developed an induction program for new Board Members. All Board Members appointed during the year were properly inducted and/or trained.

Board Remuneration

Board Remuneration is determined by the Government of Kenya through relevant circulars and Regulations. Remuneration for the Board in the Financial Year 2022/23 was guided by GOK Circular OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004; the Guidelines on Terms and Condition of Service for State Corporations, Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff.

Accommodation and travel allowances on local travel and International Travel and lunch allowance is governed by Circular No. OP/SCAC.9/21.2 Vol.1 (164) dated 28th April 2015.

Where applicable, the daily subsistence allowance was paid in accordance with Circular No. SRC/ ADM/CIR/1/13 Vol. IV (1). Other payments made were: Monthly honoraria for the chairman, telephone allowance for the chairman, transport reimbursements, Medical Cover as stipulated in the Government Circulars and Respective Appointment letters. The Board Members were remunerated in accordance with the aforementioned Circulars and other applicable regulations.

Board attendances

In line with Mwongozo and the First Schedule of the Water Act, 2016, the AWWDA Board Charter at Clause 4.1 provides that the Board shall meet as often as necessary but not less than four times a year. The meetings of the Board were scheduled in advance.

A total of 15 Board Meetings (including Ad hoc Committee meetings) were held during the financial year. Approval was sought and duly granted for additional Board Meetings to facilitate recruitment of a Chief Executive Officer. The respective attendances by Board Members was as follows:

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NATURE OF MEETING AND DATE	Charles K. Karondo	Hon. Patrick Musili Mbangula	Felister Mwangi	Dr. Boaz Cheluget	Simon Mukhwana	Francis Anyona	Isaac Odek	F.C Bor	Eng. James Wainaina
14.07.2023 22 nd Regular Meeting of the Board	N/A- PA	x	N/A- PA	N/A- PA	N/A- PA	x	x	x	x
22.07.2023 (Adjourned) 22 nd Regular Meeting of the Board	N/A- PA	x	N/A- PA	N/A- PA	N/A- PA	-	x	x	x
31.08.2023 23 th Regular Meeting of the Board	x	N/A- AR	N/A- PA	N/A- PA	N/A- PA	x	x	x	x
25.09.2023 24 th Regular Meeting of the Board	x	N/A- AR	N/A- PA	N/A- PA	N/A- PA	x	x	x	x
09.10.2023 25 th Regular Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
06.12.2023 13 th Special Meeting of the Board	x	N/A- AR	x	X	x	x	x	x	x
06.12.2023 1 st Meeting of the 2 nd Ad hoc Committee of the Board	-	N/A- AR	-	x	-	-	-	x	x
21.12.2023 14 th Special Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
12.1.2024 26 th Regular Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
26.01.2024 15 th Special Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
12.4.2024 27 th Regular Meeting of the Board	x	N/A- AR	-	x	x	X	-	x	x
29.04.2024 16 th Special Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
08.05.2024 17 th Special Meeting of the Board	x	N/A- AR	x	x	x	x	x	x	x
23.05.2024 18 th Special Meeting of the Board	x	N/A- AR	x	x	x	x	-	x	x

Key

x- Present - Absent

N/A- PA Not Applicable as meeting was held prior to appointment

N/A- AR- Not Applicable as meeting was held After Revocation

AC- Absent Pursuant to a court Order suspending Appointment

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Committee of the Board

Board Committees were constituted on 6th December 2023 in the 13th Special Meeting of the Board as follows:

Water and Sewerage Committee

- i. Eng. James Kamau Wainaina- Chairperson
- ii. Felister Wangari Mwangi
- iii. Francis Bor (Alt Director to PS State Department of Water and Sanitation)

Resources and Governance Committee

- i. Dr. Boaz Kiprop Cheluget- Chairperson
- ii. Felister Wangari Mwangi
- iii. Francis Anyona (Alt Director to PS –The National Treasury)

Audit and Risk Committee

- i. Simon Erick Mukhwana- Chairperson
- ii. Eng. James Kamau Wainaina
- iii. Francis Bor (Alt Director to PS State Department of Water and Sanitation)
- iv. Francis Anyona (Alt Director to PS –The National Treasury)

Committee Members will serve for a period on 12 months as stipulated in the Head of the Public Service Circular dated 11th March 2020 Ref. No. OP/CAB.9/1A on Management of State Corporations **and will thereafter be subjected to rotation in line with the Circular**

Following the Constitution of Committees, Committee meetings were held as follows:

A. WATER AND SEWERAGE COMMITTEE

A total of 2 committee meetings were held during the year. The attendances were as follows:

NATURE OF MEETING AND DATE	Eng. James Wainaina (Committee Chairperson)	Felister Mwangi (Member)	Francis Bor (Alt Director, PS, MOWSI)	Isaac Omondi Odek (IGC) (In attendance)
04.01.2024 14th Regular Water & Sewerage Committee	x	x	x	x
03.04.2024 15th Regular Water & Sewerage Committee	x	x	x	x

Key

x- Present

- Absent

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B. RESOURCES AND GOVERNANCE COMMITTEE ATTENDANCES

A total of 3 committee Meetings were held during the financial year with the respective attendances by Board Members was as follows:

NATURE OF MEETING AND DATE	Dr. Boaz Cheluget (Committee Chairperson)	Felister Mwangi (Member)	Francis Anyona (Alt Director, PS, NT)	Isaac Odek (IGC) (In attendance)
05.01.2024 17th Regular Resources & Governance Committee	x	x	x	x
24.01.2024 8th Special Resources & Governance Committee	x	x	x	x
8.04.2024 18th Regular Resources & Governance Committee	x	x	x	x

Key

x- Present

- Absent

C. AUDIT AND RISK COMMITTEE ATTENDANCES

A total of 2 committee Meetings were held during the financial year with the respective attendances by Board Members was as follows:

NATURE OF MEETING AND DATE	Simon Mukhwana (Committee Chairperson)	Eng. James Wainaina (Member)	Francis Anyona (Alt Director, PS, NT)	Francis Bor (Alt Director, PS, MOWSI)	Isaac Odek (IGC) (In attendance)
8.01.2024 16th Regular Audit and Risk Committee	x	x	x	x	x
04.04.2024 17th Regular Audit and Risk Committee	x	x	-	x	x

Key

x- Present

- Absent

Board Performance Evaluation

In accordance with Mwingozo, the Board Charter provides at Clause 3.3.6.1 that the Board will conduct annual evaluation to appraise its performance. Clause 3.3.6.3 also provides that at least once a year, the Board shall discuss its own activities and those of its individual members, the effectiveness of such activities and the composition and competence of the Boards and its committees.

A board evaluation for the FY 2022/23 was carried out by the State Corporation Advisory Committee on 19th July 2024. The Corporation Secretary was duly evaluated. However, the Internal Auditor, who served during the year, Mr. Mathew Ngugi Murigi was not evaluated as he is deceased.

The Corporate Full Board Score was 95.05.

The following is a summary of the performance evaluation results for the year 2023/2024;

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	Name	Position	Score /5	Score
1.	Charles K. Karondo	Chairperson	4.93	98.75
2.	Eng. James Kamau Wainaina	Member	4.90	98.00
3.	Francis C. Bor	Member	4.91	98.25
4.	Francis Anyona, MBS	Member	4.92	98.38
5.	Dr. Boaz Kiprop Cheluget	Member	4.93	98.63
6.	Simon Erick Mukhwana	Member	4.91	98.13
7.	Felister W. Mwangi	Member	4.88	97.63
8.	Eng. Joseph Mungai Kamau	CEO	4.67	93.33
9.	CS Joyce Njeri Mukururi	CS	4.82	96.40
Corporate Full Board			4.75	95.05

Conflict of Interest

AWWDA has a Conflict-of-Interest Policy whose purpose is to provide guidance in identifying and handling potential and actual conflicts of interest involving the Board of Board Members and AWWDA as a whole. AWWDA is committed to the highest levels of integrity. All the Board Members have taken an oath of office which was duly administered by a Commissioner for Oaths.

A conflict-of-Interest Register is maintained by AWWDA. Declaration of conflict of interest is a mandatory agenda item in all AWWDA board meetings.

Ethics and Conduct

The Board Members and employees of the AWWDA have a fiduciary duty to act honestly and in the best interest of AWWDA. Business transactions with all parties must be carried out at arm's length and with integrity. AWWDA has developed a Code of conduct and Ethics which sets out the minimum requirements expected of the Board Members as they carry out their functions either individually or collectively. Nevertheless, the Code applies to all members of AWWDA and the Board Members. All the Board Members and staff have subscribed to the Code of Conduct and Ethics. The code is reviewed and updated from time to time.

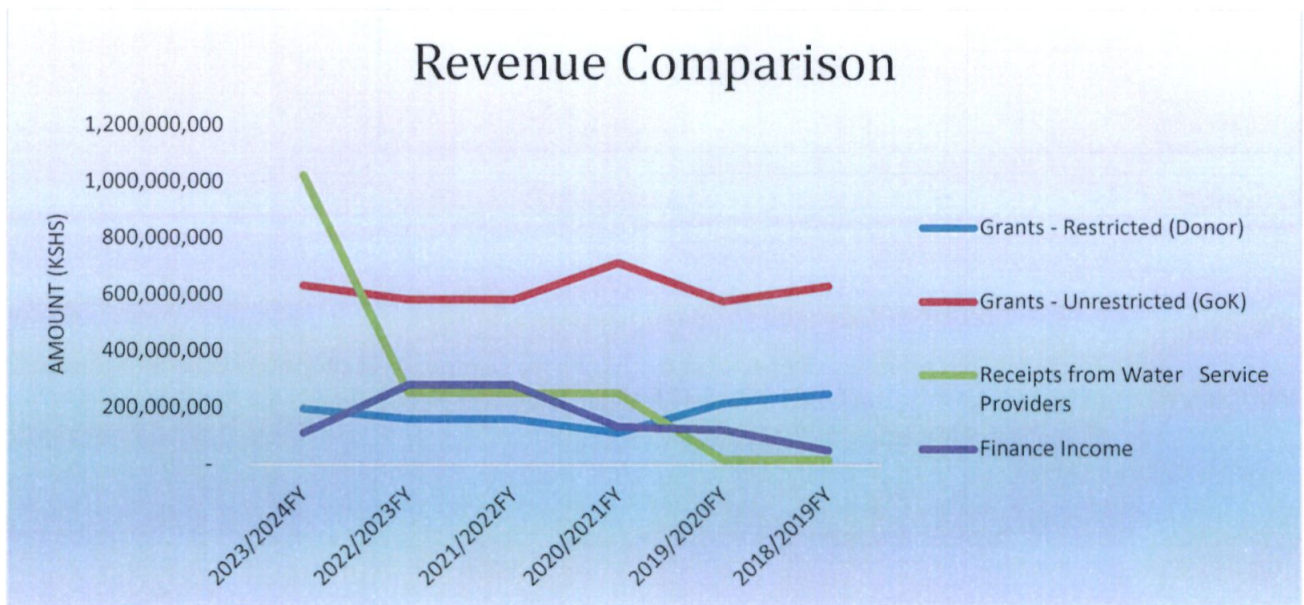
In addition to the Code of Conduct and Ethics, Board Members are governed by the applicable Laws and Regulations. The Board has further developed a whistle-blower policy with the aim of maintaining the highest standards of Ethical and legal conduct in all its activities, programs and transactions. Through the policy, the Board encourages, management, staff and other stakeholders to report suspected/ actual occurrence of unethical, inappropriate or illegal practices without reprisal. The policy assures protection to whistle blowers.

Governance Audit

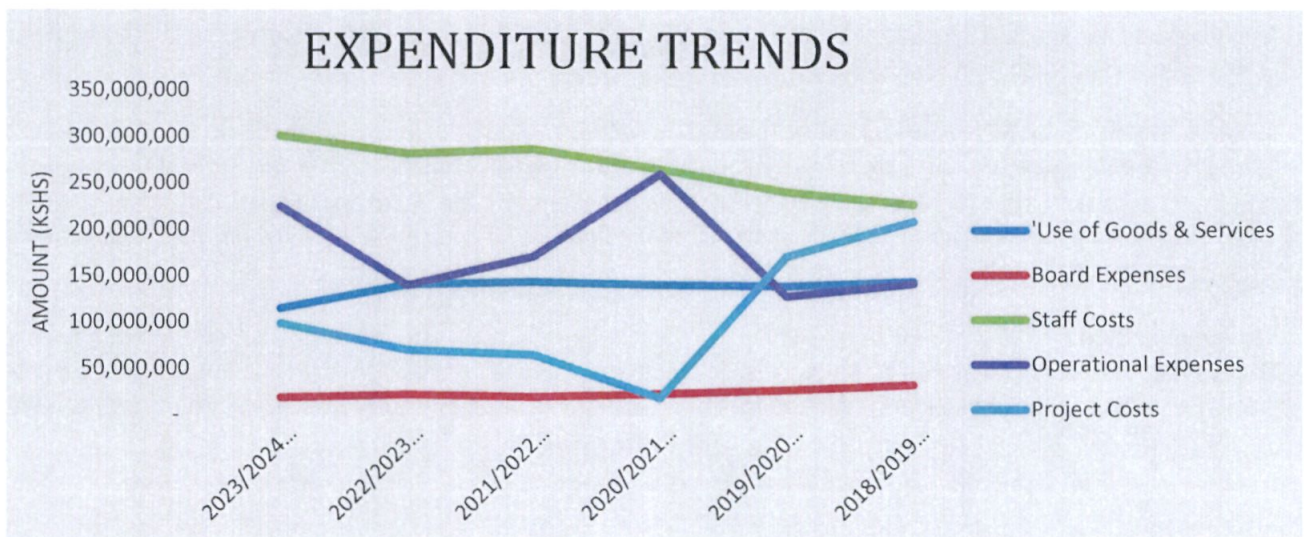
A governance Audit is undertaken by an organisation to ensure that the organisation conforms to the highest degree of good governance. It is a requirement of Mwongozo that a Governance audit is conducted annually. The Governance Audit for the FY 2023/24 will be undertaken in the 1st Quarter of the Financial Year 2024/25.

9. Management Discussion and Analysis

During the financial year 2023/2024, AWWDA earned a total revenue of Kshs2,086,663,799 comprising of donor grants of Kshs 202,656,265, GoK grants of Kshs 632,789,580 expected loan repayment receipts and Bulk water sales from Water Service Providers of Kshs 1,139,569,764 and Finance Income Kshs 111,148,190. As shown in the graph below most of the income categories experienced minimal variations except for loan repayment expected receipts from WSPs as per the approved Nairobi City Water and Sewerage Company Tariff which clearly stipulates the amounts that the company was expected to remit to AWWDA on monthly basis.



As depicted by the chart below, the expenditure on use of goods and services and board expenses have remained fairly constant with a slight decline in the last two years. Operational and project costs fluctuated over time but was on an upward trend in the year 2023/2024 while staff costs increased steadily over the period.



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Overallly the agency ensured compliance with the set budgetary levels while at the same time maintaining sound liquidity levels.

Asset development

During the year, AWWDA developed and/or acquired assets worth Kshs 10,565,769,124 as work in progress, Office Equipment, Motor Cycles, Furniture and Fittings & Plant and Equipment and Kshs 63,161,921 as intangible assets.

The future

The future only got better in the year with continued operationalization of the Bulk Water Service Provision.

Major Risks

AWWDA faced challenges in the implementation of its projects due to insufficient GoK counterpart funds and non-receipt of the allocated funds. Most of the projects were faced with great delays due to land and wayleave acquisition challenges. The Agency is thus faced with risks associated with lack of timely completion of projects and delays in service delivery for the target population. It may also negatively impact donor confidence due to inability by the government to meet their commitment under the financing agreements.

Additionally, continued reduction of the GoK counterpart funds has far-reaching negative impacts on the ability of the Agency's ability to complete projects in a timely manner, submit statutory obligations (taxes) in a timely manner and wears way community confidence which in turn makes the project affected persons not to allow for early access to land and wayleaves.

Non-remittance of loan repayment monies by water service providers not only makes the sector to have the highest loan burden but also makes it unattractive for future financing.

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10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Introduction

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of the environment on a long-term basis as well acceptable social norms over the long term. It is also defined as the ethical obligation of companies/organizations to protect natural resources, reduce pollution and other forms of environmental harm.

It involves making decisions and taking actions that are in the interest of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life and social wellbeing of communities.

As such, Athi Water Works Development Agency (AWWDA) a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

It is committed to environmental conservation and protection as well as safeguarding the health and safety of workers within its premises, projects and project areas. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards division with a total of 7 permanent staff.

The following elements underpin AWWDA environmental sustainability.

- Pollution prevention and resource efficiency;
- Regulatory compliance;
- Assessment and management of environmental and social risks;
- Community and impacts stakeholder engagement;
- Public consultation and
- Biodiversity conservation and sustainable management of the natural resources.

The objective of the AWWDA's environmental sustainability is therefore to promote sustainable social and economic development within the Agency's area of jurisdiction by ensuring environmental protection, social equity, and economic development. Also, to support the wellbeing of the current and future generations.

ii) Environmental performance

Approach

AWWDA's environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines.

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AWWDA also complies with the other environmental requirements of International Funding Institutions such as World Bank, Africa Development Bank, French Development Bank among others.

The environmental and social safeguards standards generally include considerations for:

- Assessment and Management of Environmental and Social Risks and Impacts
- Labor and Working Conditions
- Resource Efficiency and Pollution Prevention and Management
- Community Health and Safety
- Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
- Cultural Heritage
- Stakeholder Engagement and Information Disclosure.

Environmental and Sustainability activities

AWWDA developed and operationalized the integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of AWWDA employees and communities, and ensure safe development of water and sanitation infrastructure. This policy statement provides a framework for developing environmental objectives, targets and programs.

The organizational service charter also includes the environmental considerations such as the enforcement of water quality monitoring.

AWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination (Amendment) Act of 2015. This is done in order to identify both potential positive and negative impacts. The process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.

Some of the environmental and social impact assessment reports prepared, approved and licensed by NEMA within the financial year include:

- Murang'a Water Supply Project
- Murang'a Sanitation Project
- Kiambu Water and Sanitation Project

AWWDA has in place an operational Environmental and social safeguards division within the Water and Sanitation department responsible for Environmental and Social compliance and Management. The team comprises of both sociologists and environmentalists. They are tasked with managing the Environmental and social aspects of the organization and community.

Pollution Prevention and Abatement

AWWDA Complies with various legislations related to prevention and abatement of pollution such as EMCA (waste management) regulations, EMCA (water quality) regulations) EMCA (noise reduction) regulations, Water Act (water rules).

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Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others. The following are some of the measures employed by the organization to mitigate pollution

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.
- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.
- Compliance to the Occupational, Health and Safety Act, 2007
- Conformance to EMCA (Air quality regulations), 2014
- Compliance to EMCA (Noise and Vibrations pollution control), 2009
- Compliance to the national environmental Action Plan, 2009-2013
- The penal code chapter 63.

Climate Change Mitigation and adaptation

Climate change poses a significant challenge to the water sector impacting both water quality and availability. To mitigate climate change, AWWDA advocates for environmental sustainability and maintaining the natural ecosystem services of the environment. AWWDA has also liaised with various stakeholders to ensure that all projects within its jurisdiction comply with environmental legislations, regulations and Acts. The following are some of the measures taken by the Agency to mitigate climate change:

- I. Projects such as the Rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency by reducing the amount of GHG emission into the atmosphere. Efforts are also being directed towards exploring the possibility of trapping methane gas generated from the sewerage treatment plants for energy use.
- II. Oloitoktok Water Supply project is another project that aims at mitigating climate change by utilizing solar energy in its day-to-day operations, therefore complying with the renewable energy Act, 2019.
- III. AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.
- IV. Water conservation through the use of water storage tanks- The organization has donated plenty of water tanks to community projects and schools.
- V. Waste water reuse and recycling-This involves treating of waste water and directing it to rivers. Community members are able to use the water for various purposes such as irrigation.
- VI. Flood management- Projects such as NCT have been constructed to collect flood water. Therefore, increasing the availability and quantity of clean drinking water.
- VII. Tree planting- The agency has carried out various tree planting exercises as a climate change adaption measure to act as carbon sinks.

Promoting Environmental protection and conservation through partnerships with stakeholders

Kenya has experienced prolonged droughts and as a result, livestock, nature and biodiversity loss has been witnessed to a higher magnitude as compared to other decades. In response to this, the government has initiated a national tree planting and restoration campaign to raise the forest cover by 2032.

AWWDA in association with other stakeholders such as County governments, community members, WRA, NEMA, WRUA, NGOs, private sector, local administrations etc have teamed up to carry out afforestation activities within its area of jurisdiction.

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Table 1: Tree planting exercise FY 2023-2024

S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
I.	Karimenu II Dam 7 th December, 2023	7,500	Within the project sites. Spoil Area No.04; Administration Block, Camp 04 site, Quarry AB	Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA
II.	Kigoro Water Treatment Plant 7 th December, 2023	500	Water treatment site	AWWDA, Local community
III.	Lot 1 – Construction Works for Eastern Nairobi Water and Sewer Intensification Project 17 th November, 2023	200	Project site	Project teams, local community
IV.	Karimenu II Dam 12 th April, 2024	3,500	Spillway sites	TAI SACCO and local community
V.	Kamiti River Riparian Restoration 19 th April, 2024	5,000	WRA defined riparian areas	Kamiti Local Water Resource Users Association (WRUA) NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
VI.	Kimakia Forest, Murang'a County 3 rd May, 2024	10,000	KFS Designated rehabilitation block	Kenya Forestry Services, Gatanga Sub-County, Murang'a County CO-OPERATIVE Bank, NORKEN International, RODI Kenya
VII.	Kinale Forest 17 th May, 2024	20,000	KFS Designated rehabilitation block	Kenya Forestry Services, Local community, local primary and secondary schools
VIII.	Kimana Wetlands, Kajiado County 12 th June, 2024	2,000	Kimana Girls Secondary School	Kimana Girls Secondary School, Oloitoktok Water Service Provider and local community
TOTAL		48,700 (in the period FY 2023/2024)		

Social economic activities

Socio-economic impact assessment

It is the systematic analysis used during EIA to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. If such potential impacts are significant and adverse, SEIA can assist the developer, and other parties to the EIA process, find ways to reduce, remove or prevent these impacts from happening. It also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

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AWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate'.

Enhancing benefits covers a range of issues, including: modifying project infrastructure to ensure it can also service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximizing opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people.

Where people's assets and properties are affected, AWWDA ensures that there is prior and informed consent from the project affected persons; that there is prompt and adequate compensation for any loss; and where people are resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other social sustainability activities include:

- i. Stakeholder engagement and public participation
- ii. Livelihood restoration
- iii. Community benefits/ projects
- iv. Economic development through initiatives such as ablution blocks that are handed over to CBOs

Environmental monitoring and reporting

AWWDA has established various mechanisms of tracking the performance of Environment, Health and Safety (EHS) for the various projects under implementation. Project implementation units are at the fore front of ensuring compliance to EHS. Monthly/quarterly and annual reports, site inspections, EHS monthly meetings, EHS committees and audits form part of EHS monitoring and reporting.

EHS committees, inspections and audits

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project.

The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

Environmental and social sustainability management systems

AWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans.

Environmental and Social Management Plans

An Environmental and Social Management Plan (ESMP) provides the remedial measures to be taken, the responsible person(s) for execution, and the monitoring activities to be undertaken during the construction, operational and decommissioning phases.

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An indication of the timing for implementation and the cost involved is also provided. It is a practical and achievable plan of management to ensure that any environmental impacts during the design, planning and construction phase are minimized. All contractors working with AWWDA submits an ESMP for their respective projects to AWWDA for review. AWWDA ensures that the ESMP is implemented at each phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

Health and Safety Management Plans

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HESMP) is prepared for each project being implemented by AWWDA. The objective of a HESMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

Grievance redress mechanism

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow for them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system. The need for a GRM is obligated by the Land Act 2012 which recognizes the right of the affected persons to refer their disputes to the Land and Environment Court, while the Land Policy advocates for negotiation, mediation and arbitration to reduce the number of cases that end up in the court system and delayed justice. Similarly, project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project affected persons.

Gender Mainstreaming

Gender mainstreaming involves the integration of gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and programmes, with a view to promoting equality between women and men, and combating discrimination.

AWWDA and its many projects have both male and female employees. The organization has identified the following measures to enhance gender mainstreaming

- Both male and female employees are involved in decision making
- Equal access to and utilisation of services
- Use of gender sensitive information
- Equal treatment is integrated for both men and women is practised

Prevention of gender-based violence

AWWDA is integrating GBV trainings within the work sites to ensure that cases of sexual harassment and sexual exploitation and abuse within the work places are mitigated against. AWWDA has a GBV committee which is championing this together with a number of consultants who undertake sensitization activities. This will ensure that cases of sexual harassment are reported and that women/men will not fear reporting such cases due to fear of victimization.

The following table summarises the climate relevant expenditure FY 2023-2024.

Conclusion

AWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities within the organization's areas of operation. The Agency continuously works towards compliance with the national laws as well as international best practices relevant to the environmental and social safeguards to ensure sustainability.

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iii) *Employee welfare*

AWWDA has developed an approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

Under the career development, AWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental work plans and the Government's performance contracting tool enables employees set their targets and eventually evaluated through annual appraisals. The evaluation enables employees of the Agency to be up skilled, helped or otherwise redeployed and up scaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

iv) *Market place practices-*

AWWDA has ensured that responsible competition practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, Multilateral and Bilateral Rules and Procedures governing Procurement of Goods Works and Services, The Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA. To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

a) *Responsible competition practice.*

AWWDA has ensured that responsible competition practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, Bank Funded Rules and Procedures governing Procurement of Goods Works and Services, The Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA.

- a) To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:
- b) Code of Conduct and Ethics: The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff in the institution and for Supply Chain Management staff the practicing license

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- issued by KISM explicitly prohibit corrupt practices, bribery, and unethical behaviour and ensures compliance by all stakeholders. The license also ensures that the supply chain staff are in good standing prior to renewal.
- c) Compliance Reports: The Agency Prepares statutory compliance reports to the Various Regulatory Bodies i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts.
 - d) Anti-Corruption Policies: The Agency implements policies to prevent corruption, such as anti-bribery and anti-money laundering policies. These programs includes training on anti-corruption measures and responsible political involvement which is a continuous exercise.
 - e) Fair Competition Practices: The Agency promotes fair competition and adheres to antitrust laws to prevent monopolistic behaviour, price-fixing, bid-rigging, or other practices that harm competition by issuing Requests for Quotations to multiple suppliers in its registered list. For large complex and large contracts, competition is promoted through open competitive bidding both National and International bidders based on the threshold.
 - f) Supplier Appraisals and Sensitization Workshops: The Agency conducts annual Sensitization workshops and due diligence on suppliers and business partners to ensure that they adhere to responsible business practices.
 - g) Training and Awareness on the PPADA ACT 2015 and Ethics: For the purpose of keeping staff, Board Members and Suppliers informed of the most recent ethical standards, compliance requirements and best practices, the Agency undertakes training and awareness on PPADA Act and ethical and integrity practices.
 - h) Internal Controls and Audits: The Agency implements internal controls and conducts regular Internal Audits, External Audits and ISO audits to monitor compliance with policies and identify any potential violations. Observations and recommendations from these audits are implemented to improve and ensure best practices within internal processes.

b) *Responsible Supply chain and supplier relations*

AWWDA has overtime honoured contracts and respected payment practices as a good business practice and treating suppliers responsibly as an essential aspect of building strong, sustainable, and ethical business relationships: Some of the practices include:

- i. Contract Negotiation: The Agency engages in fair and transparent contract negotiations with its suppliers. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details.
- ii. Compliance with Contract Terms: Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contactors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
- iii. Clear Payment Policies: In compliance with the Agency's service charter, there clear payment policies that specify payment terms, methods, and timelines which are agreed upon during contract negotiations.
- iv. Automated Payment Systems: The agency has Implemented automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays.
- v. Communication and Transparency: Maintaining open and transparent communication with suppliers. If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
- vi. Early Payment Programs: The agency offers early advance payments to suppliers who may benefit from faster access to funds upon the provision of an advance payment guarantee.
- vii. Supplier Diversity and Inclusion: The agency practices supplier diversity and inclusion by providing opportunities to small and minority-owned businesses. (YAGPO Groups) by allocating 30% of its procurement budget annually.

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- viii. Supplier Performance Evaluation: Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.
- ix. Conflict Resolution Mechanism: The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.

By implementing these measures, the Agency has created a strong foundation for responsible competition practices, fostering trust among stakeholders and contributing to a sustainable and ethical business environment.

c) Responsible marketing and advertisement

Advertisements by the Agency are based on accurate and verifiable information about the projects being procured this is in line with provisions of section 74 of the PPAD Act and its attendant regulations. The Adverts are also detailed and clearly indicate the contact details for purposes of clarification and the mode of submission of tenders by specifying whether the submission shall be done electronically or manually.

An advertisement relating to an open tender under a preference and reservations scheme states that such tender is open to small and micro enterprises and to disadvantaged groups registered with the National Treasury or regions, as appropriate.

By following these principles and practices, AWWDA has built trust with their target audience, demonstrated ethical conduct, and contributed to a more responsible and sustainable marketing and advertising landscape through the advertisement of all tender opportunities either in the print media, website or its social media platforms.

v) Corporate Social Responsibility / Community Engagements

During the 2023/2024FY, the Agency was involved in a number of CSR and community engagement activities including:

- i. **Bio-centres**
 - Developed 15 Bio centres, the bio centres treat waste and produce biogas drastically improving sanitation for residents of Kibera, Mukuru, Dagoretti, Mathare, Kwa maiko, Korogocho & Kawangware.
 - The Bio centres are equipped with a public toilet, hall and Bathroom.
 - Local Community Based Organizations were also trained in order to run the facilities efficiently and for sustainability.
- ii. **Construction of Gataka Police Station**
 - As part of the the Kiserian – Ongata Water Supply Project that aims to enhance access to reliable water supply for Ongata Rongai, Kiserian town and its environs, the Agency constructed Gataka Police Station. Link: <https://x.com/AthiWaterWorks/status/1732295563868074134>
- iii. **Flood Victims Donation Drive**
 - AWWDA run a staff donation drive aimed at supporting residents affected by floods.
- iv. **Social Media Campaigns Targeting Communities**
 - a) **Be Water Wise Campaign**
 - Developed the "Be Water Wise" Social Media Campaign to sensitize communities on the need to know the value of water and report any cases of pipe leaks, take shorter showers to conserve water.
 - The campaign run from **October 23 – 26th, 2023**. The campaign included posters that were shared across AWWDA social media channels.

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b) Usalama Barabarani – Road Safety and Awareness Campaign (November 17 – 20th, 2023)

- AWWDA participated in the Usalama Barabarani Road Safety and Awareness Campaign in conjunction with National Transport and Safety Authority (NTSA).
- As a follow-up to the World Remembrance Day held on the 19th of November, we stood in vigil with victims of road accidents by lighting candles and spreading awareness on road safety.

c) E-Newspaper

- Developed an E-newspaper on how access to dignified sanitation and clean water is changing the lives of people living in Nairobi's informal settlements. The digital newspaper was identified as a mode of engaging communities on key project milestones affecting their day to day lives.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Athi Water Works Development Agency's affairs.

i) Principal activities

The principal activities of the continue to be:

- a) Undertaking the development, maintenance and management of National Public Waterworks;
- b) Operating the waterworks and providing water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over,
- c) Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d) Provide technical services and capacity building to such county government and water providers,
- e) Provide to the cabinet secretary technical support in discharge of his or her functions.

ii) Results

The results of the Entity for the year ended June 30, 2024, are set out on page 1-65.

iii) Directors

The members of the Board of Directors who served during the year are shown on page viii to X. During the year one director retired and two was appointed with effect from 7th August 2023 and 17th August 2023 respectively date.

iv) Surplus remission

Athi Water Works Development Agency did not make any surplus during the year (FY 2023/2024) and hence no remittance to the Consolidated Fund.

v) Auditors

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

By Order of the Board



.....
Name: CS Joyce Mukururi
Corporation Secretary

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12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the *AWWDA's* financial statements, which give a true and fair view of the state of affairs of AWWDA for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of AWWDA; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for AWWDA'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 AWWDA's financial statements give a true and fair view of the state of *AWWDA's* transactions during the financial year ended June 30, 2024, and of AWWDA's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for AWWDA, which have been relied upon in the preparation of AWWDA's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

AWWDA's financial statements were approved by the Board on 27th September ,2024 and signed on its behalf by:



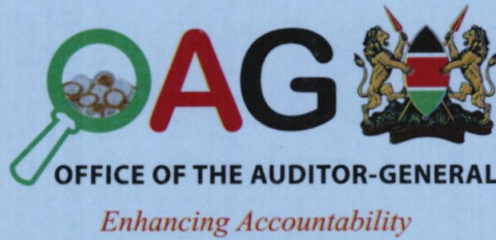
.....
Mr. Charles Kamau Karondo
Chairperson of the Board



.....
Eng. Joseph Mungai Kamau
Accounting Officer

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ATHI WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Athi Water Works Development Agency set out on pages 1 to 55, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Athi Water Works Development Agency as at 30 June, 2024, 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 Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

The statement of financial position as disclosed in Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.115,292,072,425. However, the following anomalies were observed; -

1.1 Lack of Land Ownership Documents

Included in the balance is work in progress balance of Kshs.89,651,457,299 out of which Kshs.6,462,890,395 relates to land compensation paid to land owners. However, despite the beneficiaries having been paid their monies, Management has not transferred the parcels of land to the Agency.

In addition, the land on which the Athi Water Plaza is built does not have ownership document, this is despite a court case in which the plaintiff had gone to court on 25 September, 2018 seeking special damages for the then value of land of Kshs.630,000,000 having been concluded and a ruling made in favour of the Agency on 23 July, 2019, which is more than five (5) years ago.

1.2 Failure to Transfer Ownership and Custody of Motor Vehicles after Projects Completion

Review of vehicles fleet records provided for audit revealed that the Agency had not repossessed seventeen (17) vehicles from contractors upon the completion of projects. Although the agency had recorded the vehicles in their books, the vehicles continued to be under the custody and use by the contractors despite the projects having been completed. Further, fleet records of the Agency revealed that, the agency was in possession and control of fourteen (14) vehicles which were handed over after projects were completed. However, the ownership documents had not been transferred in the name of the Agency in addition to the plates for the vehicles having civilian registration numbers instead of the required blue plates.

In addition, the Agency was in possession of ten (10) motor vehicle log books with civilian registration numbers whereas the vehicles had not been handed over to the Agency upon completion of projects.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs.115,292,072,425 could not be confirmed.

2.0 Inaccuracies in the Loan Balance

The statement of financial position and as disclosed in Note 27 to the financial statements reflects loans balances of Kshs.82,706,883,563. Included in the balance are loans in respect to Water Sanitation Services Improvement Project- Additional Financing (WASSIP-AF) and French Development Agency Loan for North Collector Tunnel (Loan - AFD NCT) of Kshs.14,523,822,608 and Kshs.9,675,770,363 respectively all totaling Kshs.24,199,592,971 for which principal loan payable for the due loans does not include the penalties and interest accrued over the period of time. Further, third party confirmation of loan balances was not provided for audit review. In addition, the loans have been outstanding for a considerably long period of time.

In the circumstances, the accuracy and completeness of the loan balance of Kshs.82,682,688,541 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Athi 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 qualified opinion.

Emphasis of Matter

Long outstanding Accounts Payable

The statement of financial position and note 24 to the financial statements reflects trade and other payables from exchange transactions amounting to Kshs.5,197,898,621. Ageing analysis provided revealed that payables amount of Kshs.2,779,691,163 or 53.5% had accrued for over two (2) years. There was no explanation provided for non-payment since all debts should form the first change in accordance to Regulation 42(1) (a) of the Public Finance Management Regulations, 2015.

Further, analysis of trade and other payables includes VAT and Withholding tax of Kshs.181,865,040.30 that remained due and outstanding for over ninety (90) days.

Failure to remit taxes within the stipulated due dates exposes the Agency to penalties interests for the period the amount remains unpaid.

My opinion is not modified in respect of this matter

Key Audit Matters

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

Other Matter

1.0 Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

2.0 Issues Raised in the Previous Reports of 2014/2015 and 2017/2018 not Resolved by Management as Directed by Parliament

Parliament directed the Agency to resolve sixteen (16) issues which were listed in the reports of 2014/2015 and 2017/2018 of which the following have been partially reported;

Issue Summary

- i. Cash and Bank Balances Fy 2015/16
- ii. Cash and Bank Balance Fy 2016/17

This was contrary to Section 53 of the Public Audit Act, 2015 which requires the Accounting Officer of a state organ or public entity within three months after Parliament has considered and made recommendations on the audit report take the relevant steps to implement the recommendations of parliament on the report of the Auditor-General; or give explanations in writing to the Parliament on why the report has not been acted upon.

3.0 Long Outstanding Receivables

3.1 Receivables from Non-Exchange Transactions

The statement of financial position and Note 21 to the financial statements reflects a receivables from non-exchange transactions balance of Kshs.3,781,753,957. The aging analysis provided showed that an amount of Kshs.3,284,660,279 or 86.9% has been outstanding for over one (1) year.

3.2 Receivables from Exchange Transactions

The statement of financial position reflects long-term receivables from exchange transactions balance of Kshs.4,957,156,938 and as disclosed in Note 20(b) to the financial statements. This is made up of Kshs.392,888,078 and Kshs.4,564,268,860 owed by various water service providers and by Nairobi City County Water and Sewerage Company (NCWSC) respectively, which has been outstanding for several years.

In the circumstances, the recoverability of the receivables balances totaling Kshs.8,241,817,219 could not be confirmed.

Other Information

The Management is responsible for the other information set out on pages iv to xlii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Pre-determined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities, The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effects of the 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. Termination of Contracts for Gatundu Water and Sanitation Project

1.1 Construction works for Gatundu Ground Water Exploitation Project Contract

The Agency entered into contract on 20 July, 2020 at a contract sum of Kshs.54,632,385.30 inclusive of 14% VAT for the construction works for Gatundu Ground Water Exploitation Project vide Contract No. AWWDA/GOK/GWSP/W-29/LOT 3 /2020. The construction works commenced on 28 July, 2020 with an original completion date of 28 July,2021 and the Defect Liability Period supposed to end on 28 May, 2022. The contractor requested for review of rates via a letter dated 25 February, 2021 which was declined pursuant to Special Condition of Contract (SCC) clause 50 which states that a contract is not subject to price adjustment.

The contractor abandoned the site after the decline of price variation and the Agency issued a notice on intention to terminate the contract on 30 November, 2021 and demanded to en-cash the Performance guarantee. The court directed the case to be settled through arbitration.

Inspection and acceptance report as at December, 2023 indicated the percentage of the project to be at 28%. To date, the contractor has been paid a total of Kshs.7,727,743.76 which represents 14% of the contract sum with an outstanding amount of Kshs.4,561,261.43 of certified works done.

In addition, performance guarantee submitted by the contractor of Kshs.5,463,238.53 from Bank of Africa dated 14 June, 2021 expired on 9 June, 2022. The Agency recalled on the performance guarantee on 10 January, 2022 but the court intervened. Therefore, it remains unclear if the Agency will be able to enforce the guarantee since it has expired.

The Agency has requested for a legal advice from the Solicitor General through a letter dated 5 November,2024 for mitigation against legal and financial risks associated with contract termination.

In the circumstances, the agency may not get value for money on the amount spent on the terminated project.

1.2 Construction works for Gatundu Water and Sanitation Project-Drilling and Equipping of Gatundu Boreholes

The Agency entered into contract on 20 July, 2020 at a contract sum of Kshs.61,238,383.20 inclusive of 14% VAT for the construction works for drilling and equipping Gatundu boreholes vide Contract No. AWWDA/GOK/GWSP/W-29/LOT 4/2020. The construction works commenced on 28 July, 2020 with an original completion date of 28 July, 2021 and the Defect Liability Period supposed to end on 28 May, 2022. The Contractor requested for review of rates via a letter dated 25 February, 2021 which was declined pursuant to Special Condition of Contract (SCC) clause 50 which states that a contract is not subject to price adjustment.

The contractor abandoned the site after the decline of price variation and the Agency issued a notice on intention to terminate the contract on 30 November, 2021 and demanded to en-cash the Performance guarantee. The court directed the case to be settled through arbitration.

Inspection and acceptance report as at December, 2023 indicated the percentage of the project to be at 10 %. To date, the contractor has been paid a total of Kshs.5,339,579,99 which represents 10% of the contract sum with an outstanding amount of Kshs.5,932,866.66 of certified works done.

In addition, performance guarantee submitted by the contractor of Kshs.6,123,839 from Bank of Africa dated 14 June, 2021 expired on 9 June, 2022. The Agency recalled on the performance guarantee on 10 January, 2022 but the court intervened. Therefore, it remains unclear if the Agency will be able to enforce the guarantee since it has expired.

The Agency has requested for a legal advice from the Solicitor General through a letter dated 5 November, 2024 for mitigation against legal and financial risks associated with contract termination.

In the circumstances, the agency may not get value for money on the amount spent on the terminated project.

2. Rehabilitation of Independent Mataara Water Supply Scheme Project

The Agency entered into contract on 24 October, 2022 for rehabilitation of independent Mataara water supply scheme project at a contract sum of Kshs.387,028,980.99 inclusive of VAT. The contract completion period was twelve (12) months with an expected completion date of 31 October, 2023. The completion date was revised to 30 April, 2024 through addendum no.1. As at 30th June, 2024, the contractor had been paid an amount of Kshs.225,988,135.33 an equivalent of 58% of the contract sum. However, the following anomalies were noted; -

2.1 Delay in Completion of Project

The percentage of the rehabilitation of independent Mataara water supply scheme project was at 78% at the time of physical audit verification done on 27 November, 2024 where the resident engineer confirmed that there were no works ongoing from May, 2024 due to the weather forecast leading to inaccessible roads to the site. The major pending works were installation of pipelines and construction of water storage tank which was occasioned due to lack of land ownership documents from Gatundu Water and Sanitation Company.

2.2 Additional Costs to be Incurred on Gatura Intake

The contractor's scope of works included among others desilting and rehabilitation of Gatura Intake. The works were carried out as per the agreement however, during our physical verification in November, 2024 it was noted that there was siltation in the dam which occurred as a result of the floods experienced in April, 2024 and the agency has to incur extra cost in desilting of the intake.

In the circumstances, the delay in project completion is denying the intended beneficiaries the intended benefits and its leading to increased project cost. Thus, value for money on the funds spent could not be confirmed.

3. Nugatory Expenses in Payment of Tax for Ithanga Water Supply Project

Kenya Revenue Authority (KRA) issued a tax assessment on 22 April, 2022 of Kshs.668,718,171.30 to Athi Water Works Development Agency which includes principal amount of Kshs.511,444,864.37, penalty of Kshs.25,572,243.22 and interest of Kshs.131,701,063.72. The Agency had entered into contract agreement with a Joint-Venture entity on 23 November, 2015 at a contract sum of Euro11,414,671.65 and on 26 July, 2017 at envisaged contract sum of EUR 11,417,723 for the Ithanga Water Supply Project Phase I & II. The project was funded by the Belgium government and all the payments were made directly to the contractor as per the financing agreement. Athi Water Works Development Agency being the implementing agency supervised the works done and prepared the interim payment certificates and forwarded to the Ministry of Water Sanitation and irrigation, which were then forwarded to National Treasury for processing of the direct payment.

The Agency is required by the law to withhold income tax under section 35 of Income Tax Act where applicable, however the taxes were not withheld since the payments were made directly by the financier. On 22 February, 2022 KRA demanded the Agency to pay the taxes and all penalties accrued but they raised several grounds of objection on payment of the taxes through a letter dated 15 March 2022. The grounds of objection were rejected by the KRA vide a letter dated 22 April, 2022. Athi Water Works Development Agency applied for abandonment of tax through the Cabinet Secretary of Ministry of Water Sanitation and irrigation to the Cabinet Secretary of National Secretary on 16 May,2022 but it was rejected on 18 August,2023 after fifteen (15) months in line

with the Finance Act of 2023 and the Agency was demanded to incur cost of the taxes not remitted. As, at 30 June, 2024 the agency has paid a total of Kshs.40,000,000.

In the circumstances, the tax expenses and associated penalties and interests payable by the Agency would have been avoided had the Agency put in place measures to withhold the taxes as was required.

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(s) of the matter(s) 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. Under Staffing in the Agency

The Agency's has an approved staff establishment two hundred and forty-two (242) members of staff for the Authority to effectively carry out its duties and obligation. However, the Agency has eighty-four (84) employees resulting in an under establishment one hundred and fifty-eight (158) employees.

In the circumstances, the Agency lacked the requisite staffing levels to be able to run the day-to-day activities which might adversely affecting delivery of its mandate as stipulated by law.

2. Internal Controls and Weakness in Inventory Management

Note 22 to the financial statement reflects office consumables of Kshs.3,327,718. A sample stock-take as at the time of audit and review of the ERP system used in maintaining stocks revealed that the system allowed for retrieval of inventory report only once hence the amount reported in the financial statements as at 30 June, 2024 could not be confirmed from the system at the time of audit review. Further, the system generated stock report does not indicate key information such as, report date, unit cost and value. In addition, the system contains a stock movement report function but showed error when the report was run thus stock movement could not be tracked.

In the circumstances, the internal controls on management of inventory could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal 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 Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit


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 for 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 IFPP 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

31 December, 2024

**Athi Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2024.**

14. Statement of Financial Performance for the year ended 30 June 2024

ATHI WATER SERVICES BOARD STATEMENT OF FINANCIAL PERFORMANCE PERIOD ENDED 30TH JUNE 2024			
	Notes	Jun-24 KSH	Jun-23 KSH
REVENUE			
Revenue from non-exchange transactions			
Grants - Restricted (Donor)	<u>6</u>	202,656,265	160,936,295
Grants - Unrestricted (GoK)	<u>7</u>	632,789,580	583,472,177
Revenue from exchange transactions			
Receipts from Water Service Providers	<u>8</u>	1,139,569,764	252,440,649
Finance Income	<u>9</u>	111,648,190	282,370,978
TOTAL REVENUE		2,086,663,799	1,279,220,099
EXPENDITURE			
Use of Goods & Services	<u>10</u>	115,966,781	140,928,436
Remuneration of Directors and Board expenses	<u>11</u>	17,371,152	21,663,486
Employee Cost	<u>12</u>	304,233,912	281,506,213
Operational Expenses	<u>13</u>	866,880,770	139,903,774
Project Costs	<u>14</u>	98,560,300	69,749,152
Depreciation & amortization	<u>16 & 17</u>	772,501,376	755,445,737
Finance Cost	<u>27</u>	263,536,223	170,666,743
TOTAL EXPENDITURE		2,439,050,515	1,579,863,541
Other gains/(losses)			
Decrease/(increase) in provisions	<u>25</u>	(53,287,544)	(24,717,351)
Gain/(Loss) on asset disposal	<u>15</u>	2,822,808	-
NET SURPLUS/(DEFICIT) Before Tax		(402,851,451)	(325,360,793)
Tax on Interest Income	<u>18</u>	8,488,085	40,398,717
TRANSFER TO ACCUMULATED FUND		(411,339,536)	(365,759,510)

The notes set out on pages 8 to 39 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



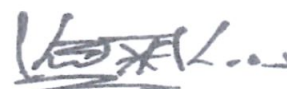
.....
Eng. Joseph Mungai Kamau
Accounting Officer

Date: 30/09/2024



.....
Michael Kihungi Kimotho
Director Finance
ICPAK M/No: 6490

Date: 30/09/2024



.....
Mr. Charles Kamau Karondo
Chairman of the Board

Date: 30/09/2024

**Athi Water Works Development Agency
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15. Statement of Financial Position as at 30 June 2024

	Notes	2023-2024 Kshs	2022-2023 Kshs
Assets			
Current assets			
Cash and cash equivalents	<u>19</u>	1,436,338,563	3,137,687,765
Receivables from Exchange Transactions	<u>20(a)</u>	1,060,120,197	235,501,149
Receivables from non-exchange transactions	<u>21</u>	3,781,753,957	6,414,809,110
Inventories	<u>22</u>	3,327,717	2,862,297
Prepayments	<u>23</u>	19,880,250	21,052,713
Subtotal current assets		6,301,420,684	9,811,913,034
Non-current assets			
Property, plant and equipment	<u>16</u>	115,292,072,425	105,495,471,346
Intangible assets	<u>17</u>	69,828,588	10,000,000
Long-Term Receivables from exchange transactions	<u>20 (b)</u>	4,957,156,938	4,722,155,789
Sub-total non-current assets		120,319,057,950	110,227,627,135
Total assets		126,620,478,634	120,039,540,169
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	<u>24</u>	5,197,898,621	3,683,496,566
Provisions	<u>25</u>	315,355,655	262,068,112
Employee entitlements and payroll creditors	<u>26</u>	1,790,470	490,809
Sub-total current liabilities		5,515,044,747	3,946,055,487
Non-current liabilities			
Loans	<u>27</u>	82,706,883,563	77,984,907,940
Deferred income long-term	<u>28</u>	40,117,171,377	39,415,858,258
Total Non-current Liabilities		122,824,054,940	117,400,766,198
Total liabilities		128,339,099,687	121,346,821,685
Net assets		(1,718,621,053)	(1,307,281,517)
Accumulated surplus	<u>29</u>	(1,718,621,053)	(1,307,281,517)
Total net assets and liabilities		126,620,478,634	120,039,540,169

The financial statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:



.....
Eng. Joseph Mungai Kamau
Accounting Officer

Date: 30/09/2024



.....
Michael Kihungi Kimotho
Director Finance
ICPAK M/No: 6490

Date: 30/09/2024



.....
Mr. Charles Kamau Karondo
Chairman of the Board

Date: 30/09/2024

**Athi Water Works Development Agency
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16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Retained earnings	Total
	Amount (Kshs)	Amount (Kshs)
At July 1, 2022	(1,177,629,797)	(1,177,629,797)
Total comprehensive income	(129,651,720)	(129,651,720)
At June 30, 2023	(1,307,281,517)	(1,307,281,517)
At July 1, 2023	(1,307,281,518)	(1,307,281,518)
Total comprehensive income	(411,339,536)	(411,339,536)
At June 30, 2024	(1,718,621,053)	(1,718,621,053)

**Athi Water Works Development Agency
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17. Statement of Cash Flows for the year ended 30 June 2024

ATHI WATER WORKS DEVELOPMENT AGENCY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2024			
	Notes	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants recurrent	<u>30</u>	339,999,997	372,499,999
Receipts from WSPs	<u>31</u>	79,949,567	16,939,500
Miscellaneous Finance income	<u>32</u>	114,470,998	275,363,573
Total Receipts		534,420,561	664,803,072
Cash payments for:			
Compensation of employees	<u>33</u>	302,934,251	286,401,775
Use of Goods & Services	<u>34</u>	123,747,824	187,960,221
Directors' remuneration and Board expenses	<u>35</u>	17,371,152	21,663,486
Operational costs	<u>36</u>	892,407,439	181,196,583
Other payments-project and GoK counterpart costs			
Total Payments		1,336,460,666	677,222,065
Net cash flows from operating activities	<u>46</u>	(802,040,105)	(12,418,993)
Cash payments for investing activities			
Purchase of property, plant, equipment and intangible assets	<u>37</u>	(10,628,931,045)	(11,264,972,324)
Proceeds from sale of property, plant, equipment and other items	<u>38</u>	(0)	4,450,752
Equipment			
Decrease/(Increase) in non-exchange receivables	<u>39</u>	2,633,055,153	1,768,922,128
Payments to Creditors	<u>40</u>	1,514,402,055	(1,143,137,684)
Increase in investments			
Net cash flows used in investing activities		(6,481,473,838)	(10,634,737,129)
Cash flows from financing activities			
Proceeds from borrowings	<u>41</u>	4,475,378,901	8,742,710,248
Repayment of borrowings	<u>42</u>	(16,939,500)	(16,939,500)
Increase in deferred income	<u>43</u>	1,123,725,342	2,683,972,613
Net cash flows used in financing activities		5,582,164,743	11,409,743,360
Net increase/(decrease) in cash and cash equivalents		(1,701,349,201)	762,587,237
Cash and cash equivalents at 1 JULY	<u>19</u>	3,137,687,765	2,375,100,528
Cash and cash equivalents at 30 JUNE		1,436,338,563	3,137,687,765

**Athi Water Works Development Agency
Annual Report and Financial Statements
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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2024

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	i/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Receipts from Water Companies for loan repayment							
Loan repayment from other wsps		954,277,968	954,277,968	954,920,258	-642,290	0%	Within Budget
Bulk water Sales		185,475,900	185,475,900	184,649,506	826,394	0%	Within Budget
Gross Receipt from Wsps	-	1,139,753,868	1,139,753,868	1,139,569,764	184,104	0%	within budget
Miscellaneous income	97,244,000	-	97,244,000	111,648,190	14,404,190	-15%	The Agency received the interest on call deposit within the year
GRANT INCOME							
Grants - Restricted (Donor)		202,656,265	202,656,265	202,656,265	-	0%	Within Budget
Grants -Recurrent (GOK)	340,000,000		340,000,000	339,999,997	(3)	0%	Within Budget
Grant - Unrestricted Development (Gok)		292,789,583	292,789,583	292,789,583	-	0%	Within Budget
Subtotal Grant Income	340,000,000	495,445,848	835,445,848	835,445,845	(3)	0%	Within Budget
TOTAL INCOME	437,244,000	1,635,199,716	2,072,443,716	2,086,663,799	14,588,291	(0)	
Expenses							
A) Use of Goods and Services			0				
Electricity & Water	4,500,000		4,500,000	4,833,325	-333,325	-7%	un anticipated increase in the tariff for water and electricity
Advertising Expenses	4,000,000		4,000,000	5,928,447	-1,928,447	-48%	There was need for increased publicity and publications related to operationalization of Bulk water supply
Entertainment & Office Tea	1,600,000		1,600,000	1,715,941	-115,941	-7%	Within Budget
General Office Running Expenses	5,200,000		5,200,000	5,125,883	74,117	1%	within budget
Printing & Stationery	1,600,000		1,600,000	856,096	743,904	46%	within budget
Education and Training	2,500,000		2,500,000	345,050	2,154,950	86%	within budget
Library & subscription Expenses	150,000		150,000	99,710	50,290	34%	Within budget
Workshops & seminars	10,000,000		10,000,000	13,697,974	-3,697,974	-37%	The implementation of the Bulk water supply operations required heightened stakeholder engagements and public consultations
Travel and Accommodation	15,000,000		15,000,000	13,785,675	1,214,325	8%	Within budget
Telephone Expenses	2,400,000		2,400,000	2,856,699	-456,699	-19%	Within budget
Audit & Management fees	900,000		900,000	928,000	-28,000	-3%	Within budget
IT Costs & Accessories	3,200,000		3,200,000	4,184,629	-984,629	-31%	The need to automate the bulk water billing systems
Transport operating	19,500,000		19,500,000	17,196,663	2,303,337	12%	Increase in fuel and maintenance cost for motor vehicles
Uniform & Clothing	0		0	0	0	0%	within budget

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Repairs& maintenances-Office Equipment, Furniture and Fittings	500,000		500,000	766,187	-266,187	-53%	within budget
Emergency Works and Hire of plant & Equipment	0		0	0	0	100%	Within Budget
Professional Consultancy Fees	12,000,000		12,000,000	10,004,653	1,995,347	17%	within budget
Monitoring and Evaluation	250,000		250,000	156,580	93,420	37%	Within budget
Ground Maintenance, security & Utility	8,500,000		8,500,000	8,553,032	-53,032	-1%	Within Budget
Building Maintenance	720,000		720,000	752,593	-32,593	-5%	Within Budget
Cleaning Services	3,000,000		3,000,000	3,738,661	-738,661	-25%	General increase in detergent prices and other cleaning materials
Bank Charges	1,500,000		1,500,000	1,288,280	211,720	14%	Within Budget
Membership of Professional Associations	750,000		750,000	1,142,382	-392,382	-52%	Within Budget
Insurance	15,500,000		15,500,000	18,010,321	-2,510,321	-16%	Increase in the value of new assets and also the increase of the insurance premium rates
Sub -total	113,270,000	-	113,270,000	115,966,781	(2,696,781)	-2%	
B) Renumeration of Directors							
Honoraria	960,000		960,000	941,935	18,065	2%	within Budget
Sitting allowances	8,093,329		8,093,329	8,540,588	-447,259	-6%	within Budget
Board Medical allowance	364,795		364,795	364,795	0	0%	within Budget
Induction and Training	1,466,276		1,466,276	1,466,276	0	0%	within Budget
Board travel and accommodation	304,800		304,800	304,800	0	0%	within Budget
Other allowances	1,270,800		1,270,800	1,270,800	0	0%	within Budget
Other board expenses	4,500,000	-	4,500,000	4,481,958	18,042	0%	Within Budget
Sub total	16,960,000	-	16,960,000	17,371,152	(411,152)	-2%	
C) Employee Costs							
Basic pay	163,640,000		163,640,000	163,062,868	577,132	0%	Within Budget
House allowance	36,000,000		36,000,000	36,009,000	-9,000	0%	Within the budget
Entertainment allowance	1,080,000		1,080,000	1,080,000	0	0%	Within the budget
Transport allowance	9,000,000		9,000,000	9,862,032	-862,032	-10%	within the budget
Leave and Passage allowance	2,092,050		2,092,050	3,558,251	-1,466,201	-70%	within the budget
Gratuity Contributions	13,757,026		13,757,026	14,052,579	-295,553	-2%	within the budget
Pension Contribution-Employer	17,727,746		17,727,746	17,514,135	213,611	1%	Within Budget
N.S.S.F Employers contribution	1,200,000		1,200,000	1,410,480	-210,480	-18%	Within Budget

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Staff Welfare	5,500,000		5,500,000	6,269,394	-769,394	-14%	The increased cost was prompted by increased costs following staff deaths
Medical Expenses	33,500,000		33,500,000	40,167,747	-6,667,747	-20%	Competitive procurement of the insurance provider
Interns Allowance	1,000,000		1,000,000	1,189,400	-189,400	-19%	Increased number of interns engaged from the Public service commission in line with the presidential directive
Housing Levy-Employer	5,000,000		5,000,000	5,638,642	-638,642	-13%	The cost was introduced without accompanying budgetary allocation
Other Allowances	4,000,000		4,000,000	4,419,384	-419,384	-10%	Within Budget
Sub total	293,496,822	-	293,496,822	304,233,912	(10,737,090)	-4%	Within the budget
E) Operation Expenses							
Planning and Design	500,000		500,000	125,250	374,750	75%	The Agency ensured that most of the design aspects for projects were incorporated in the works contracts financed by development partners which lead to a reduction of the money sent from the recurrent budget.
Environmental impact Assessment	2,517,178		2,517,178	3,201,119	(683,941)	-27%	The Agency incorporated most of the ESIA aspects for projects under consultancies financed by development partners which lead to a reduction of the money spent from the recurrent budget.
Project costs		965,000,000	965,000,000	962,114,701	2,885,299	0%	This is a non-cash expenditure being appropriation from deferred income.
Sub total	3,017,178	965,000,000	968,017,178	965,441,070	2,576,108	0%	
Depreciation		371,681,002	371,681,002	772,501,376	(400,820,374)		It is not a cashflow item hence was not budgeted for
Interest on loan/Loan repayments		263,518,714	263,518,714	263,536,223	(17,509)		This is the amount expected from the WSPs and it is transmitted to the National Treasury as received & Interest on loans
Corporation tax		35,000,000	35,000,000	-	35,000,000	100%	The corporation tax payable was dependent on the value of interest earned as income from special sources
Tax on Interest Income	10,500,000		10,500,000	8,488,085	2,011,915	19%	This was as a result of the income received from call account during the year
Sub total	10,500,000	670,199,716	680,699,716	1,044,525,684	(363,825,968)	-53%	
Total Expenditure	437,244,000	1,635,199,716	2,072,443,716	2,447,538,600	(375,094,884)		
Recurrent Surplus before provisions	-	-	-	(360,874,801)	389,683,175		
Less increase in provisions				53,287,544	(53,287,544)		It is not a cashflow item hence was not budgeted for
Gain on disposal of assets				2,822,808	(2,822,808)		
Recurrent Surplus after provisions				(411,339,536)			

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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19. Notes to the Financial Statements

1. General Information

Athi Water Works Development Agency (AWWDA) is established by and derives its authority and accountability from Water Act 2016. AWWDA is wholly owned by the Government of Kenya and is domiciled in Kenya. The Entity's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction- Nairobi, Kiambu and Murang'a Counties.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, 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 AWWDA'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 AWWDA. 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.

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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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 2024.

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>AWWDA had no running leases and the adoption of this standard will have no impact on the Agency's financial report</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</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>AWWDA is a service Agency and does not hold any assets for sale. In effect the Agency will not be affected by adoption of this standard</p>
IPSAS 45-Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

**Athi Water Works Development Agency
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Standard	Effective date and impact:
	The Agency does not have heritage assets hence the adoption of this standard is not expected to affect the financial report.
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>AWWDA will continue to use historical cost model hence adoption of this standard will not affect the Agency's financial report.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</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 Agency receives revenue from exchange transactions as well as recurrent and development grant from the Ministry.</p>
IPSAS 48- Transfer Expenses	<p>Applicable 1st January 2026</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>This standard is relevant to the Agency and once adopted it will capture the transfers to the water service providers as well as any transfers from the line Ministry.</p>
IPSAS 49- Retirement Benefit Plans	<p>Applicable 1st January 2026</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>

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Standard	Effective date and impact:
	The Agency does not manage a retirement benefit plan internally hence the adoption of the standard is not affect the financial report.

iii. Early adoption of standards

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

**Athi Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2024.**

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Entity 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.

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 AWWDA.

Interest income

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

Dividends

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

Rental income

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

b) Budget information

The original budget for 2023/2024 was approved by the National Assembly on 18th June 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 Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

AWWDA'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.

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 *Entity* 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.

**Athi Water Works Development Agency
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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 *Entity* and the same taxation authority.

**Athi Water Works Development Agency
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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 or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately based on the model adopted)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

The Agency did not hold investment property during the reporting period.

**Athi Water Works Development Agency
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation is calculated on the straight-line basis, effective at the end of the month following capitalization, at annual rates estimated to write off the carrying values of the assets over their expected useful lives. The annual depreciation/amortization rates in use are:

Office Equipment – Computers	33 ¹ / ₃ %
Furniture and fittings	10%
Motor Vehicles	25%
Plant and Equipment	10%
Dams and Pans	2.5%
Water Meters	20%
Water & Sewerage Infrastructure	2.5%
Buildings	2.5%

f) Leases

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. AWWDA did not have any leasehold assets during the 2023/2024FY.

**Athi Water Works Development Agency
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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) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit. AWWDA did not incur any research and development costs in the financial year.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements.* 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.

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

**Athi Water Works Development Agency
Annual Reports and Financial Statements
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

**Athi Water Works Development Agency
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Inventories

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

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

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

k) Provisions

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

l) Social Benefits

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

**Athi Water Works Development Agency
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Contingent liabilities

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

n) Contingent assets

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

o) Nature and purpose of reserves

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

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

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

Summary of Significant Accounting Policies (Continued)

r) Foreign currency transactions

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

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

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

u) Service concession arrangements

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

v) Cash and cash equivalents

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

**Athi Water Works Development Agency
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Comparative figures

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

x) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 25. 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.

(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

	2024	2023
Details	Kshs	Kshs
6. Donor Grants Restricted		
ACP-EU	6,045,709	5,300,774
AFD	66,340,114	66,340,114
KISSIP	5,573,900	5,573,900
KFW-NCWDN	20,961,951	20,141,671
ADB - Kibera	4,696,069	9,118,596
BADEA	26,004,897	26,004,897
NISIP	73,033,625	28,456,343
Total-it includes income earned from donor financing	202,656,265	160,936,295
7. Government of Kenya Grants-Un restricted		
Government of Kenya-AWWDA administration recurrent Grants	339,999,997	372,499,999
Government of Kenya Grants-Project related grants	292,789,583	210,972,178
Total	632,789,580	583,472,177
8. Receipts from Water Service Providers for loan repayment and administration fees		
Loan repayment from NCWSC	937,338,468	235,501,149
Loan repayment from other WSPs	17,581,790	16,939,500
Bulk water sales	184,649,506	
Total	1,139,569,764	252,440,649
9. Finance Income		
Miscellaneous income	25,100,228	12,999,647
Interest on deposit	86,547,962	269,371,331
Total-it includes majorly income from sale of tenders, and interest earned on bank deposits	111,648,190	282,370,978
10. Use of Goods and Services		
Electricity & Water	4,833,325	4,364,572
Advertising Expenses	5,928,447	6,895,188
Entertainment & Office Tea	1,715,941	2,080,549
General Office Running Expenses	5,125,883	4,840,391
Printing & Stationery	856,096	536,290
Education and Training	345,050	3,823,431
Library & subscription Expenses	99,710	554,411
Workshops & seminars	13,697,974	27,835,342
Travel and Accommodation	13,785,675	7,346,969
Telephone Expenses	2,856,699	3,103,179
Audit & Management fees	928,000	928,000
IT Costs & Accessories	4,184,629	11,343,273
Transport operating	17,196,663	17,478,587
Uniform & Clothing	-	1,277,000
Repairs& maintenances-Office Equipment, Furniture and Fittings	766,187	680,055
Professional Consultancy Fees	10,004,653	5,480,490
Monitoring and Evaluation	156,580	1,705,297
Ground maintenance, security & Utility	8,553,032	7,098,693
Building Maintenance	752,593	1,385,654
Cleaning Services	3,738,661	6,542,462
Bank Charges	1,288,280	1,384,164
Membership of Professional Associations	1,142,382	951,423
General Insurance	18,010,321	23,293,016

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		2024	2023
Details		Kshs	Kshs
	Total	115,966,781	140,928,436
11.	Board expenses		
	Honoraria	941,935	854,286
	Sitting allowances	8,540,588	6,566,000
	Board Medical allowance	364,795	364,795
	Induction and Training	1,466,276	8,677,274
	Board travel and accommodation	304,800	1,998,488
	Other allowances	1,270,800	171,000
	Other board expenses	4,481,958	3,031,643
	Total	17,371,152	21,663,486
12.	Employee Costs		
	Basic Pay	163,062,868	160,433,418
	House Allowance	36,009,000	36,449,532
	Entertainment Allowance	1,080,000	1,080,000
	Transport Allowance	9,862,032	10,923,944
	Leave and Passage allowance	3,558,251	3,632,625
	Gratuity Contribution	14,052,579	14,137,953
	Pension Contribution-Employer	17,514,135	16,830,334
	N.S.S.F Employers Contribution	1,410,480	523,760
	Staff Welfare	6,269,394	3,988,800
	Medical Expenses	40,167,747	28,089,405
	Intern Allowance	1,189,400	3,086,892
	Housing Levy-Employer	5,638,642	
	Other Allowances	4,419,384	2,329,550
	Total	304,233,912	281,506,213
13.	Operational Expense		
	Planning and Design	125,250	123,900
	Environmental Impact Assessment	3,201,119	5,000
	GOK-Counter funds-Project costs	863,554,401	139,774,874
	Total	866,880,770	139,903,774
14.	Project Cost		
	NARSIP II	16,451,132	29,022,909
	KFW-NST	2,320,000	
	AFD - NCT	4,489,892	432,680
	NISIP	73,033,631	28,456,343
	AFD-Nairobi Water & Sanitation Services	2,265,645	11,837,220
	Total	98,560,300	69,749,152
15.	Gain/(Loss) on disposal of assets		
	Motor vehicles and Cycles, and other assorted Items	2,822,808	
	Total	2,822,808	

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16. Property plant and equipment for the year ended 30th June 2024: Fixed Asset Schedule

16. Property plant and equipment for the year ended 30th June 2024: Fixed Asset Schedule

	Office Equipment	Furniture & Fittings	Motor Vehicles & cycles	Plant & Equipments	Dams & Pans	Land	Building	Meters	Water Infrastructure	Sewerage Infrastructure	Work in Progress	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Fully depreciated	109,246,503	0	169,763,230	30,555,495				5,012,100				314,577,328
Cost Depreciable	10,906,138	28,177,614	144,543,988	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	16,225,889,481	8,700,108,099	69,892,406,186	99,307,982,376
Subtotal Cost As at 1 July 2022	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	69,892,406,186	99,622,559,704
Additions												0
Purchase												0
Disposal				0	0	0	0	0			11,254,972,324	11,254,972,324
Reclassification												0
As at the 30 June 2023	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	81,147,378,510	110,877,532,028
Cost Fully depreciated	109,246,503	0	169,763,230	30,555,495				5,012,100				314,577,328
Cost Depreciable	10,906,138	28,177,614	144,543,988	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	16,225,889,481	8,700,108,099	81,147,378,510	110,562,954,698
Subtotal Cost As at 1 July 2023	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	81,147,378,510	110,877,532,027
Additions												0
Purchase	13,961,771	481,705	10,070,000	126,774,403							10,414,481,245	10,565,769,124
Disposal	0	0		0	0	0	0	0		0		0
Reclassification			248,512,856					103508961	628,332,228	930,048,411	-1,910,402,456	0
As at the 30 June 2024	134,114,412	28,659,319	572,890,074	354,560,139	3,251,808,563	436,768,406	342,937,159	185,727,561	16,854,221,709	9,630,156,510	89,651,457,299	121,443,301,150
DEPRECIATION												
As at 1 July 2023	120,152,641	2,817,761	225,917,002	149,408,226	828,256,822	0	8,573,429	82,218,600	1,840,171,589	1,369,566,153	0	4,627,082,223
Charge for the year		2,817,761	27,763,832	11,378,285	81,295,214	0	8,573,429	0	405,647,237	217,502,702		754,978,460
Depr/adj for Disposed Assets												
As at 30 June 2023	120,152,641	5,635,522	253,680,834	160,786,511	909,552,036	0	17,146,858	82,218,600	2,245,818,826	1,587,068,855	0	5,382,060,683
As at 1 July 2023	120,152,641	5,635,522	253,680,834	160,786,511	909,552,036	0	17,146,858	82,218,600	2,245,818,826	1,587,068,855	0	5,382,060,683
Charge for the year	0	2,817,761	25,364,688	27,794,865	81,295,214	0	8,573,429	0	405,647,237	217,674,849		769,168,043
Depr/adj for Disposed Assets												0
As at 30 June 2024	120,152,641	8,453,283	279,045,522	188,581,376	990,847,250	0	25,720,287	82,218,600	2,651,466,063	1,804,743,704	0	6,151,228,726
Net Book Value 30th June 2024	13,961,771	20,206,036	293,844,552	165,978,764	2,260,961,313	436,768,406	317,216,872	103,508,961	14,202,755,646	7,825,412,805	89,651,457,299	115,292,072,425
Net Book Value 30th June 2023	-	22,542,092	60,626,384	66,999,225	2,342,256,527	436,768,406	325,790,301	-	13,980,070,655	7,113,039,244	81,147,378,510	105,495,471,346

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17. Intangible Assets

Description	2024	20223
	Kshs	Kshs
COST		
Cost Fully depreciated	74,210,588	74,210,588
Cost Depreciable	183,249,373	173,249,373
Subtotal Cost As at beginning of the year	257,459,962	247,459,962
Additions		
Purchase	63,161,921.00	10,000,000
Disposal		
Reclassification		
As at the 30 June 2024	320,621,883	257,459,962
Amortization and impairment at the beginning of the year	247,459,962	247,328,959
Amortization for the year	3,333,333	131,003
Amortization adj for transferred/disposed Assets		
As at end of the year	250,793,295	247,459,962
Net Book Value 30th June 2024	69,828,588	10,000,000

	2024	2023
Details	Kshs	Kshs
18 Tax on Interest income		
Tax charges on Interest income	8,488,085	40,398,717
Total	8,488,085	40,398,717
19 Cash & Bank Balances		
Current account	1,435,227,935	2,562,385,372
On - call deposits	0	574,111,868
Fixed deposits account	1,108,385	1,108,385
Staff car loan/ mortgage		
Others-cash in hand	2,243	82,140
Total cash and cash equivalents	1,436,338,563	3,137,687,765

19 (a) Detailed analysis of cash and cash equivalents			
		2024	2023
Financial institution	Account number	Kshs	Kshs
a) Current account			
Kenya Commercial bank-KISSIP	1143199359	1,264,030	30,361,179
Kenya Commercial bank-WASSIP-AF	1139107380	1,215,938	1,177,354
Kenya Commercial bank-AFD-NCT	1156760372	1,163,971	1,107,658
Cooperative Bank-Escrow	01141084618500	10,398,919	10,500,479
Cooperative Bank-operations	01136084618500	57,249,390	46,897,892
NCBA Bank-ADB NARSIP	1000017414	3,281,624	21,469,397
SBM Bank-Current	0212056995003	13,533,154	13,540,594
CFC-Stanbic	0100007078263	404,378,691	2,295,692,002
SBM Bank-Saving Account	0211056995007	8,058,920	7,640,325
Cooperative Bank-Development	01141084618501	12,870,532	941,255

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19 (a) Detailed analysis of cash and cash equivalents			
		2024	2023
Financial institution	Account number	Kshs	Kshs
Nairobi Water & Sanitation Project-AFD	1279693258	642,540,558	132,548,253
NCBA-Kenya Towns Sustainable WSSP	6206720012	173,012,871	508,984
NCBA-Nairobi Inclusive Sanitation	6206750017	61,259,387	
Cooperative Bank-Nairobi Satellite Towns	01141084648502	109,847	
Cooperative Bank-Bulk Water Supply	01141084618503	44,890,103	
Sub- total		1,435,227,935	2,562,385,372
b) On - call deposits			
Cooperative Bank		-	574,111,868
Sub- total		-	574,111,868
c) Fixed deposits account			
Cooperative Bank		1,108,385	1,108,385
Sub- total		1,108,385	1,108,385
d) Others			
cash in hand		2,243	82,140
Sub- total		2,243	82,140
Grand total		1,436,338,563	3,137,687,765

20 Receivable from Exchange Transaction			
a) Current Receivables from Exchange Transactions			
Description	2024	2023	
	KShs	KShs	
Current Receivables			
Receivables- Other WSPs	2,053,915		
Receivable NCWSC	937,338,468	235,501,149	
Receivable -Bulk water Sales	120,727,814		
Total current receivables	1,060,120,197	235,501,149	

b) Long-term Receivables from Exchange Transactions			
Description	2024	2023 (Restated)	2023
	KShs	KShs	KShs
Total Receivables			
Receivables-WSPs	392,888,078	393,388,078	392,404,608
Receivable NCWSC	4,564,268,860	4,328,767,711	4,329,720,849
Less: Provision for bad and doubtful debts			(236,077,457)
	4,957,156,938	4,722,155,789	4,486,048,000
Total non-current receivables	4,957,156,938	4,722,155,789	4,486,048,000
Total receivables (a+b)	6,017,277,135	4,957,656,938	4,721,549,149

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(c) Ageing analysis for Receivables from exchange transactions						
Description	2024		2023 RESTATED		2023	
	Kshs		Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total	2022/2023	% of the total
Less than 1 year	1,060,120,197	18%	235,501,149	0.05	235,501,149	5%
Between 1- 2 years	235,501,149	4%				
Between 2-3 years						
Over 3 years	4,722,155,789	78%	4,722,155,789	0.95	4,486,048,000	95%
Total (a+b)	6,017,777,135	100%	4,957,656,938	100%	4,721,549,148	100%

(d) Reconciliation for Impairment Allowance/Provision on Receivables from Exchange Transactions			
	2024	2023 RESTATED	2023
	KShs	KShs	KShs
Impairment Allowance/ Provision			
At the beginning of the year	247,882,847	224,302,400	224,302,400
Additional provisions during the year	53,006,010	23,580,447	11,775,057
Recovered during the year	-	-	-
Written off during the year	-	-	-
At the end of the year	300,888,857	247,882,847	236,077,457

21. Receivable from Non-Exchange Transaction

Description	2023/2024		2022/2023	
	Kshs		Kshs	
Other Debtors	400,902,541		1,534,853,667	
Receivable insurance Reimbursement			7,007,405	
Receivable 4th Quarter	493,750,000		721,750,000	
Receivables on disposals			(35,850)	
Receivable SBM-KIDIC	7,362,977		7,362,977	
Staff Debtors	1,843,678		3,139,612	
Advance payments	2,875,713,400		4,138,549,937	
Transport operating deposit	200,000		200,000	
Rent Deposit	481,361		481,361	
Fuel Deposit	1,500,000		1,500,000	
Total receivables from non- exchange transactions	3,781,753,957		6,414,809,110	
Ageing Analysis- Receivables from non-exchange transactions	2024	% of the total	2023	% of the total
Less than 1 year	497,093,678	13%	733,361,167	0.11
Between 1-2 years	3,277,097,302	87%	5,673,884,965	0.88
Over 3 years	7,562,977	0%	7,562,977	0.00
Total	3,781,753,957	100%	6,414,809,110	1.00

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		2024	2023
	Details	Kshs	Kshs
22.	Inventory		
	Office consumables	3,327,718	2,862,297
	Total	3,327,718	2,862,297
23.	Prepayments		
	Prepaid maintenance	3,685,007	1,708,584
	Prepaid insurance	16,195,243	19,344,129
	Total	19,880,250	21,052,713
24.	Trade & Other payables from Exchange transactions		
	Accounts Payable	4,382,625,213	3,546,304,800
	VAT & W/holding Tax	815,273,408	137,191,766
	Total	5,197,898,621	3,683,496,566

Description	2024		2023	
	Kshs		Kshs	
Trade payables	5,197,898,621		3,683,496,566	
Payments received in advance	0		-	
Employee payables	1,790,470		490,809	
Third-party payments	0		0	
Other payables				
Total trade and other payables	5,199,689,091		3,683,987,375	
Ageing analysis: (Trade and other payables)	2024	% of the Total	2023	% of the Total
Under one year	1,293,470,813	25%	1,086,490,509	0.29
1-2 years	1,126,527,115	22%	1,662,657,410	0.45
2-3 years	2,287,575,740	44%	442,724,033	0.12
Over 3 years	492,115,423	9%	492,115,423	0.13
Total	5,199,689,091	100%	3,683,987,375	1.00

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25.	Current provisions					
		Untaken leave benefits Kshs	Audit and management fees Kshs	Provision for bad debts Kshs Restated	Amount in KDIC Kshs	Total Kshs
	Balance as at 1st July 2022	4,257,384	928,000	224,302,400	7,862,977	237,350,761
	Opening Provision adjustment	1,136,904	-	11,775,057	-	12,911,961
	Provision added for the year					
	Provision utilized in the year	5,394,288	928,000	236,077,457	7,862,977	250,262,722
	Provision as at 30th June 2023	1,136,904	-	11,775,057	-	12,911,961
	Increase/decrease in provisions					
	Balance as at 1st July 2023	5,394,288	928,000	236,077,457	7,862,977	250,262,722
	Provision added for the year	281,534	-	47,170,811	-	47,452,345
	Provision utilized in the year					
	Provision as at 30th June 2024	5,675,822	928,000	283,248,268	7,862,977	297,715,067
	Increase/decrease in provisions	281,534	-	47,170,811	-	47,452,345

	Current provisions-Restated					
		Untaken leave benefits Kshs	Audit and management fees Kshs	Provision for bad debts Kshs Restated	Amount in KDIC Kshs	Total Kshs
	Balance as at 1st July 2022	4,257,384	928,000	224,302,400	7,862,977.00	237,350,761
	Opening Provision adjustment			11,805,389		11,805,389
	Provision added for the year	1,136,904	-	11,775,057	-	12,911,961

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Provision utilized in the year					
Provision as at 30th June 2023	5,394,288	928,000	247,882,847	7,862,977.00	262,068,112
Increase/decrease in provisions	1,136,904	-	23,580,447	-	24,717,351
Balance as at 1st July 2023	5,394,288	928,000	247,882,847	7,862,977.00	262,068,112
Provision added for the year	281,534	-	53,006,010	-	53,287,544
Provision utilized in the year					
Provision as at 30th June 2024	5,675,822	928,000	300,888,857	7,862,977.00	315,355,655
Increase/decrease in provisions	281,534	-	53,006,010	-	53,287,544

**The provision of bad debts has been restated to correct the provision amount that had erroneously been calculated as 5% of Net operational debtors.*

26.	Employee entitlements and payroll creditors	2024	2023
	Employee Entitlements	13,978	13,978
	Payroll creditors	1,776,492	476,831
	Total	1,790,470	490,809

27.	LOANS					
	Loan Balances 2022/2023					
	Loan	Principal loan amount Kshs	Interest charge for the year Kshs	Interest Balance as at 1/7/2023 Kshs	Payments During the year Kshs	Total loan as at 30/6/2023 Kshs
	a. Loans-AFD	3,080,488,823	89,334,176	253,948,389	16,939,500	3,406,831,888
	b. WASSIP 1 loan amount	5,422,171,162	81,332,567	243,997,702		5,747,501,432
	c. LOAN KfW-NST	2,146,776,971				2,146,776,971
	d. LOAN KfW-NCWDN	2,881,503,879				2,881,503,879
	e. Loan-AFD NTC	8,054,451,572				8,054,451,572
	f. Wassip AF Loan	14,523,822,608				14,523,822,608
	g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894
	h. Kenya Towns	6,354,939,673				6,354,939,673
	i. Loan-AFD RUIRU II DAM	4,345,082,876				4,345,082,876

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j. LOAN-NAIROBI RIVER PHASE II	3,566,797,806				3,566,797,806
k. LOAN-KARIMENU II DAM	22,276,629,812				22,276,629,812
l.Loan-AFD Nairobi Water &Sanitation	341,855,527				341,855,527
Total	77,333,234,604	170,666,743	497,946,091	16,939,500	77,984,907,938
Loan Balances 2023/2024					
Loan	Principal loan amount Kshs	Interest charge for the year Kshs	Interest Balance as at 1/7/2024 Kshs	Payments During the year Kshs	Total loan as at 30/6/2024 Kshs
a. Loans-AFD	3,063,549,323	88,842,930	343,282,565	16,939,500	3,478,735,318
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	325,330,269		5,828,833,999
c. LOAN KfW-NST	2,872,056,102				2,872,056,102
d. LOAN KfW-NCWDN	2,881,503,879	93,360,726			2,974,864,605
e. Loan-AFD NTC	9,675,770,363				9,675,770,363
f. Wassip AF Loan	14,523,822,608				14,523,822,608
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894
h. Kenya Towns	7,707,628,146				7,707,628,146
i. Loan-AFD RUIRU II DAM	2,383,026,520				2,383,026,520
j. LOAN-NAIROBI RIVER PHASE II	4,684,148,153				4,684,148,153
k. LOAN-KARIMENU II DAM	22,276,629,812				22,276,629,812
l. Loan-AFD Nairobi Water &Sanitation	1,962,654,043				1,962,654,043
Total	81,791,674,006	263,536,223	668,612,834	16,939,500.00	82,706,883,563

		2024	2023
		Kshs	Kshs
28	Deferred Income-Long Term		
	ACP-EU	62,644,753	68,690,462
	KISSIP	152,099,179	157,673,079
	ADB	128,133,103	132,829,172
	Kajiado rural	1,957,250	1,957,250
	BADEA	980,994,683	1,006,999,580
	WSTF	250,000,000	250,000,000
	GOK	33,216,263,185	32,429,185,521
	AFD	2,854,789,544	2,921,129,658
	Ithanga Component I	1,005,327,568	1,005,327,568

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Ithanga Component II	864,400,195	864,400,195
KfW-NCWDN	504,481,208	525,443,159
Thika Githunguri	96,080,709	52,222,614
Total	40,117,171,377	39,415,858,258

29	Accumulated Fund	2024	2023 RESTATED	2023
	Opening Balance	(1,307,281,517)	(1,177,629,797)	(1,177,629,797)
	Prior year		236,107,789	
	Surplus for the period	(411,339,536)	(365,759,510)	(353,954,120)
	Total	(1,718,621,053)	(1,307,281,517)	(1,531,583,917)

*During the transfer of balances to the new ERP system, the debtors were transferred net of provision therefore erroneously writing off the provision for doubtful debts which in effect reduced the retained earnings and operational debtors with a similar amount.

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30	GoK cash receipts Recurrent		
	Bank	339,999,997	372,499,999
	Less amount not received by end of the year		
	Total	339,999,997	372,499,999
31	Receipts from WSPs		
	Opening balance	4,957,656,938	4,486,048,000
	Billing in the year	1,139,569,764	252,440,649
		6,097,226,702	4,738,488,649
	Closing balance	6,017,277,135	4,957,656,938
	Total	79,949,567	16,939,500
32	Miscellaneous Receipts during the year		
	Receipts from Disposal of assets	2,822,808	
	Miscellaneous	25,100,228	12,999,647
	Receivable insurance reimbursement		(7,007,405)
	Interest on and deposits	86,547,962	269,371,331
	Total	114,470,998	275,363,573
33	Cash paid for employee compensation	2024	2023
	Employee costs	304,233,912	281,506,213
	(Increase)/ Decrease in payroll creditors	(1,299,661)	4,841,284
	(Increase)/ Decrease in employee entitlements	-	54,278
	Total	302,934,251	286,401,775
34	Cash paid for Use of Goods and Services	2024	2023
	Administration costs	115,966,781	140,928,436
	Increase/(Decrease) in inventory	465,420	-1,050,406
	Increase/(Decrease) in prepayments	(1,172,463)	7,683,473
	Tax on interest income	8,488,085	40,398,717
	Corporation Tax		
	Total	123,747,823	187,960,221
35	Cash paid for directors' remuneration & Board expenses		
	Directors' honoraria, allowances and other expenses	17,371,152	21,663,486
	Total	17,371,152	21,663,486
36	Cash paid for operation and project costs		
	Operation expenses	866,880,770	139,903,774
	Project costs	98,560,300	69,749,152
	(Increase)/Decrease in creditors		
	Less Operation expenses paid as direct payments	(73,033,631)	-28,456,343
	Total	892,407,439	181,196,583
37	Cash paid for Purchase of property, plant, equipment and intangible assets		
	Cost of PPE purchased	10,565,769,124	11,254,972,324
	Cost of Intangible assets Purchased	63,161,921	10,000,000
	WIP adjustment/(disposals)		
	Total	10,628,931,045	11,264,972,324

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38	Cash proceeds from sale of property, plant, equipment and other items		
	Value of disposed items	-	-
	Receivables on disposal		4,450,752
	Total	-	4,450,752
39	Increase/(decrease) in non-exchange receivables		
	Other Debtors	1,133,951,126	(1,277,927,751)
	Receivable insurance Reimbursement	7,007,405	-
	Receivable 4th Quarter	228,000,000	(721,750,000)
	Receivables on disposals	(35,850)	91,000
	Receivable SBM-KIDIC	-	500,000
	Staff Debtors	1,295,934	4,973,638
	Advance payments	1,262,836,537	3,764,535,242
	Transport operating deposit	-	-
	Rent Deposit	-	-
	Fuel Deposit	-	(1,500,000)
	Total	2,633,055,153	1,768,922,128
40	Payments to Creditors		
	Closing creditor balance	5,197,898,621	3,683,496,566
	Opening creditor balance	3,683,496,566	4,826,634,250
	Total	1,514,402,055	-1,143,137,684
41	Proceeds from borrowings		
	Closing balance	82,706,883,563	77,984,907,938
	Add loan repayments in the year	16,939,500	16,939,500
	Less interest charge for the year	263,536,223	170,666,743
	Less Opening balance	77,984,907,938	69,088,470,446
	Loan amount received during the year	4,475,378,902	8,742,710,249
42	Repayment of borrowings		
	Bank-AFD loan repayment	16,939,500	16,939,500
	Total	16,939,500	16,939,500

43	Increase/Decrease in deferred income				
		Opening balance	Transfer to Grant income	closing balance	Increase /(Decrease) in deferred income 2022/2023
	Increase in deferred income				
	Kajiado rural	1,957,250		1,957,250	
	KfW-NCWDN	545,584,830	20,141,671	525,443,159	
	GOK	30,445,157,700	210,972,178	32,429,185,521	2,194,999,999.00
	AFD	2,550,719,772	66,340,114	2,921,129,658	436,750,000.00
	ACP-EU	73,991,236	5,300,774	68,690,462	
	ADB	141,947,768	9,118,596	132,829,172	
	KISSIP	163,246,979	5,573,900	157,673,079	
	BADEA	1,033,004,477	26,004,897	1,006,999,580	

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Notes To the Financial Statements (Continued)

46. Cash Generated from Operations

Description	2023-2024	Restated 2022-2023	2022-2024
	Kshs	Kshs	Kshs
Surplus for the year before tax	(411,339,536)	(365,759,510)	(353,954,120)
Adjusted for:			
Depreciation	772,501,376	755,445,737	755,445,737
Non-cash grants received	(495,445,848)	(371,908,473)	(371,908,473)
Non-Cash project costs	73,033,631	28,456,343	28,456,343
Contributed assets	-	-	-
Impairment			
Gains and losses on disposal of assets		-	-
Contribution to provisions	53,287,543	12,911,961	12,911,961
Contribution to impairment allowance			
Finance income			
Finance cost	263,536,223	170,666,743	170,666,743
Working capital adjustments			
Increase in inventory	(465,420)	1,050,406	1,050,406
Increase in receivables	(1,059,620,197)	(247,404,119)	(247,404,119)
Increase in Prepayments	1,172,463	(7,683,473)	(7,683,473)
Increase in deferred income	-	-	-
Increase in payables	1,299,661		
Increase in payments received in advance	-	-	-
Net cash flow from operating activities	(802,040,105)	(24,224,384)	(12,418,993)

47. Financial Risk Management

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

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Notes To the Financial Statements (Continued)

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
				RE STATED
At 30 June 2024				
Receivables from exchange transactions	6,017,277,135	1,060,120,197	4,656,268,081	300,888,857
Receivables from non-exchange transactions	3,781,753,957	3,781,753,957		
Bank balances	1,436,338,563	1,428,475,586		7,862,977
Total	11,235,369,655	6,270,349,740	4,656,268,081	308,751,834
At 30 June 2023				
Receivables from exchange transactions	4,722,155,789		4,486,048,000	247,882,847
Receivables from non-exchange transactions	6,414,809,110	6,414,809,110		
Bank balances	3,137,687,765	3,129,824,788		7,862,977
Total	14,274,652,664	9,544,633,898	4,486,048,000	255,745,824

Financial Risk Management

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

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Notes To the Financial Statements (Continued)

ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade payables	36,484,381	3,598,318	5,157,815,921	5,197,898,621
Provisions	281,534		6,322,288	6,603,822
Deferred income				-
Employee benefit obligation	1,776,492		13,978	1,790,470
Total	38,542,407	3,598,318	5,164,152,187	5,206,292,913
At 30 June 2023				
Trade payables	143,972,951	35,183,513	3,504,340,102	3,683,496,566
Provisions	1,136,904		4,257,384	5,394,288
Deferred income			0	0
Employee benefit obligation	476,831		13,978	490,809
Total	145,586,686	35,183,513	3,508,611,463	3,689,381,663

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Financial Risk Management

iii) Market risk

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

a) Foreign currency risk

AWWDA 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. Since most of such contracts are development partner funded, AWWDA has mitigated the risk by enforcing direct payments as the preferred method of disbursement hence minimizing the exposure. AWWDA did not have foreign denominated monetary assets as of 30th June 2024.

Financial Risk Management

AWWDA did not have any foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity'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 Entity's deposits.

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Notes to the Financial Statements (Continued)

Financial Risk Management

Management of interest rate risk

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

Sensitivity analysis

The Entity 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

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 *Entity'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 *Entity* considers relevant and observable market prices in its valuations where possible.

AWWDA did not have any financial instruments during the 2023/2024FY.

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Notes to the Financial Statements (Continued)

Financial Risk Management

iv) Capital Risk Management

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

	2023-2024	2022-2023 Restated
	Kshs	Kshs
Revaluation reserve		
Retained earnings	(1,718,621,053)	(1,307,281,517)
Total assets	126,620,478,634	120,039,540,169
Total funds	124,901,857,580	118,732,258,652
Total borrowings	82,706,883,563	77,984,907,940
Less: cash and bank balances	(1,436,338,563)	(3,137,687,765)
Net debt/(excess cash and cash equivalents)	81,270,545,000	74,847,220,175
Gearing	65%	63%

48. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to Athi Water Works Development Agency include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Ministry of Water and Sanitation;
- iv) Water Services Regulatory Authority
- v) Water Service Providers;
- vi) County Governments of Nairobi, Kiambu and Murang'a
- vii) Key management;
- viii) Board of directors;

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	2023/2024	2022/2023
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	N/A	N/A
Rent income from govt. Agencies	N/A	N/A
Water sales to govt. Agencies	63,921,692	N/A
Others (specify) e.g. interest and bank charges	N/A	N/A
Total	63,921,692	-
B) purchases from related parties		
Purchases of electricity from KPLC	32,226,759	4,466,927
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	9,392,572	-
Others (security, audit, licenses and wayleaves)	31,276,455	-
Total	72,895,785	4,466,927
b) Grants /transfers from the government		
Grants from national govt	1,413,499,996	2,501,499,999
Grants from county government		
Donations in kind		
Total	1,413,499,996	2,501,499,999
c) Expenses incurred on behalf of related party		
N/A		
N/A		
Total		
d) Key management compensation		
Directors' emoluments	18,915,352	21,663,486
Compensation to key management	21,681,618	19,656,000
Total	40,596,970	41,319,486

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49. Segment Information

AWWDA has no segments.

50. Contingent Assets and Contingent Liabilities

CONTINGENT LIABILITIES	2023/2024
DESCRIPTION	Kshs
Stansha Ltd Vs.AWWDA Civil Suit	410,410,972
Emerson Kenya Ltd & AWWDA-Arbitration	38,051,120
Commissioner of Domestic Taxes-Ithanga project	628,718,171
TOTAL	1,077,180,263

51. Capital Commitments

All authorized capital commitments were implemented within the financial year.

52. Program for Results (PforR) Disclosure

AWWDA did not participate in the implementation of Programs for Results (PforR).

53. Events after the Reporting Period

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

54. Ultimate And Holding Entity

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

55. Currency

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

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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:
1.	The statement of financial position as at 30 June, 2023 reflects long-term receivables from exchange transactions amounting to Kshs.4,486,048,000, as further disclosed in Note 20(b) to the financial statements. Included in the balance is Kshs.392,404,708 owed by various water service providers which has been outstanding for more than one hundred and twenty (120) days. Also, included in the balance of Kshs.4,486,048,000 is Kshs.4,317,945,792 owed to the Agency by Nairobi City County Water and Sewerage Company which has been outstanding for several years. The provision for bad and doubtful debt of kshs.224,302,400 is considered not adequate for these long outstanding debtors.	<p>The Agency confirms that a total of Kshs. 4,486,048,000.70 remained outstanding from the WSPs for more than 120 days. We confirm that the management has made several efforts in a bid to collect the debt including:</p> <ul style="list-style-type: none"> •Holding a workshop in Naivasha with the Kiambu county WSPs together with the county leadership •Initiating the process to engage a professional debt collector through a board approval after which the Attorney General advised that AWWDA should explore for alternative debt collection efforts in the spirit of intergovernmental relations Act; including mediation process incorporating the National Treasury and Planning, the Ministry of Water & Sanitation and Irrigation, AWWDA and any other relevant agency. AWWDA was advised that engagement of a debt collector should be option as a last resort <p>We confirm our commitment to collect the outstanding amounts from the WSPs because most of it relates to loan repayment and the WSPs on their part continue to recognize such amounts as owing.</p>	Partially Resolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>The Cabinet Secretary appointed a multi-sectorial taskforce to address the issue of outstanding debts affecting the water sector. We made our submission to the taskforce and continue to await their report and the decision of the Cabinet Secretary.</p> <p>The provision for bad and doubtful debt of Kshs 224,302,400 was arrived at based on the Agency policy of 5% provision on for bad and doubtful debt.</p> <p>Further in the approved tariff for NCWSC, the loan amounts payable was incorporated with clarity that the amounts should be paid to AWWDA for onward remittance to the National Treasury. A meeting was also held on 11th April 2024 between the management of AWWDA and NCWSC with the board chairmen for both institutions present to find a workable solution.</p> <p>AWWDA has been licensed to undertake bulk water supplies and the tariff approved will cater for loan repayment and recoveries of funds due from NWSC and other water service providers.</p>		
2.	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.105,495,471,346 and as disclosed in Note 16 to the financial statements. Included in the balance is work in progress balance of Kshs. 81,147,378,510 out of which Kshs. 5,136,667,327 relates to land compensation paid to land owners over a year ago. However, despite the beneficiaries having been paid</p>	<p>All the land whose transfer of ownership is not completed by the end of the financial year are recorded under work in progress until such a time when the transfer of ownership is completed and the title is registered in the name of AWWDA.</p> <p>The acquisition of the parcels referred to above was being undertaken through the NLC and we are working closely with the Agency to facilitate completion of the compensation process after</p>	Partially resolved.	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>their monies, the management has not transferred the parcels of land to the Agency.</p> <p>In addition, and as reported in the previous years, the land on which the Athi Water Plaza is built does not have ownership documents, despite a court case having been concluded and a ruling made in favour of the Agency on 23 July, 2019, which is more than 4 years ago.</p> <p>In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment balance of Kshs. 105,495,471,346. Also, there are other parcels of land whose title deeds were not provided for audit although they appeared in the register of assets and also in the financial statements.</p>	<p>which registration of the land will be completed to enable Agency to transfer the value of the parcels from work in progress to the land asset category.</p> <p>We therefore confirm the accuracy, completeness and ownership of the work in progress.</p> <p>The Agency is in possession of all the Titles for acquired land and the process of Transfer is a continuous process.</p>		
3.	<p>Default in Loans Repayment</p> <p>The statement of financial position reflects loan balances of Kshs. 77,984,907,940 and as disclosed in Note 27 to the financial statements. Included in the balance are two (2) loans of Kshs 2,881,503,879 and Kshs.14,543,822,608 from KFW- Nairobi City Water Distribution Network Modifications Project and Water and Sanitation Services Improvement Project respectively both amounting to Kshs.17,405,326,487 which remained static from previous year. However,</p>	<p>The Agency has been given a license by the Water Services regulatory Board to undertake bulk water service provision.</p> <p>The Approved Tariff takes into account the loan repayment for the loans and AWWDA has commenced payments to the National Treasury and paid Ksh 26 Million out of the proceed from bulk water sales.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:								
	<p>the interest accruing from the non-payment has not been disclosed in the financial statements. In addition, the Agency risks penalties and litigations due to non-repayment of loans.</p> <p>In the circumstances the accuracy and completeness of the loan balance of the Kshs. 17,405,326,487 could not be confirmed.</p>											
Other matters												
	<p>Termination of Contract for Construction of Ruiru II Dam Water Supply Project</p> <p>A contract for construction of Ruiru II Dam Water Supply Project was awarded by Athi Water Works Development Agency on 30th May 2017 at a contract sum of Euros 169,443,711 (Khs. 22,874,900,985). The Contract commencement date was 26th April 2021 and the works were projected to be completed by 30th June 2024.</p> <p>On 19th July 2021, the contractor suspended works due to expiry of the availability period for the financing. The availability period of the financing was extended to 14th December 2024 by the National Treasury and International Bank. However, the contractor issued a notice of termination to the Agency on 21st October</p>	<p>Management Response</p> <p>AWWDA instructed the Contractor to commence works on 26th April, 2021. The Contractor thereafter issued a program of works with the following key deliverables.</p> <table border="1"> <thead> <tr> <th>SN</th> <th>Project Phase</th> <th>Key Deliverables</th> <th>Time Frame</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Detailed Design and Preparation of Construction drawings for dam, raw and treated water pipeline, Water</td> <td> <ul style="list-style-type: none"> Preliminary Design Technical Reports Preliminary Design Drawings Topographical Survey Report Geophysical Report – Preliminary Campaign Geotechnical Synthesis </td> <td>6 Months</td> </tr> </tbody> </table>	SN	Project Phase	Key Deliverables	Time Frame	1	Detailed Design and Preparation of Construction drawings for dam, raw and treated water pipeline, Water	<ul style="list-style-type: none"> Preliminary Design Technical Reports Preliminary Design Drawings Topographical Survey Report Geophysical Report – Preliminary Campaign Geotechnical Synthesis 	6 Months	Resolved	
SN	Project Phase	Key Deliverables	Time Frame									
1	Detailed Design and Preparation of Construction drawings for dam, raw and treated water pipeline, Water	<ul style="list-style-type: none"> Preliminary Design Technical Reports Preliminary Design Drawings Topographical Survey Report Geophysical Report – Preliminary Campaign Geotechnical Synthesis 	6 Months									

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments			Status: (Resolved / Not Resolved)	Timeframe:	
	<p>2022 which became effective on 8th November 2022 but which the Agency disputed the contents on the notice and called on the advance payment and performance guarantee noting that the validity period of both guarantees was lapsing on 31st December 2022. The Agency had made an advance payment of Euros 31,730,131 (Kshs.4,283,574,453) while the amount certified but not paid to the contractor amounted to Euros 8,887,373 (Kshs.1,199,786,468), resulting to a refund of advance payment balance of Euro 22,842,808 (Kshs. 3,083,777,717) to the Agency on 5th February 2023.</p> <p>In the circumstances, the expenditure of Euros 8,887,373.23 (Kshs 1,199,795,386.05) paid to the contractor has not achieved value for money and no report on current status of the project was provided for audit.</p>		Treatment Plant and System Storage Tanks	<ul style="list-style-type: none"> • Geophysical and geotechnical investigations – phase 2 • Flood Analysis for Ruiru II Dam • Pipe Routing • WTP Layout – Prefeasibility Note <p>Detail Designs and Construction Drawings</p> <ul style="list-style-type: none"> • Detailed Design Reports • Construction Drawings • Technical Specifications 			
		2	Construction works	Construction of a 55m high dam, 43km raw and treated water pipeline, 40,000m ³ /d Water Treatment Plant and 15,000m ³ System Storage Tanks	30 Months		
			Defects Remedial Period	Operations, Monitoring defects and remedial works	12 Months		
		<p>To date, the following preliminary design reports have been received from the Contractor prior to suspension and subsequent termination of works in July 2021 and 8th November, 2022;</p> <p>i. Technical Reports</p>					

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<ul style="list-style-type: none"> ii. Preliminary Design Drawings iii. Topographical Survey Report iv. Geophysical Report – Preliminary Campaign v. Geotechnical Synthesis vi. Geophysical and geotechnical investigations – phase 2 vii. Flood Analysis for Ruiru II Dam viii. Pipe Routing ix. WTP Layout – Prefeasibility Note <p>Further to these submissions, the Contractor had undertaken physical works including Geotechnical Investigations works, temporary access to site and site clearance at the dam site. We therefore clarify that the Kshs. 1,199,795,386 was paid against actual measurements of executed works on site in line with the contract provisions.</p> <p>On the land compensation amounts paid out, we confirm that the payments were made against land for the priority dam site. The land acquired is an asset for the Agency. Ruiru II Dam project is still a strategic investment and land availability enhances its financing readiness as the Agency continues to explore other financing arrangement to ensure the project is implemented.</p>		
	<p>Understaffing The Agency's approved staff establishment allows for employment of a total number of 119 members of staff for the Authority to effectively carry out its duties and obligations as envision in the constitution of Kenya and the Irrigation Act 2019.</p>	<p>We confirm that the staff who are in post have always done their best to deliver the mandate of the organization despite being stretched thin. This was occasioned by the circular no. OP/CAB.39/4A from the office of the Head of Public which froze new recruitments except under special authorization. AWWDA reviewed its human resource instruments and submitted them</p>	Not resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>However, out of the approved number of one hundred and nineteen (119) employees, the Authority has only eighty-one (81) employees, thus having a variance (understaffing) of 31 employees, thus having an understaffing of thirty-one (31) employees. In the circumstances, the effectiveness of the service delivery of the public and stakeholders could not be confirmed.</p>	<p>for approval by State Corporation Advisory Committee (SCAC) which was granted in November 2022 Further, AWWDA wrote a letter to the National Treasury and Planning through the Ministry of Water, Sanitation and Irrigation requesting for additional budget to enable optimal staffing and the approval of the same is yet to be received by the Agency.</p>		
	<p>Unconfirmed control on Motor vehicles Review of the motor vehicles fleet records provided for audit revealed that the Agency had not repossessed eighteen (18) vehicles from the contractors upon completion of projects. Although, the Agency had recorded the vehicles in its records, the vehicles continued to be under the custody and use by the contractors despite the projects having been completed. Further, the Agency was in possession and control of other fifteen (15) documents had not been transferred in the name of the Agency and the number plates remained civilian instead of the required blue number plates. In the circumstances, the control and safe custody of the motor vehicles could not be confirmed.</p>	<p>AWWDA has always endeavored to transfer all the vehicles to itself upon project completion. Most of these vehicles are later given to project beneficiary WSPs for management. The management considered a possibility of transferring the project vehicles from one project to another especially where such projects are under the same contractor. This leads to reduction in the costs related to vehicle transfer costs and also reduces the contractor mobilization period in the new contract. We confirm that as an Agency we have installed motor vehicle tracking devices for surveillance and monitoring for all motor vehicles used under various projects which helps minimize their misuse. Additionally, in line with the Agency's policy, it is a requirement that log books for all vehicles purchased under the projects are retained and maintained by AWWDA.</p>	Partially Resolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		For vehicles not already transferred to other projects, the transfer process has been initiated and all their legal transfer documents are at AWWDA's safe custody		



Eng. Joseph Kamau
Chief Executive Officer
Date:30/09/2024

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Appendix II: Projects implemented by Athi Water Works Development Agency

	Project	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Extension of Nairobi Water Supply (Northern Collector)	1107101300	World Bank & AFD	Apr 2014-Dec 2021	13000	Yes	Yes
2	Nairobi Water Distribution Network Phase 1	1107101000	KfW	Jul 2014-Dec 2021	4615	Yes	Yes
3	Nairobi Rivers Restoration Basin Programme Sewerage improvement: Phase 2	1109102101	AfDB	Nov 2018- Dec 2024	8279	Yes	Yes
4	Nairobi Satellite Towns Water and Sanitation Program	1107101100	KfW	Jul 2014-Dec 2020	3717	Yes	Yes
5	Nairobi Metro Area Bulk water sources - Karimenu II	1109111700			37,449	No	Yes
6	Thika and Githunguri Water and Sanitation Project	1107108100	DANIDA	Jul 2017-Dec 2020	300	No	Yes
7	Kenya Towns Sustainable Water Supply and Sanitation Programme	1107111400	AfDB	Mar 2017-Dec 2025	14866	Yes	Yes
8	Ithanga Water Supply Phase III	1107109900	BELGIUM	Sept 2017-Sept 2020	2530	No	Yes
9	Nairobi City Regeneration Programme- ESP	1109113300	GOK		845	No	Yes
10	Drilling of Boreholes across several constituencies				390	No	Yes
11	Expansion Works for Dandora Estate Sewerage Treatment	1109121300	GOK		970	No	Yes
12	Nairobi Inclusive Sanitation Improvement Project	1109121600	AfDB	Jul-2020- June 2023	149	Yes	Yes
13	Nairobi Water and Sanitation Project, CKE 1135	1109122000	AFD		13,004	Yes	Yes
14	Emergency rehabilitation works for Sasumua Dam pipeline	1109126100	GoK		700	No	Yes
15	Relocation of Water Pipeline and Sewer lines - Nairobi Express Way	11091176004	GoK		3,100	No	Yes

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	Project	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
16	Maragua IV dam water supply project	1109126700	GoK		40,000	No	Yes
17	Kandara Water Project	1109106400	GoK		1,300	No	Yes
18	Muranga Lastmile		GoK		500	No	Yes
19	Kiambu Community Water Project		GoK		500	No	Yes
	TOTAL				146,214		

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Status of Projects completion

	Project	Total project Cost Kshs Millions	Total expended to date Kshs Millions	Completion % to date	Budget	Actual	Sources of funds
1	Extension of Nairobi Water Supply (Northern Collector)	13,000	12,289	99%	2,935	3,166	AFD &GOK
2	Nairobi Water Distribution Network Phase 1	4,615	4,651	100%		-	KfW&GOK
3	Nairobi Rivers Restoration Basin Programme Sewerage improvement: Phase 2	8,279	4,848	78%	1,690	1,564	AfDB&GOK
4	Nairobi Satellite Towns Water and Sanitation Program	3,717	3,423	90%	840	602	KfW&GOK
5	Nairobi Metro Area Bulk water sources - Karimenu II	37,449	28,700	99%	100	102.50	BADEA&GOK
6	Thika and Githunguri Water and Sanitation Project	300	153	80%	310	74.50	Danida&GOK
7	Kenya Towns Sustainable Water Supply and Sanitation Programme	14,866	8,554	85%	1,182	1,894	AfDB&GOK
8	Ithanga Water Supply Phase III	2,530	575	75%	615	736	Belgium&GOK
9	Nairobi City Regeneration Programme- ESP	845	410	100%	150	38	GoK
10	Drilling of Boreholes across several constituencies	390	209	95%	390	209	GoK
11	Expansion Works for Dandora Estate Sewerage Treatment	970	1,034	96%	366	227	GoK
12	Nairobi Inclusive Sanitation Improvement Project	149	125	100%	101	16	GoK
13	Nairobi Water and Sanitation Project, CKE 1135	13,004	1,811		1,871	1,056	AFD
14	Emergency rehabilitation works for Sasumua Dam pipeline	700	260	100%	100	-	GoK
15	Relocation of Water Pipeline and Sewer lines - Nairobi Express Way	3,100	2,409	100%	100	81	GoK
16	Maragua IV dam water supply project	40,000	18	0%	40	18	GoK
17	Kandara Water Project	1,300	50	15%	280	50	GoK
18	Muranga Lastmile	500	209	80%	100	14	GoK
19	Kiambu Community Water Project	500	55	15%	160	55	GoK
	TOTAL	146,214	69,783		11,330	9,904	

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Appendix IV: Transfers from Other Government Entities

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	Grant	Loans	
15-Aug-23	Recurrent	28,333,333	28,333,333					28,333,333
8-Sep-23	Recurrent	28,333,333	28,333,333					28,333,333
24-Oct-23	Recurrent	28,333,333	28,333,333					28,333,333
16-Nov-23	Recurrent	28,333,333	28,333,333					28,333,333
6-Dec-23	Recurrent	28,333,333	28,333,333					28,333,333
17-Jan-24	Recurrent	28,333,333	28,333,333					28,333,333
9-Feb-24	Recurrent	28,333,333	28,333,333					28,333,333
13-Mar-24	Recurrent	28,333,333	28,333,333					28,333,333
10-Apr-24	Recurrent	28,333,333	28,333,333					28,333,333
8-May-24	Recurrent	28,333,333	28,333,333					28,333,333
13-Jun-24	Recurrent	28,333,333	28,333,333					28,333,333
1-Jul-24	Recurrent	28,333,333	28,333,333					28,333,333
21-Feb-24	CKE 1135 Funds	39,748,134					39,748,134	39,748,134
28-Feb-24	Development Funds - 1st Quarter 2024	492,750,000			492,750,000			492,750,000
30-Apr-24	Development Funds - Dandora project 2nd, 3rd and 4th Quarter 2024	87,000,000			87,000,000			87,000,000
10-Jul-24	Development Funds - 3rd Quarter 2024	493,750,000			493,750,000			493,750,000
31-Jan-24	CKE 1135 Funds	1,031,378,410					1,031,378,410	1,031,378,410
14-May-24	CKE 1135 Funds	712,909,000					712,909,000	712,909,000
4-Jul-24	NARSIP II Training funds	41,790,254					41,790,254	41,790,254
Various	Direct Payments	2,063,738,381					2,063,738,381	2,063,738,381

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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	Grant	Loans	
Various	Direct Payments	1,164,022,877					1,164,022,877	1,164,022,877
Various	Direct Payments	83,413,051				83,413,051		83,413,051
Various	Direct Payments	1,786,964,233					1,786,964,233	1,786,964,233
Various	Direct Payments	423,505,291					423,505,291	423,505,291
Various	Direct Payments	721,145,109					721,145,109	721,145,109
Various	Direct Payments	676,897,220					676,897,220	676,897,220
Various	Direct Payments	27,286,176				27,286,176		27,286,176
		10,186,298,131	339,999,996	0	1,073,500,000	110,699,227	8,662,098,909	10,186,298,131

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Appendix V- Inter-Entity Confirmation Letter

The Agency did not make transfers to other agencies within the year

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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Objectives	Tree planting expenditure				Source Of Funds	Implementing Partners
		Q1	Q2	Q3	Q4		
Karimenu II Project	The system is currently supplying 40% of its 70,000m ³ design capacity of water to Juja, Gatundu and Ruiru. The system is expected to operate at 100% once the pipeline works to Kiambu tank are completed	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	-	AWWDA Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA TAI SACCO Local community
Kamiti River Riparian Restoration	Important intake area for Kiambu Water Supply				450,660	AWWDA, KCB Bank, Muchemi & Co. Advocates, DANCO Capital Ltd	NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
Kimakia Forest, Murang'a County	Part of the AWWDA Water catchment areas				580,360	AWWDA, CO-OPERATIVE Bank, NORKEN International	CO-OPERATIVE Bank, NORKEN International, RODI Kenya
Kinale Forest	National Tree Planting and Catchment Restoration Campaign				429,650	AWWDA Thika Water & Sewerage Company	Kiambu Water & Sewerage Company, Limuru Water & Sewerage Company, Kikuyu Water & Sewerage Company, Thika Water & Sewerage Company,
Kimana Wetlands, Kajiado County	National Tree Planting and Catchment Restoration Campaign				213,850	GoK	MWSI

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Appendix VII: Reporting on Disaster Management Expenditure

The Agency did not incur any disaster management related costs.