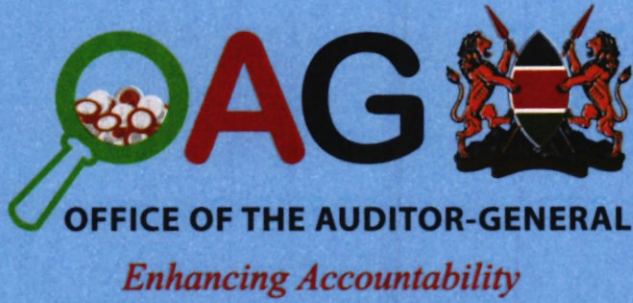


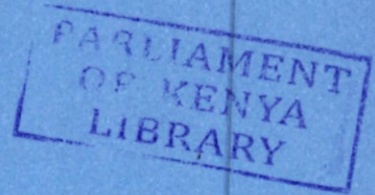
REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

| | | | |
|------------|--|------|-----------|
| DATE: | 19 JUN 2024 | DAY: | WEDNESDAY |
| TABLED BY: | HON. OWEN BATA (DEPUTY MAJORITY LEADER) | | |
| BY: | J. LEMERELLE | | |

REPORT



OF

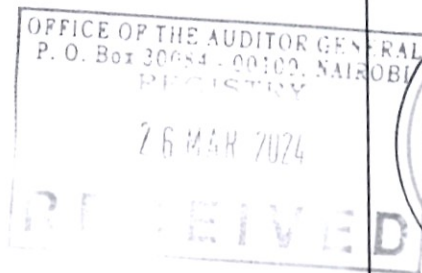
THE AUDITOR-GENERAL

ON

WATER RESOURCES AUTHORITY

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

**Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2023**



WATER RESOURCES AUTHORITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2023

Water Resources Authority
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1. Acronyms, Abbreviations and Glossary of Terms

(a) Acronyms and Abbreviations

| | |
|---------|---|
| CEO | Chief Executive Officer |
| WRA | Water Resources Authority. |
| KWSCRIP | Kenya Water Security and Climate Resilience Project |
| TWENDE | Towards ending Drought emergencies |
| LAWASCO | Lamu Water and Sanitation Company |
| GCA | Ground Water Conservation Area. |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| SDG | Sustainable development Goals. |
| A-I-A | Appropriation in Aid |
| OAG | Office of the Auditor General |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| PSASB | Public Sector Accounting Standards Board |
| SCMP | Sub Catchment Management Plans |
| SC | State Corporations |
| WB | World Bank |
| WRUAs | Water Resources Users Associations |

(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.

2. Key Entity Information and Management

(a) Background information

Water Resources Management Authority was established pursuant to the provision of Section 7 of the Water Act, 2002, Laws of Kenya and was operationalized in July 2005. The Authority's principal mandate under this legislation was the management of water resources in the whole Country.

A new statutory regime necessitated by the need to conform to the Constitution of Kenya 2010, international instruments that Kenya has ratified by virtue of Article 2(6) of the Constitution as well as Vision 2030 and the Sustainable Development Goals (SDG's); legislation of the Water Act, 2016 was accordingly initiated. The Water Act, 2016 was passed into law on 14th September, 2016 and came into operation on 21st April, 2017. This effected a change of the Authority's name from Water Resources Management Authority to Water Resources Authority.

The Water Resources Authority (WRA) is established under Section 11 of the Water Act, 2016 and is mandated, on behalf of the National Government to regulate the management and use of water resources across the Country.

Our approach as an Authority in safe guarding the resource is entrenched in the Vision 2030 strategic objective on water and sanitation and the SDG 6 all these agenda's and objectives aim not only to increase water resources availability for multipurpose use but also improve the quality and sustainability of water resources.

Water Resources Authority operates through the Regional Offices established in the six Basins, namely: Athi, Ewaso Ngiro, Lake Victoria South, Lake Victoria North, Rift Valley and Tana Catchment Areas. The Catchment Areas have been gazetted as Basin Areas for purposes of compliance with the provisions of the Water Act, 2016. In addition, the Authority has delineated the six Basins into 26 Sub-basins which operate as sub-regional offices. The Authority partners/collaborates with key stakeholders in integrated water resource management activities to deliver its mandate to the public.

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(b) Principal Activities

The principal mandate of the Authority is to regulate the management and use of water resources on behalf of the National Government.

Vision

To be a global leader in Water Resources Regulation and Management

Mission

To effectively regulate and manage water resources for sustainable development

Strategic Objectives

1. Strengthening monitoring networks to enhance data collection and improve information management system.
2. Improving the use of water resources management tools for effective water resources planning and allocation
3. Strengthen stakeholder collaboration to enhance water storage and adaptation to climate change impact
4. Strengthen enforcement mechanism and collaboration for effective catchment protection and conservation
5. Building staff capacity and improving work environment
6. Enhance Resources mobilization and effective use of finance.

(c) Key Management

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

- Management Board
- Chief Executive Officer
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 20223 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---|--------------------------|
| 1. | Chief Executive Officer | -Mohammed M. Shurie, OGW |
| 2. | Manager Corporate Services | -Mr James Mburu |
| 3. | Manager Water Resources Assessment & Monitoring | -Mr. John M. Kinyanjui |
| 4 | Manager Legal Services | -Janet Olewe |
| 5 | Principal supply chain officer. | -Samuel Mutuku |

(e) Fiduciary Oversight Arrangements

(i) Management Board

The powers and functions of the Authority are exercised and performed under the direction of the Management Board which consists of a Chairman appointed by the President, five independent Directors and four members appointed by the Cabinet Secretary responsible for matters relating to water and representatives from various oversight offices, namely:

- a). The Principal Secretary responsible for matters relating to finance or his representative;
- b). The Principal Secretary responsible for matters relating to water or his representative;
- c). The Principal Secretary responsible for matters relating to environment or his representative;
- d). The Principal Secretary responsible for matters relating to land or his representative

Section 15(1) of the State Corporations Act Cap. 446 gives Board of Directors the responsibility for management of the affairs of State Corporations. In this regard the Board is accountable for the moneys, financial business and the management of the Authority.

Under the Water Act, 2016, the Board's functions are to:

- a). Administer the assets of the Authority in such manner as best promotes the purpose for which the Authority is established;
- b). Ensure protection, where necessary, of the assets and developments of the Authority;
- c). Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Authority;
- d). Receive any grants, gifts, donations or endowments and make legitimate disbursements there from;
- e). Invest any funds of the Authority not immediately required for its purposes;
- f). Delegate any of its powers; and
- g). Undertake any activity necessary for the fulfillment of any of the functions of the Authority.

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(ii) Board Committees

Finance and Support Services Committee

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

Resource Mobilisation Committee.

Resource Mobilisation Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fund raising, activities and forecasting the same in line with the statutory mandate.

Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the regulation of water resources management.

Audit Committee

Final management reports are submitted to the board audit and Risk committee having been verified by the Authority's head of Internal Audit.

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees the Authority's standards of integrity and behaviour, reporting of financial information and internal control systems.

(iii) Ministry of Water and Sanitation

Every year the Authority submits an annual report on the state of national water resources strategies in Kenya. The water situation report and performance report is disseminated to the public for purposes of their information and feedback.

Quarterly and Annual management reports submitted to the Ministry of Water and Sanitation for review and approval of the budgetary requirements before presentation to the parliamentary investment committee of environment and natural resources.

(iv) Parliamentary investment committee and Parliamentary committee on environment, and natural resources.

Budget proposals and implementation reports are reviewed by the parliamentary committee for environment and natural resources. The final financial reports are submitted to the parliamentary investment committee to ensure value for money and adherence to Government financial regulations and procedures.

Key Entity Information and Management (continued)

(a) WRA Headquarters

Water Resources Authority
NHIF Building, 4th, 9th & 10th Floors.
Ragati Road
P. O. Box 45250-00100
Nairobi, Kenya

(b) WRA Contacts

Tel. 2732291, 2729048/49
E-mail: info@wra.go.ke
Website: www.wra.go.ke
Twitter: @WRA_Kenya

(c) WRA Bankers

1. National Bank of Kenya
Hill Branch
P.O. Box 45219-00100
Nairobi, Kenya
2. Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400 - 00100
Nairobi, Kenya
3. Equity Bank
Community Branch
P.O. Box 75104-00100
Nairobi, Kenya

(d) Independent Auditors

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

**Water Resources Authority
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Nairobi, Kenya

(c) Principal Legal Adviser




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




Advocates:

1. Prof. Albert Mumma & Company Advocates
5th avenue office suites
5th floor suite no. 1
5th Ngong Avenue
P.O Box 10481 – 00100
Nairobi, Kenya




2. Garane & Associates Advocates
P.O Box 20617-00100
Nairobi
Hughes Building
4th Floor Kenyatta Avenue
0205100194/2631541
Info@garaneadvocates.com

3. Management Board




| | |
|---|---|
|  <p>Hon. Isaac Kuntai Kool Msc. Environmental Biology and MBA- Strategic Management</p> | <p>Chairman of Water Resources Authority Board of Management</p> <p>DOB: 16th March, 1984</p> |
|  <p>Mr. Donald K. Murgor Master of Business Administration, BA Economics and Sociology</p> | <p>Chairman of Water Resources Authority Board of Management. He is an astute Business Administrator with over 25 years of experience spearheading business growth by streamlining key operations at Central bank of Kenya and the National Treasury.</p> <p>DOB: 15th February, 1968</p> <p>Period: 1st September 2023 to Date</p> |
|  <p>Mr. John Thuku Honours Degree (B.ED) in Education, Business Studies and Economics</p> | <p>An independent director and chairman board audit and risk committee.</p> <p>He has extensive training in the field of economic development and improvement of livelihoods Support to rural and urban pro-poor programmes.</p> <p>DOB: 28th July, 1956</p> |

| | |
|---|--|
|  <p>Prof. Eng. Bernard K. Njoroge Ph.D (USA); M.Sc. (UK); B.Sc. CIVIL ENGINEERING (1st Class Hons, UoN). R.Eng.; Corporate Member, Institution of Engineers of Kenya (I.E.K.), Reg. Consulting Eng</p> | <p>A career engineer with over 40 years' experience in the profession. He is a seasoned professor with over 15 years' experience in academia. He has served in the Boards of various Parastatals.</p> <p>DOB: 22nd September 1956</p> |
|  <p>Augustine K. Kenduiwo BSc. Agriculture and Masters Degree in Environmental Planning and Management</p> | <p>P.S. Representative, Ministry of Environment and Forestry.</p> <p>Mr. Kenduiwo is a Deputy Director Climate Change in the Ministry of Environment and Forestry. A career Civil servant with over 29 years' experience in the fields of Agriculture and Environmental Stewardship within the Public Sector.</p> <p>DOB: 1st March 1965</p> |
|  <p>Mr. George Wambugu</p> | <p>Experienced corporate executive in the areas of leadership, public administration, and implementation, deepening of corporate business, re-engineering processes and corporate governance."</p> <p>DOB : 29th November, 1964</p> |




**Water Resources Authority
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| | |
|---|--|
|  <p>Mr. Steven Oluoch</p> <p>Bachelor of Commerce Degree from University of Nairobi and a Global Executive Master Degree in Business Administration from USIU in collaboration with Columbia University, New York</p> | <p>Mr. Oluoch has vast experience in the insurance sector which spans 36 years having worked at three reinsurance companies. He is an Associate of the Chartered Insurance Institute of London and is a Chartered Insurer.</p> <p>DOB: 28th September, 1960</p> |
|  <p>Mr. Joshua Musyoka</p> <p>B.A in Economics with IT and a master's student in M.A Economics</p> | <p>CS. Representative, the National Treasury</p> <p>Mr. Musyoka is an Economist with over 10 years' experience in the public Sector and public finance management. Currently he is a Senior Economist with the Intergovernmental Fiscal Relations Department of the National Treasury and is the Head of Policy and Legislation Unit of the Department.</p> <p>DOB: 29th October, 1984</p> |
|  <p>Ms. Gladys Wekesa</p> | <p>P.S. Representative State Department of Water</p> <p>A career Researcher and experienced public servant in Water Sector</p> <p>DOB : 1972</p> |

Water Resources Authority
Annual Report and Financial statements
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| | |
|--|--|
|  <p>James Sitiency</p> | <p>Representative Inspector General of State Corporations Mr Siteinei is a career Administrator specifically bringing in oversight roles of Inspector General of state corporations.</p> <p>DOB: 26th December 1966</p> |
|  <p>Mr. Mohamed Moulid Shurie OGW</p> <p>BSC Phy/Math, BSC Geology, MBA Executive</p> | <p>Chief Executive Officer and an <i>ex officio</i> member of the Board.</p> <p>DOB: 8th December, 1962</p> |
|  <p>Mrs. Janet Olewe-Ochieng'</p> <p>Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.</p> | <p>Manager legal services /Corporation Secretary</p> <p>An advocate of the High Court of Kenya with 10 years' experience in the practice of law.</p> |

4. Key Management Team

| | |
|---|---|
|  <p>Mr. Mohamed M. Shurie, OGW BSC Phy/Math, BSC Geology, MBA Executive,</p> | <p>Chief Executive Officer</p> |
|  <p>James Mburu Msc-Finance, B.com, CPA-K and CIA</p> | <p>Manager Corporate Services.</p> |
|  <p>Mr. John Kinyanjui Bsc. Geology</p> | <p>Manager Water Resources Assessment & Monitoring.</p> |

| | |
|--|---|
|  <p>Mrs. Janet Olewe-Ochieng'</p> <p>Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.</p> | <p>Manager Legal Services/Company Secretary</p> <p>An advocate of the High Court of Kenya with 10 years' experience in the practice of law.</p> |
|--|---|

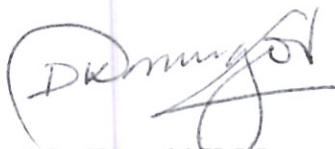
5 Chairman's Statement

The Financial Year 2022-2023 unlike previous ones took a rather different but strategic direction to bolster efforts towards revenue generation and resource mobilization.

This decision was arrived at owed to the financial challenges the Authority has been grappling with in the past. As a board, we had to undertake a critical interrogation of the budget and rationalize it as board item. To further enhance the Authority's resource mobilization efforts, the board reinforced the partnerships and resource mobilization division by ensuring that all funding the Authority maximized were harnessed optimally.

- To further ensure that the Authority's visibility was enhanced among various stakeholder engagements, the board was at the fore front in enforcing compliance with respect to Ground water abstraction. This strategy was crucial in regulating the increasing numbers of illegal drilling of boreholes which has negatively impacted aquifers.
- The board has also been at the forefront in supporting Authority's initiatives in championing data transmission from the telemetric stations to the Authority's data centre. With this initiative, the data which is transmitted on real time basis enables prompt decision making among various water users.
- With regards to dam safety, the board also supported in enforced compliance with respect to dam safety regulations. Different dam owners were sensitized on the their obligations in ensuring the safety of their structures and surroundings.

I must say that this past trajectory is commendable. I urge more initiatives to be put forward that will ensure sustainability of these strategies.



Mr. Donald K. Murgor
Chairman,
WRA, Management Board.

6. Report of the Chief Executive Officer

The Financial Year 2022-2023 was marked by practical transition from the manual permitting system to the epermitting system. This has led to a 360 degrees turn around of the Permitting function, setting the stage for the Smart Metering Process which has thoroughly enhanced water abstraction data coming into our control room automatically and in real time.

As an Authority, we also pride in the enhancement of the telemetric stations which are now almost fully automated. This has enhanced our regulation function in that we are getting water level data coming in automatically without having to use gauge readers to be able to get the water levels and the the water situation in our resources

We appreciate our partnerships and collaborations and more so The Kenya Water Security and Climate Resilience Project that enabled analysis of water level data and dissemination of Water Situation Reports online.

We have been able to install the access control system - which is able to give reports on attendance to assist Human resources department aptly manage personnel.

With regards to ICT, the Authority has significantly improved wide area network connectivity and internet applications by installing a more modern network (SD1) soft ware defined wide area network. This has a better control of all WRA sites interms of internet connectivity. This has enhanced the bandwidth that is available within the WRA network.

The Authority also prides in an improved wide area network connectivity and internet applications by installing a more modern network (SD1) soft ware defined wide area network. Which has a better control of all WRA sites interms of internet connectivity. This has enhance the bandwidth that is available within the WRA network.

i. Revenue

The Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority to improve on revenue collection.

During the period ended 30th June 2023 the Authority was able to collect cumulatively KES 870million as internally generated funds (AIA).A setback in realization of set targets was a court case which issued an injunction to the implementation of the Water Resources Regulations 2021 as from April 2023. But the Management intends to intensify efforts and improve on the level of revenue collections in future in order to reduce the current financing gap.

ii. Expenses

The Authority's expenses were cumulatively KES 1,603,768,810 billion of which staff costs salaries and other remunerations still remains the major cost component accounting for 53% of the total expenses.

In comparison to available funds of KES 1,372,444,466 Billion the authority operated on a KES (231,324,344) deficit.

iii. Innovation

One of the commendable achievements of FY 2022-2023 is the reengineering of business processes. The Authority earmarked and reengineered three business process to enhance Service delivery to its strategic constituencies. The identified processes which include: The Processes which include Revenue management; Water use data collection and Billing process have made service delivery to our customers seamless and thoroughly efficient thereby enhancing revenue

iii. Education and awareness creation

One of the core functions of the Authority is to create awareness about its mandate to strategic publics. This is done by engaging several stakeholders in diverse sectors of the economy, undertaking awareness activities, and meeting the general public. The following activities were undertaken during the FY 2022/2023:

- Finalized the gazettement process of Lamu groundwater entailing review of land ownership entitlements with a view to conserve Lamu sand dunes catchments.
- Stakeholders engagement in integrated water resources management for Kiserian and Lukenya Mlolongo Subbasins
- Stakeholders engagement for Gazettement of Manguo Wetland
- Subcatchment Management Plan Review and Implementation for Onkaru WRUA
- Undertaken engagements with Drilling contractors to regularize sustainable ground water abstraction

iv. Partnerships

Through the period under review the Authority had the following development partners who continued supporting its mandate:

- World Bank funded - Kenya Water Security and Climate Resilience Project (KWSCRIP)
- Green Climate

v. Employee relations

The Human Resource component in Water Resources Authority continues to play a critical role in the achievement of the organizational goals as stipulated in the Strategic Plan.

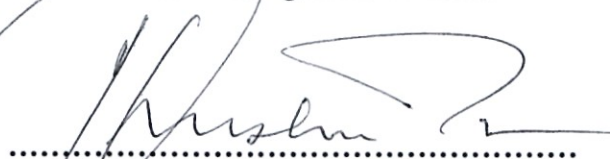
The Authority believes in the best skills for best performance. It has therefore continuously improved staff development. During the period under review a number of staff were trained on Quality Management System ISO 9001: 2015 amongst other courses.

vi. Commitment to quality

The Authority is committed to the continual improvement of Quality Management System (QMS) processes and was in the process of transitioning from ISO 9001: 2008 to ISO 9001: 2015. The process involved sensitization of top management as well as undertaking of a surveillance audit for the period.

Conclusion

I wish to appreciate the Chairman and the Management Board for their support throughout this period. I am also grateful to our parent Ministry of Water, Sanitation and Irrigation, our development partners and all our stakeholders for their unwavering trust, support and partnership towards the execution of the Authority's mandate. And to the staff and management, I am indeed honored to be a part of the Water Resources Authority team. The Authority has continued to undertake this mandate and achieved remarkable results despite a number of challenges faced. I believe that with your continued support and commitment, we shall be able to deliver our services more efficiently and effectively to impact more people in respect to water resources and environmental management services.



.....
Mohamed M. Shurie, OGW
CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY2022-2023.

WRA has 7 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2018/19- FY 2022/23. These strategic pillars/ themes/ issues are as follows:

Strategic Objective 1: Strengthen water resources information gathering and management systems.

Strategic Objective 2: Strengthen water resources planning, allocation and compliance to regulation

Strategic Objective 3: Improve the protection and conservation of water resources to Increase per capita water availability

Strategic Objective 4: Strengthen prevention and regulation of water related disasters

Strategic Objective 5: Strengthen stakeholder collaboration in water resources management and regulation

Strategic Objective 6: Strengthen institutional capacity and improve working environment

Strategic Objective 7: Enhance resource mobilization and effective use of the finances

WRA develops its annual work plans based on the above 7 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2021-2022 period for its 7 strategic pillars, as indicated in the diagram below:

| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|--|--|--|--|
| Internal Processes | Strengthen water resources information gathering and management systems. | No. of SW & GW stations assessed and rehabilitated | Rehabilitate 20 regular gauging stations in all the 6 catchments | A total of 26No. Regular Gauging Stations were rehabilitated and 1 station was established. 1. manual Regular Gauging stations were rehabilitated |
| | | No. of SW & GW stations upgraded to automatic/ Telemetry | Maintain operation of 40 Telemetric stations. | Maintenance of a total of 116 telemetric stations were maintained by loading airtime for transmission of data, battery maintenance and replacement cleaning of sensors |
| | | | Upgrade 1 surface water station to telemetry | The Authority upgraded 1 Station i.e 3BA29 to telemetry |
| | | No. of staff trained | Capacity building on hydrological monitoring | Capacity building of WRA staff on hydrological monitoring, assessment and data analysis was carried out |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|--|---|--|---|
| | | (Capacity building) | | |
| | | State of the Art National Data Centre | Set up the national data center at WRA HQs | <ul style="list-style-type: none"> a) National Data Center on the 9th Floor offices of WRA now fully set up in terms of physical b) 6 No Regional Data Centers at each of the Basin Area Offices fully set up |
| | Strengthen water resources planning, allocation and compliance to regulation | Hydrogeological assessments of aquifers to determine groundwater balance and aquifer characterisation (yield, potential, water quality) | Hydrogeological assessment of deep aquifers | <ul style="list-style-type: none"> • Hydrogeological assessment for deep aquifers for 34 sites |
| | | Develop water allocation plans for aquifers | Develop a water allocation plan for the Upper thika sub basin | <ul style="list-style-type: none"> • The Water Allocation Plan for Upper Thika sub-basin was completed. |
| | Improve the protection and conservation of water resources to Increase per capita water availability | Develop management guidelines and plans for vulnerable aquifers | Develop and submit to the Attorney General management guidelines for gazettement of Lari swamp, Karai wetlands, Mwangea hills and Lake Ol'bolossat | Management guidelines were developed for the gazettement of Lari swamp, Karai wetlands, Mwangea hills and Lake Ol'bolossat and submitted to the Attorney General. |
| | | Issue Permits and enforce permit for water use and water permit conditions | Inspections of Expired Authorisations and Permits Undertaken. | Total number of 775 Permits were issued with an additional water volume of 110,416.42 m ³ /day. |

Water Resources Authority
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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|---|---|---|--|---|
| | | Installation of smart meters AMI (Automated Metering Infrastructure) | Integration of the M-PESA and Bank payments with the e-permit system | E-Permit System successfully integrated with M-Pesa payments and Bank payments on all permitting services. All payments validations are automated and being done by the system. |
| | | | Setting up an automated Billing and bills dispatch through SMS and e-mail transmission | • Billing module fully developed and in use. Invoices are generated by the system and are dispatched both via SMS and E-mail transmission to the clients. |
| | | Monitoring Lake Levels and Protecting Riparian Land From Encroachment | Riparian marking and pegging for Karai and Lari swamps. | Riparian marking and pegging for Karai and Lari swamps undertaken |
| | | Regulation, guideline & standards for waste water reuse, recycling for Country; Reviewed Effluent Discharge Control Plan Guideline. | Undertake the calibration and standardization of water and pollution monitoring lab equipment | The Authority through the Kenya Bureau of Standards (KEBS) calibrated 27 Instruments/Equipment in Embu Basin Laboratory and Central Water Testing Lab in Nairobi. |
| | Develop guidelines for solid waste management upstream of Thwake dam. | | TOR, procurement, and contract awarding were done. In addition, inception and final reports have been received. Subsequently, stakeholders' adoption of the guidelines for solid waste management was conducted. | |
| Strengthen prevention and regulation of | Enforcement of Standards Procedure and Regulation of Water | Formulate Standards, Guidelines and Procedures for water structures and Dam Safety | <ul style="list-style-type: none"> Standards, Guidelines and Procedures for water structures and Dam Safety have been formulated and are in place. | |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---|---|--|---|
| | water related disasters | Structure and Dam Safety | Develop Codes of Practice for Evaluation of Dam Designs, Construction Supervision and Inspection of Dams | <ul style="list-style-type: none"> Codes of Practice for Evaluation of Dam Designs, Construction, Supervision and Inspection of Dams have been developed and are in place. |
| Customer Perspective | Strengthen stakeholder collaboration in water resources management and regulation | Monitoring and supervision of WRUA activities | Install 5 Roof Water Harvesting Tanks | <ul style="list-style-type: none"> The Authority installed 8 Rain Water Harvesting Tanks through Bukhungu, Mumias and Safu WRUAs. |
| | | | Construct 1 Sand Dam | The Authority constructed 3 sand dams as follows: i) Kalundu WRUA in Kitui County constructed 2 sand dams namely Kwa Mweu-Kalimenza and Kalimangovu sand dams under the EU EDE CPIRA program ii) Ilmunkush WRUA in Kajiado County constructed Lesoit sand dam |
| | | Review and implement Customer Service Charter | Display the Citizens' Service Delivery Charter prominently at the point of entry and at key service delivery points in both English and Kiswahili using the prescribed format by 31st January 2022. For the purpose of the display, and ease of notice by the customers, the size of the charter will, at the minimum, be three feet in width and four feet in height, i.e. (3x4) with clearly visible | <ul style="list-style-type: none"> The Charter was reviewed in tandem with the Water Resources Regulations 2021, printed and distributed to all WRA stations. The revised charter has been displayed prominently on all the entry points of all WRA stations including at Headquarters. |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---------------------|--|---|---|
| | | | font size of the contents | |
| | | | Customize the charter to unique needs and convenient access of the customers by translating the Charter to Braille, and uploading the Charter on the Authority's website. | <ul style="list-style-type: none"> The CSDC has been translated into Swahili language, sign Language. Translation of the service charter into braille has been completed. The booklets on braille have been delivered to all WRA stations. |
| | | | Sensitize 50 staff on the Citizens' Service Delivery Charter | The Authority conducted sensitizations training on customer excellence which saw 125 members of staff trained. |
| | | Facilitate Development of SCMPs | Develop 2 Sub Catchment Management Plans | The Authority and its partners developed 5 SCMPs for Ikoo, Pate, Tangulbei, Middle Kuywa, Nambale and Ikonzo WRUAs reviewed 1 SCMP for Upper Kuywa WRUA. |
| | | Engage WRUAs and stakeholders in Basin Planning, Abstraction & pollution surveys and Water Allocation plan | Assessment, geo-referencing and mapping of 376 water quality and pollution monitoring stations | Assessed, geo-referenced and mapped 289 water quality and pollution monitoring stations. |
| | | | Undertake 2 No. Water Abstraction and Pollution Surveys | 2 No. Water Abstraction & Pollution Survey done (Kiu and Suguroi ecosystems) |
| | | | Implementation of the recommendations of findings from 3 Water abstraction & pollution surveys conducted. | The Authority through its relevant sub-basin offices implemented the abstraction and pollution recommendations from (Mwania Mbogo, Muringato and Moiben) water abstraction and pollution surveys. |
| | | | Undertake quarterly water quality and pollution | The Authority carried out quarterly water quality monitoring and Pollution inspection/ enforcements in all its 6 |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---|---------------------------------|---|--|
| | | | monitoring and enforcement in the 6 No. basins | basin areas as follows: ENNBA(102No-SW,GW & Effluent), LVNBA(139No-SW,GW & Effluent),RVBA(78No. SW,GW & Effluent),ABA(159No-SW,GW & Effluent),TBA(No-SW,GW & Effluent),LVSBA(106No-SW,GW & Effluent),3No-GW,5No-Effluent) |
| | | | Undertake water quality assurance in selected landscapes for Mid Tana,Sabarwawa & Chyulu Hills | The water quality assurance in mid Tana, Sabarwawa and Chyulu Hills landscapes was undertaken and completion reports prepared |
| | | | Carry out quarterly water quality monitoring and enforcement upstream of Thwake dam. | The Authority collected and analyzed 188 data sets from stations upstream of Thwake dam. In addition, the Authority made a presentation during the Inter-Agency Technical Committee (IATC) over Nairobi rivers to stakeholders at Maji house. Lastly, the Authority carried out Pollution inspection/ enforcements |
| Organizational capacity | Strengthen institutional capacity and improve working environment | Trainings and capacity Building | Sensitize 50 staff on the Authority's servicedelivery processes. | The Authority conducted sensitizations training on customer excellence which saw 125 members of staff trained. |
| | | | | |
| | | | Training of Road Safety Unit/Road safety Committee ii. Sensitization of all staff on road safety | 1. Training of road safety committee was carried out. Sensitization of all staff on road safety was conducted. |
| | | | Conduct training and sensitization of staff on disability mainstreaming | Training of disability mainstreaming committee conducted |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---|---|--|---|
| | | Undertake perception surveys | Ensure conformity with commitments and standards in the charter by maintaining records on number of customer requests, number of customers served, customer feedback and service turn-around-time on quarterly basis | All quarterly committee meetings were held in conformity with the commitments and standards. In addition questionnaires were compiled and analyzed and a Compliance Mechanism feedback Report for FY 22-23 was prepared |
| | | Improve staff Cohesion | Continual public awareness creation, capacity building, enforcement and monitoring of national values and principles of governance | Staff participated in National Holidays and do wear Kenyan-Made clothes on Fridays and Public Holidays <ul style="list-style-type: none"> • The Authority undertook promotions for deserving members of the staff. • The Authority has a staff welfare mechanism that offers assistance in time need to the staff members • Gender and disability mainstreaming committees were constituted to address staff issues. |
| Financial | Enhance resource mobilization and effective use of the finances | Adequate funding for water resources regulation | The Authority's recurrent budget was revised to Kshs. 1,304,000,000 i.e. Kshs. 850,000,000 for A-I-A and Kshs. 454,000,000 for recurrent grants. The absorption was 100%. | The level of absorption was at 100% |
| | | Enter into MoUs and agreements and develop projects | Develop 12 No proposals for funding by Development Partners. | 20 proposals have been developed |

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| Balanced Scorecard Perspective | Strategic Objective | Key Performance Indicators | Activities | Achievements |
|--------------------------------|---------------------|--|--|---|
| | | Increased partnerships in water resources management | Update list of the potential partners. | The list of potential partners was updated |
| | | Data Sales | Collect Ksh. 3,500,000 from Data Sales | Collected Ksh 6,670,160 from Data Sales. |
| | | Enhance compliance on water use regulation. | Improve compliance to regulation of water use by increasing the volume of water abstracted under permit to 88,522,605m ³ /day | a) Public notice on Class C and D were advertised b) The Authority issued stop order to non-complying customers |
| | | Replace manual operations with digital systems | Re-engineer at least two (2) service delivery processes.- (A) Revenue Management-convert paper based receipts to automated system receipts (B)Use of Mobile -App for meter reading and transmission of the data into the water meter data management system (C)Billing and transmission of delivery to abstractors through SMS | a) The Authority re-engineered the following 3 processes; a) Revenue management by converting paper-based receipts to automated system receipts. b) Meter reading by adopting a mobile App which helps in capturing the meter reading and transmission of the data into the water meter data management system real-time. c) Billing by dispatching payment invoices to customers through SMS and e-mail. |
| | | | | |

8. Corporate Governance Statement

i) Management Board.

The Management Board of the Water Resources Authority established under the Water Act 2016 is made up of four members appointed by name and a Chairperson. The Board membership also comprises a representative of the Cabinet Secretary, The National Treasury as well as representatives of the respective Principal Secretaries from the Ministry of Water- Sanitation and Irrigation, Lands and Housing, Environment and Natural Resources and the Inspectorate of State Corporations. The Chief Executive Officer is an *ex officio* member of the Board.

The Directors are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Authority is delegated to the Chief Executive Officer but the Management Board is responsible for establishing and maintaining the Authority's system of internal controls for the realization of the Authority's mandate. There is in place a Board Charter which sets out amongst areas the role and responsibilities of the Board.

All members of the Board are taken through a comprehensive induction programme and adequately trained on their roles through various corporate governance trainings. The Directors are professional, committed and guided by the mission, vision and core values of the Authority in the execution of their duties. At the end of each financial year, the Board, its Committees, individual directors and the Chief Executive Officer are evaluated by the State Corporations Advisory Committee against evaluation parameters determined by the independent government entity. The process of appointment and removal of directors is guided by the Water Act 2016

ii). Board Committees

The Board undertakes its work through Board Committees attending to specific matters. The Committees report to and remain accountable to the Board for all their activities. The Board Committees' main function is to reinforce the wholeness of the Board's responsibility.

The Board has four standing committees which meet at least once per quarter and work under the terms of reference set by the Governing Board. The membership of all the Committees is reviewed on a regular basis by the Board.

a) Finance and Support Services Committee

The primary responsibility of Finance and Support Services Committee is to provide advice to the Board on Water Resources Authority's financial and human resource management, performance and their financial implications.

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

b) Audit & Risk Committee

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees Water Resources Authority's standards of integrity and behavior, reporting of financial information and internal control systems.

c) Resource Mobilization Committee

The Resource Mobilization Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fundraising activities and forecasting the same in line with Water Resources Authority's statutory mandate.

d) Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the management of the water resources management and their implementation

iii). Board Composition;

During the year the board composition was as summarized as shown in the table 1 below

Table 1 - Board Composition

| Name of Director | Board Position | Audit & Risk | Finance and Support Services | Resource Mobilization | Technical |
|--|------------------------------------|--------------|------------------------------|-----------------------|-------------|
| Mr. Isaac Kuntai Kool Prof. Eng. Bernard K. Njoroge | Chairman | | | | |
| | Board Member | | Member | | Chairperson |
| Mr. George Wambugu | Board Member | | | Chairperson | Member |
| Mr. Steven Oluoch | Board Member | | Chairperson | Member | |
| Mr. John Thuku | Board Member | Chairperson | | Member | |
| Joshua Musyoka | CS Rep. Treasury | Member | Member | Member | |
| Mr. James Sitiency | Rep. IG. Insp. State Corporation | | Member | | |
| Ms. Gladys Wekesa | Ps.Rep.MoW | Member | Member | Member | Member |
| Mr. Augustine K. Kenduiwo | Ps.Rep.MoE | Member | | | Member |
| Mr. Samuel M. Mwati | Ps.Rep.MoL | Member | | | Member |
| Mr. Mohamed M. Shurie | Ex-Officio/Chief Executive Officer | | | | |

iv). The Role of the Management Board

As guided by the Water Act, 2016, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board's role is to provide effective leadership and control, in terms of approving the Authority's strategy and ensuring best practice of corporate governance.

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The Board retains full and effective control over the Authority by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews the Authority's succession plans for the management team and endorses top executive appointments, organizational changes and remuneration matters. It is concerned with key elements of the governance processes, which sustain the operations of the Authority, performance reporting processes as well as other disclosure requirements.

On a quarterly basis, the Board considers reports from each Board Committee. The Board meets at least once a quarter and the calendar of meetings is prepared and adopted annually in advance.

v). Evaluation

The performance of the Board is a fundamental component of the Water Resources Authority's success. A corporate governance evaluation of performance for the period 2022/2023 was undertaken after the close of the financial year in order to have a formal and rigorous review of the entire Board as a collective unit and that of individual directors. The results of the evaluation were useful in putting in place a plan of action to improve effectiveness of each director and that of the Board as a collective unit.

vi). Conflict of Interest

No conflict of interest was recorded by the Board for the period 2022/2023.

vii). Director's remuneration

In accordance with guidelines provided in the State Corporations Act, the Directors are paid a taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on the Authority's duty.

viii). Ethics and Code of Conduct

The Management Board has demonstrated a consistent commitment to implement all the requirements under the Leadership and Integrity Act, 2012 and the Corruption Eradication Guidelines as directed by the Ethics and Anti-Corruption Commission.

ix). Statement of Compliance

The Management Board confirms that the Authority has throughout the period ending 30th June 2023 complied with the Statutory and Regulatory requirements and that it has been managed in accordance with the principles of Corporate Governance.

x). Meeting attendance

During the financial year the management board meeting attendance is summarized by table 2 below;

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| Board Members | | Full Board | Board Committee Meetings | | | |
|-------------------------------|---|------------|--------------------------|------------------------------|-----------------------|-----------|
| | | | Audit & Risk | Finance and Support Services | Resource Mobilization | Technical |
| | Total Number of meetings to be attended | 4 | 4 | 4 | 4 | 4 |
| Mr. Isaac Kuntai Kool | 7 | 7 | | | | |
| Prof. Eng. Bernard K. Njoroge | 15 | 7 | | 4 | | 4 |
| Mr. George Wambugu | 15 | 7 | | | 4 | 4 |
| Mr. Steven Oluoch | 15 | 6 | | 4 | 4 | |
| Mr. John Thuku | 15 | 7 | 4 | | 4 | |
| Joshua Musyoka | 19 | 6 | 4 | 4 | 4 | |
| Mr. James Sitienny | 11 | 7 | | 4 | 1 | |
| Ms. Gladys Wekesa | 23 | 7 | 4 | 4 | 4 | 4 |
| Mr. Augustine K. Kenduiwo | 15 | 7 | 4 | | | 4 |
| Mr. Samuel M. Mwati | 15 | 7 | 4 | | | 4 |
| Mr. Mohamed M. Shurie | 23 | 7 | 4 | 4 | 4 | 4 |

xi). Internal control and risk management

(a) Internal control Framework

The Directors are responsible for ensuring the effectiveness of the Authority's system of internal control which is designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against unauthorized use or disposition and the maintenance of proper accounting records and the reliability of financial information used within the business or for publication. These controls are designed to manage rather than eliminate the risk of failure to achieve business objectives due to circumstances which may reasonably be foreseen and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Authority continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Business processes and controls are reviewed on an on-going basis. A risk-based audit plan, which provides assurance over key business processes and operational and financial risks facing the Authority, is approved by the Audit Committee.

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action.

(b) Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Authority can meet its future management requirements.

(c) Strategic Plan

The business of the Authority is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the Authority, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly and annual basis. The Authority's 5-year Strategic Plan running from 2018-2022 was reviewed and presented to key stakeholders

(d) Risk Management

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The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. The Management team reviews all the risks in the Authority and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Board in the management of risk.

(c) Management Team

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. The action plans for the year include the Annual Work Plan, Annual Budget Estimates, Annual Procurement Plan, Annual Performance Contract, among others.

9. Management Discussion and Analysis

a) Operational and Financial Performance

During the financial year 2022/2023 the Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority to improve on revenue collection to sustain its operations which is still not enough.

During the financial year ending 30th June 2023 the Authority was able to collect cumulatively KES 870 Million as internally generated funds (AIA). The Management intends to intensify efforts and improve on the level of revenue collections in future in order to reduce the current financing gap.

Learning institutions since closure recorded the least abstractions levels /water use levels ever since the pandemic hit. Large scale irrigation schemes.-Nib, Tarda, KVDA irrigation scheme have remained non-compliant to payment of water use invoices issued.

During the year under review the Authority's expenses were cumulatively KES 1,624,112,392 of which staff costs salaries and other remunerations still remains the major cost component accounting for 55% of the total expenses.

The operations and financial performance is summarized by the table 3 below;

Table 3: WRAs Financial and operations performance

| S/N0 | Item Description | Financial Year | | |
|---|------------------|--------------------------|--------------------------|--------------------------|
| | | 2022/2023 | 2021/2022 | 2020/2021 |
| Operational Performance | | | | |
| No. of permits issued | | 775 | 1173 | 1128 |
| Volume of water abstracted under permit | | 110,416.42M3 Per day. | 88,856,426 M3 per day | 88,343,915 M3 per day |
| Financial performance | | | | |
| Total billings | | 517,178,928 | 726,048,838 | 806,155,228 |
| Actual collections | | 870,776,139 | 812,789,998 | 765,858,996 |
| Gok Grants | | 712,800,000 | 612,000,000 | 542,499,996 |
| Operating Expenses | | 1,603,768,810 | 1,512,125,203 | 1,538,336,433 |
| Operating Surplus/deficit | | (231,324,344) | (20,887,286) | (22,896,949) |

b) Key Projects and Investments decisions

During the period under review Water Resources Authority undertook the following projects which are funded by the government under development grant.

I. Lamu Ground Water Conservation

The project entails implementation of Groundwater conservation activities

Achievements

- Implementation of the Lamu groundwater conservation area order was carried out as follows: a.) 1 Djabia constructed in lake kenyatta by Amu WRUA b.) 10,000 trees planted in the sand dunes by Amu WRUA c.) Management committee of the Amu GCA established and operationalized d.) Construct and equip 7 No. monitoring wells in the sand dunes e.) 1 rainfall station installed in the compound of LAWASCO
- Training on groundwater modelling carried out for 30 No. officers
- The Lamu Water Allocation Plan (WAP) prepared and presented to stakeholders

II. Kikuyu springs groundwater conservation.

Dev The project entails securing of Kikuyu groundwater recharge through protection of key recharge wetlands in ground water conservation areas.

Achievement

- Riparian marking and pegging of Lari and Karai wetlands done.
- Implementation of the Kikuyu Springs groundwater conservation area order was undertaken as follows: a) Planting of 3,000 trees by Onkaru WRUA b) Management committee of the kikuyu springs GCA was established, trained and Operationalized c) 2 rain water harvesting tanks were installed in Lusigetti Primary school d) 1 rainfall station established in Murengeti Primary school.
- Karai and Lari swamps management guidelines developed and forwarded to the Ministry of Water, Sanitation and irrigation for gazettelement.

III. Abstraction Survey and pollution control Surveys

- The Authority undertook 2 water abstraction and pollution surveys (Kiu and Suguroi ecosystems) and reports prepared
- The Water Allocation Plan for Upper Thika sub-basin was completed.

- The Authority mapped and geo-referenced 268 monitoring stations.
- The Authority through its relevant sub-basin offices implemented the abstraction and pollution recommendations from (Mwania Mbogo, Muringato and Moiben) water abstraction and pollution surveys

IV. Implementation of Sub Catchment Management plans (SCMPs).

The objective of this project is to conserve water towers, water catchment areas, springs and riparian areas.

Achievement

- The Authority operationalized and capacity built KeNAWRUA by establishing and furnishing a physical office, two-day induction of members and sensitizing members on Water Resources Regulations 2021
- The Authority formed 2 WRUAs in Pate and Tangelbei Sub-catchments in Lower Tana (Garissa) and Kabarnet sub-basin areas respectively
- The Authority constructed 3 sand dams as follows: i) Kalundu WRUA in Kitui County constructed 2 sand dams namely Kwa Mweu-Kalimenza and Kalimangovu sand dams under the EU EDE CPIRA program ii) Ilmunkush WRUA in Kajiado County constructed Lesoit sand dam
- The Authority and its partners developed 5 SCMPs for Ikoo, Pate, Tangelbei, Middle Kuywa, Nambale and Ikonzo WRUAs reviewed 1 SCMP for Upper Kuywa WRUA
- The Authority installed 8 Rain Water Harvesting Tanks through Bukhungu, Mumias and Safu WRUAs.

V. Drilling of Exploratory wells

Project entails drilling and equipping of dedicated boreholes aquifers, monitoring assessments and mapping of groundwater resources

Achievement

- Hydrogeological profiling of 3 Aquifers profiled as follows: Nairobi aquifer suite, Mt. Elgon and Kakamega. This was done through analysis of borehole completion records, use of borehole camera and geophysical logging
- Boreholes drilled as follows: 7 in Tiwi, 1 manguo, 1 Nchura, 1 Narok. 1 Manguo and 2 boreholes in Kakibei
- Hydrogeological assessment for deep aquifers for 34 sites

VI. Construction and Rehabilitation of Water Monitoring

This project encompasses, design construction, installation, rehabilitation, modernization and operationalization of telemetric water resources monitoring networks.

Achievement

- Maintenance of a total of 116 No. Telemetric stations done (29 stations each quarter): 1AA01- Malaba, 1AH01 - Sio, 1GD03-Nyando, 1HB04-L.Victoria, 1JA (New)-Ndoinet, 1JF04-Kipsonoi, 1JG04-Sondu, 1KB05-Gucha Migori, 1LA03- Nyangores, 2B21-Turkwel, 2B33-Suam, 2EE07B-Perkerra, 2EG03-Molo, 2FC19- Njoro, 2GD06-L.Naivasha, 2K04-Ewaso Ng'iro, 3BA29-Nairobi, 3BC08-Ruiru, 3DA02-Athi at Munyu, 3F09-Athi at Kibwezi, 3KG01-Umba, 4BB01-Ragati, 4CA19- Karimenu, 4CC08-Thika, 4DA11-Thiba, 4DD02-Thiba, 4G01-Tana at Garissa, 5BE01 -Nanyuki & 5ED01-Ewaso Ng'iro.
- A total of 26 Regular Gauging Stations were rehabilitated and established as follows:
Rehabilitated: 1KB12 Kenyamware River, 1HB04 Lake Victoria, 1GC06 Masaita, 1JF07 Kipsonoi, 1AA01 Malaba, 1BE06 Koitobos, 1DA02 Nzoia at Webuye, 2F19 Njoro, 2FA02 Mereroni, 2GA01 Gilgil, 2GD06 Lake Naivasha, 3AA06 Mbagathi, 3BB12 Kamiti, 3F09 Athi at Kiaoni, 3J15C Lumi, 3KD06 Mukurumudzi, 3KD(New) Mukurumudzi, 4BE01 Maragua, 4CA02 Chania, 4CB04 Thika, 5ED01 Ewaso Ng'iro at Archer's Post, 5BB02 Ewaso Ng'iro, 5BE06 Timau, 5BA03 Moyok
Established: Murengeti Primary School and Lamu Water and Sanitation Company
- The Authority upgraded 1 Station i.e 3BA29 to telemetry.

VII. AthiRiver Restoration Programmes

Achievements

- The Authority collected and analyzed 188 data sets from stations upstream of Thwake dam. In addition, the Authority made a presentation during the Inter-Agency Technical Committee (IATC) over Nairobi rivers to stakeholders at Maji house. Lastly, the Authority carried out Pollution inspection/ enforcements as follows: i) Serving Nairobi Water Sanitation company with orders to stop sewer burst along Outer ring road that ends up into Nairobi river. B) Serving Nairobi City County Government with orders to stop solid waste

dumping on Ngong and Nairobi river along outer ring road. iii) Participated in stakeholders meeting at EKA Hotel on Nairobi River Rehabilitation Sewerage upgrade

- The Authority through the Kenya Bureau of Standards (KEBS) calibrated 27 Instruments/Equipment in Embu Basin Laboratory and Central Water Testing Lab in Nairobi
- Resource Quality Objective areas were assessed, identified and piloted successfully.

VIII. National Advanced metering Infra for online Capture of water use Data.

Achievements

E-Permit System successfully integrated with M-Pesa payments and Bank payments on all permitting services. All payments validations are automated and being done by the system.

Billing module fully developed and in use. Invoices are generated by the system and are dispatched both via SMS and E-mail transmission to the clients.

c). Compliance to statutory requirements and Material arrears to financial obligations

It is a requirement for all state corporations to adhere to the set deadlines in remission of all statutory requirements including compliance to financial obligations.

i. Tax and Statutory Compliance

The Authority is currently compliant with tax remission and other statutory deductions it has no current outstanding arrears

ii. Material arrears in statutory Requirements

The tax dues payable to KRA amounting to Kshs.1.363b comprises of Kshs. 882M as principal amount and Kshs.481M representing interest and penalties. The dues relate to unremitted PAYE deductions made from staff salaries, VAT deductions and Withholding tax from merchants and contractors/consultants. The debt has accumulated over the last five years, i.e. between the period September 2011 and June 2016, an amount of Kshs.826m was deducted from staff and merchants as taxes relating to PAYE, withholding tax and VAT but the same was not remitted to KRA as required due to cash flow limitations.

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The Authority has a financial obligations of Kshs 362million this relate to on lent loan granted to the Authority for implementations of livelihood activities the loan fall due on March 2017

In May 2016 Kenya Revenue Authority undertook a Tax audit on Water Resources Management Authority and established that the total unremitted funds amounted to Kshs.882, 171,134. Further a penalty of Kshs.214, 375,967 and interest of Kshs.270, 207,113 were imposed on the said principle making the total amount due to KRA to be Kshs.1, 366,754,214.

The Authority has sought for support from the Ministry of Water and Sanitation to settle this debt on behalf of the Authority.

d). Major risks

Liquidity Risk

Low funding: Lack of adequate financial support and several supplementary Budget cuts from the government slows down the implementation of Authority's Mandate

Revenue Defaulters: A number of Water Service Providers and Government institutions are defaulting on payment of water bills thus exposing the Authority to risk related to cash flow.

i. Operational risks

Retirement of most of the technical staff exposes the organization to a major operations risk due to loss of institutional experts who have progressive skills in technical matters, among others.

Security Threats to Authority's Equipment -Vandalism of Authority's devices and equipment for measuring river flows, weather stations and master meters leading to loss of water resource data and revenue.

Political interference in implementing our mandate: e.g. by the county government due to conflicting mandate on management of water resources.

Floods washing away water monitoring stations

Financial risks

Failure to pay the NRM loan has already attracted interest on loan thus increasing the Authority liability

10. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

The organization has a strategic plan with strategic objectives towards attaining and delivering our mandate as bestowed through Water Act 2016

The chief executive Office has committed to deliver on corporate quality objective through committing to a Quality Management System (QMS) the Institutional Corporate Quality Policy that relates to the overall Vision, Mission, and Values that are:

a. Strategic Plan 2018-2023

Water Resources Authority is mandated to regulate the management and use of water resources in Kenya. Water is life as the maxim goes. WRA's Strategic objectives, Vision, Motto, and core values are all focused to ensure better livelihood through provision of adequate and sustainable water resources.

b. Quality management systems-ISO 9001:2015

To ensure provision of quality service to our customers WRA has committed to the Quality Management system and is ISO: 9001-2015 certified. During the year WRA successfully underwent its second QMS-ISO Certification surveillance audit.

c. Customer service charter

WRA has committed and published its Customer service charter and set quality objective at all its operational levels that is open to the public for transparency and accountability on service delivery.

Water Resources management is environmental and well as natural resources sector responsibility that WRA has committed through Quality Objectives, set customer service Charters :

d. Performance contracting.

As a government entity WRA is under the Performance Contracting and to ensure adherence to this government policy, the WRA Performance contract has been cascaded to individual staff. The national PC has been linked to all areas and individual level. The results on the PC achievement and reporting for the year was 2.0515 translating to Excellent score. The Authority was ranked position 5 among 249 state corporations and the second best in the Environment, Water and Natural Resources Sector.

ii) Environmental performance

Effective Water resources management and use regulation is centred on sustainable natural resources effective use, protection, and conservation. Water bodies, Catchment areas including riparian reserves and the maintenance of reserve flows is the environmental impacts.

Environmental Resources Outline clearly, environmental policy guiding the organisation, WRA has a draft Environmental Policy committing to responsible stewardship of existing resources and the environment. The policy direction applies to all waste generated within WRA offices, Staff, WRUAs, Visitors and students addressing air and water pollution, waste management, ecosystem management and biodiversity protection and communication on environmental issues.

a. Riparian Marking and protection

WRA in its quest on conservation and protection of water bodies (resources) enforced the maintenance of the riparian reserves. Conditions on permitting of water use and management activities applications in the riparian reserves were maintained and enforced.

b. Water Abstraction and Pollution surveys.

To monitored adherence to water, use applications permit conditions were done through conducting of Water abstraction and Pollution surveys. Illegal abstractions, over abstraction and pollution through effluent discharge were captured through these surveys.

The data from the surveys and the existing data base is used to develop Water Allocation Plans that are statutory requirement as per the Water Act 2016.

c. Maintaining Environmental flows and the reserve

Dams have been used and continue to be utilized in maintaining the reserve flows on the rivers that ensures environmental sustainability of the river regimes. WRA in the Dam permit application processing sets conditions that ensure the construction gives provision of the maintenance of the reserve flows.

On Groundwater resources, WRA ensures the maintenance of the Groundwater reserve by setting the reserve through safe yield permitting after test pumping and determining the “borehole safe yield “.

iii. Employee welfare

WRA is implementing its Human Resource Policy and Procedures Manual that sets the guidelines on recruitment, Gender ratio, and selection of members of staff. The Authority observes gender mainstreaming, balance on appointments, promotions and ensures that the rule on a minimum of a third (1/3) are of either gender is adhered to. In carrying out its mandate, we involve public consultation and stakeholder engagements i.e. licensing, enforcement and community engagement.

The Authority has career guidelines developed and approved by the SCAC. We also have training plans, Skills inventory, training needs assessments and skills gap analysis.

iv. Market place practices-

The organization should outline its efforts to:

a) Responsible Competition Practise

WRA ensures it gives equal opportunities to all issues regarding procurement, through advertising all procurement opportunities in public portals and website and relativity issues requests for quotation to the listed suppliers. Tenders are opened publicly in present of bidders who choose to attend opening session. This gives all a fair competition since evaluation is done within the set criteria in the bids.

b) Responsible Supply chain and supplier relations

WRA has a responsible supply chain with qualified professionals who maintains good relationship with suppliers. They offer business opportunities to all supplies treats the suppliers as partners where they develop and support them in different ways like writing a recommendation letter for financing, prompt payment among others.

c) Responsible marketing and advertisement

WRA being a public entity markets its self through the activities it does to the public it advertises all the business opportunities to his website and other public portals. Where high standards of ethics are observed.

d) Product stewardship.

WRA as a public institution enhances *product stewardship* to minimizing the health, safety, environmental, and social impacts of a product and its packaging throughout

**Water Resources Authority
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all lifecycle. This is done through ensuring that the products procured meets the quality stands of accreditation. This is included in the evaluation criteria during tendering. Through that we safeguard our customer's rights and interest.

v. Corporate Social Responsibility/Community Engagement

The Ministry of Water, Sanitation and Irrigation in collaboration with WRA HQ - ENN Basin Area, Isiolo Sub-Basin Office and other relevant stakeholders made preparations towards World Water Day celebrations. The celebration took place on 22nd of March 2023 at Lodokejek Primary School in Samburu County. The theme of this year's celebration was "*Accelerating change.*" World Water Day is held annually as a means of focusing attention on the importance of freshwater and advocating for the sustainable management of freshwater resources.

The Authority carried the following activities to constitute the awareness campaign for World Water Day

- Exhibition of WRA's mandate in conjunction with the Groundwater department & Isiolo Sub-Basin Office. This was set up to profile the authority and its mandate by displaying key activities, brochures, Groundwater equipment, GW models, posters among others.

The Authority facilitated the procurement and installation of a 10,000 liter water tank at the School, which was officially commissioned by MoWSI PS Water – Dr. Kiprono Ronoh during the celebrations. The tank was donated to the school as a means of showcasing conservation efforts that can be emulated by the community so as to ease pressure on groundwater use by encouraging conjunctive water



MoWSI- PS Water Dr. Kiprono Ronoh accompanied by Hon. Naisula Lesuuda and Government officials during the World Water Day 2023 Celebrations at Samburu County



PS Water-Dr. Kiprono Ronoh accompanied by WRA Chairman Hon. Kuntai Kool



WRA Chairman Hon. Kuntai Kool at the WRA Exhibition during the World Water Day 2023



L-R: Hon. Naisula Lesuuda together with PS Water- Dr. Kiprono Ronoh during the commissioning of the 10,000 Liter water tank donated by WRA

11. Report of the Management Board

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023 which show the state of Water Resources Authority.

Principal activities

The principal activities of the Authority are to regulate water resources management in collaboration with Stakeholders for sustainable development.

Results

The results of the Authority for the year ending June 30th, 2023 are set out on page 1 and the Authority had a deficit of KES.(231,324,344)Million compared to last year's financial performance of a deficit of KES (20,887,286) Million.

Directors

The members of the Management Board who served during the year are shown on page vi and were appointed with effect from 8th February 2019.

Dividends/Surplus remission

In accordance with Regulations 219 (2) of the Public Finance Management Act 2015, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus in the year FY 2022/23, hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board

for Mait

Janet Olewe Ochieng
Manager legal services /Corporation Secretary

12. Statement of Management Boards' 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 WRA, which gives a true and fair view of the state of affairs of the Authority at the end of the financial year and the operating results of the Authority for that year. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the WRA.

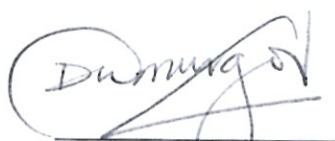
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year that ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Authority; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority'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 State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2023, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

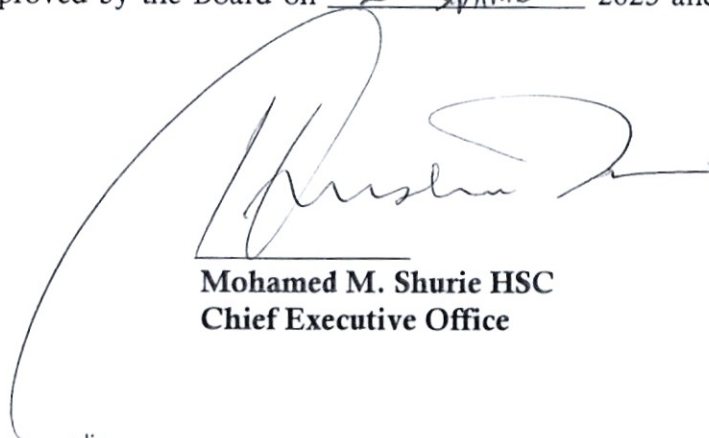
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the Board on 28th September 2023 and signed on its behalf by:



Mr Donald K Murgor
Chairman



Mohamed M. Shurie HSC
Chief Executive Office

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON WATER RESOURCES AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Water Resources Authority set out on pages 1 to 61, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Water Resources Authority as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracy of Property, Plant and Equipment

The statement of financial position reflects property, plant, and equipment amounting to Kshs.186,846,950 as further disclosed in Note 20 to the financial statements. However, the amount excludes the value of land owned by the Authority.

Further, ownership documents for the land were not provided.

In the circumstances, the accuracy and completeness of property, plant and equipment amounting to Kshs.186,846,950 could not be confirmed.

2. Inaccuracy of Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.2,498,440,036 as further disclosed in Note 18 to the financial statements. The amount is net of 10% general provision for bad debts of amounting to Kshs.277,604,448. However, the receivables have not been stated as nominal value less provisions of 10% and 50% for debts older than eight (8) and twelve (12) months, respectively, as required by the Authority's Debt Collection Policy.

Further, the age analysis of the receivables has not been disclosed in Note 18 to the financial statements.

In addition, demand letters have been issued on the long outstanding receivables.

In the circumstances, the accuracy and recoverability of the receivables from exchange transactions amounting to Kshs.2,498,440,036 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Water Resources Authority Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Debarment of Implementation of New Water Tariffs

The statement of financial performance reflects sale of water and electricity amounting to Kshs.517,176,150 as further disclosed in Note 10 to the financial statements. Review of records revealed that conservatory orders were issued suspending the implementation of water use charges in the case Nairobi Petition No. E108 of 2023. The Petitioners were seeking orders against the Respondents that a declaration be issued to declare that the Water Resources Regulations, 2021 were promulgated in violation of Article 10 and 96 of the Constitution and Section 11 of the Statutory Instrument Act, 2013. This has resulted in under collection of the water charges.

The under-collection of water charges has affected service delivery to the Public.

2. Long Outstanding Accounts Payables

The statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.1,364,819,352 as further disclosed in Note 21 to the financial statements. The amount includes payables in respect of Pay as You Earn (PAYE), Water Resources Authority Pension and National Social Security Fund amounting to Kshs.640,115,417, Kshs.512,234,545 and Kshs.1,438,280, respectively, all totalling Kshs.1,153,788,242 which had not been remitted.

Further, the amount includes audit fees amounting to Kshs.5,830,633 which has been outstanding for long.

Delayed remittance of statutory deductions will attract interest and penalties.

3. Un-serviced Long-Term Loan

The statement of financial position reflects current portion of borrowing and long-term loan amounting to Kshs.144,168,607 and 284,046,302, respectively, all totalling Kshs.428,214,909. The amount includes interest and penalties amounting to Kshs.65,602,609 as disclosed in Note 25 to the financial statements. The loan relates to a credit granted by the World Bank (IDA) for Natural Resources Management (NRM) Project. However, the loan is not being repaid thus attracting interest and 2% penalties per annum on the outstanding loan balance.

4. Budgetary Control and Performance

The statement of comparison of budget and actual on comparative basis reflects budgeted receipts against actual on comparative basis amounting to Kshs.1,675,033,219 and Kshs.1,372,444,467, respectively, resulting to under-collection of Kshs.302,588,752 or 18% of the budget. Similarly, the statement reflects budgeted expenditure against actual on comparative basis amounting to Kshs.1,675,033,219 and Kshs.1,603,768,811, respectively, resulting to under-expenditure of Kshs.71,264,408 or 4% of the budget.

The under-collection and under-expenditure affected the planned activities and may have impacted negatively on service delivery to the Public.

My opinion is not modified in respect to these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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 which have not been resolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Understaffing

Review of records revealed that the Authority had six hundred and twenty-one (621) employees against the approved staff establishment of one thousand one hundred and seventy-three (1173) employees resulting in under- staffing of five hundred and fifty-two (552).

In the circumstances, effective and efficient management of the Authority's mandate to the stakeholders could not be confirmed.

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

Responsibilities of Management and the Board of Management

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Authority to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 April, 2024

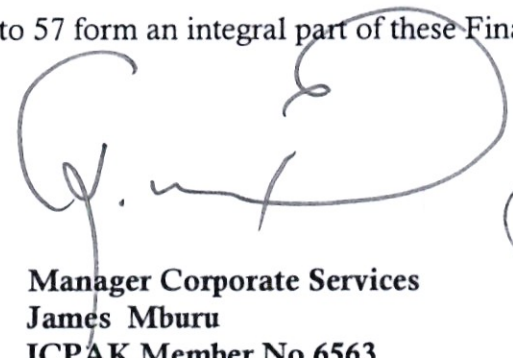
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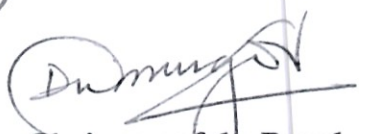
14. Statement of Financial Performance for the year ended 30 June 2023

| | Note | 2022-2023 | 2021-2022 |
|---|------|----------------------|----------------------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Licenses and Permits | 7 | 115,383,679 | 68,076,053 |
| Transfer from other Governments and agencies | 8 | 685,408,881 | 665,115,714 |
| Revenue from exchange transactions | | | |
| Sale of water and electricity | 10 | 517,176,150 | 730,071,555 |
| Rendering services | 9 | 29,472,337 | 28,353,333 |
| Other incomes | 11 | 25,003,420 | 12,471,791 |
| Total revenue | | 1,372,444,467 | 1,504,088,446 |
| Expenses | | | |
| Employee costs | 12 | 863,299,100 | 874,893,226 |
| General expenses | 14 | 291,703,384 | 281,101,078 |
| Water Resources Management Expense | 15 | 328,421,977 | 278,814,998 |
| Board Expense | 13 | 14,323,746 | 11,802,858 |
| Depreciations and Amortization Expense | 20C | 95,927,895 | 68,270,864 |
| Finance cost | 16 | 10,092,709 | 10,092,709 |
| Total expenses | | 1,603,768,811 | 1,524,975,732 |
| Surplus /(deficit) for the period | | (231,324,344) | (20,887,286) |

The notes set out on pages 7 to 57 form an integral part of these Financial Statements


CEO WRA
Mohamed M. Shurie HSC


Manager Corporate Services
James Mburu
ICPAK Member No 6563

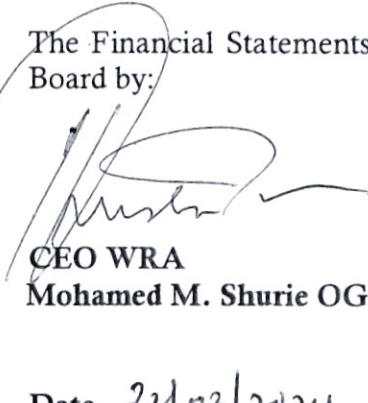

Chairman of the Board
Mr. Donald K Murgor

Date.....22/03/2024..... Date.....22/03/2024..... Date.....22/03/2024.....

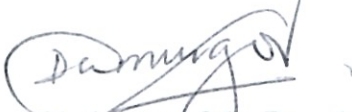
15. Statement of Financial Position as at 30 June 2023

| | | 2022-2023 | 2021-2022 |
|--|----|----------------------|----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 17 | 88,707,170 | 141,854,236 |
| Receivables from exchange transactions | 18 | 2,498,440,036 | 2,675,466,381 |
| Receivables from non-exchange transactions | 19 | 171,821,725 | 29,061,735 |
| Total Current Assets | | 2,758,968,931 | 2,846,382,351 |
| Non-Current Assets | | | |
| Property, plant and equipment | 20 | 186,846,950 | 224,410,659 |
| Intangible assets-software | 20 | 96,565,915 | 8,750,382 |
| Total Non-Current Assets | | 283,412,865 | 233,161,041 |
| Total Assets | | 3,042,381,796 | 3,079,543,392 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions- | 21 | 1,364,819,352 | 1,341,120,234 |
| Provisions | 22 | 60,709,911 | 47,807,177 |
| Deferred income | 23 | 179,561,888 | 150,170,770 |
| Current portion of borrowing | 25 | 144,168,607 | 121,988,821 |
| Total Current Liabilities | | 1,749,259,758 | 1,661,087,002 |
| Non-current liabilities | | | |
| Long Term Loan | 25 | 284,046,302 | 296,133,378 |
| Total Non-current liabilities | | 2,033,306,060 | 1,957,220,380 |
| Capital Funds | 24 | 358,276,112 | 237,199,044 |
| Revenue Reserves | | 650,799,624 | 885,123,968 |
| Total Net Assets | | 1,009,075,736 | 1,122,323,012 |
| Total Net Assets and Liabilities | | 3,042,381,796 | 3,079,543,392 |

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Management Board by:


CEO WRA
Mohamed M. Shurie OGW


Manager Corporate Services
James Mburu
ICPAK Member No .6563


Chairman of the Board
Mr. Donald K Murgor

Date...22/03/2024..... Date...22/03/2024..... Date...22/03/2024.....

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

| | Capital Funds | Revenue Reserves | TOTAL |
|---|----------------------|-------------------------|----------------------|
| | Kshs | Kshs | Kshs |
| Balance 01.07.2021 | 206,900,862 | 907,011,254 | 1,113,912,116 |
| Adjustments in Reserves | 30,298,181 | -1000,000 | 29,298,181 |
| Surplus for the year | 0 | -20,887,286 | -20,887,286 |
| Balances 30.06.2022 | 237,199,044 | 885,123,968 | 1,122,323,012 |
| Balance 01.07.2022 | 237,199,042 | 885,123,968 | 1,122,323,012 |
| Transfer to Capital funds-Donated assets- AMI Project | 121,077,068 | 0 | 121,077,068 |
| Adjustments in Reserves | | -3,000,000 | (3,000,000) |
| Surplus for the period | - | (231,324,344) | (231,324,344) |
| Balance as at 30 June 2023 | 358,276,112 | 650,799,624 | 1,009,075,736 |

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17. Statement of Cash Flows for the year Ended 30 June 2023

| | | 2022-2023 | 2021-2022 |
|--|-----------|----------------------|----------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Public contributions and donations | 6 | | |
| Licenses and permits | 7 | 115,383,679 | 68,076,053 |
| Transfer from other governments | 8 | 685,408,881 | 665,115,714 |
| Sale of water and Electricity | 10 | 517,176,150 | 730,071,555 |
| Rendering of services | 9 | 29,472,337 | 28,353,333 |
| Other Income | 11 | 25,003,420 | 12,471,791 |
| Total Receipts | | 1,372,444,467 | 1,504,088,446 |
| Payments | | | |
| Employee Costs | 12 | 863,299,100 | 874,893,226 |
| General Expenses | 14 | 291,703,384 | 277,250,549 |
| Water Resources Management Expenses | 15 | 328,421,977 | 281,101,078 |
| Board Expenses | 13 | 14,323,746 | 11,802,858 |
| Finance Cost | 16 | 10,092,709 | 10,092,709 |
| Total payments | | 1,507,840,916 | 1,456,704,868 |
| Net Cash flows from Operating activities | 31 | (25,044,416) | 110,040,089 |
| Cash flows from investing activities | | | |
| Purchase of PPE and intangible assets | 20 | (146,179,718) | (37,335,322) |
| Net cash flows used in investing activities | | (146,179,718) | (37,335,322) |
| Cash flows from financing activities | | | |
| Net cash flows used in financing activities | | | |
| Adjustments in reserves- prior year surplus remittance | | (3,000,000) | (1,000,000) |
| Other Proceeds- Assets Donated by AMI Project | 24 | 121,077,068 | 30,298,181 |
| Net cash generated from/ (used in) Financing activities | | 118,077,068 | (29,298,181) |
| Net Increase/(Decrease) in cash and cash equivalents | | (53,147,066) | 102,002,948 |
| Cash and cash equivalents at 1 st July 2022 | | 141,854,236 | 39,851,288 |
| Cash and cash equivalents at 30 June 2023 | 17 | 88,707,170 | 141,854,236 |

NB:- Adjustment in reserves relates to payments made to KRA from past surplus.

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

| | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference | % of utilization | Explanation |
|---|----------------------|--------------------|----------------------|----------------------------|------------------------|------------------|-----------------------------|
| | 2022-2023 | 2022-2023 | 2022-2023 | 2022-2023 | 2022-2023 | | |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs | | |
| Licenses and permits | 40,000,000 | 75,000,000 | 115,000,000 | 115,383,679 | 383,679 | 100 | |
| Transfer from other government | 784,000,000 | 41,033,219 | 825,033,219 | 685,408,881 | 139,624,338 | 83 | Partial remittance of funds |
| Rendering of services-Misc. | 20,000,000 | 0 | 20,000,000 | 29,472,337 | (9,472,337) | 98 | Implementation of WRR 2021 |
| Sale of goods-Water | 530,900,000 | 170,000,000 | 700,900,000 | 517,176,150 | 183,723,850 | 76 | Implementation of WRR 2021 |
| Other Income | 9,100,000 | 5,000,000 | 14,100,000 | 25,003,420 | (10,903,420) | 131 | Implementation of WRR 2021 |
| Total income | 1,384,000,000 | 291,033,219 | 1,675,033,219 | 1,372,444,467 | 302,588,753 | | |
| Expenses | | | | | | | |
| Compensation of employees | 869,200,000 | 10,800,000 | 880,000,000 | 863,299,100 | 16,700,900 | 98 | |
| General expenses | 183,940,000 | 221,560,000 | 405,500,000 | 291,703,384 | 113,796,616 | 72 | |
| Board expenses | 20,860,000 | (2,360,000) | 18,500,000 | 14,323,746 | 4,176,254 | 77 | |
| Depreciation and Amortisation | 0 | 0 | 0 | 95,927,895 | (95,927,895) | | |
| Water Resource Management Expense | 310,000,000 | 61,033,219 | 371,033,219 | 328,421,977 | (10,671,977) | 103 | |
| Finance cost | 0 | 0 | 0 | 10,092,709 | (10,092,709) | | |
| Total expenditure | 1,384,000,000 | 291,033,219 | 1,675,033,219 | 1,603,768,811 | 17,981,189 | | |
| Surplus/(Deficit) for the period | 0 | 0 | 0 | (231,324,344) | (231,324,344) | | |

Budget notes.

- i. The difference between the original and final budget was due to additional funding from Twende project and a revised AIA, budget

19. Notes to the Financial Statements

1. General Information

Water Resources Authority is established by and derives its authority and accountability from section 11 of the Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

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 WRA 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 1

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

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.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii

| Standard | Effective date and impact: |
|--|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. |

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

Notes to the Financial Statements (**Continued**)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a) Revenue recognition (Continued)
 - 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.

Sale of water

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

Interest income

Interest income is accrued 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.

b) Budget information

The original budget for FY 2022-2023 was approved by the Parent Ministry on 7th July, 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

The entity'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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the 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.

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the 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 straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

| | |
|-----------------------------|-------|
| Buildings | 10.0% |
| Water Supply Infrastructure | 2.5% |
| Office Equipment | 12.5% |
| Computers & IT Equipment | 33.3% |
| Motor Vehicles | 25.0% |
| Furniture and Fittings | 12.5% |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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.

f) 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:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Research and development costs (Continued)

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.

g) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- The debtors or entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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:

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) 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.

WRA has made provisions for staff gratuity which is based on yearly contributions for staff on contract at the rate of 31% of the basic pay. Subsequent gratuity payment at the end of the contract shall be paid against this provision. At the end of the financial year leave allowance payable for the period shall also be based on the actual leave allowance payable hence a provision of the same amount is provided for.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of revenue reserves and capital funds.

l) 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.

m) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees. 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.

n) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) 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.

p) Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into 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.

q) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Comparative figures

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

s) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

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: e.g

Estimates and assumptions

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

Useful lives and residual values

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

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

6. PUBLIC CONTRIBUTIONS AND DONATIONS

| Description | 2022-2023 | 2021-2022 |
|--|-----------|-----------|
| | KShs | KShs |
| Other Donor Funds | | |
| Total | 0 | 0 |
| Reconciliation of public contributions and donations | | |
| Balance unspent at beginning of the year | | |
| Current year receipts | | |
| Conditions met - transferred to revenue | | |
| Conditions to be met - remain liabilities | | |

7. Licenses and Permits

| Description | 2022-2023 | 2021-2022 |
|---------------------------------|--------------------|-------------------|
| | KShs | KShs |
| Application & Authorization Fee | 48,403,994 | 28,893,189 |
| G/Water Permit Fee | 55,125,172 | 31,918,389 |
| S/Water Permit Fee | 11,854,513 | 7,264,475 |
| Total | 115,383,679 | 68,076,053 |

8a) TRANSFERS FROM OTHER GOVERNMENTS

These are funds received from development GOK through Ministry of water and Sanitation and other state agencies.

| Description | 2022-2023 | 2021-2022 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Unconditional grants | | |
| Recurrent Grants- MoWS | 453,999,999 | 384,000,000 |
| Development Grants- MoWS | 174,377,359 | 242,074,853 |
| KWSCRIP Funds | 57,031,522 | 35,319,948 |
| Water Sector Trust Fund- WSTF | 0 | 3,720,913 |
| | 685,408,880 | 665,115,714 |
| Conditional grants | | |
| | 0 | |
| Total government grants and subsidies | 685,408,880 | 665,115,714 |

8b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES.

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | 2021-2022 |
|--------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|--------------------|
| | KShs | KShs | | | |
| | | | KShs | KShs | KShs |
| Recurrent Grants-MOWS | 453,999,999 | - | - | 453,999,999 | 384,000,000 |
| Development Grants-MOWS | 174,377,359 | 179,554,369 | | 174,377,359 | 242,074,853 |
| KWSCRIP Grants | 57,031,522 | 7,519 | | 57,031,522 | 35,319,948 |
| WSTF | 0 | | | 0 | 3,720,913 |
| Total | 685,408,880 | 179,561,888 | 0 | 685,408,880 | 665,115,714 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RENDERING OF SERVICES

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Laboratory Service charges | 26,470,707 | 24,265,179 |
| Waste Disposal Charges | 3,001,630 | 4,088,154 |
| Total revenue from the rendering of services | 29,472,337 | 28,353,333 |

This represents revenue realized from offering laboratory service to clients undertaking water quality testing. Waste disposal charges are given to users of have effluent discharge permits.

10. SALE OF GOODS

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Conservation Charges | 1,304,998 | 0 |
| S/Water use charges | 409,651,693 | 589,107,218 |
| G/Water use charges | 106,219,459 | 140,964,337 |
| Total revenue from the sale of goods | 517,176,150 | 730,071,555 |

This represents revenue realized from water use charges.

11. OTHER INCOME

| Description | 2022-2023 | 2021-2022 |
|---------------------------|-------------------|-------------------|
| | KShs | KShs |
| Interest Income | 1,357,427 | 928,781 |
| Penalties | 16,834,969 | 7,468,771 |
| Data Sales | 6,209,400 | 3,267,000 |
| Other Incomes | 0 | 759,638 |
| Disposal income | 590,699 | 47,601 |
| Disposal of tyres | 10,925 | 0 |
| Total other income | 25,003,420 | 12,471,791 |

This are non-regular funds earned from Penalties and interest on bank balances negotiated with our banks on revenue collection accounts, sale of data and other miscellaneous receipts.

12. EMPLOYEE COSTS

| | 2022-2023 | 2021-2022 |
|---------------------------------|--------------------|--------------------|
| | KShs | KShs |
| Basic Salaries | 536,481,446 | 548,632,998 |
| House Allowance | 130,849,833 | 132,930,600 |
| Other Allowances | 32,450,860 | 30,286,469 |
| Gratuity & Pension Contribution | 97,517,917 | 97,026,322 |
| Leave Allowance | 15,040,400 | 14,911,027 |
| Commuter Allowance | 49,638,600 | 50,140,000 |
| Honoraria | 1,166,894 | 517,000 |
| Transfer Allowances | 153,150 | 448,810 |
| Total Employee costs | 863,299,100 | 874,893,226 |

13. REMUNERATION OF DIRECTORS

| Description | 2022-2023 | 2021-2022 |
|----------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Chairman's Honoraria | 960,000 | 720,000 |
| Board Workshops and Seminars | 168,000 | 0 |
| Board Travel and Accommodation | 9,544,121 | 6,188,358 |
| Other allowances | 3,651,625 | 4,894,500 |
| Total director emoluments | 14,323,746 | 11,802,858 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. GENERAL EXPENSES

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Staff Training Expenses | 893,939 | 1,691,400 |
| Medical Expenses | 73,148,279 | 0 |
| Motor Vehicle Expenses | 18,963,764 | 28,816,330 |
| Travelling and Accommodation | 92,250,874 | 46,365,568 |
| Conferences and Meetings | 184,200 | 316,000 |
| Telephone & Internet costs | 13,847,656 | 19,776,977 |
| Postal & Courier Services | 567,781 | 697,139 |
| Official Entertainment | 511,454 | 28,380 |
| Staff Welfare Expenses | 111,175 | 134,183 |
| Hospitality Costs-Purchase of Coffin | 543,660 | 560,000 |
| Catering Expenses | 2,450,571 | 2,399,421 |
| Advertising Expenses | 2,311,265 | 1,152,840 |
| Uniform & Clothing | 3,291,600 | 419,900 |
| Insurance Costs | 12,875,794 | 74,294,705 |
| Membership Fees and Subscription to Professional Bodies | 12,167,934 | 12,297,784 |
| Legal Cost | 1,843,958 | 704,094 |
| Contracted guards | 20,899,332 | 21,453,165 |
| Show Expenses | 0 | 55,000 |
| Office Rent and Rates | 21,681,993 | 21,649,627 |
| Electricity Expenses | 2,024,071 | 1,759,440 |
| Water and Conservancy Expenses | 369,952 | 351,394 |
| General Office Expenses | 3,660,472 | 4,706,796 |
| Computer Stationery & Accessories | 1,000,771 | 6,517,767 |
| Office General Stationery | 16,635,477 | 13,132,159 |
| Publishing and Printing | 292,801 | 1,381,780 |
| Library Expenses | 319,884 | 396,850 |
| Maintenance of Furniture and Office Equipment | 1,077,778 | 399,080 |
| Maintenance of computers, softwares ,networking plant and machinery | 2,025,995 | 2,098,260 |
| Maintenance building and stations | 435,276 | 535,120 |
| Minor alteration and maintenance works | 55,538 | 95,050 |
| Bank Charges & Commissions | 988,994 | 1,039,701 |
| Laboratory & Reagents Supplies | 2,440,740 | 2,917,482 |
| Audit fees | 1,500,000 | 1,500,000 |
| Provision for bad debts | (19,669,594) | 11,457,685 |
| Total general expenses | 291,703,384 | 281,101,078 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Water Resources Management Expenditure

| Description | 2022-2023 | 2021-2022 |
|---|--------------------|--------------------|
| | KShs | KShs |
| Gender Sensitive & Human Resource Development | 0 | 406,400 |
| Workshop and Seminars | 6,117,741 | 5,225,490 |
| Publicity& Information Dissemination | 2,311,265 | 1,299,960 |
| Regulatory functions | 53,268,532 | 31,017,475 |
| Water abstraction system expenses | 8,510,917 | 18,048,502 |
| WRUA's Establishment and Support | 22,072,571 | 32,013,275 |
| Catchment Management Strategy | 2,862,120 | 2,459,120 |
| Catchment monitoring plan-other activities | 13,211,485 | 13,787,725 |
| Catchment monitoring, Protection,& other water resources mgt measures | 149,635,059 | 104,678,885 |
| Preventive Water Resources Mgt. Measures | 1,048,700 | 2,094,960 |
| Water Quality Laboratory capacity enhancement | 32,445 | 1,118,681 |
| Roof Catchment Structures | 137,402 | 414,740 |
| Project Planning and Supervision | 1,675,500 | 1,688,200 |
| Rehabilitation of Water Monitoring Stations | 10,506,718 | 29,188,837 |
| KWSCRIP activities | 57,031,522 | 35,372,748 |
| Total | 328,421,977 | 278,814,998 |

16. FINANCE COSTS

| Description | 2022-2023 | 2021-2022 |
|---|-------------------|-------------------|
| | KShs | KShs |
| Borrowings (amortized cost)* | 10,092,709 | 10,092,709 |
| Finance leases (amortized cost) | | |
| Unwinding of discount | | |
| Interest on Bank overdrafts | | |
| Interest on loans from commercial banks | | |
| Total finance costs | 10,092,709 | 10,092,709 |

*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalization as per IPSAS 5: on borrowing costs. This cost relates to interest payable on NRM loan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH AND CASH EQUIVALENTS

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|--------------------|
| | KShs | Kshs |
| Bank Current accounts | 88,329,589 | 141,717,485 |
| Cash in hand | 266 | 124 |
| Mpesa | 377,315 | 136,627 |
| Total cash and cash equivalents | 88,707,170 | 141,854,235 |

17 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

| Financial institution | Account number | 2022-2023 | 2021-2022 |
|--|----------------|------------|-----------|
| | | KShs | KShs |
| a) Current account | | | |
| KCB- Athi Catchment Area-Mombasa | 1106580001 | 412,769 | 34,882 |
| National Bank of Kenya-HQ Nairobi | 0100332099000 | 38,319,964 | 4,617,547 |
| KCB-Athi Catchment Area-Machakos-General | 1106448626 | 1,129,783 | 109,204 |
| KCB- Athi Catchment Area-Nairobi Sub Region-KWSP | 1102550973 | 352,926 | 30,963 |
| KCB- Athi Catchment Area-Kibwezi Sub Region-KWSP | 1102832561 | 104,854 | 57,602 |
| KCB- Athi Catchment Area-Kiambu Sub Region -KWSP | 1101981598 | 107,643 | 24,391 |
| KCB- Athi Catchment Area-Loitoktok Sub Region-KWSP | 1117354792 | 6,281 | 11,375 |
| KCB- Athi CatchmentS Area-Machakos-Revenue | 1106233980 | 16,451,553 | 5,654,683 |
| KCB-Tana Catchment Area-Embu-General | 1102960209 | 9,436 | 34,994 |
| KCB-Tana Catchment Area-Meru Sub Region-KWSP | 1103304062 | 404,496 | 20,496 |
| KCB-Tana Catchment Area-Kerugoya Sub Region-KWSP | 1104078783 | 82,302 | 829 |
| KCB-Tana Catchment Area-Kitui Sub Region-KWSP | 1121495869 | 10,837 | 10,456 |
| KCB-Tana Catchment Area-Murang'a Sub Region-KWSP | 1107235472 | 26,692 | 146,288 |
| KCB-Tana Catchment Area-Garissa Sub Region-KWSP | 1107841909 | 25,153 | 2,642 |
| KCB-Ewaso Nyiro Catchment Area-Nanyuki-General | 1103184620 | 58,764 | 190,727 |
| KCB-Ewaso Nyiro Catchment Area-Nanyuki Sub Region-KWSP | 1103189786 | 200,996 | 429,727 |

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| | | | |
|--|----------------|---------|---------|
| KCB-Ewaso Nyiro Catchment Area-Mandera Sub Region-KWSP | 090-201800656 | 2,374 | 4,939 |
| KCB-Ewaso Nyiro Catchment Area-Marsabit Sub Region-KWSP | 1102669059 | 3,845 | 3,446 |
| KCB-Ewaso Nyiro Catchment Area-Nyahururu Sub Region-KWSP | 1102173134 | 450,552 | 3,637 |
| KCB-Ewaso Nyiro Catchment Area-Isiolo Sub Region-KWSP | 1107754755 | 160,903 | 8,532 |
| NBK-Rift Valley Catchment Area-Nakuru-General | 01003020443300 | 31,772 | 105,267 |
| KCB-Rift Valley Catchment Area-Nakuru-KWSP | 1101853697 | 2,808 | 3,873 |
| KCB-Rift Valley Catchment Area-Baringo Sub Region-KWSP | 11037500909 | 98,233 | 10,590 |
| KCB-Rift Valley Catchment Area-Kapenguria Sub Region-KWSP | 1106272730 | 7,213 | 61,254 |
| KCB-Rift Valley Catchment Area-Narok Sub Region-KWSP | 1102025720 | 3,704 | 49,818 |
| KCB-Rift Valley Catchment Area-Lodwar Sub Region-KWSP | 1107588286 | 6,653 | 2,154 |
| KCB-Rift Valley Catchment Area-Naivasha Sub Region-KWSP | 1105274195 | 90,563 | 18,118 |
| KCB-Lake Victoria North Catchment Area-Kakamega-General | 1101946644 | 8,857 | 149,592 |
| KCB-Lake Victoria North Catchment Area-Siaya SubRegionKWSP | 1106904591 | 419,055 | 5,375 |
| KCB-Lake Victoria North Catchment Area-Eldoret Sub-Region KWSP | 1107762480 | 1,907 | 857 |
| KCB-Lake Victoria North Catchment Area-Kitale Sub Region KWSP | 1109121865 | 369 | 9,189 |
| KCB-Lake Victoria South Catchment Area-Kisii Sub Region-KWSP | 1102024740 | 2,552 | 11,787 |
| KCB-Lake Victoria South Catchment Area-Kisumu Sub Region-KWSP | 1103994050 | 83,557 | 10,660 |
| KCB-Lake Victoria South Catchment Area-Kericho Sub Region-KWSP | 1103619098 | 526 | 8,514 |

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| | | | |
|--|---------------|-------------------|--------------------|
| KCB-General Operations A/C – HQ Nairobi | 11366676678 | 11,754,369 | 69,381,729 |
| KCB-Revenue A/C –HQ Nairobi | 1109066295 | 456,228 | 335,539 |
| NBK-Lake Victoria South Catchment Area- Kisumu – General | 0100324733700 | 3,384 | 773 |
| KCB-Lake Victoria South Catchment Area-Kisumu-Revenue | 1104037513 | 109,855 | 96,359 |
| KCB-Lake Victoria North Catchment Area-Kakamega-Revenue | 1101923040 | 3,115,184 | 434,455 |
| KCB-Rift Valley Catchment Area-Nakuru-Revenue | 1101852062 | 163,519 | 73,480 |
| KCB-Ewaso Nyiro Catchment Area-Nanyuki | 1103187198 | 13,574,145 | 740,852 |
| KCB- Tana Catchment Area- Embu | 1102962643 | 65,494 | 3,770,850 |
| Equity Bank –KWSCRPIU Account | 0269867060 | 7,519 | 55,039,041 |
| | | 88,329,589 | 141,717,485 |
| b) Others | | | |
| Cash in Hand | | | |
| Cash in Hand Head office | | | 124 |
| LVNCA | | | |
| Cash in Hand Athi Catchment area | | 266 | |
| cash in hand Total | | | 124 |
| M pesa | | | |
| LVNCA | | | |
| LVSCA | | | |
| RVCA | | | |
| Tana CA | | | 15,000 |
| Athi CA | | 227,315 | 108,027 |
| ENNCA | | 150,000 | |
| HQ | | | 13,600 |
| Sub- total | | 377,315 | 136,627 |
| Grand total | | 88,707,170 | 141,854,235 |

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS.

| Description | 2022-2023 | 2021-2022 |
|------------------------------|----------------------|----------------------|
| | KShs | KShs |
| Current receivables | | |
| General Debtors | 2,776,044,485 | 2,972,740,423 |
| Less Provision for bad debts | 277,604,448 | 297,274,042 |
| Total receivables | 2,498,440,036 | 2,675,466,381 |

These are amounts owed to the Authority by various water users where 80% of them are water service providers.

19. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

| Description | 2022-2023 | 2021-2022 |
|---------------------|--------------------|-------------------|
| | KShs | KShs |
| Current receivables | | |
| Staff Advances | 2,746,904 | 2,036,914 |
| Deposits | 1,274,821 | 1,274,821 |
| Prepayments | 167,800,000 | 25,750,000 |
| | 171,821,725 | 29,061,735 |

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20 a PROPERTY, PLANT AND EQUIPMENT

FY2021/22

| Cost | Buildings | Furniture & Fittings and Office Equipment | Motor vehicles | Computers, Printers & IT Equipment | Water Supply Infrastructure | Capital Work In Progress | Total |
|-----------------------------|-------------|---|----------------|------------------------------------|-----------------------------|--------------------------|---------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| | 10% | 12.5% | 25% | 33% | 2.5% | 0% | |
| As at 1st July 2020 | 393,706,080 | 316,492,365 | 189,538,396 | 155,189,056 | 33,262,521 | 0 | 1,088,389,458 |
| Adjustments | | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 1,488,550 | 8,405,002 | 1,059,914 | 0 | 0 | 10,953,466 |
| Disposals/ W/O | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30 June 2021 | 393,706,080 | 318,181,955 | 197,943,398 | 156,248,970 | 33,262,520 | 0 | 1,099,342,925 |
| Depreciation | | | | | | | |
| As at 1st July 2020 | 201,302,399 | 252,893,503 | 185,058,249 | 124,689,981 | 3,494,384 | 0 | 767,438,517 |
| Adjustments | | | | | | | 0 |
| Charge for the year | 41,805,608 | 10,382,864 | 3,249,410 | 12,964,510 | 735,565 | 0 | 69,137,957 |
| Disposals | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30 June 2021 | 243,108,007 | 263,276,367 | 188,307,659 | 137,654,492 | 4,229,949 | 0 | 836,576,474 |
| Net Book Value 30 June 2022 | 108,792,465 | 52,512,176 | 19,777,167 | 15,031,844 | 28,297,007 | 0 | 224,410,659 |
| Net Book Value 30 June 2021 | 150,598,073 | 54,905,589 | 9,635,739 | 18,594,479 | 29,032,571 | 0 | 262,766,450 |

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FY2022/23

| Cost | Buildings | Furniture & Fittings and Office Equipment | Motor vehicles | Computers, Printers & IT Equipment | Water Supply Infrastructure | Capital Work In Progress | Total |
|-----------------------------|-------------|---|----------------|------------------------------------|-----------------------------|--------------------------|---------------|
| | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. | Kshs. |
| | 10% | 12.5% | 25% | 33% | 2.5% | 0% | |
| As at 1st July 2022 | 393,706,080 | 323,190,271 | 214,018,735 | 160,573,720 | 33,262,521 | 0 | 1,124,751,327 |
| Adjustments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Additions | 0 | 108,200 | 2,900,000 | 9,394,340 | 0 | 0 | 12,402,540 |
| Disposals/ W/O | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| As at 30 June 2023 | 393,706,080 | 323,298,471 | 216,918,735 | 169,968,061 | 33,262,521 | 0 | 1,137,153,867 |
| Depreciation | | | | | | | |
| As at 1st July 2022 | 284,913,615 | 270,678,094 | 194,241,569 | 145,541,876 | 4,965,514 | 0 | 900,340,668 |
| Adjustments | | | | | | | 0 |
| Charge for the year | 33,391,591 | 6,517,042 | 6,845,084 | 2,477,495 | 735,037 | 0 | 49,966,249 |
| Disposals | 0 | 0 | 0 | | 0 | 0 | 0 |
| As at 30 June 2023 | 318,305,206 | 277,195,136 | 201,086,653 | 148,019,371 | 5,700,551 | 0 | 950,306,917 |
| Net Book Value 30 June 2023 | 75,400,874 | 46,103,334 | 15,832,082 | 21,948,690 | 27,561,970 | 0 | 186,846,950 |
| Net Book Value 30 June 2022 | 108,792,465 | 52,512,176 | 19,777,167 | 15,031,844 | 28,297,007 | 0 | 224,410,659 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 B. INTANGIBLE ASSETS-SOFTWARE

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|------------------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year 1 st July 2022 | 111,549,715 | 99,622,795 |
| Additions | 133,777,178 | 11,926,920 |
| At end of the year June -2023 | 245,326,893 | 111,549,715 |
| Amortization | 0 | 0 |
| At beginning of the year | 102,799,333 | 98,292,663 |
| Amortization Charge for the Year | 45,961,645 | 4,506,670 |
| As at 30 June 2023 | 148,760,978 | 102,799,333 |
| NBV end of the year June 2023 | 96,565,915 | 8,750,382 |

20. DEPRECIATION AND AMORTIZATION EXPENSE.

| Description | 2022-2023 | 2021-2022 |
|--|-------------------|-------------------|
| | KShs | KShs |
| Property, plant and equipment | 49,966,249 | 63,764,194 |
| Intangible assets | 45,961,645 | 4,506,670 |
| Total depreciation and amortization | 95,927,894 | 68,270,864 |

21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS.

| Description | 2022-2023 | 2021-2022 |
|---|----------------------|----------------------|
| | KShs | KShs |
| Trade Creditors- | 1,364,382,392 | 1,340,693,374 |
| | 0 | |
| Laboratory Clients Prepayments and Accrued expenses | 436,960 | 426,860 |
| Total trade and other payables | 1,364,819,352 | 1,341,120,234 |

22. CURRENT PROVISIONS.

| Description | 2022-2023 | 2021-2022 |
|---------------------------------------|-------------------|-------------------|
| | KShs | KShs |
| Provisions | 60,709,911 | 47,807,177 |
| Total trade and other payables | 60,709,911 | 47,807,177 |

This are payables originating from gratuity payable for the period. Gratuity is payable after the contract period but provided for at the end of financial year.

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| Description | Leave provision | Gratuity provision | Total |
|---|--------------------|--------------------|-------------------|
| | KShs | KShs | KShs |
| Balance b/d (1.07.2022) | (1,390,655) | 49,197,832 | 47,807,177 |
| Additional Provisions | | 28,683,205 | 28,683,205 |
| Provision utilized | | (15,780,471) | (15,780,471) |
| Change due to discount and time value for money | - | | - |
| Transfers from non-current provisions | | | |
| Total provisions as at 30.6.2023 | (1,390,655) | 62,100,566 | 60,709,911 |

23. DEFERRED INCOME

| Description | 2022-2023 | 2021-2022 |
|--|--------------------|--------------------|
| | KShs | KShs |
| National government | 179,554,369 | 95,131,729 |
| Transfers from other Governments-KWSCRIP | 7,519 | 55,039,041 |
| Public contributions and donations | | |
| Total deferred income | 179,561,888 | 150,170,770 |

The deferred income movement is as follows:

| | National government | GOK-KWSCRIP | Total |
|--------------------------------|---------------------|--------------|--------------------|
| Balance brought forward | 95,131,729 | 55,039,041 | 150,170,170 |
| Additions | 258,800,000 | 2,000,000 | 260,800,000 |
| Transfers to Capital fund | | | |
| Transfers to income statement | 174,377,360 | 57,031,522 | 231,408,882 |
| Other transfers | | | |
| Balance carried forward | 179,554,369 | 7,519 | 179,561,888 |

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24. CAPITAL FUNDS

This represents capital funds and assets given to the Authority by GOK, development partners. During the period we received support in development and Deployment of e-permitting Kshs 121M from Advanced Metering Infrastructure Project

| Description | 2022-2023 | 2021-2022 |
|--------------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Capital Assets Transfer-GOK | 32,262,705 | 32,262,705 |
| GIZ | 4,053,315 | 4,053,315 |
| Kenya Water and Sanitation Programme | 35,349,589 | 35,349,589 |
| AWF | 770,000 | 770,000 |
| MTAP Fund | 50,000,000 | 50,000,000 |
| KWSCRIP | 78,705,254 | 78,705,254 |
| LAY Volunteers | 5,760,000 | 5,760,000 |
| ADB-AWDA and DAI | 17,518,381 | 17,518,381 |
| AMI -PROJECT | 133,856,868 | 12,779,800 |
| Total | 358,276,112 | 237,199,044 |

25. BORROWINGS

| Description | 2022-2023 | 2021-2022 |
|--|--------------------|--------------------|
| | KShs | KShs |
| Balance at beginning of the period | 362,612,300 | 362,612,300 |
| External borrowings during the year | 0 | 0 |
| Domestic borrowings during the year | 0 | 0 |
| Repayments of external borrowings during the period | 0 | 0 |
| Repayments of domestics borrowings during the period | 0 | 0 |
| Less Current Portion | 78,565,998 | 66,478,922 |
| Balance at end of the period | 284,046,302 | 296,133,378 |

The principal amount has been split into two parts; current principal payable as a current liability and long-term borrowing due,

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

Current Liability

Current Portion

| Description | 2022-2023 | 2021-2022 |
|------------------------|--------------------|--------------------|
| | KShs | KShs |
| Principal Payable | 78,565,998 | 66,478,922 |
| Interest and penalties | 65,602,609 | 55,509,900 |
| Total | 144,168,607 | 121,988,822 |

26. CASH GENERATED FROM OPERATIONS

| Description | FY2022/23 | FY2021/22 |
|--|----------------------|---------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | (231,324,344) | (20,887,286) |
| Adjusted for: | | |
| Depreciation | 95,927,894 | 68,270,864 |
| Non-cash grants received | | |
| Contributed assets | | |
| Impairment | | |
| Gains and losses on disposal of assets | | |
| Contribution to provisions- Gratuity | 12,902,734 | 18,428,155 |
| Contribution to impairment allowance | | |
| Working capital adjustments | | |
| Increase in receivables | 177,026,344 | (103,119,167) |
| Increase in deferred income | 29,391,118 | 73,703,532 |
| Increase in payables | 23,699,118 | (16,839,091) |
| Increase in payments received in advance | (142,759,989) | 80,390,373 |
| Increase in Accounts Loan Interest payable | 10,092,709 | 10,092,709 |
| | | |
| Net cash flow from operating activities | (25,044,416) | 110,040,089 |

27. FINANCIAL RISK MANAGEMENT

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

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

27. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

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 |
|--|----------------------|-----------------------------|---------------------|------------------|
| At 30 June 2023 | | | | |
| Receivables from exchange transactions | 2,498,519,512 | 0 | 0 | 0 |
| Receivables from non-exchange transactions | 171,821,725 | 0 | 0 | 0 |
| Bank balances | 88,707,170 | 0 | 0 | 0 |
| Total | 2,758,968,931 | 0 | 0 | 0 |
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | 2,675,466,381 | 0 | 0 | 0 |
| Receivables from non exchange transactions | 29,061,735 | 0 | 0 | 0 |
| Bank balances | 141,854,236 | 0 | 0 | 0 |
| Total | 2,846,382,351 | 0 | 0 | 0 |

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 recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from water sector institutions.

The Management Board sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

| | Less than 1 month | Between 1- 3 months | Over 5 months | Total |
|-------------------------------|----------------------|------------------------|----------------------|----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2023 | | | | |
| Trade payables | | | 1,364,819,352 | 1,364,974,782 |
| Current portion of borrowings | | | 144,168,607 | 144,168,607 |
| Provisions | | | 0 | 0 |
| Deferred income | 179,561,888 | | 0 | 179,561,888 |
| Employee benefit obligation | | | 0 | 0 |
| Total | | | 1,508,987,959 | 1,688,705,277 |
| At 30 June 2022 | | | | |
| Trade payables | | | 1,341,120,234 | 1,341,120,234 |
| Current portion of borrowings | | | 121,988,821 | 121,988,821 |
| Provisions | | | 0 | 0 |
| Deferred income. | 150,170,170 | | 0 | 150,170,170 |
| Total | | | 1,463,109,055 | 1,613,279,225 |

(iii) Market risk

The board 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 manner in which it manages and measures the risk.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

| | 2022-2023 | 2021-2022 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| Revaluation reserve | | 0 |
| Retained earnings | 650,808,950 | 885,123,968 |
| Capital reserve | 358,276,112 | 237,199,044 |
| Total funds | 1,009,085,062 | 1,122,323,012 |
| | | |
| Total borrowings | 362,612,300 | 362,612,300 |
| Less: cash and bank balances | (88,707,170) | (141,854,236) |
| Net debt/(excess cash and cash equivalents) | 273,905,130 | 220,758,064 |
| Gearing Ratio | 27.10 | 19.70 |

28. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the *entity*, holding 100% of the *entity'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) Key management;
- iv) Management Board;

| | 2022-2023 | 2021-2022 |
|--|--------------------|--------------------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Sales to related parties | | |
| Sales of goods | | |
| Sales of services | | |
| Total | | |
| b) Grants from the Government | | |
| Grants from National Govt | 685,408,881 | 665,115,714 |
| Grants from County Government | 0 | 0 |
| Donations in kind | 0 | 30,298,181 |
| Total | 685,408,881 | 695,413,895 |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for xxx employees | | |
| Payments for goods and services for xxx | | |
| Total | | |
| d) Key management compensation | | |
| Directors' emoluments | 13,340,010 | 11,802,858 |
| Compensation to the CEO | 4,560,000 | 4,560,000 |
| Compensation to key management | 7,262,400 | 7,262,400 |
| | 0 | 0 |
| Total | 25,162,410 | 23,625,258 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

| File Ref. | Particulars | Brief Facts | Contingent Liability FY 2022/23 |
|----------------------|--|--|---|
| WRA/4/106 | HCCC NO. 754 OF 2012 Juanco Contech Ltd vs. WRMA | Suit alleging breach of contract by WRMA in failing to pay fully for construction works of certain office premises. | Kshs. 26,213,025.83 |
| WRMA/HQ/LA /1/12/1/1 | Nairobi JR No 69 Of 2014: WRMA V Commissioner For Co-Operative Development & Another | The Commissioner of Cooperative's irregularly issued Agency Notices freezing all the Bank Accounts operated by the Authority on the alleged grounds that the Sacco dues belonging to <i>Ukulima Sacco</i> had not been paid. Upon the Authority's instructions, we moved to court and obtained orders staying the operation of the Agency Notices. Suit withdrawn. | Outstanding arrears of Kshs.34,112,444 to <i>Ukulima Sacco</i> and half of the costs incurred by <i>Ukulima Sacco</i> in the case once assessed by court. (this can be estimated at Kshs.750,000) |
| WRA/4/32 | HCCC No. 319 of 2013 WRMA VS. Nairobi City Water & Sewerage Company | Claim for Water Use Charges | Legal fees of Kshs. 26,341,423.00 |
| WRA/4/137 | Nairobi CMCC 8241 of 2018: Optace Limited vs. WRA & Others. | Suit alleging breach of contract by WRA in failing to pay fully for items ordered for and not paid for under an LSO. | Kshs. 1,624,232.00 |

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| WRA/4/87 | CHR No. 11 of 2018: | Claim for lifting of WRA Order for demolition of 8 houses falling within riparian reserve of Stony Athi River | Although the Petitioner seeks an award of Kshs 466, 955, 673.00 in special damages, this is not likely to be awarded since a claim for special damages must be specifically pleaded in court Pleadings and strictly proved. |
| WRA/4/157 | Superior Homes PLC vs. WRA Machakos ELC, Judicial Review Misc. 2 of 2020: Erdemann Property Ltd vs Export Processing Zone & 2 Others and London Distillers (K) Ltd & 3 Others | A Judicial Review matter filed by Erdemann Limited against several institutions with main contention being the discharge of effluence into the environment by London Distillers (K) Limited | |
| WRA/4/160 | Thika (ELC) Pt. no. 14 of 2020: Prof. Francis Muregi & Steel Mill Limited & 9 others | Injunctive orders are sought by the Petitioners against the 1 st and 2 nd Respondents following an alleged encroachment on water catchment area in Uplands, Nyambari area, Kiambu | |
| WRA/4/161 | Kajiado (ELC), Constitutional Petition No. E003 of 2021: Hon. Peter Ole Tirishe & 2 Others v Tata Chemicals Magadi Limited & 2 Others | Constitutional Petition by the Petitioners on behalf of Mosiro Ward In Kajiado West contending that the diversion of River Kisamis into Ordorko Swamp and construction of dykes by Tata Chemicals was done illegally and without regard to the environmental impact on the affected parties. | |

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| WRA/4/162 | Nyahururu (ELC) Pt. no. 120 of 2019: David Wang'ombe Karanja & 2 others vs County Government of Laikipia & 3 others | Suit seeking injunctive orders against the 1 st Defendant. Furthermore, there is an order sought directing WRA to protect the wetlands within the jurisdiction of the County Government of Laikipia, and particularly, the suit properties L.R LAIKIPIA/UASO NAROK B/51, L.R LAIKIPIA/UASO NAROK B/69 and L.R LAIKIPIA/UASO/NAROK/1381 | |
| WRA/4/163 | Migori (ELC) Petition No. E4 of 2020: Mathew Awuor Dimo & Others v The Hon. AG & 7 Others | Constitutional petition by several residents of Kabondo/Kadumo West Region in Homabay contending that Kendu Bay Water Project was done without public participation and is affecting the flow of River Awach Kabuony. | |
| WRA/4/164 | Machakos (HC) Pt. no. 149 of 2012: Oasis Park Self Help Group vs Joinven Investments Ltd & 2 others | The Applicant seeks to enjoin WRA as a party to the suit for the purpose of enforcement of a court order | |
| WRA/4/166 | Nairobi [ELC] Constitutional Pt. no. E0107 2021: Sultan Palace Development Limited Vs. WRMA- Albright Holdings Limited[interested party] | Gazettement of Dik Dik Gardens as a wetland. | |
| WRA/4/167 | In The National Environment Tribunal Appeal No. 9 of 2021. Westlands Garden Limited Vs. NEMA – WRA and Westlands Cottage Apartments Limited(Magnate Ventures Limited) | Sinking of boreholes too close together | |

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| WRA/4/169 | In The Environment and Land Court at Nairobi. Petition No. E031 of 2021: Lone Tree Limited Vs. The Water Resources Authority | Demolition of development by the petitioner on parcel of land <i>L.R No. 21/1/22</i> | |
| WRA/4/171 | In the High Court of Kenya at Nairobi. ELC Constitutional Petition No. E032/2021: Antony Mwangi & 35 others Kenya Urban Roads Authority & 6 others | Petitioners are seeking Court's assistance to stop future encroachment and erecting of illegal structures that will/ may be erected on the road. | |
| WRA/4/172 | In the High Court of Kenya at Nairobi. Petition No. 184 of 2020: Legal Advice Centre & 3 others vs WRA & 9 others | The Petitioners allege that the Respondents have failed to take adequate steps towards the realization of the right to water by failing to provide the residents of Marsabit County with safe water. | |
| WRA/4/173 | In The Environment and Land Court at Nyeri. ELC Case no. 15 of 2021: Richard Maina Mwangi & Another vs Phares Kabugu Njogu & Others | The Plaintiffs are seeking orders restraining Ragati River WRUA from interfering with the Plaintiffs' water intake situated at Gichichi River and converting it into a common intake for other water projects. | |
| WRA/4/174 | In the Environment and Land court of Kenya at Kisumu. ELC Petition No. E022/2021: Calvin Oluoch Olang' & 18 others vs. Lake Victoria south water works & 7 others | The Petitioner alleges that Lake Victoria South Water Works Developments Agency Limited is implementing the construction of a Kshs. 7.5 billion wastewater treatment plant in Korando, Kisumu County without following due process. | |

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| WRA /4/175 | In The Environment and Land Court at Mombasa. ELC Petition No. 50 of 2021: Ainea Ragen & Anwaral Brothers and others vs Chief land registrar & others. | The Petitioner alleges that the 1 st Respondent has encroached a wetland and constructed permanent structures on it. The petitioner also alleges that the authorizations issued by various state agencies were done so irregularly. | | |
| WRA/4/176 | In the High Court at Garissa. Petition No. 09/2021: Hoko and Shalete Shallow Wells Co-Operative Society Ltd vs WRA & Others | The petitioner is seeking conservatory orders restraining Wajir Water, Sewerage & Sanitation Co. Ltd from drilling, proceeding to drill and/or operate the boreholes in Lan Bib South, Umbi, Rifed and Shalete or Wajir South within Wajir County. | | |
| WRA/4/116 | Joseph Gitau Mwangi & Ano. Vs. WRMA. ENV. Law Div. 460/2010 | Case arose out of an order by WRMA demanding that the Plaintiff demolish the wall he had constructed on the riparian way leave on the lower Mbagathi River. | Prof. Albert Mumba & Co. Advocates | Pending hearing and determination |
| WRMA/HQ/LA/1/12/12 | NET/128 of 2014: Wilson Munguti & Others vs. WRMA & Others | Suit against issuance of Licence issued by NEMA and Authorization issued by WRMA to NIB in respect of rehabilitation and expansion of Kiboko Irrigation Development Project. | Rachier & Amollo Co. Advocates | Pending. Tribunal invites parties to address it on the issue of costs under rule 39 of its rules of procedure on a date to be agreed. |
| WRMA/HQ/LA/1/12 /2/34 | Const. Petition No. 35 OF 2015: WRMA vs. EPZA & NEMA (I.P) | WRMA filed the suit to enforce Constitutional Rights and stop further pollution by Export Processing Zones Authority | Prof. Albert Mumba & Co. Advocates | Pending settlement. |
| WRMA/HQ/LA/1/12 /2/33 | Malindi HCCC No. 28 of 2013 WRMA v Kensalt Limited | Claim for Kshs.270,295,759 outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from | Prof. Albert Mumba & Co. Advocates | Pending: WRA sought to amend its claim from the initial claim of Kshs.270,295,759 to |

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| | | abstracting sea water in Malindi for extracting salt. | | 1,546,489,612. The court allowed this application. Mention on 17th January 2022. |
| WRMA/HQ/LA/1/12/2/33 | Malindi HCCC No 26 of 2013 WRMA V Krystalline Salt Limited | Claim for outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from abstracting seawater in Malindi for extracting salt. Judgement entered in favour of WRMA in 2013. | Prof. Albert Mumba & Co. Advocates | Judgment entered in favour of WRA for Kshs. 2,079,590,000.00 together with interest at court rates (14%) from November, 2013. Krystalline Salt Limited appealed the decision at the Court of Appeal. The Court of Appeal granted stay on condition that Krystalline issues a bank guarantee for Kshs. 100 million pending hearing and determination of the Appeal. Krystalline complied with this condition and therefore the stay orders are in force. The matter is awaiting hearing and determination by the Court of Appeal. |
| WRMA/HQ/LA/1/12/2/33 | Malindi HCCC No 27 of 2013 WRMA v Malindi Salt Works | Claim for Kshs. 7,564,075/- outstanding water use charges abstracted from the Indian Ocean for extracting salt for the period between 1/10/2007 and 31/9/13 | Prof. Albert Mumba & Co. Advocates | Mention for directions on 7th March 2022. |
| WRMA/30/MSA/3 HD2/10936/S/1/12/2/33 | Malindi HCCC No 29 of 2013 WRMA V Kemu Salt Packers Production Limited | Claim for Kshs. 11,897,524.80 outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from | Prof. Albert Mumba & Co. Advocates | Mention for directions on 7th March 2022. |

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| | | abstracting seawater in Malindi for extracting salt. | | |
| WRA/4/107 | Nairobi ELRC Cause No.230 of 2016: Michael Muriuki Muturi vs. WRMA | Suit challenging transfer from one station to another. | Prof. Albert Mumba & Co. Advocates | Pending hearing and determination |
| WRA/4/91 | CHR NO.13 of 2018: Justice and Environment Foundation & 6 Others Vs Water Resources Authority & 8 Others | Claim for compensation for damages caused by the collapse of Solai dam | Prof. Albert Mumba & Co. Advocates | Pending hearing and determination |
| WRA/4/134 | ELC No. 77 of 2018: Easthaven Development Ltd Vs WRA and 2 Others | Construction of (Brooklyn Springs Apartment L.R NO. 4857/121) on Riparian Land | AG's office (Ms. Ruth Kerubo is on record) | Instructions to State Counsel sent; matter is pending before court. |
| WRA/4/36 | Emp. & Labour Relations Court-Case No. 893/2017: Lucy Akinyi Kidero & 7 Others Vs Mohamed M. Shurie & 2 Others | Alleging unfair termination of employment contracts | Garane & Somanee Advocates | Matter came up for hearing on 7th July, 2022. During the examination, we made an application to have sensitive documents that offend the privacy and confidentiality of a particular group of employees not parties to the suit expunge. The court directed that the concerns raised were legitimate and the same should be formally filed and served within 14 days. The matter is scheduled for |

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| | | | | oral hearing of application to expunge the said documents from court record on 29th July, 2022 |
| WRA/4/23 | Civil Appeal NO. 9 of 2015: WRMA Vs Kensalt Ltd | Claim for Kshs.270,295,759.00 outstanding water use charges and permits fees. | Prof. Albert Mumm a & Company Advocates | Ruling delivered and held inter alia that the Authority had no regulatory mandate over sea water. WRMA challenged the Court's finding and lodged an Appeal on the 27/10/2014. The Appeal was heard and the court found in favour of WRMA. Kensalt moved to the Supreme court. A date is yet to be fixed for the hearing of WRMA's objection to dismiss the Supreme Court Appeal. The Preliminary Objection dated 2nd November 2019 was allowed. The Petition dated 6th June 2019 was struck out. Petitioner to bear their own cost. WRA amended its plaint. |

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| WRA/4/17 | Mombasa HCCC. NO. 151 of 2012: WRMA Vs Coast Water Services Board | Claim for outstanding water use charges and permits fees in respect of the Mzima, Marere Springs, Baricho, Tiwi boreholes against CWSB. | Prof. Albert Mumba & Company Advocates | Consent recorded. Payments to be pursued/decreed enforced |
| WRA/4/28 | Constitutional petition No. 90 of 2016: LSK Vs WRMA & 6 Others | Seeking conservatory order in respect to construction of works on the suit property | Prof. Albert Mumba & Company Advocates | Pending hearing and determination of petition |
| WRA/4/90 | NAIROBI ELC 317 OF 2018 (CONSOLIDATED WITH ELC 320 OF 2018) DIPENKUMAR MAVAN & 5 OTHERS – DIKDIK GARDENS RESIDENTS ASSOCIATIONS VS SULTAN PALACE DEVELOPMENT LTD & OTHERS | Encroachment of a wetland | Chenge Busiku & Company Advocates | NLC sought leave to file a Defence and Counterclaim Mention on 21st September 2022 for further directions |
| WRA/4/85 | Nakuru Const. Petition No.8 of 2018: Peter Mbae Vs. Nema & 5 Others | Constitutional orders for restoration of the environment and environmental audit following collapse of Solai dam. | Prof. Albert Mumba & Company Advocates | <ul style="list-style-type: none"> • Hg. Of interlocutory application scheduled for 15/11/2018 adjourned • Interlocutory applications abandoned • Pending hearing and determination of petition |
| WRA/4/86 | Nairobi J.R Appl. 45 of 2018: R.Vs PS, Ministry of Transport, Infrastructure Housing & Urban Devt & 3 Others Ex. | JR orders seeking to quash notice by a multi-sectoral consultative committee from various government agencies issued for demolition of development lying on | Garane & Soman Advocates | Pending hearing and determination |

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| | P Nishapa Investment Limited | riparian land (Nairobi river riparian) | | |
| WRA/4/177 | Nairobi ELC 514/2018: Mosiara Trading Company vs AG & 4 Others | Claim for recovery of damages of Kshs. 45.2 billion as a result of demolition of property on riparian land (T-Mall) along Mbagathi Way Nairobi | Janet Olewe/ Tacey Makori | Negotiations is on going. Matter slated for hearing on 9th March, 2023 if parties will not have agreed by the next court date the matter will proceed for hearing. |
| WRA/4/114 | HCC No. 375 of 2009: CFC Standard Bank Limited vs Nivina Investment Limited & Anor | Appeal against WRMA's decision to give authorization to Nivina to drill borehole near appellant's borehole. | | Judgment has been pending since 2011 due to lack of members at the Water Appeals Tribunal. |
| WRA/4/89 | Machakos MISC. Civil Application No. 192 of 2018: Superior Homes (Kenya) Limited vs. Water Resources Authority & 9 Others | Claim for lifting of WRA Order for demolition of 8 houses falling within riparian reserve of Stony Athi River | CFL Advocates | Judgment delivered. Appeal pending hearing. Ruling on taxation delivered without notice. Petitioner and WRA filed applications seeking leave to file a reference out of time. Both applications were allowed. Court directed that both the Petitioner's and WRA's references be heard together on 3rd March 2022. Petitioner granted 14 days to file their application for reference. |
| WRA/4/138 | Kerugoya ELC No. 36 of 2018: Saweria Gichobi Vs WRA, NEMA & Others | Construction of Irrigation works contrary to the permit | Ngaywa & Kibet Partners LLP | Pending hearing and determination |

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|-----------|--|--|------------------------------------|---|
| WRA/4/139 | Nairobi ELC Const. PT No. 2 of 2019: Kental Enterprises Ltd Vs The Attorney General & 4 Others | Illegal demolition of construction works on riparian land | Prof. Albert Mumba & Co. Advocates | Pending hearing and determination of petition |
| WRA/4/123 | Nairobi H.C No. 380 of 2018: Hon Governor John Mbugua & 6 Petitioner vs. Hon Attorney Gen & 15 Others | Claim for compensation to the disabled as a result of Sarova Stanley Nairobi and other developments closing up foot paths thereby inconveniencing persons with disability | Attorney General's office | Pending hearing and determination |
| WRA/4/149 | Makueni (ELC) Pt. No. 13B (Formerly Nairobi Pt. No. 45 Of 2019): Kiboko WRUA vs. KPC, NEMA, WRA, & ERPRA | Suit seeking various orders of injunction and environmental restoration following the oil spillage from KPC oil infrastructure in Kiboko. | Tacey Makori | 1st Respondent filed a Preliminary Objection. Ruling on the Preliminary Objection shall be on notice |
| WRA/4/150 | Milimani [ELC] No. 289 of 2019. Sewenei Limited & 2 others -Vs - Peter Kiplagat & 5 others | Suit Between two neighbours living in Hardy area of Karen. The Plaintiff alleges that their neighbour constructed multi dwelling houses and dug a borehole without following the laid down procedure and contrary to subsisting Karengata Physical Development Plan 2005-2015. | Ngaywa & Kibet Partners LLP. | Matter came up for mention on 14th September, 2022 to confirm compliance. The Court was not sitting and the matter has now been fixed for mention on 9th November, 2022 to confirm compliance |
| WRA/4/154 | Makueni (ELC) Pt. No.15 of 2019: Rufus Mulatya Muathe & 52 others vs. KPC, NEMA, WRA | Suit seeking various orders of injunction and environmental restoration following the oil spillage from KPC oil infrastructure in River Thange | Tacey Makori/ Janet Olewe | 1st Respondent granted Mention on 24th November, 2022 to confirm compliance. 14 days to file and serve their Supplementary Affidavit together with their Submissions Respondents to file and serve their Submissions after 7 days from day of service by the 1st Respondent |

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| WRA/4/155 | Nairobi ELC Case No. 128 of 2019: Skeeter Kwamboka vs WRA | Construction on the water channel on Sabaki River | Tacey Makori/ Janet Olewe | Parties given 30 days to sought the issue of representation and a further 14 days to file the necessary documents Matter slated for mention 1st February, 2023 for fixing of hearing date |
| WRA/4/165 | Kajiado (ELC), Constitutional Petition No. E003 of 2021: Hon. Peter Ole Tirishe & 2 Others v Tata Chemicals Magadi Limited & 2 Others | Constitutional Petition by the Petitioners on behalf of Mosiro Ward In Kajiado West contending that the diversion of River Kisamis into Ordorko Swamp and construction of dykes by Tata Chemicals was done illegally and without regard to the environmental impact on the affected parties. | Tacey Makori/ Janet Olewe | 1st Respondent filed a preliminary objection to the petition Petitioners informed the court that there is a possibility of settling the matter out of court. They requested for three months to enable them to pursue negotiations. Mention on 5th December 2022 for further directions |
| WRA/4/159 | MCCMMSU E252/2020: Lavington Security Services LTD –VS Water Resources Authority | The Authority has allegedly defaulted in payment of Kshs kshs.7,552,902.55/= to the Plaintiff who agreed to offer various security services to the Authority | Cheng e, Busiku Advoca tes | The matter is yet to be set down for a pre-trial conference |
| WRA/4/178 | PETITION NO. E009 OF 2021 Justice and Environment Foundation and 6 others Vs Perry Mansukh Kansagra & 12 others | Illegally and irregularly constructed man-made dam within the vast patel coffee estate known as Solai farm in solai broke its banks leaving unprecedented death and many more injuries | Tacey Makori/ Janet Olewe | Pleadings have been served upon WRA. Matter is ongoing |

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| WRA/4/179 | COURT OF APPEAL AT NAIROBI.CIVIL APPLICATION NO. E094 OF 2022 Sultan Palace Development Limited Vs WRA and Another | An Appeal matter against WRA on Ruling issued in ELC Petition No. E017 of 2021 dated 2nd March,2021 seeking an Injunction against the Ruling pending and determination of the Application by Court of Appeal | Tacey Makori/ Janet Olewe | Pending hearing notice from court of appeal |
| WRA/4/180 | Nairobi Constitutional and Human Right Division Petition No. E118 OF 2022 James Kamau Murango Vs Water Resources Authority and 2 Others | The Petitioners are seeking Declaratory orders against AG MoWSI and WRA on implementation of Regulation 84 and Part B of the Second Schedule of the Water Resources Regulation, 2021. Ruling on the Application for interim conservatory orders was delivered dismissing the application. Parties were directed to file responses and submissions on the Petition. All parties complied. | Janet Olewe/ Tacey Makori | Matter was scheduled for highlighting of submissions on 28th June, 2022. Parties adopted their submissions as filed and sought a judgement date. Matter scheduled for Judgement on 3rd November, 2022. |
| WRA/4/181 | Milimani Commercial CMC Civil Case No.E1489 OF 2022 Charles Mwaura Gachui Vs Water Resources Authority and Another | The Plaintiff's are seeking Temporary Injunction and Conservatory Order against WRA restraining them from entering on the Plaintiff's property and disconnecting his borehole and/or sewer system in relation to a bill disputed dated 4th March, 2022 . | Tacey Makori/ Janet Olewe | Awaiting mention notice from the Plaintiff |
| WRA/4/168 | Thika ELC Miscellaneous Application No. EO15 of 2021 Cellini Holdings Limited Vs Blue Nile Rolling Mills Limited and 4 Others | The Applicants are seeking orders against the Respondent (WRA being the 3rd Interested Party) that they be restrained from diverting the stream that is adjacent to his property to the neighbouring properties pending hearing and | Tacey Makori/ Janet Olewe | The proposed 5th Interested Party application to be joined as the 5th Interested Party is allowed. The matter is slated for mention on 27th February, 2022 |

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| | | determination of the Application. | | |
| WRA/4/182 | Muranga ELC Petition No.2 OF 2022 Hon. Mary Wamaua and 2 Others Vs Hon Attorney General and 4 Others | The Petitioners are seeking for Conservatory Order against the Respondents (WRA being the 3rd Respondent) restraining them from preventing the Petitioners and Nagami dam community from farming, abstracting and use of dam water and be restrained from uprooting, cutting, destroying or interfering with the Petitioner's split way area adjacent to the dam. | Tacey Makori/ Janet Olewe | Ruling to be delivered on 8th December, 2022 |
| WRA/4/183 | Milimani Commercial CMC ELC NO. E441 OF 2022 Francis Kahama Vs Nairobi Water & Sewerage Company and WRA | The Plaintiff is seeking an order of injunction against WRA and Nairobi Water restraining them from interfering, disconnecting or removing the measuring device installed in the borehole situated in plot L.R. No. 82/2290 pending hearing and determination of the matter | Tacey Makori/ Janet Olewe | Mention on 21st July, 2022 to confirm filing of submissions. Respondents and interested party granted 14 days to file responses. Applicant to file submissions within 10days of service of responses. Respondent and interested party granted 14 days to file responses. |
| WRA/4/184 | Milimani Commercial CMC ELC NO. E180 OF 2022 Jeremiah Waweru and Another Vs WRA and 2 others | The Applicants are seeking orders of temporary injunction against the Respondents (WRA being the 1st respondent) restraining the Respondents from interfering with the quiet possession of the Applicants parcel of land | Tacey Makori/ janet olewe | Matter to be mentioned on 24th January, 2023 to confirm compliance with pretrial direction |

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| | | known as NAIROBI/BLOCK 206/320 until the suit filed is heard and determined. | | |
| WRA/4/185 | Milimani Commercial CMC ELC NO.E243 OF 2022 H Young & Co.(EA)Ltd Vs WRA | Plaintiff is seeking Temporary Injunction against the Respondent restraining it from entering, invading, trespassing into the Plaintiff's use of borehole facility situated in Industrial Area Nairobi and Katani Site or disconnecting water pending the hearing and determination of the suit. | Janet Olewe/ Tacey Makori | The Magistrate was unwell and thus the court was not sitting. Matter to be mentioned on 1st December, 2022 to confirm compliance. |
| WRA/4/186 | Mavoko ELC Miscellaneous Civil Application No. E006 of 2022 Syokimau Residents Association and 2 Others Vs WRA and 3 Others | Applicant is seeking orders against WRA and other Respondents to fulfil their lawful mandate by taking the necessary action to ensure that the proprietor of L.R No. 12715/119 either by himself, agents or servants be restrained from undertaking construction on top of the Sabaki River in such a manner not permitted and has adverse effect on the resident in the surrounding community. | Tacey Makori/ Janet Olewe | Applicants filed and served their amended Pleadings and the 1st Respondent filed a Preliminary Objection The Court directed that the PO should be dealt with first and parties to file and serve their response on the same Matter slated for Ruling on 8th December, 2022 to confirm compliance |
| WRA/4/187 | Karatina Civil Case No.84 of 2022 Maina Mwangi and Another Vs Phares Kabugi Njogu & WRA and 4 Others | The Plaintiffs are seeking orders of permanent injunction restraining the Defendants from interfering with the Plaintiffs' water intake situated at Gichichi River and converting it into a common intake for other four(4) water projects | Tacey Makori/ Janet Olewe | Matter awaiting mention notice |

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| WRMA/HQ/LA/1/12/2/12 | WAB App. No. 1(Wr) 2010 CFC Stanbic Vs. WRMA & Wrma & 3 Others. | Appeal against WRMA's decision to give authorization to Nivina to drill borehole near appellant's borehole. | Prof. Albert Mumba & Co. Advocates | <ul style="list-style-type: none"> • Ruling to be delivered on Notice • Tribunal not constituted. |
| WRMA/HQ/LA/1/12/2/17 | No.01/WS/WAB/OF 2008 Kenya Water Project vs.WRMA Tana Catchment Area. | Appeal against the decision of WRMA Tana Catchment to deny the appellant a permit to abstract and supply water from Thambana River | Prof. Albert Mumba & Co. Advocates | <ul style="list-style-type: none"> • Tribunal not constituted. |
| WRMA/HQ/LA/1/12/13 | Appeal No 1(WR) of 2012: Rhumba Kinuthia V WRMA Kiambu & Another | Appeal seeks to restrain the respondents from allegedly interfering with the appellants quiet possession over his property plot no. 1488/1489/1490 Kiamumbi farm which he avers is not riparian land | Prof. Albert Mumba & Co. Advocates | <ul style="list-style-type: none"> • Tribunal not constituted. |
| WRA/4/101 | WAB Appeal No 4WR of 2012 Rumba Kinuthia v WRMA & Another | Appeal challenging the order of WRMA to stop construction works on plot No. L.R. KIAMBU MUNICIPALITY BLOCK 5(KIAMUMBI)/740 located in Kiamumbi, Kiambu area. | Prof. Albert Mumba & Co. Advocates | <ul style="list-style-type: none"> • Tribunal not constituted. |
| WRMA/HQ/LA/1/12/1/1 | Appeal No. 2 (WR) of 2014: Ryan Properties Ltd V Daniel Odinge & 2 Others | Claim challenging the decision by WRMA inter alia to permit the 1st & 2nd respondents to drill a borehole on their land known as L.R. No. 127678/38 Karen. | Prof. Albert Mumba & Co. Advocates | <ul style="list-style-type: none"> • Tribunal not constituted. |
| WRA/4/102 | Water Appeal No. 5(WR) of 2014: Abdullahi Ali Farah Vs. Water Resources Authority | Appeal against WRMA's decision to give authorization to drill borehole near appellant's borehole | Prof. Albert Mumba & Company Advocates | Pending hearing due to lack of members at the Water Appeals Tribunal |
| WRMA/HQ/LA/1/12/2/35 | Abdulahi Ali Afrah vs WRMA and Qaire Salem Limited | Suit against issuance of two authorizations by WRMA within a 3 meter radius. | Prof. Albert Mumba & Co. Advocates | Pending hearing upon appointment of members to the Water Appeals Tribunal. |

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| | | | | |
|-----------|--|--|---|--|
| WRA/4/103 | Embu WAB Appeal No. 3 of 2011: Lobelia Farms Limited Vs. Water Resources Management Authority & Lucern Self Help Group | Appeal against WRMA's decision to give authorization to Lucern Self Help Group to drill borehole near appellant's borehole | Prof. Albert Mumm a & Company Advocates | <ul style="list-style-type: none"> • The matter was pending Ruling prior to expiry of the term of Appeal Board Members. |
| | Meru Civil Suit No. 51 of 2023 | The Plaintiff alleged that WRA issued an unjustified bill with erroneous figures from 2010 to date amounting to a total bill of Kshs. 553,632.90 despite remittance of payment by the Plaintiff | | Pending |
| | Naivasha CMC ELC No. E023 of 2023 | The plaintiff is seeking orders compelling WRA to suspend the permit issued to the 1st Defendant with regards to the borehole drilled on land parcel number Naivasha/Mwichiringiri Block 4/3263. The Plaintiff alleges that the borehole in question was drilled on land belonging to the Plaintiff | | Pending |
| | Nairobi Petition No.E108 of 2023 | The Petitioners are seeking orders against the Respondents that a declaration be issued to declare that the Water Resources Regulations, 2021 were promulgated in violation of Article 10 and 96 of the constitution and Section11 of the statutory Instrument Act, 2013. Further, a declaration be issued to declare that the water use charges provided for in Regulation 84 of the Water Resources Regulations, 2021 are exorbitant an unaffordable to the extent of being in violation of the right to clean and safe water in adequate quantities enshrine in Article 43(1)(d) of the Constitution. | | Pending |

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| | | | | |
|--|---|--|--|---------|
| | Malindi ELC Petition No. 13 of 2023 | The Petitioner is seeking orders that a declaration be issued against WRA and 4 other Respondents that they had no legal justification to enter into the Petitioner's premises situated at Malindi and proceed to destroy the Petitioner's plumbing equipment. Further an order of permanent injunction be issued to restraining the Respondents from entering /invading the petitioner premises and in any other manner harassing the Petitioner on grounds that the Petitioner has not complied with the provisions of Water Act, 2016 and compensation for violation of constitutional rights in the form of general damages. | | Pending |
| | Nairobi ELC Case No. 306 of 2018 | The Plaintiffs are seeking an order of permanent injunction restraining WRA and Athi Water Service Board from trespassing or interfering with the Plaintiff's occupation of land | | Pending |
| | Nairobi ELC Case E227 of 2023 | The Plaintiff is seeking orders of permanent injunction to restrain WRA by themselves, servants and/ or agents from entering , inhibiting, alienating, trespassing or in any way interfering with the Plaintiff quiet use of L.R. No. 7785/83 | | Pending |

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| | | | | |
|--|-----------------------------------|---|--|---------|
| | HCCOMM. MISC. NO. 312 OF 2019 | Miscellaneous Application seeking amongst others, orders to enjoin WRA as an Interested Party to the proceedings. This is on the basis that the Respondents have gone ahead to drill borehole in contravention of subsisting court orders. | | Pending |
| | Meru Civil Suit No. 51 of 2023 | The Plaintiff alleged that WRA issued an unjustified bill with erroneous figures from 2010 to date amounting to a total bill of Kshs. 553,632.90 despite remittance of payment by the Plaintiff | | |
| | Naivasha CMC ELC No. E023 of 2023 | The plaintiff is seeking orders compelling WRA to suspend the permit issued to the 1st Defendant with regards to the borehole drilled on land parcel number Naivasha/Mwichiringiri Block 4/3263. The Plaintiff alleges that the borehole in question was drilled on land belonging to the Plaintiff | | |

30. DIVIDENDS/SURPLUS REMISSION

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The authority did not make any surplus during the year and hence no remittance to the Consolidated Fund.

31. CASH FLOW GENERATED FROM OPERATIONS

| Description | FY2022/23 | FY2021/22 |
|--|----------------------|---------------------|
| | Kshs | Kshs |
| Surplus for the year before tax | (231,324,344) | (20,887,286) |
| Adjusted for: | | |
| Depreciation | 95,927,894 | 68,270,864 |
| Non-cash grants received | | |
| Contributed assets | | |
| Impairment | | |
| Gains and losses on disposal of assets | | |
| Contribution to provisions- Gratuity | 12,902,734 | 18,428,155 |
| Contribution to impairment allowance | | |
| Working capital adjustments | | |
| Increase in receivables | 177,026,344 | (103,119,167) |
| Increase in deferred income | 29,391,118 | 73,703,532 |
| Increase in payables | 23,699,118 | (16,839,091) |
| Increase in payments received in advance | (142,759,989) | 80,390,373 |
| Increase in Accounts Loan Interest payable | 10,092,709. | 10,092,709 |
| | | |
| Net cash flow from operating activities | (25,044,416) | 110,040,089 |

32. EVENTS AFTER THE REPORTING PERIOD

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

33. ULTIMATE AND HOLDING ENTITY

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

34. Currency

The financial statements are presented in Kenya Shillings (Kshs).

20. Appendices

Appendix 1: Progress on follow up of Auditor Generals' Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status : (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|---|---|--|---------------------------------------|---|
| 1. Property Plant and Equipment Kshs 337,412,827 | <p>The statement of financial position reflects property, plant, and equipment balance of Kshs.224,410,659 as at 30 June, 2022 and as disclosed in Note 20 to the financial statements. However, as previously reported, the balance does not include eleven (11) parcels of land with buildings and related infrastructure located in Laikipia, Embu, Murang'a, Kirinyaga, Kitui, Nakuru, West Pokot, Kisumu, Mombasa, and Siaya counties and cumulatively measuring 23.7296 acres. Further, the Authority did not have in its possession ownership documents for the parcels of land.</p> <p>Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs. 224,410,659 as at 30 June, 2022 could not be confirmed</p> | <p><i>We concur with the observation that we has unvalued parcels of land across the Country on which Water Resources Authority has put various developments is excluded from property, plants and equipment. Currently land for most of the offices has been demarcated and fenced off and ownership acquisition process is ongoing at county physical planning offices</i></p> | On going | |
| 2. Receivables from Exchange | As disclosed in Note 18 to the financial statement, the statement of the financial position reflects receivables from exchange transactions | <i>The above observations have been noted. The Authority has entered into Memorandum of Understandings with most</i> | | |

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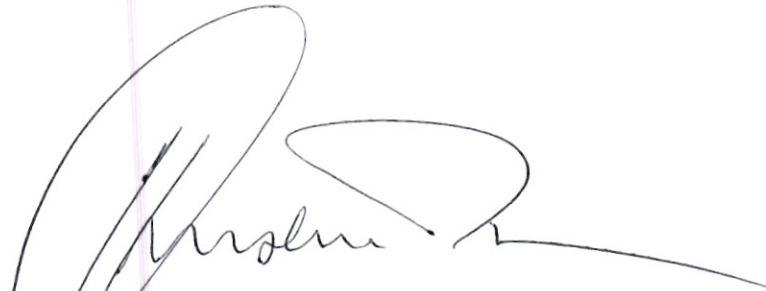
| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status : (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|---|--|---------------------------------------|---|
| <p>ge Transactions</p> | <p>balance of Kshs 2,675,466,381 for the year ended 30 June, 2022. included in the balance are long outstanding debts amounting to Kshs.2,551,061,157 which have been outstanding for more than one year (Over 365 days). The provision for bad debts of Kshs.297,274,042 for the period under review is not adequate for the growing long outstanding receivables from exchange transactions. Further, the Authority has not adhered to its own debt collection policy which requires debts to be recovered as when they fall due and outstanding debts should be stated as nominal value less provisions of 10% and 50% for debts older than 8 and 12 months respectively.</p> <p>In the circumstances, the recoverability of the receivables from exchange transactions of amount Kshs.2,551,061,157 could not be confirmed.</p> | <p><i>of the debtors (defaulters) and in some cases has had to undertake legal action with the debtors. The authority however has used other strategies including talking to the parent ministry as a mediator for collection of pending bills from other water services providers</i></p> | | |
| <p>3. Long Outstanding Trade and other Payables</p> | <p>As disclosed in Note 21 to the financial statements, the Authority had Accounts Payable totaling Kshs.1,341,120,234 as at 30 June, 2022, that were not settled during the financial year 2021/2022 but were instead carried forward to 2022/2023 financial year.</p> | <p><i>The above observations have been noted. Most of the unremitted deductions relates to a period before August 2016. Current deductions are remitted when they fall due. For the past non-remitted Statutory deductions WRA, has requested</i></p> | | |

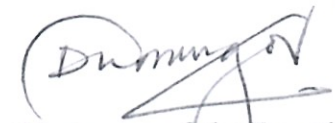
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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status : (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|---|---------------------------------------|---|
| | <p>Some these creditors amounting to Kshs.23,382,272 have been outstanding for more than one year, yet no payment was done during the year. Delayed settlement of the outstanding debts casts doubts on the validity of the payable balances and could lead to litigations.</p> <p>In the circumstances, the recoverability of the trade and other payables from exchange transactions balance of Kshs. 1,341,120,234 could not be confirmed.</p> | <p><i>support of the parent ministry and the national treasury but it has not been fruitful. WRA has not been able to pay the pending the outstanding bills due to budgetary constraints and underfunding. However as a way forwards, WRA has revised its tariffs as per Water Resources Regulations 2021 has been operationalized effective February 2023 revenue will increase therefore WRA will be in a position to settle the pending bills.</i></p> | | |
| 4. Serviced Long Term Loan | <p>The statement of financial position reflects current portion of borrowing and long-term loan of Kshs.121,988,821 and Kshs.296,133,378 respectively all totalling Kshs.418,122,199 as reflected in Note 25 to the financial statements. The loan relates to an on-lent loan from the Government of Kenya arising from a credit granted by the World Bank (IDA) earmarked for Natural Resources Management (NRM)Project with various effective dates of repayments starting on 30 March, 2017. However, although the repayment period fell due, the</p> | <p><i>The above observations have been noted. WRA endeavors to comply with the subsidiary loan agreement and being a non-commercial government agency, it has written to the PS Ministry of Water and Sanitary and the investment secretary informing them of the inability to pay and requesting them for the financial support in repayment or waiver of the same facility. For the institution has included in its budget a loan repayment item but due to rationalization, funding to WRA has been drastically been reduced Making it difficult for it to</i></p> | | |

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| Reference No. on the external audit Report | Issue / Observations from Auditor | Management comments | Status : (Resolved / Not Resolved) | Timeframe: (Put a date when you expect the issue to be resolved) |
|--|--|--|---------------------------------------|---|
| | Authority did not make repayments totalling to Kshs.66,478,922 (principal amount) and Kshs.54,845,110 (interest) in the year under review. | <i>access funds to fully operationalize and undertake its mandate.</i> | | |


CEO WRA
 Date.....28/03/2024.....


Chairman of the Board

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Appendix II: Projects Implemented by WRA

Kenya Water Security and Climate Resilience Project

Kenya Water Security and Climate Resilience Project is a World Bank funded project implemented by the Ministry of Water, Sanitation and Irrigation (MoWSI). Water Resources Authority (WRA) is one of the executing agencies of the project and has Project Implementation Unit (PIU) within the institution. The PIU reports to the Project Management Unit (PMU) of the MoWSI and WRA management. The project account and auditing is done at the PMU during the review of various implementing agencies.

| Project Title | Project Number | Donor | Period/duration | Donor commitment ('000 USD) | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these Financial Statements (Yes/No) |
|--|----------------|--|-----------------|-----------------------------|---|---|
| Kenya Water Security and Climate Resilience (Loan) | 5268-KE | World Bank | 8yrs | 29,603 | Yes | Yes |
| | TF0A0761 | Korea World Bank Group Partnership Facility (KWPF) | 4yrs | 3,500 | Yes | Yes |
| Total | | | | 33,103 | | |

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Status of Projects Completion

The project total cost is USD '000 33,103 after restructuring, this includes USD '000 3,500 from Korean Trust Fund to support upgrading of Nzoia Flood Early Warning. All the bulk procurements for consultancies and contractors are done at the PMU. WRA received project operational costs/activity budgets amounting to 291,238,821.00 and so far the completion rate is 90% (SC 2;2 =100%, FFEWS 95% and NWSM 60%)

| Project Title | Total Project Cost ('000 USD) | Total expended to date(Ksh) | Completion % to date | Budget(Ksh) | Actual(Ksh) | Source of funds |
|--|-------------------------------|-----------------------------|----------------------|-------------------|----------------|----------------------------------|
| Kenya Water Security and Climate Resilience (Loan) | 33,103 | 291,238,821.00* | 85 | 2,666,878,153.00* | 291,238,821.00 | World Bank and Korean Trust Fund |

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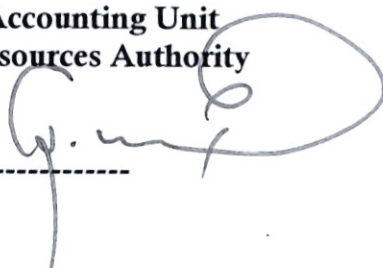
Appendix III: Inter-Entity Transfers

| ENTITY NAME: | | Water Resources Authority | | |
|---|--------------------------|----------------------------------|----------------------|--|
| Break down of Transfers from the State Department of Water | | | | |
| a. | Recurrent Grants | FY 2022/2023 | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | 04/08/2022 | 39,500,000 | 22/23 |
| | | 09/09/2022 | 39,500,000 | 22/23 |
| | | 05/10/2022 | 39,500,000 | 22/23 |
| | | 15/11/2022 | 39,500,000 | 22/23 |
| | | 05/01/2023 | 39,500,000 | 22/23 |
| | | 04/02/2023 | 39,500,000 | 22/23 |
| | | 13/03/2023 | 39,500,000 | 22/23 |
| | | 22/03/2023 | 39,500,000 | 22/23 |
| | | 14/04/2023 | 39,500,000 | 22/23 |
| | | 06/06/2023 | 32,833,333 | 22/23 |
| | | 26/06/2023 | 32,833,333 | 22/23 |
| | | 30/06/2023 | 32,833,333 | 22/23 |
| | | Totals | 453,999,999 | |
| b. | Development Grants | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | 29-09-2022 | 72,000,000 | 2022/2023 |
| | | 04/07/2023 | 154,750,000 | 2022/2023 |
| | | Total | 226,750,000 | |
| c. | Other development grants | 13/03/2023 | 9,000,000 | 2022/2023 |
| | | 06/04/2023 | 10,000,000 | 2022/2023 |
| | | 14/07/2023 | 13,050,000 | 2022/2023 |
| | | Total | 32,050,000 | |

The above amounts have been communicated to and reconciled with the parent Ministry

Head of Accounting Unit
Water Resources Authority

Sign -----





Appendix IV: Recording of Transfers from other Government Entities

| Name of the MDA/Donor Transferring the funds | Date received | Nature: Recurrent/Development/Others | Total Amount - KES | Where Recorded/recognized | | | | | Total Transfers during the Year |
|--|-----------------------|--------------------------------------|--------------------|------------------------------------|--------------|--------------------|-------------|---|---------------------------------|
| | as per bank statement | | | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Others - must be specific-Opening deferred income | |
| Ministry of Water and Sanitation- Recurrent grant | 453,999,999 | Recurrent | 453,999,999 | 453,999,999 | 0 | 0 | 0 | 0 | 453,999,999 |
| Ministry of Water and Sanitation- & SDL Devt-Grant | 258,800,000 | Development | 258,800,000 | 174,377,359 | 0 | 179,554,369 | 0 | -95,131,729 | 258,800,000 |
| KWSCRIP | 2,000,000 | donors | 2,000,000 | 57,031,522 | 0 | 7,519 | 0 | -55,039,041 | 2,000,000 |
| Total | 714,799,999 | | 714,799,999 | 685,408,880 | 0 | 179,561,888 | 0 | -150,170,770 | 714,799,999 |