

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

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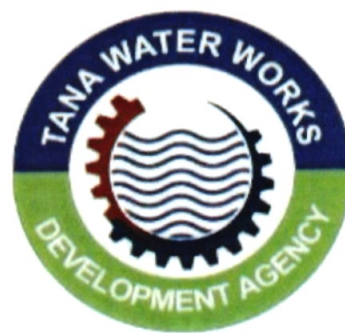
J. LEMERELLE

THE AUDITOR-GENERAL

ON

**TANA WATER WORKS
DEVELOPMENT AGENCY**

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



TANA WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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



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1. Acronyms and Definition of Key Terms

A. Acronyms

AfDB	African Development Bank
BSC	Bachelor of Science
BETA	Bottom-Up Economic Transformation Agenda
CCNA	Cisco Certified Network Associate
CCNP	Cisco Certified Network Profession
CCP	Certified Compliance Professional
CEO	Chief Executive Officer
CHRP	Certified Human Resource Practitioner
CICT	Certified Information Technologist
CIFA	Certified Investment and Financial Analyst
CISA	Certified Information System Auditor
CPA	Certified Public Accountant
CS	Cabinet Secretary
CSR	Corporate Social Responsibility
DBMS	Database Management System
DTF	Decentralized Treatment Facility
EMCA	Environmental Management and Coordination Act
ERP	Enterprise Resource Planning
ESIA	Environmental and Social Impact Assessment
FY	Financial Year
GoK	Government of Kenya
HR	Human Resources
ICIFA	Institute of Certified Investment and Financial Analysts
ICPAK	Institute of Certified Public Accountants of Kenya

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ICS	Institute of Certified Secretaries
iCT	Information Communication Technology
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
KEBs	Kenya Bureau of Standards
KFS	Kenya Forest Service
KNBS	Kenya National Bureau of Statistics
KRA	Key Result Area
LLB	Bachelor of Laws
MBA	Master in Business Administration
MBS	Moran of the Burning Spear
MoU	Memorandum of Understanding
NCA	National Construction Authority
NEMA	National Environment Management Authority
NT	National Treasury
NUWASSAP	National Urban Water and Sanitation Services Improvement Programme
OGW	Order of the Grand Warrior
OSH/OSHA	Occupational Safety and Health Act
PC	Performance Contract
PFMA	Public Finance Management Act
PPP	Public-Private Partnership
PS	Principal Secretary
SCAC	State Corporations Advisory Committee
SDGs	Sustainable Development Goals
TVET	Technical and Vocational Education and Training
TWWDA	Tana Water Works Development Agency
WASPA	Water Services Providers Association

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WRA Water Resources Authority

WSP Water Service Provider

B. Definition of Key Terms

Agency	Refers to Tana Water Works Development Agency
Board	The governing body of TWWDA, mandated to provide strategic leadership, oversight, and policy direction in accordance with applicable laws and regulations.
Bulk Water Supply	The delivery of large volumes of treated or raw water, usually from national public works, to Water Service Providers or counties
Catchment Protection	The conservation and management of areas where rainfall is collected to feed rivers and reservoirs, to ensure sustained water availability
Climate Risk Assessment	The evaluation of potential risks posed by climate change on infrastructure, communities, and ecosystems, to inform adaptation strategies
Corporate Governance	The system of rules, practices, and processes by which the Agency is directed and controlled, ensuring accountability, fairness, and transparency in decision-making
Decentralized Treatment Facility (DTF)	A small-scale, localized wastewater treatment system designed to serve individual communities, schools, or institutions
Enterprise Resource Planning (ERP)	An integrated software platform used to manage and automate core business processes such as finance, human resources, procurement, and project management
Environmental and Social Impact Assessment (ESIA)	A systematic process to identify, predict, and evaluate the environmental and social effects of proposed projects before implementation
Grievance Redress Mechanism (GRM)	A formal process for receiving, evaluating, and addressing complaints or concerns raised by project-affected persons.
Infrastructure Development	Construction, rehabilitation, and expansion of water and sanitation systems including dams, boreholes
Occupational Safety and Health (OSH)	The practices and policies that ensure health, safety, and welfare of workers at the workplace, guided in Kenya by OSHA, 2007.

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Mwongozo Code	A government-issued code of governance for state corporations in Kenya, setting out best practices and regulatory expectations for Boards and management.
National Public Water Works	Large-scale water infrastructure developed and managed at the national level and gazetted under the Water Act for strategic purposes.
National Urban Water and Sanitation Services Improvement Programme (NUWASSAP)	A GoK-AfDB funded program aimed at improving urban water and sanitation services in Kenya.
Performance Contracting	A formal agreement between the Agency and its parent ministry outlining annual performance targets and evaluation criteria.
Public Private Partnership (PPP)	A cooperative arrangement between public and private sectors for the provision of public infrastructure or services.
Sanitation	The provision of facilities and services for the safe disposal of human waste, including toilets, sewage systems, and hygiene services.
Stakeholder Engagement	The process of involving individuals, groups, or organizations with an interest in or influence over the Agency's activities in decision-making processes.
Water Supply	The process of providing water in sufficient quantity and quality for domestic, agricultural, or industrial use.

2. Key Agency Information and Management

(a) Background information

Tana Water Works Development Agency (TWWDA) was established under Section 65 (1) of the Water Act, 2016 vide Legal Notice No. 27 of 26th April, 2019. The Agency is domiciled in Kenya and is one of the Nine (9) Water Works Development Agencies under the Ministry of Water, Sanitation and Irrigation. TWWDA is mandated to support the Government in developing, maintaining, and managing National Public Water and Sanitation Works to attain sustainable access to quality water and improved sewerage services within its area of jurisdiction.

The Agency operates in five (5) counties, namely: Embu, Kirinyaga, Meru, Nyeri and Tharaka Nithi. TWWDA has its Headquarters based in Nyeri at Maji House, Baden Powell Road, Nyeri County. The total area of coverage is 17,195 Km² with a total population of 3,917,065 (KNBS, 2019).

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

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

(b) Principal Activities

i. Mandate

The TWWDA mandate as outlined under Section 68 of the Water Act 2016 and 68 (a) and (b) of the Water (Amendment) 2024 is to:

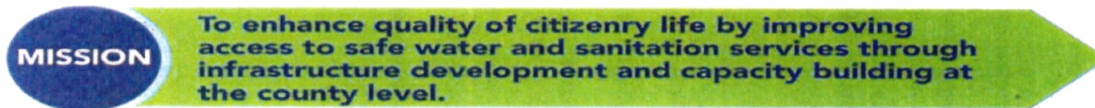
- (a) Undertake the development, maintenance and management of the National Public Water Works within its area of jurisdiction;
- (b) Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of County Governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
 - i. Operate water works and provide bulk water services by entering into a bulk water purchase agreement;
 - With an investor in accordance with the provisions of the Public Private Partnerships Act, after conducting public participation and in consultation with the Regulatory Board and the relevant county government whose area of jurisdiction the water works is located; or
 - With a water services provider in consultation with the Regulatory Board;

- ii. Operate water works and provide bulk water services as a bulk water services provider until such a time as the water works development agency transfers responsibility for the operation and management of water works to a county government or water services provider in whose area of jurisdiction the water works is located:
 Provided that a national public water works shall not be transferable to a county government;
- (c) Provide reserve capacity for purposes of providing water services where pursuant to Section 103, the Regulatory Board orders the transfer of water services functions from a defaulting Water Services Provider (WSP) to another licensee;
- (d) Provide technical services and capacity building to such county governments and Water Services Providers within its area as may be requested; and
- (e) Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Act.

ii. Vision Statement



iii. Mission Statement



iv. Core Values

**CORE
VALUES**

- | | | |
|----|------------------------|---|
| 01 | Respect | We value all stakeholders and treat them with dignity. |
| 02 | Professionalism | We strive to do the right thing to our stakeholders at all times in an ethical manner |
| 03 | Teamwork | We willingly work with others for the common good of our customers |
| 04 | Integrity | We uphold strong moral principles in the execution of our mandate and conduct ourselves in a manner that meets the set ethical standards. |
| 05 | Transparency | We are honest and open to public scrutiny in the execution of our operations as the integral pillar of good corporate governance. |
| 06 | Diligence | We understand our priorities and strive to honor our commitments to the best of our abilities |

v. Strategic Objectives

- i. Increase access to quality water services from 57.8% to 90% by 2027;
- ii. Increase access to sanitation services from 8.1% to 30% by 2027;
- iii. Enhance research, innovation and uptake in technology;
- iv. Improve the customer satisfaction index from 88% to 90% by 2027;
- v. Enhance financial sustainability;
- vi. Enhance partnership and collaborations;
- vii. Enhance stakeholder participation and engagement;
- viii. Improve institutional processes and operations; and
- ix. Enhance human resource capacity;

(c) Key Management

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

Table 1: Day to day Management of the Agency

No.	Designation	Name
1.	Chief Executive Officer/Secretary to the Board	Eng. Philip G. Gichuki
2.	Chief Manager Technical Services	Eng. Daniel M. Ngugi
3.	Chief Manager, Finance and Resource Mobilization	CPA Nicholas M. Kanyeke
4.	Corporation Secretary & Manager Legal Services	CS Josephine W. Muriu
5.	Manager, Internal Audit & Assurance	CPA Vincent M. Kachi
6.	Manager, Supply Chain Management	Mr. James K. Ribiru
7.	Manager, Human Resources Management and Administration	CHRP Pauline W. Miriga
8.	Manager, Information, Communication and Technology	CICT Joseph K. Githinji
9.	Manager, Research, Strategy and Planning	CPA Francis K. Kiura

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(d) Fiduciary Management

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

Table 2: Key Management Personnel

No.	Designation	Name
1.	Chief Executive Officer	Eng. Philip G. Gichuki, MBS
2.	Chief Manager, Technical Services	Eng. Daniel M. Ngugi
3.	Chief Manager, Finance and Resource Mobilization	CPA Nicholas M. Kanyeke
4.	Corporation Secretary & Manager Legal Services	CS Josephine W. Muritu
5.	Manager, Internal Audit and Assurance	CPA Vincent M. Kachi
6.	Manager, Supply Chain Management	Mr. James K. Ribiru
7.	Manager, Human Resources Management and Administration	CHRPK. Pauline W. Miriga
8.	Manager, ICT	CICT Joseph K. Githinji
9.	Manager, Research, Strategy and Planning	CPA Francis K. Kiura

Key Agency Information and Management (continued)

(e) Fiduciary Oversight Arrangements

The Agency has a Board that is responsible for overall direction and management. The Board has three working committees namely; Finance and Administration, Technical, Planning & Strategy and Audit, Risk and Compliance Committee.

i) *Finance and Administration Committee*

The Committee is responsible to the Board for overseeing matters relating to financial operations, human resource management, ICT, supply chain management, corporate communication and general administration. It receives and considers quarterly reports from the Finance & Resource Mobilization Department, Human Resource & Administration Management, Supply Chain Management, ICT, Corporate Communication and Public Relations Divisions. In addition to reviewing quarterly performance of the respective Department and Divisions, the Committee also recommends the following Board:

- i. The budget estimates in line with the budget cycle as guided by the National Treasury and Economic Planning.
- ii. Annual Financial statements for submission to the Office of the Auditor General for audits.
- iii. The recruitment of various cadres of staff under the approved human resource instruments
- iv. Recommend the annual aggregate procurement plans and review its implementation
- v. Monitor implementation of the Corporate Communication Strategy
- vi. Ensure the operationalisation of the DBMS, ERP and E-Board; and
- vii. Review, recommend and monitor implementation of respective policies.

The members of the Finance and Administration Committee were:

1. Mr. Anthony Mwangi Githinji – Chairperson
2. Ms. Irene Njoki Maina
3. Cabinet Secretary, The National Treasury and Economic Planning
4. Principal Secretary, Ministry of Water, Sanitation and Irrigation

The Chief Executive Officer serves as the Secretary to the Committee, the representative of the Inspector General (State Corporations) attends the meeting in an advisory capacity.

ii) *Technical Planning and Strategy Committee*

The Committee assists the Board in overseeing matters relating to implementation of TWWDA Strategic Plan, infrastructure development and management systems. It is also responsible to monitor performance contract implementation and the Board secretariat and legal services. It receives and considers reports from the Technical Services Departments, the Research, Strategy and Planning Division and the Corporation

Key Agency Information and Management (continued)

Secretary and Legal Services Division. Some of the key recommendations the Committee makes to the Board include:

- i. The proposed projects for every financial year which guides the setting of the Agency's development Budget estimates;
- ii. Monitoring of projects implementation progress and compliance;
- iii. The Performance Contracting targets in each year, including participating in the negotiation of the targets with the mother Ministry under the representation of the Committee Chairperson;
- iv. Ensuring the continued implementation of quality management system through considering ISO audits and following to ensure correction measures are implemented;
- v. Monitoring corporate risk management framework and mitigating measures;
- vi. Monitoring implementation of the Strategic Plan through the Annual Corporate Work Plan and Performance Appraisals;
- vii. Monitoring implementation of the Board's Almanac and the Board Performance Implementation Plan;
- viii. Ensuring maintenance of land and way leave acquisition registers; and
- ix. Review, recommendation and monitoring implementation of respective policies.

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

1. Mr. Geoffrey Chabari Rukunja – Chairperson
2. Ms. Cate Wanjira Mbogoh
3. Mr. Anthony Mwangi Githinji
4. Principal Secretary, Ministry of Water, Sanitation and Irrigation

The Chief Executive Officer serves as the Secretary to the Committee, the representative of the Inspector General (State Corporations) attends the meeting in an advisory capacity.

iii) *Audit, Risk and Compliance Committee*

The Committee is responsible for assuring the Agency of internal control systems, risk management and governance structures. Its objective is to provide a structured, systematic oversight of the Agency's governance, risk management and internal control practices. The Committee supports the Board and management by providing advice and guidance on the adequacy of the Agency's initiatives for: values and ethics, governance structure, risk management, internal control framework, oversight of the internal audit activity, external auditors & other providers of assurance, financial statements and public accountability reporting. The Head of the Internal Audit is the Secretary to this Committee. The Committee:

- i) Approves the Annual Risk Based Audit Plan. The plan is structured to include the financial, operations and technical areas of the Agency's performance;
- ii) Monitors implementation of the risk-based audit plan;
- iii) Reviews internal audit findings, recommendations and management responses;

Key Agency Information and Management (continued)

- iv) Reviews external audit reports issued by the Office of the Auditor General, identifying significant findings and ensuring timely implementation of Audit recommendations;
- v) Advises Management and the Board on the adequacy of internal control frameworks and associated procedures;
- vi) Institutes and oversees special or ad hoc audits; and
- vii) Reviews, recommends and monitors implementation of respective policies.

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

1. Ms. Cate Wanjira Mbogoh – Chairperson
2. Mr. Geoffrey Chabari Rukunja
3. Ms. Irene Njoki Maina
4. Cabinet Secretary, The National Treasury and Economic Planning

The Manager Internal Audit & Assurance serves as the Secretary to the Committee; the representative of the Inspector General (State Corporations) attends the meeting for advisory purposes.

(f) TWWDA Headquarters

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

(g) TWWDA Contacts

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

(h) TWWDA Bankers

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

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Key Agency Information and Management (continued)



(i) Independent Auditors

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

(j) Principal Legal Adviser

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



3. The Board Members

Ref	Directors	Details
1.	 <p>Mr. Teobald Mukundi Wambugu He Holds a Bachelor of Commerce Degree (Business Administration Option).</p>	<p>Mr. Teobald Mukundi Wambugu was born on 23rd June 1966. He is an experienced businessman and has a wealth of experience in governance as a result of sitting in several Boards. He has certifications from the Institute of Directors (Kenya), Kenya Breweries Limited, Cocacola Sabco (Pty) Ltd and Coca Cola Africa.</p> <p>He is the current Chairperson to the Board and was appointed on 15th November, 2024.</p>
2.	 <p>Mr. James Justus Wanyaga Gathaka He holds a Bachelor of Commerce Degree from Marathwada University</p>	<p>Mr. James Wanyaga was born in 1952. He was formerly the Mayor, Nyeri Municipal Council. He is the former Chairperson to the Board and served from 10th February 2023 up to 15th November, 2024.</p>

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<p>3.</p>	 <p>Mr. Geoffrey Mucee Chabari Rukunja, OGW He holds a Master's Degree in Business Administration, Bachelor's Degree in Business Management, Higher Diploma in Entrepreneurship Development and Diploma in Technical Education. He is a member of the IHRM.</p>	<p>Mr. Geoffrey Rukunja, OGW was born in 1958. Mr. Rukunja served as a Council member of TVET Curriculum Development Assessment and Accreditation Council and Chaired the Human Resource and Administration Committee.</p> <p>He is the former Chief Principal of Meru National Polytechnic and currently a businessman. He is an independent Board Member appointed to the Board on 29th June, 2023 and serves as the Chairperson to the Technical, Planning and Strategy Committee and is a member of the Audit, Risk and Compliance Committee.</p>
<p>4.</p>	 <p>Ms. Cate Wanjira Mbogoh She holds a Diploma in Food and Beverage Production and a Certificate in Environmental Studies.</p>	<p>Ms. Cate Mbogoh was born in 1984. She is the Stock Controller at the Mt. Kenya Distributors Ltd and formerly served as the Managing Director at Castar Food Supplies. She is an independent Board Member appointed to the Board on 29th June, 2023. She is the Chairperson of the Audit, Risk and Compliance Committee and a member of the Technical, Planning and Strategy Committee.</p>

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<p>5.</p>	 <p>Mr. Anthony Mwangi Githinji He holds a Bachelor of Arts Degree in Public Administration and Political Science.</p>	<p>Mr. Anthony Mwangi was born in 1991. He is a businessman in the construction industry. He has served in various capacities, including as a Personal Assistant to the Member of Parliament for Gichugu Constituency and as a sales supervisor at Sunveat Food Limited. He is an independent Board Member appointed to the Board on 29th June, 2023. He is the Chairperson Finance and Administration Committee and a member of the Technical, Planning and Strategy Committee.</p>
<p>6.</p>	 <p>Ms. Irene Njoki Maina She holds a Bachelor of Theology and Diploma in Theology.</p>	<p>Ms. Irene Njoki Maina was born in 1979. She is a businesswoman. She is an independent Board Member appointed to the Board on 3rd October, 2024. She is a member of the Finance and Administration Committee and the Audit, Risk and Compliance Committee.</p>

<p>7.</p>	 <p>Ms. Pauline Wanjira Maina</p> <p>She holds a Bachelor of Business Administration and Management Degree and a certificate in Senior Management and Strategic Leadership Development Programme.</p>	<p>Ms. Pauline Maina was born in 1985. She is a businesswoman and formerly a Member of the County Assembly of Nyeri representing Magutu Ward, Mathira Constituency. She formerly served as an independent Board Member appointed to the Board from 7th December 2023 to 4th October, 2024.</p>
<p>ALTERNATE DIRECTORS</p>		
<p>8.</p>	 <p>CPA Edward Kariungu Wamweya</p> <p>He holds an MBA in Finance, Bachelor of Commerce Degree (Finance Option), CPA (K) and is a Certified Investment and Financial Analyst (CIFA-K)</p>	<p>CPA Edward Wamweya was born in 1984. He is currently a Principal Investment Officer in The National Treasury and Economic Planning with vast experience in monitoring the financial performance of State Corporations, management of GoK loans to State Corporations, preparation of lending agreements, appraisal of State Corporations projects, reviewing and analyzing State Corporations annual budgets, performance contracting and borrowing. He is the Alternate Director to the Cabinet Secretary, The National Treasury and Economic Planning. He is a member of ICPAK and ICIFA.</p>

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<p>9.</p>	 <p>Eng. Mary Wamaitha Wainaina</p> <p>She holds an MBA Degree in Project Management and a BSC in Civil Engineering. She has a certificate in Senior Management Course, Water Technologies and Management Systems Course, a Certificate in Integrated Environmental Impact Assessment and Audit. She is a member of the Engineers Board of Kenya (professional Engineer) and a Corporate Member, Institute of Engineers of Kenya</p>	<p>Eng. Mary Wamaitha was born in 1980. She is currently the Ag. Director, Water and Sanitation, Ministry of Water, Sanitation & Irrigation. She is serving as the Co-Chair of the National Water Sector Investment Plan and Water Sector indebtedness Committee, Water Sector Handing Over Framework Development Committee, Job Analysis Committee and WASPA Youth and Women Water and Sanitation Committee. She is an Alternate Director to the Principal Secretary, State Department of Water and Sanitation, Ministry of Water, Sanitation and Irrigation.</p>
<p>10.</p>	 <p>Ms. Winfred Wanjiku Njoroge</p> <p>She holds an MBA degree in Operations Management and a Bachelor of Arts in Economics and Sociology. She holds a diploma in Project Management</p>	<p>Ms. Winfred Wanjiku was born in 1980. She is the Deputy Inspector-General (State Corporations). Her main responsibilities include governance monitoring, undertaking inspections & audits in State Corporations. She is the Representative of the Inspector General (State Corporations). She was appointed to the Board with effect from 1st December 2022.</p>



<p>11.</p>	 <p>Eng. Philip Gichuki, MBS Chief Executive Officer He holds an MSc degree in Agricultural Engineering and a BSc (Hons) Civil Engineering. He is a professional Engineer registered with the Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya.</p>	<p>Eng. Philip was appointed to the Agency on 1st December 2020. His main responsibilities include: Ensuring safe custody and management of the Agency’s assets, providing strategic direction and leadership to the Agency’s staff, Developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s strategies and approved work plans.</p>
<p>12.</p>	 <p>CS. Josephine Waceke Muritu Corporation Secretary & Manager Legal Services She holds a Bachelor of Laws Degree and a Post graduate Diploma in Law. She is an Advocate of the High Court of Kenya, a member of the Law Society of Kenya and a member of the Institute of Certified Secretaries.</p>	<p>CS Josephine was appointed to the Agency on 6th March, 2023. She is an Advocate of the High Court, a member of the Law Society of Kenya and a member of the Institute of Certified Secretaries. Her main responsibilities include: overseeing the formulation, implementation and review of Agency policies to align them with the governing Laws, by-laws and relevant regulations, overseeing the design and implementation and review of legal agreements and contracts in liaison with relevant departments, divisions and sections; ensuring that the Board complies with statutory and other regulatory</p>

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		requirements, carrying out investigation on legal issues affecting the Board and Coordinate governance audit process and legal representation.
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4.Key Management Team

Ref	Management	Details
1.	 <p>Eng. Philip Gichuki, MBS Chief Executive Officer Eng. Philip Gichuki, MBS holds a Master of Science degree in Agricultural Engineering – Soil and Water Engineering and a Bachelor of Science Degree in Civil Engineering. He is a Professional Engineer and a corporate member of the Institution of Engineers of Kenya.</p>	<p>Eng. Philip joined the Agency on 1st December 2020. His main responsibilities include: ensuring safe custody and management of the Agency’s assets, providing strategic direction and leadership to the Agency’s staff, developing and maintaining a conducive working environment for attracting, retaining and motivating employees, developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s Strategies and approved work plans.</p>
2.	 <p>Eng. Daniel Ngugi Chief Manager, Technical Services Eng. Daniel Ngugi holds a Master of Science Degree in Water Management and a Bachelor of Science degree in Civil Engineering. He is a Professional Engineer and a corporate member of the Institution of Engineers of Kenya.</p>	<p>Eng. Daniel was appointed to the Agency on 16th April 2021. His main responsibilities among others include; Establishing technical policies and systems, overseeing the engagement, management and supervision of contractors and consultants, directing, coordinating, controlling and managing the Agency’s technical operations and ensuring good maintenance of infrastructure for quality water and sanitation services of Water Service Providers and in close consultation with development partners and other stakeholders ensuring efficient and effective implementation of funded water and sanitation infrastructure.</p>

<p>3.</p>	 <p>CPA Nicholas Mutunga Kanyeke Chief Manager, Finance & Resource Mobilization</p> <p>CPA. Nicholas Kanyeke holds an MBA Degree in Corporate Management and a Bachelor of Commerce (Accounting Option) Degree. He is a CPA(K) and a member of ICPAK and CISA.</p>	<p>CPA Nicholas joined the Agency on 25th May, 2009. His main responsibilities include; establishing financial and management systems for the effective implementation of the Agency's goals and policies, advising the CEO and the Board on the financial position of the proposed projects and investments, ensuring compliance with the International Accounting Standards on financial reporting for the Agency and development, review & implementation of resource mobilization strategies.</p>
<p>4.</p>	 <p>CS Josephine Waceke Muritu Corporation Secretary & Manager Legal Services</p> <p>She holds a Bachelor of Laws Degree and a Post graduate Diploma in Law. She is an Advocate of the High Court of Kenya, a member of the Law Society of Kenya and a member of the Institute of Certified Secretaries.</p>	<p>CS Josephine was appointed to the Agency on 6th March, 2023. Her main responsibilities include: overseeing the formulation, implementation and review of Agency policies to align them with the governing Laws, by-laws and relevant regulations, overseeing the design and implementation and review of legal agreements and contracts in liaison with relevant departments, divisions and sections; ensuring that the Board complies with statutory and other regulatory requirements, carrying out investigation on legal issues affecting the Board and Coordinate governance audit process and legal representation.</p>

<p>5.</p>	 <p>CPA Vincent Mali Kachi Manager Internal Audit & Assurance He holds a Bachelor's degree in Business Administration (Accounting & Finance) and professional qualifications in Accounting (CPA). He is a member of the Institute of Internal Auditors (IIA).</p>	<p>CPA Vincent joined the Agency on 1st May 2017. His main responsibility is to provide independent, objective assurance and advisory services that add value and improve the Agency's operations, by evaluating the effectiveness of internal controls, risk management and governance processes, and recommending improvements that support accountability, efficiency, compliance and the achievement of the Agency's strategic goals.</p>
<p>6.</p>	 <p>Mr. James Karanja Ribiru Manager Supply Chain Management He holds a Master of Business Administration degree in Procurement and Supply Chain Management, a Bachelor of Business Management in Purchasing and Supplies degree and a Diploma in Supplies Management.</p>	<p>Mr. James joined the Agency on 1st May 2017. His main responsibilities include; overseeing the overall management of procurement and supplies at the Agency; processing tender documentation and applications; preparing relevant procurement progress annual reports on the performance of the Agency; preparing annual procurement plans; ensuring compliance with regulations, policies and practices in the implementation of procurement activities; managing the awarded contracts; ensuring maintenance of optimal stock-levels of supplies in tandem with the Agency's requirements; performing administrative duties within the division among others</p>

<p>7.</p>	 <p>CICT Joseph Karani Githinji Manager Information, Communication Technology He holds a Bachelor of Science in Information Systems degree. He is a Certified Information and Communication Technology (CICT), Cisco Certified Network Profession (CCNP) and Cisco Certified Network Associate (CCNA). He is also a member of CISA and CSK</p>	<p>CICT Joseph joined the Agency on 15th January 2010. His main responsibilities include; ensuring that hardware and software components of the Agency's ICT systems are available and are properly installed and maintained; establishing and maintaining appropriate connectivity for the Agency's networking, communications and other needs; managing web operations, providing internet support, allocate user rights and ensure the security of systems; liaise with external service providers for the maintenance and support of the systems; advice management on the computer resources requirements for the organization and overseeing performance management in ICT Division.</p>
<p>8.</p>	 <p>CPA Francis Kaara Kiura Manager, Research, Strategy and Planning He holds a Master of Business Administration Degree in Strategic Management, BBIT, Bed (Science), CPA (K), CS (K), CCP (K).</p>	<p>CPA Francis joined the Agency on 1st June, 2024. His main responsibilities include: Advising on the potential implications of new policies and guidelines, managing market assessments required in the annual review of deemed values, managing the development and review of the organization's Strategic Plan and Business Plan, coordinating and overseeing the implementation of annual Performance Contract, developing research tools and coordinating research and analysis of potential areas of infrastructure development including gender and development, social, economic levels and demographics features of interest communities.</p>

<p>9.</p>	 <p>CHRPK Pauline Wairimu Miriga Manager, Human Resource Management and Administration</p> <p>She holds a Master of Business Administration in Human Resource Management, a Bachelor of Business Administration in Entrepreneurship degree and a Higher National Diploma in Human Resource Management. She is a Certified Human Resource Professional (K).</p>	<p>CHRPK Pauline joined the Agency on 6th February 2006. Her main responsibilities include: developing, implementing and effectively managing human capital and administration policies, strategies, systems and processes and ensuring these are aligned with the corporate strategic objectives, increasing productivity and enhancing organizational effectiveness, coordinating the implementation of administrative support services such as provision of effective and efficient transport services, document/information management, occupational safety and maintenance of office facilities.</p>
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5. Chairman's Statement



Introduction

I am honoured to present the Annual Report and Financial Statements for Tana Water Works Development Agency for the financial year ended 30 June, 2025. This report outlines the Agency's performance, the milestones achieved and provides insights into the prudent utilization of financial resources over the reporting period.

The financial year 2024/2025 was both dynamic and transformative. Guided by the amended Water Act 2016 and the Agency's Strategic Plan 2023–2027, the Agency continued to deliver on its core mandate of developing sustainable water and sanitation infrastructure.

Despite a challenging operational environment marked by climatic variability and rising costs, the Agency maintained commendable momentum in implementing its programmes and projects funded by African Development Bank (AfDB) and Government of Kenya (GoK). TWWDA has demonstrated consistent growth and performance, as evidenced by improved access to water and sanitation services across its area of jurisdiction.

Key Activities

i. Strategic Mandate and Performance Overview

TWWDA is mandated under the Water Act 2016 to develop and maintain sustainable water and sanitation infrastructure within its area of jurisdiction. Over the past year, the Agency have continued to align projects and programs with national development priorities including the Bottom-Up Economic Transformation Agenda (BETA) and Kenya Vision 2030. The agency have also integrated sustainable development principles across our project planning and implementation to ensure that the Agency impact on the environment and communities is both positive and sustainable.

The sustainable development principles integrated include ensuring that all projects undergo; ESIA; stakeholder consultation and public participation; promotion of green infrastructure and renewable energy solution such as solar powered boreholes and ensuring compliance with legal and regulatory framework such NEMA licensing

ii. Financial Performance

The financial statements for the year reflect prudent financial management and resource utilization. TWWDA received funding from the Government of Kenya, development partners mainly Africa Development Bank, and internally generated resources which were deployed effectively in accordance with our strategic objectives and The National Treasury guidelines.

Total income for the financial year amounted to Kshs. 2,316,960,483 while total expenditure stood at Kshs. 2,432,689,105 with 84% directed towards infrastructure development, capacity building, and community engagement reflecting a focus on infrastructure development. The Agency maintained a

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strong controlled environment and complied with all applicable financial reporting standards and public finance management regulations.

iii. Governance and Oversight

The Board Members continued to discharge the oversight mandate with integrity and diligence. The Agency's committees, including the Finance and Administration Committee, Technical Planning and Strategy Committee and Audit, Risk & Compliance Committee, provided regular monitoring and direction to ensure accountability, value-for-money outcomes and alignment with TWWDA's performance targets.

The Board also oversaw the strengthening of the risk management framework, internal controls, and stakeholder engagement practices to foster transparency and trust in the Agency's operations.

iv. Sustainability and Social Impact

We have intensified our focus on sustainability both environmental and social. As part of its mandate to ensure sustainable community water and sanitation service delivery, the Agency has earmarked eighty seven (87) projects across Meru, Tharaka Nithi, Embu, Nyeri, and Kirinyaga counties for formal handing over as per the newly developed handing over policy to respective beneficiary institutions or communities. These efforts have empowered communities to take ownership of water infrastructure.

Additionally, TWWDA has made progress on its climate resilience agenda by promoting water harvesting technologies, reducing non-revenue water, and initiating afforestation programs near critical water catchments.

Challenges

Despite a number of operational gains, the Agency faced notable challenges during the financial year 2024/2025 key among them being delayed disbursements and limited financial resources in the face of increasing investment demands. TWWDA continues to rely almost exclusively on exchequer funding, which poses a constraint in scaling up infrastructure projects to match the growing needs within its jurisdiction. In response, the Agency prioritized resource mobilization efforts by developing, approving and implementing an income generating strategy, particularly for last-mile connectivity. This is aimed at complementing completed primary infrastructure and ensuring tangible universal access.

To enhance project execution and overcome implementation bottlenecks, the Agency adopted a proactive approach by consistently involving key stakeholders during both project initiation and execution phases, which enabled timely identification and resolution of challenges.

Future Outlook

Looking ahead, TWWDA remains firmly committed to supporting the National Government in the development of sustainable water and sanitation infrastructure, in alignment with the Water Act, the Constitution of Kenya, the Kenya Vision 2030 and the Sustainable Development Goals. The Agency will continue to contribute to the progressive realization of the constitutional right that every person has access to clean and safe water in adequate quantities, and to reasonable standards of sanitation. Priority will be placed on the completion of ongoing flagship projects, expanding partnerships, and adopting innovations that enhance efficiency and service delivery.

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The Agency will continue to invest in systems that promote transparency, innovation, and data-driven decision-making. The Agency is focused on strengthening collaboration and partnerships vital in bridging financing gaps, particularly in the rollout of last-mile connectivity and climate-resilient water infrastructure.

Appreciation

We acknowledge the invaluable support of the Ministry of Water, Sanitation and Irrigation, The National Treasury and Economic Planning, development partners, and stakeholders across the counties the Agency serves. In addition, the Board members, management and staff your service and professionalism are commendable.

In conclusion, I am confident that TWWDA is on a strong trajectory towards fulfilling its mandate while upholding the highest standards of accountability, transparency, and service excellence. On behalf of the Board, I wish to assure all stakeholders that we remain committed to building a water-secure and sustainable future for all.



.....
**Mr. Teobald Mukundi Wambugu,
Board Chairman**

6. Report of the Chief Executive Officer



Introduction

It is with great pride and appreciation that I present the Annual Report and Financial Statements of Tana Water Works Development Agency for the financial year ended 30 June, 2025.

This reporting period marks another significant chapter in the Agency's journey as we continue to deliver on our mandate of developing water and sanitation infrastructure within our area of jurisdiction. The financial year 2024/2025 was defined by determination, collaboration and a commitment to excellence in service delivery. During the period under review, we prioritized the implementation of high-impact projects aligned with the Vision 2030, BETA, and the Sustainable Development Goals (SDGs), particularly SDG 6, 11 and 13.

Our achievements during the year are the outcome of deliberate planning, stakeholder engagement, and continuous improvement in our internal systems and processes. The Agency successfully implemented key projects aimed at increasing water access, sanitation services, and enhancing environmental sustainability. Through innovative approaches such as the adoption of digital tools, capacity-building and partnership development, we enhanced the efficiency, transparency and impact of our operations.

From a financial standpoint, we continued to exercise discipline, accountability, and value for money principles in the utilization of public resources. Our financial performance reflects improved absorption of development funds, expanded project design and improved stakeholders' confidence. We have made immense progress in enhancing internal controls and reporting standards, which has greatly contributed to our institutional credibility.

Key Activities and Successes

In collaboration with our development partners and in effort to implement 2023-2027 Strategic Plan, the Agency implemented water and sanitation projects in both urban and rural areas which have significantly improved access to safe water and sanitation for over 265,000 beneficiaries. Some of the key milestones achieved include:







- i. The Agency continued to demonstrate its commitment to increasing access to safe water and improved sanitation services by successfully completing implementation of two (2No.) water supply projects namely Chuka Water Supply Project & rehabilitation of Ena-Siakago-Ishiara Water Supply Project, three (3No.) sanitation infrastructure namely Chuka Sewerage Project, Chogoria Sewerage Project and Kiawara Decentralized Treatment Facility. In addition, the Agency drilled and equipped seventeen (17No.) boreholes during the reporting period.
- ii. The Agency undertook ground breaking of four (4No.) projects namely; Maua Sewerage Project which is a Last Mile Connectivity project, Mbeere South Water Project, Relocation of Githagara-Mairo Road water pipeline infrastructure and Kibung'a Kakimiki Water Project.
- iii. The Agency has continued implementation of forty eight (48No.) ongoing water and sanitation Projects across its area of jurisdiction.

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- iv. The Agency gazetted twelve (12No.) National Public Water Works vide Kenya Gazette Notice Supplement No. 118, in line with the Agency's expanded mandate under the Water (Amendment) Act 2024. three (3No.) water infrastructure were approved for the implementation of bulk water supply namely; Kerugoya - Kutus Water Supply infrastructure, Chuka Water Supply infrastructure and Chogoria Water Supply infrastructure.
- v. The Agency mobilized significant resources amounting to approximately Ksh 3.8Billion from African Development Bank (AfDB) under the National Urban Water Supply and Sanitation Program (NUWASSAP) to implement eight (8No.) projects.
- vi. The Agency approved a Water Works Handing Over Policy which marked a significant milestone with the successful handover of two boreholes namely Kahira-ini Primary School Borehole, Kieni TVET Borehole to Nyeri Water and Sanitation Company (NYEWASCO) through the County Government of Nyeri on 25 March 2025 through the approved handing over instruments.
- vii. The Agency achieved a score of 74.1% automation levels as per ICT Authority survey. Key initiatives in technological enhancement included the successful rollout of an Enterprise Resource Planning (ERP) system, implementation of Database Management System (DBMS), improved cybersecurity architecture and acquisition of modern ICT infrastructure.
- viii. Re-certification of ISO 9001:2015 by Kenya Bureau of Standards in the reporting period, demonstrating commitment to international best practices and delivering high-quality water service.
- ix. During the reporting period, the Agency successfully held seventeen (17No.) stakeholder engagement sessions to ensure that stakeholder inputs were integrated into key decision-making processes. This inclusive approach enhanced transparency, ownership, and accountability, while increasing our stakeholder confidence and sustained support for the Agency's water and sanitation initiatives.

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Below is pictorial presentation of some of the completed projects:

		
<p><i>Chuka Water Supply Infrastructure- Chlorine Dosing room and back wash water lagoon</i></p>	<p><i>Chuka Water Supply Infrastructure- Sedimentation tanks, filters and Filter gallery room</i></p>	<p><i>Chogoria Sewerage Infrastructure-facultative Pond</i></p>
		
<p><i>Kiawara DTF- Operators house</i></p>	<p><i>Kiawara DTF- Vertical flow wetland</i></p>	<p><i>Completed pump house at Irunduni borehole</i></p>

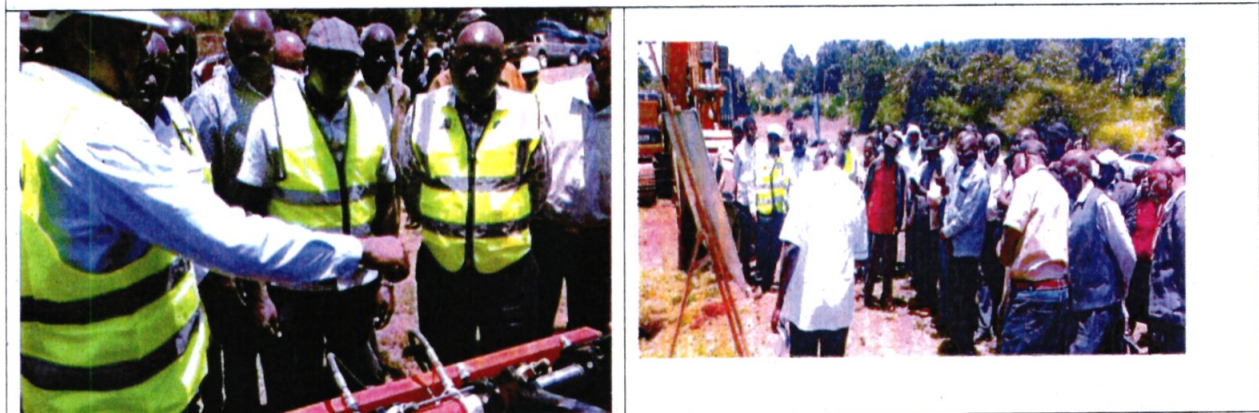
Below is pictorial presentation of some of the ground breaking events:



Ground breaking of Maua Sewerage Project (Last Mile Connectivity)



Ground breaking of Mbeere South Project- Lot 1 Kamburu Water Supply Project



Ground Breaking for Relocation of Githagara Mairo Road Infrastructure Water Project

Financial Performance

TWWDA's total revenue for the year stood at Kshs. 2,316,960,483, comprising:

- i. Kshs. 2,315,371,219 from the National Government
- ii. Kshs. 1,589,264 from internally generated funds and balances carried forward.

Total expenditure amounted to Kshs. 2,432,689,105 with 84% directed towards infrastructure development, capacity building, and community engagement. The Agency maintained full compliance with the Public Finance Management Act (PFMA), Procurement Regulations, and IPSAS reporting standards.

Challenges

During the financial year ended 30 June 2025, the Agency faced a range of challenges that affected the timely implementation of projects and overall operational efficiency. Despite the challenges, the Agency maintained its commitment to service delivery through strategic interventions, adaptive planning and collaboration with stakeholders. The key challenges encountered included the following:

- i. Project Implementation related challenges: Delays in land acquisition, permit approvals and contractual disputes slowed down key projects such as Chuka Water Supply, Thambo and Kajogu Dams, and Mandera Water Supply.
- ii. Financial Challenges: Inadequate and delayed disbursement of funds from the exchequer, led to delayed project implementation progress.
- iii. Governance and Institutional Gaps: Weak project management structures in beneficiary communities affected handover of forty-seven (47No) completed boreholes to the community.

In response, the Agency is enhancing mitigation measures aimed at minimizing risk exposure, while promoting operational efficiency and accountability. These measures include the implementation of project planning and monitoring frameworks, strengthening of financial controls and revenue mobilization strategies and capacity building of community management committee members. All interventions are aligned with the Agency's Risk Management Policy Framework.

Future Outlook

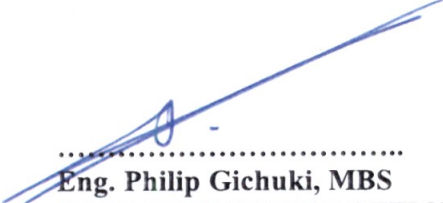
As the Agency strives to ascend to greater heights and increase access to water and sanitation services, climate change has emerged as a major risk towards infrastructure development. In response, the Agency has enhanced its response by instituting measures geared towards developing infrastructure that are resilient and adaptive to climate change. Through incorporation of climate risk assessment in project design, development of solar powered boreholes to reduce reliance on fossil fuels, implementation of catchment rehabilitation programmes such as tree planting, development of alternative water sources such as rainwater harvesting and capacity build Community Management teams before handover of projects. These measures will avert negative impacts associated with damaged infrastructure, disaster reduction and enhance collaboration with multi-disciplinary stakeholders for timely response.

The Agency will also ensure adherence to environmental and social safeguards by undertaking Environmental and Social Impact Assessment studies, Resettlement Action Plan for relevant projects to promote sustainable social/ecological development and proactive land and wayleave acquisition.

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Appreciation

I extend my sincere appreciation to the Board Members for their guidance, to our development partners, The National Treasury and Ministry of Water Sanitation and Irrigation for their unwavering support, and to the County Governments and communities for their collaboration. I also commend the entire TWWDA staff for their professionalism, resilience, and commitment to service delivery. Together, we continue to pursue our vision: *“universal access to quality water and sanitation services.”*


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

7. Statements of the Agency's Performance against Predetermined Objectives for FY 2024/2025

The Agency is mandated to develop and maintain water and sanitation infrastructure in its area of jurisdiction as outlined in the Water Act 2016. During the financial year 2024/2025, the Agency committed to specific strategic objectives as guided by its Strategic Plan, Performance Contract, and national development priorities including Vision 2030 and the Bottom-Up Economic Transformation Agenda (BETA). This statement evaluates actual performance against predetermined objectives.

TWWDA has Five (5) KRAs and objectives within the current strategic plan 2023- 2027. The Key Result Areas are as follows:

- KRA 1: Water infrastructure development, maintenance and service accessibility.
- KRA 2: Sanitation infrastructure development, maintenance and service accessibility.
- KRA 3: Research, innovation and technology
- KRA 4: Strategic Partnerships and Collaborations
- KRA 5: Institutional sustainability

Performance Planning and Monitoring Framework

TWWDA develops its annual work plans based on the above strategic priorities outlined under its five KRAs. The work plans form the foundation for performance execution and monitoring of project implementation. To ensure accountability and results-based management, the Agency conducts a quarterly assessment of its performance against the approved work plans.

To operationalize its Strategic Plan and ensure alignment with government priorities, the Agency formulates an annual Corporate Performance Contract (PC) in accordance with the guidelines issued by the Ministry of Public Service, Performance and Delivery Management (PSPMU). The PC is cascaded into departmental and divisional performance contracts, which in turn inform the development of corresponding departmental and divisional work plans. Execution of these plans is rigorously monitored and evaluated on a quarterly basis, ensuring timely reporting, adaptive planning, and continuous improvement in service delivery.

During the FY 2024/2025, TWWDA successfully met its performance targets across all five strategic pillars, as shown in the table 2 below.

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Table 2: TWWDA Strategic Pillars Performance Summary – FY 2024/2025

KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
KRA 1: Water Infrastructure Development, maintenance and service accessibility	1. Increase access to quality water services from 57.8% to 90% by 2027	% population connected to water services	3 projects	Develop Water Infrastructure	<ul style="list-style-type: none"> - Completed 5 projects against targeted 3. Projects include Chuka, Ena-Siakago, Ihwagi, K.K Ndagani, and Kieni water projects - Substantial Completion of one (1 No.) Universal Health Coverage program project, namely equipping of Mutuati Sub District Hospital Borehole. - Completed Equipping of two (2 No.) boreholes, namely; Irunduni Community Borehole, and Kavaci Borehole - Completed drilling, development and test pumping of twelve (12 No.) boreholes
KRA 2: Sanitation Infrastructure Development, maintenance and service accessibility	2. Increase access to sanitation services from 8.1% to 30% by 2027	% population connected to sanitation services	3 projects	Develop sanitation infrastructure	<ul style="list-style-type: none"> - Completed 3 sanitation projects namely Chogoria Sewerage and, Chuka Sewerage. - Kiawara Decentralized Waste Water Treatment Facility
KRA 3: Research, Innovation and Technology	3. Enhance research, innovation and uptake in technology	No. of innovations adopted/implemented	1	Adopt and implement new innovations	- Adopted the use of drone technology in infrastructure mapping
		No. of Bi-annual Automation Assessment reports.	1	Bi-annual Automation Assessment reports.	<ul style="list-style-type: none"> - Automation assessment conducted and the automation level is at 74% - Implementation of ERP and DBMS

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KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
		% implementation of Knowledge Management Strategy	100%	Develop and implement a knowledge management strategy	- Developed, approved and the Agency is implementing the Knowledge Management Policy.
		No. of Benchmarking and Research Reports on emerging innovation and technology.	3	Benchmark and research on emerging innovation and technology on water and sanitation.	- The Board conducted two (2No.) benchmarking activities in Athi WWDA and Coast WWDA.
KRA 4: Strategic Partnerships & Collaborations	4.Enhance partnership and collaborations	No. of active partnerships	6	Engage new partnerships and collaborations	Engaged three (3No.) new partnership namely Watsup Africa, Kenyatta University and NDMA, bringing the total number of active partnerships to 7.
		No. of Projects Concept notes	11	Develop concept notes for development programs	Twenty-seven (27No.) concept notes developed in FY 2024/25
	5.Enhance stakeholder participation and engagement	% Adherence to the Land acquisition plan/policy/ strategy	100%	Develop and implement Land acquisition plan	Adhered 100% to the Land and way leave acquisition policy.

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KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
		% of Community/ stakeholder requests appraised	100%	Undertake community/ stakeholder requests appraisals	Appraised all the Community/ stakeholder requests received (87No.)
KRA 5: Institutional Sustainability	6.Enhance financial sustainability	Amount of funds raised (KES Mn)	13.3 Billion	Lobby with NT, parent ministry, and partners	- Mobilized approximately KES 3.8Billion from (AfDB) under the and Sanitation Program (NUWASSAP) to implement 8No. projects. - Ksh1.847B approved in Supplementary II Budget
		No. of strategy developed	1	Develop a revenue generation strategy	Developed, approved and started implementing the revenue generation strategy
		No. of staff trained on PPP	5	Build capacity on PPP execution	4 staff trained on PPP by KPMG.
	7.Improve service delivery	% adherence to the contract management policy	100%	Develop and implement contract management policy	Adhered to implementation of contract management policy

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KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
		% adherence to the Risk management policy framework	100%	Review and implement risk management framework.	Fully implemented the risk management policy framework
		% level of compliance	100%	Undertake regular internal and External quality audits of processes and implement recommendations.	Conducted 2 QMS internal Audits and 1 recertification audit by KEBs.
		% level of implementation	100%	Implement an ERP solution and integration of processes.	Implemented the ERP fully 100%
	8.Enhance Human resource Capacity	Employee Satisfaction index	X+5	Conduct Employee satisfaction	Pending due to non-responsive bidders
		No. of skills gap analysis/ training needs analysis reports	1	Undertake skills gap analysis/ training needs analysis	Implemented the recommendations of the Skills gap analysis/ training needs analysis reports

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KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
		% Compliance to the Succession plan/ guideline	100%	Develop and implement succession plan.	Career guidelines approved as the guiding succession plan strategy. Implementation progressively ongoing.
		% adherence to the reviewed and approved HR instruments	100%	Review and implement HR instruments	Conducted workload analysis
		% implementation of the activities in the staff welfare programme.	100%	Develop and implement staff welfare programme.	Staff welfare programme implementation ongoing.
	9.Improve customer satisfaction index from 88% to 90% by 2027	% increase in customer satisfaction index	100%	Undertake customer satisfaction	Pending due to non-responsive bidders. Continued to implement recommendations of the 2022 report.
		% of implementation	1	Develop a Customer Complaints and feedback System.	Conducted BPR on customer complaints handling. Appointment of complaints handling and access to information committee.
		% adherence to the communication strategy	100%	Develop and implement a communication strategy (includes	Developed and approved the communication Policy Implementation is ongoing.

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KRAs	Strategic Objective(s)	Key Performance Indicator	Target Y3 (2024/2025)	Activities	Achievement
				branding and image strategy)	
		No. of CSR Initiatives.	5	Undertake Corporate Social Responsibility initiatives CSR Initiatives.	Donated 13 (10,000ltrs) water tanks to Lamuria primary school in Tigithi community in Laikipia County.

Conclusion

Overall, TWWDA demonstrated commendable performance in achieving the majority of its predetermined objectives for the year 2024/2025. The Agency remains committed to enhancing service delivery, strengthening infrastructure, and improving governance as it continues to contribute to the realization of the national development goals.

8. Corporate Governance Statement

In compliance with the State Corporations Act, Cap 446, the Water Act, 2016 and subsequent amendments, and the Mwongozo Code of Governance, the Board maintains a well-defined governance structure. This structure, which includes the Board Chairperson, Board Members and Management, is foundational to the Board's commitment to a governance culture that prioritizes integrity, accountability, and transparency.

(i) (a) Appointment of Board Members, Process of appointment and removal of directors

The Board Members are appointed in accordance with Sec. 66 (1) of the Water Act, 2016 where the Cabinet Secretary Ministry of Water, Sanitation and Irrigation appoints the Chairperson of the Board and four other Board Members. A Board member's term can be terminated if a member;

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

(i) (b) The Size, Diversity and Demographics of the Board

Tana Water Works Development Agency is governed by a Board comprising of seven (7) members representing various stakeholders' interests. The Board's composition includes five (5) Independent Board Members representing each County within the Agency's area of jurisdiction, Representatives of the CS National Treasury and Economic Planning and PS Ministry of Water, Sanitation and Irrigation. In addition, the Inspector General (State Corporations) attends the Board and Committee meetings for advisory purposes. Although a position is provided for the representative of the Attorney General, this position was not filled during this period.

The Board is composed of members with diverse professional backgrounds, skills, gender, and regional representation, ensuring inclusive and balanced decision-making.

(i) (c) Existence of a Board Charter

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

ii) Roles and Functions of the Board

The Chairman and members of the Board oversee the corporate governance, advise management in developing corporate strategy, goals, objectives, policies and financial plans as well as evaluating management performance in pursuing and achieving those goals. In undertaking its mandate, the Board is guided by the provisions of the law, the Mwongozo Code of Governance, Sector Guidelines, the Board Charter and the Board Almanac.

The functions of the Board are to:

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

To effectively discharge its mandate, the Board has the following committees which are governed by the Board Charter, Audit Committee Charter and Terms of Reference:

- i. Finance and Administration Committee
- ii. Technical Planning and Strategy Committee
- iii. Audit, Risk and Compliance Committee

In addition, Board members are required to sign the Agency's Code of Conduct and Ethics as required by Mwongozo.

iii) Induction, Training and Development

The Agency has an induction Programme for newly appointed Board members as per the requirements of the Mwongozo Code of Governance. When appointed, Board members are provided with an effective induction programme to familiarize themselves with the role and responsibilities of Board members, general principles of governance and Board practices. The induction programme also provides the Board members with an orientation of the Agency, Strategic Plan, financial management, policies, risk management framework, compliance requirements and the Code of Conduct and Ethics for Board Members. The induction entails among others, induction by the management and project visits.

In the FY 2024/2025, the Agency carried out four (4) Induction and Three (3) trainings of the Board Committees which enhanced their governance capacity, strategic oversight, and compliance with relevant regulatory frameworks. These initiatives were aligned with the Board Almanac, best practices in corporate governance and ensured that Board Members were well-equipped to effectively discharge their roles and responsibilities.

iv) Board and Members' Performance

The Mwongozo Code of Governance requires the performance of Board Members of State Corporations to be evaluated by State Corporation Advisory Committee (SCAC) at the end of every Financial Year. The Agency complies with this requirement and a performance evaluation is facilitated by SCAC for the Board, individual Board Member, Chairperson, CEO, Corporation Secretary and the Internal Auditor. Under the guidance of SCAC, the Agency conducted a Board self-evaluation for all Board members and the CEO for FY 2023/2024 on 18th July 2024, the results were commendable at **96.20**, which were discussed on 8th January, 2025 and reflected that the Board is effective in its oversight role, strategic decision-making and adherence to good corporate governance principles.

v) Number of Board meetings held and the attendance to those meetings by members

The Board and Committee meetings are guided by the approved Board Almanac. During the FY 2024/2025, a total of four (4) regular Board meetings, four (4) Technical, Planning and Strategy Committee meetings, four (4) Finance and Administration Committee meetings and four (4) Audit, Risk and Compliance Committee meetings were held.

In addition, the TWWDA Strategic Plan 2023-2027 was launched. The Board undertook a Project Visit to the Agency's area of jurisdiction and attended two (2) workshops to validate the TWWDA Draft Policies.

A detailed analysis of the Board meetings attendance is shown in Table 5 below.

Table 5: Analysis of Board Meeting Attendance

	Board Member	Board meetings - Ordinary (4No.)	Special Board meetings (2No.) *	Technical, Planning & Strategy Committee Meetings- Ordinary (4 No.)	Special Technical, Planning & Strategy Committee Meetings (3No.) *	Finance & Administration Committee Meetings - Ordinary (4No.)	Special Finance & Administration Committee Meetings (3No.) *	Audit, Risk & Compliance Committee Meetings- Ordinary (4No.)	Special Audit Risk & Compliance Committee Meetings - (3 No.) *	Ad-hoc Committee Meeting (3No.) **	Committee Trainings (3No.)	Other Board Related Activities(2 2No.) ***
1.	Mr. James Justus Wanyaga	2	0	-	-	-	-	-	-	-	-	4
2.	Mr. Teobald Mukundi Wambugu	2	2	-	-	-	-	-	-	-	3	19
3.	Mr. Geoffrey Chabari Rukunja	4	2	4	3	-	-	4	1	3	2	14
4.	Mr. Anthony Mwangi Githinji	4	2	4	3	4	3	-	-	3	2	16
5.	Ms. Cate Wanjira Mbogoh	4	2	4	3	-	-	4	3	3	2	15
6.	Ms. Pauline Wanjira Maina	1	0	-	-	2	2	1	0	-	0	2
7.	Ms. Irene Njoki Maina Member	3	2	-	-	2	1	2	0	-	2	10

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	Board Member	Board meetings - Ordinary (4No.)	Special Board meetings (2No.) *	Technical, Planning & Strategy Committee Meetings- Ordinary (4 No.)	Special Technical, Planning & Strategy Committee Meetings (3No.) *	Finance & Administration Committee Meetings - Ordinary (4No.)	Special Finance & Administration Committee Meetings (3No.) *	Audit, Risk & Compliance Committee Meetings- Ordinary (4No.)	Special Audit Risk & Compliance Committee Meetings - (3 No.) *	Ad-hoc Committee Meeting (3No.)**	Committee Trainings (3No.)	Other Board Related Activities (2No.) ***
8.	The PS - Ministry of Water, Sanitation and Irrigation	-	-	-	-	-	-	-	-	-	-	2
9.	Representative of CS – The National Treasury and Economic Planning	4	2	-	-	4	3	4	1	2	2	10
10.	Representative of PS – Ministry of Water, Sanitation and Irrigation	4	2	1	2	2	1	-	-	-	2	10
11.	Representative of the Inspector General State Corporations	3	2	2	3	4	3	4	-	3	2	11

*The Board had an approval to conduct special Board Meetings.

****Ad-hoc Committee Meeting**

The Board constituted an Ad-hoc Committee to consider, adopt and recommend to the Board the Draft TWWDA Income Generating Strategy

*****Other Board Related Activities**

During the reporting period, the Board was actively engaged in various other Board related activities in addition to their regular oversight responsibilities. These activities included:

1. Launch of the TWWDA Strategic Plan 2023/27 (1No.)
2. Ground Breaking of projects by His Excellency the President of the Republic of Kenya (4No.)
3. Project Inspection by the CS, Ministry of Water, Sanitation and Irrigation (2No.)
4. Project Visits (1No.)
5. Executive meetings by the Chairperson (3 No.)
6. Board Retreats to consider Draft TWWDA Policies and Charters (4No.)
7. Board Members attendance at the TWWDA End of Year Prayer Meeting (1No.)
8. Benchmarking visit to other Agencies (2No.)
9. Signing of the 21st Cycle Annual Performance Contract for FY 2024/2025 (1 No.)
10. World Water Day Celebrations (1No.)
11. Stakeholder Engagement on Bulk Water Licensing meeting (1No.)
12. Tree Planting Activities (1No.)
13. Kenya Water and Sanitation International Conference and Exhibition, 2025 (1No.)

vi) Succession Plan

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

vii) Policy to manage Conflict of Interest

The Code of Conduct and Ethics which Board members execute requires that Board Members avoid conflict of interest while conducting official business. In this regard, the Agency maintains conflict of interest registers in which Board Members declare any conflict of interest before commencement of meetings.

viii) Board Remuneration

The remuneration of Board Members is guided by Circulars issued by the Government. The remuneration includes; sitting allowance, accommodation allowance, lunch allowance, mileage allowance, Chairperson honoraria and airtime allowance for the Chairperson.

The sitting allowances, honoraria and airtime allowances are subject to the applicable Income Tax Laws. In addition, the Chairperson and Independent Board Members are entitled to Medical Insurance and Group Personal Accident covers.

ix) Ethics and Conduct

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

x) Governance Audit

The Mwongozo code of Governance requires SCAC in conjunction with the Institute of Certified Secretaries (ICS) to conduct Governance audits on an annual basis. The Agency has trained both the Board and the Management on Legal and Governance Audit.

xi) Communication Policy

The Agency has in place an approved Communication Policy which is available on the Agency's website. The policy provides a framework for both external and internal communication to support effective information flow. The Agency has an approved Conflict of Interest Policy which is reinforced through the code of conduct executed by the Board Members.

xii) Terms of Reference of Committees

Finance and Administration Committee

The Committee is responsible for overseeing:

- Leadership and coordination of finance & accounts in accordance with the Public Finance Management Act, 2012 and development, review and implementation of strategies for resource mobilization;
- Human resource management & development, administration, information and communications technology and corporate communication functions; and
- Procurement of goods, works and services, inventory management and disposal.

Technical Planning and Strategy Committee

The Committee is responsible for:

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

Audit, Risk and Compliance Committee

- **Oversight of Internal Controls and Risk Management:** Ensure effective operation of internal control, risk management, and compliance with legal and regulatory requirements.
- **Review and Integrity of Reporting:** Independently review financial and performance reports to uphold accuracy, integrity, and accountability.
- **Audit and Communication Oversight:** Oversee internal audit functions, implementation of audit recommendations, and facilitate communication between management and external auditors.

xiii) Policy on related party transactions

During the Financial Year, the Agency engaged in related party transactions in the ordinary course of business. These transactions were conducted at arm's length and in compliance with applicable regulations and governance policies. All related party transactions were duly disclosed and approved in accordance with the Agency's internal controls and oversight frameworks.

9. Management Discussion and Analysis

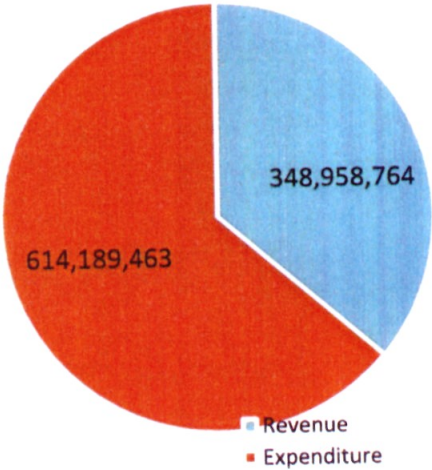
The Agency's Operational and Financial Performance

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

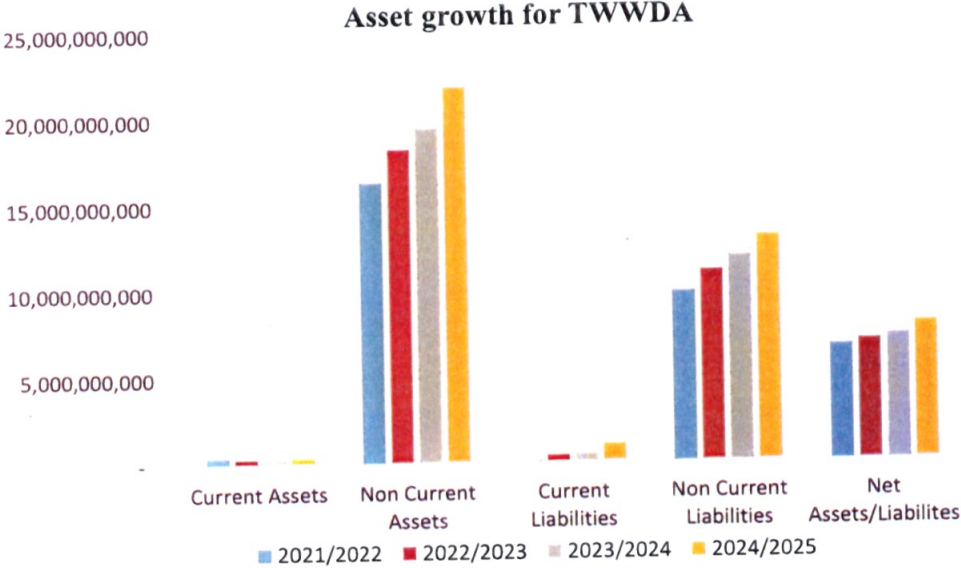
In addition, during the financial year 2024/2025, the Agency has continued to maintain constructive engagements with Development Partners and Stakeholders to support the rehabilitation and augmentation of the existing water and sewerage services infrastructure and to initiate new projects to increase coverage in line with BETA.



Revenue Vs Expenditure 2024/2025



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



Key projects and investment decisions TWWDA implemented and ongoing projects

During the period, and guided by the Agency's Strategic Plan 2023-2027, the Agency prioritised areas that require intervention through development, improvement and expansion of existing water and sanitation infrastructure.

The Agency has continued with the implementation of projects under the KTSWSSP and GoK funded as follows;

- a. Completed 2 No. water supply projects namely Chuka Water Supply Project & Rehabilitation of Ena-Siakago-Ishiara Water Supply Project, 3No. sanitation infrastructure projects namely Chuka Sewerage Project, Chogoria Sewerage Project and Kiawara Decentralized Treatment Facility. In addition, the Agency completed drilling and test pumping of 17No. boreholes during the reporting period.
- b. The following 11No. projects commenced during the reporting period;
 - i. Kiamuguongo Water supply Project
 - ii. Kaari Water Project
 - iii. Relocation of Githagara-Mairo Road Water Infrastructure
 - iv. Mukurweini Water Supply Project
 - v. Karuiru water Project
 - vi. Kanitha Water Pan Project
 - vii. Kwa Ngovu Water pan
 - viii. Aguthi Water Supply Project
 - ix. Mbeere South Water supply project
 - x. Othaya Sewerage Project - Phase II (Last Mile Connectivity)
 - xi. Maua Sewerage Project (Last Mile Connectivity)
- c. Completed the designing of 4No. projects that are awaiting funding namely; Kihome Water Project, Mung'etho - Gacharu Water Extension Project, Kandongu Mutithi Water Project and Mukurweini Sewerage Project.

The Agency's compliance with statutory requirements

Tana Water Works Development Agency is compliant with its statutory obligations. These include: PAYE, Withholding tax, NHIF, NSSF, Loan deductions and Pension among others.

Major risks facing TWWDA

TWWDA has enhanced its risk governance by implementing a comprehensive Risk Management Framework Policy, which includes a detailed Risk Matrix and corporate risk registers to improve risk identification, assessment, and mitigation. With clear strategies such as strengthened internal controls, staff capacity building, and prudent financial planning, the Agency has ensured timely Board oversight on high-risk areas.

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Risk Category	Risk Description	Potential Impact	Mitigation Measures
Environmental Risks	Unpredictable weather patterns, droughts, and floods affecting water sources and infrastructure	<ul style="list-style-type: none"> • Reduced water availability and supply • Increased maintenance and rehabilitation costs • Disruption of project implementation 	<ul style="list-style-type: none"> • Climate-resilient infrastructure design • Watershed conservation programs • Early warning systems and hydrological monitoring
Financial Risks	Delays in GoK or donor disbursements; insufficient allocation for critical projects	<ul style="list-style-type: none"> • Project delays or abandonment • Inability to meet annual targets • Reputational damage 	<ul style="list-style-type: none"> • Engagement with National Treasury for timely disbursement • Strengthened financial planning and cash flow projections • Explore PPP and alternative financing mechanisms
Land Acquisition and Community Disputes	Difficulties in acquiring land for water and sanitation projects; unresolved compensation claims	<ul style="list-style-type: none"> • Project delays or stoppage • Legal liabilities and costs • Community resistance and unrest 	<ul style="list-style-type: none"> • Early stakeholder engagement and sensitization • Legal due diligence and alternative dispute resolution mechanisms • Collaboration with County Governments and National Land Commission
Technological Risks	Increased reliance on digital platforms without adequate security infrastructure	<ul style="list-style-type: none"> • Data breaches • Disruption of operations and service delivery • Regulatory non-compliance 	<ul style="list-style-type: none"> • Implementation of ICT policy and data protection protocols • Regular security audits and staff awareness training • Disaster recovery and business continuity planning
Legal and Regulatory Compliance Risk	Non-compliance with Water Act 2016, Public Finance Management Act, or audit regulations	<ul style="list-style-type: none"> • Sanctions and penalties • Loss of public trust • Funding restrictions 	<ul style="list-style-type: none"> • Strengthened legal compliance unit • Regular monitoring and reporting • Governance training for staff and Board

Material arrears in statutory/financial obligations

The Agency had pending bills amounting to Kshs 637,098,243 as of the end of the financial year 2024/2025.

The Agency's financial probity and serious governance issues

There were no financial improbity and governance issues reported during the financial year 2024/2025.

The review of the economy and the water sector

Macroeconomic Overview

The Kenyan economy experienced moderate growth in the financial year 2024/2025, driven by recovery in key sectors such as agriculture, services, and construction. According to the Kenya National Bureau of Statistics (KNBS), in 2024 Kenya GDP grew to 4.7% compared to a projected growth of 5.7%. Despite global uncertainties, Kenya maintained macroeconomic stability. However, challenges such as high debt servicing obligations, fiscal constraints, and youth unemployment remained areas of concern for long-term resilience.

Sectoral Performance: Water and Sanitation

The water and sanitation sector continued to play a critical role in supporting economic recovery, public health, and climate resilience. The Government of Kenya, through the Ministry of Water, Sanitation and Irrigation and its implementing agencies—including TWWDA—prioritized investment in infrastructure to expand water access and improve sanitation services.

Key sectoral developments included the policy and Legal Reforms, Climate Resilience Initiatives and County Collaboration

Regional Perspective: TWWDA's Area of Jurisdiction

TWWDA operates in areas that experienced variable rainfall patterns during the year, which affects water availability and demand differently across sub-regions, urbanization pressures in towns such as Nyeri, Karatina, and Embu increased demand for piped water and sanitation services, requiring responsive planning and infrastructure expansion.

Sector Challenges and Opportunities

Challenges:

- i. Inadequate funding and delays in disbursement of development funds.
- ii. Climate change impacts, including droughts and flash floods, affecting water sources and infrastructure.
- iii. Capacity gaps among some implementing partners and water service providers.
- iv. Lengthy land acquisition and procurement processes delaying project implementation.

Opportunities:

- i. Leveraging Public-Private Partnerships (PPPs) to mobilize additional resources.
- i. Adoption of digital and smart water technologies for efficient management.
- ii. Community participation and stakeholder engagement for sustainable water governance.
- iii. Continued government support and alignment with national development frameworks.

Future Developments

The Agency is firmly focused on aligning its future priorities with Kenya's national development agenda, including the Bottom-Up Economic Transformation Agenda (BETA), Vision 2030, the TWWDA Strategic Plan 2023–2027, and the Sustainable Development Goals (SDGs). The Agency is committed to enhancing its development footprint through sustainable infrastructure investments, innovative service delivery, and institutional capacity enhancement. Key focus areas include:

- i. **Completion and Commissioning of Ongoing Flagship Projects**
TWWDA will prioritize the completion and operationalization of 11 No. ongoing water and sanitation projects within its area of jurisdiction. These projects are critical in expanding water access, improving sanitation coverage, and enhancing the resilience of service infrastructure, particularly in underserved rural and peri-urban areas.
- ii. **Resource Mobilization for Ready-to-Implement Projects**
To bridge financing gaps, the Agency will intensify its efforts in mobilizing both public and private sector resources through government appropriations, donor engagement, and Public-Private Partnerships (PPPs) to support the implementation of 4 No. fully designed but unfunded projects in order to ensure continuity of infrastructure roll-out.
- iii. **Increase Water and sanitation coverage through implementation of Last-Mile Connectivity under NUWASSAP.**
In a bid to enhance equity and inclusivity in water access, TWWDA will implement 7 No. last-mile water and sanitation projects under the National Urban Water and Sanitation Services Improvement Project (NUWASSAP). These initiatives aim to extend service delivery to informal settlements and marginalized communities, thereby closing access gaps and improving public health outcomes.
- iv. **Digital Transformation and Innovation.**
To modernize service delivery and promote operational efficiency, the Agency is deepening its digital transformation agenda. This includes full implementation of its Enterprise Resource Planning (ERP) system, implementation of CRM, adoption of GIS mapping for asset tracking, remote sensing technologies for real-time system monitoring and mobile-based platforms to facilitate customer feedback, reporting, and transparency in operations.

10. Environmental and Sustainability Reporting

In line with the Environmental Management and Coordination Act (EMCA, 1999), TWWDA continues to ensure environmental sustainability across all its projects. Through adherence to Environmental and Social Impact Assessment (ESIA) processes, environmental audits, and restoration measures, the Agency demonstrates its commitment to sustainable development and responsible water resource use.

As the demand for reliable water services intensifies driven by climate variability, rapid population growth, urbanization, and environmental degradation the Agency recognizes the urgent need to integrate sustainability at the core of its operations. Below is a brief highlight of the Agency's activities that drive towards sustainability:

i) Sustainability strategy and profile

TWWDA's remains committed to environmental, social and economic sustainability in the development and management of water and sanitation infrastructure.

The Agency has strategically embedded Environmental Sustainability into its operations through the integration of environmental, social, and economic priorities within its Strategic Plan (2023–2027) which is aligned with key national and global frameworks including the Water Act 2016, EMCA 1999, Vision 2030, and the Sustainable Development Goals No. 6, 11 and 13. TWWDA through rigorous Environmental and Social Impact Assessments (ESIA), routine environmental audits, and adoption of climate-resilient infrastructure designs, has ensured that its projects are ecologically sound and adaptable to climate variability.

ii) Environmental Performance

The Agency remained fully aligned with the Environmental Management and Coordination Act (EMCA, 1999) and continued to work closely with the National Environment Management Authority (NEMA) in ensuring that all development projects underwent Environmental and Social Impact Assessments (ESIA) and complied with approved environmental management plans.

Successes

- a) TWWDA signed a Memorandum of Understanding (MoU) with the County Government of Tharaka Nithi for the protection of biodiversity and forest cover in Nandago Hills. This strategic partnership aims to safeguard critical catchment areas, restore degraded ecosystems, and enhance forest regeneration in the region.
- b) TWWDA has integrated green technologies into infrastructure development by constructing three bio-dome biogas systems in Gatunyaga, Ngaru and Siakago Secondary Schools. The bio-digester are designed to convert organic waste into clean, renewable energy for cooking, reducing reliance on firewood and mitigating deforestation. The initiative promotes sustainable energy use, improves indoor air

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quality, and fosters environmental stewardship among students and the wider school community.

- c) The Agency has actively undertaken reforestation and protection programs aimed at preserving critical water sources and enhancing ecosystem resilience. TWWDA doubled its annual tree planting target, surpassing the projected 30,000 trees by planting an impressive 31,000 trees across various project sites.
- d) The Agency has an effective e-waste management process where a memorandum of understanding is in place where all e-waste is collected by Waste Electrical and Electronic Equipment (WEEE) Centre for potential recycling and safe disposal.

Key Environmental Challenges

Despite the Agency's commitment to sustainable infrastructure development, several environmental and operational challenges were noted during the reporting period:

- i. **Encroachment on Sensitive Ecosystems:** Projects like Ngariama Njukiini, Aguthi Water Supply, and Ihwagi Intake intersect Mt. Kenya and Aberdare forest reserves, threatening catchments and biodiversity. Tree felling for Thambo and Kanjogu Dams caused further forest cover loss.
- ii. **Over-Abstraction of Surface Water:** Excessive licensed water users on rivers such as Kathita (serving Meru and Tharaka Nithi) have led to over-abstraction, affecting river flow, aquatic life, and downstream water access.
- iii. **Soil Erosion and Siltation:** Construction in hilly and riparian zones in counties like Nyeri, Embu, Kirinyaga, and Meru has increased erosion and sedimentation, lowering water quality and raising treatment costs.
- iv. **Climate-Related Hazards:** Infrastructure damage occurred due to extreme weather events. The November 2023 El Niño rains affected Ura 2 & 3 Dams and Maua Sewerage Works, while an April 2024 landslide destroyed part of Chuka Water Supply's raw water main.

Interventions to Mitigate Environmental and Operational Challenges

To address escalating environmental and operational challenges, a series of targeted interventions have been implemented, focusing on sustainable project design, ecosystem protection, climate resilience, stakeholder collaboration, and community empowerment as follows:

- i. **Environmental Safeguards in Project Design:** Mandatory ESIA and integration of environmental management plans; emphasis on rerouting to avoid sensitive ecosystems and using nature-based solutions.
- ii. **Catchment Protection & Reforestation:** Over 31,000 trees planted; partnerships like the MoU with Tharaka Nithi County for Nandago Hills to protect biodiversity and forest cover.

- iii. Stakeholder Engagement with WRA: Collaboration on water abstraction management, especially for overstretched rivers like Kathita, through sub-catchment forums and integrated planning.
- iv. Erosion Control Measures: Implementation of terrain-sensitive engineering (gabions, check dams, silt traps) and site rehabilitation to combat sedimentation and preserve water quality.
- v. Climate Risk Mainstreaming: Integration of climate risk in project design, including contingency plans for infrastructure reinforcement and relocation in disaster-prone areas.
- vi. Emergency Infrastructure Rehabilitation: Prompt restoration of facilities like Ura 2 & 3 Dams and Chuka Water Supply (Gravity Main) to ensure service continuity.
- vii. Capacity Building & Community Sensitization: Training communities on climate-smart and watershed management practices to promote ownership and sustainability.

iii) Employee Welfare

The Agency has continued to mainstream gender and inclusivity within its policies, programs, and service delivery, in alignment with the National Gender and Equality Commission guidelines.

In order to maximize the job opportunities and create equitable access and shared prosperity, the Agency interventions target women and youths for skills development and training on management, and water and sanitation projects. The Agency has ensured that at least 30% of trainees in the skill development interventions are women. In addition, internships have been created to equip and provide youth with exposure to technical skills.

Table 3: Analysis of job opportunities offered

Position	Male	Female	Total
Engineers	1	2	3
Engineering Assistant	4	5	9
Total	5	7	12

TWWDA ensured compliance with the Occupational Safety and Health Act (OSHA), 2007 by providing a safe working environment across all project sites and offices. This included the provision of appropriate personal protective equipment (PPE) to staff, enforcement of safety measures such as warning tapes and signage at construction sites, and the delivery of safety awareness and capacity-building sessions for workers on emergency preparedness, safe practices, and hazard identification.

iv) Marketplace Practices

a) Responsible competition practices

TWWDA upholds high standards of integrity, transparency, and accountability in all its operations. The Agency ensures compliance with the Public Procurement and Asset Disposal Act, 2015, and the Public Finance Management Act, thereby promoting fairness and efficiency in supplier relationships.

Key practices include:

- i. Transparent procurement processes guided by AfDB procurement guidelines and internal policy manual.
- ii. Fair competition and equal opportunity for all prequalified suppliers
- iii. Use of open tendering and e-procurement platforms to reduce bias and improve traceability
- iv. TWWDA treats suppliers with respect and maintains professionalism throughout the contracting cycle.
- v. Adherence to agreed payment terms and timelines, subject to delivery and performance verification
- vi. Prompt resolution of disputes and performance issues in line with contract clauses and legal frameworks

Additionally, the agency has adopted internal controls to reduce delays in invoice processing and has digitized its finance workflows through implementation of ERP system to improve supplier payment cycles.

By maintaining ethical business conduct and honoring its commitments, TWWDA builds long-term partnerships and promotes a reliable supply chain that supports sustainability goals.

b) Responsible Supply chain and supplier relations/Responsible ethical practices

TWWDA is committed to upholding the highest standards of integrity, transparency, and accountability as part of its organizational culture. To safeguard public resources and ensure responsible conduct, the Agency has institutionalized anti-corruption mechanisms and promotes ethical decision-making at all levels.

Efforts to maintain ethical and anti-corruption practices include:

- i. Implementation of the Code of Conduct and Ethics for public officers in line with Chapter Six of the Kenyan Constitution
- ii. Mandatory annual declarations of income, assets, and liabilities by senior staff
- iii. Regular internal and external audits to monitor compliance and identify anomalies
- iv. Ethics and Anti-Corruption training for staff to build awareness and preventive capacity
- v. Establishment of whistleblower mechanisms and anonymous reporting channels

TWWDA also works closely with oversight bodies such as the Ethics and Anti-Corruption Commission (EACC), the Office of the Auditor-General, and the Public Procurement Regulatory Authority to ensure accountability and adherence to public service regulations.

In terms of political neutrality, TWWDA maintains strict non-partisanship and does not engage in political campaigns or fund political activities. The Agency:

- i. Respects the rule of law and adheres to all constitutional and legal provisions governing public institutions.

- ii. Ensures that all project implementation and staffing decisions are free from political interference.
- iii. Fosters a professional work environment guided by merit, objectivity, and service delivery principles.

These efforts protect the Agency's credibility and reinforce public trust while enabling effective and impartial service to all communities within its jurisdiction.

c) Responsible engagement with the citizens and Regulatory impact assessment

TWWDA is committed to upholding the rights of all citizens and stakeholders through inclusive, transparent, and accountable practices in its operations. This is guided by the Constitution of Kenya (2010), particularly the Bill of Rights and the principles of public participation, equity, and non-discrimination.

Key Measures to Safeguard Rights are:

- i. Public Participation: TWWDA conducts regular community engagement forums during project planning, environmental assessments, and implementation to ensure that community voices are heard and considered.
- ii. Grievance Redress Mechanisms: The agency has established accessible grievance redress systems at both project and headquarters levels. These allow affected persons to lodge complaints and seek timely resolution.
- iii. Access to Information: TWWDA provides timely and accurate information through its website, public notice boards, local offices, and official reports. Procurement plans, budgets, and project updates are made publicly available.
- iv. Inclusion and Equity: TWWDA prioritizes the involvement of vulnerable groups such as women, youth, persons with disabilities, and marginalized communities. Projects are designed to ensure fair distribution of benefits and prevent exclusion.

By institutionalizing these rights-based practices, TWWDA not only delivers infrastructure but also builds trust and ownership among the people it serves.

d) Product Stewardship and Safeguarding Consumer Rights

TWWDA has prioritized consumer protection and awareness creation as part of its service delivery framework. The Agency ensures the health and safety of water users through strict adherence to water quality standards, regular testing, and timely maintenance of infrastructure. To promote informed access, TWWDA provides clear and accessible service information to the public.

In safeguarding citizens' rights, the Agency has established grievance redress mechanisms, including a customer service desk, feedback forms, and stakeholder forums, allowing consumers to raise complaints, seek clarifications, or report service disruptions. Furthermore, TWWDA respects and protects citizen data and privacy by ensuring compliance with data protection regulations in all digital systems and registration processes. Through community sensitization programs, the Agency raises awareness on water safety, conservation, and consumer rights, reinforcing its commitment to transparency, accountability, and service integrity.

v) Corporate Social Responsibility/Community Engagements

TWWDA is committed to giving back to the communities it serves through a structured and impactful Corporate Social Responsibility (CSR) program. These activities align with the agency's mission of sustainable development, social equity, and capacity building in the water and sanitation sector.

Through stakeholder engagement framework, the Agency implemented various Community Social Responsibility (CSR) initiatives to address localized needs, enhance livelihoods, and foster long-term social value.

During the reporting period, the Agency donated thirteen (13) 10,000 Litres water tanks to Lamuria Primary School for distribution to neighboring schools, significantly enhancing the school's capacity for water storage and use to promote water access, hygiene, and the reduction of water-borne diseases.



Donation of 13 (10,000 Litres) water tanks to Lamuria Primary School for distribution to neighboring Schools



The Agency hosted a tree planting event at Hill Farm Primary School in Nyeri, where 10,000 tree seedlings were planted. The exercise was led by our BoardMembers, under the leadership of the Chairperson, Mr. Teobald Mukundi.

Further, the Agency held various community engagements during the reporting period including:

1. The Agency held relocation of Githagara-Mairo water infrastructure Stakeholder Engagement Forum on 13th April 2025.
2. The Agency held Stakeholder Engagement on Chogoria Bulk Water Supply Project last mile connectivity on 14th & 15th February, 2025
3. The Agency held stakeholder Engagement for Kamburu Water Supply Project on 29th January-12th February 2025
4. The Agency held a Training on 24th to 28th February, 2025 of 45(No) Management Committee Members for Kianjai Secondary School Borehole, Buri Ya Antu Borehole, Kaongo ka Aka Borehole, Banger'u Akithi Borehole
5. The Agency held a Training on 16th to 18th March 2025 for Mitheru clusters water projects where 50 (No) Management Committee and group members were trained.
6. The Agency held a Training on 27th February 2025 for Kiamwenja modern market where 3 No staff from Kirinyaga Water and Sanitation Company PLC were trained on operation and maintenance of reverse osmosis system.



Management Committee Members training for Kianjai Secondary School, Buri Ya Antu, Kaongo ka Aka, and Banger'u Akithi Boreholes



The Board Chairman, Mr. Teobald Wambugu Mukundi, led the ground breaking ceremony of the Githagara Mairo Water Infrastructure Relocation Project.



Mitheru clusters water projects training for Management Committee and group members



Kiamwenja modern market Training on operation and maintenance of the reverse osmosis water treatment system.

10. Report of the Directors

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2025 which show the state of the Agency's affairs.

i) Principal activities

The principal activities of the Agency continue to be; -

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

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are on page xi to xvi. During the year, 2 No. Directors retired and 2 No. were appointed as summarized in Table 6 below;

Table 6: Term of Service of Board Members

S/NO	NAME OF BOARD MEMBER	TERM OF SERVICE
1.	Mr. James Justus Wanyaga Gathaka	10 th Feb 2023 to 15 th Nov 2024
2.	Mr. Teobald Mukundi Wambugu	15 th Nov 2024 to 4 th July 2025
3.	Mr. Geoffrey Chabari Rukunja	29 th June 2023 to 4 th July 2025
4.	Mr. Anthony Maina Githinji	29 th June 2023 to 4 th July 2025
5.	Ms. Cate Wanjira Mbogoh	29 th June 2023 to 4 th July 2025
6.	Ms. Pauline Wanjira Maina	7 th Dec 2023 to 4 th Oct 2024
7.	Ms. Irene Njoki Maina	4 th Oct 2024 to 3 rd Oct 2027

iv) Surplus emission

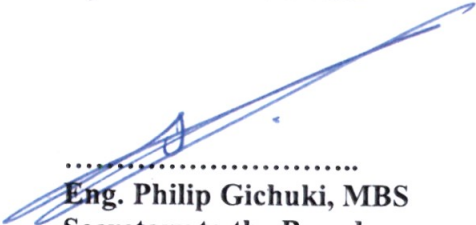
TWWDA does not operate a regulatory Authority. As such, the Agency is not subject to surplus remittance hence no surplus was realized.

**Tana Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025**

v) Auditors

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

By Order of the Board



.....
Eng. Philip Gichuki, MBS
Secretary to the Board

12. Statement of Directors' Responsibilities

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

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

- i. Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- ii. Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Agency;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the agency;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and the manner required by the PFM Act 2012, Water Act 2016 and the State Corporations Act. The Board Members are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2025, and of the Agency's financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

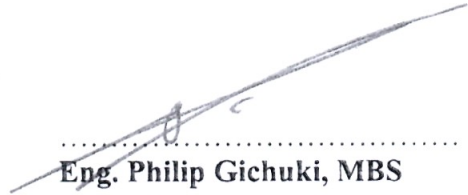
Tana Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025

Approval of the financial statements


The Entity's financial statements were approved by the Board on 4th August 2025 and signed on its behalf by:



.....
Mr. Teobald Mukundi Wambugu
Chairperson of the Board

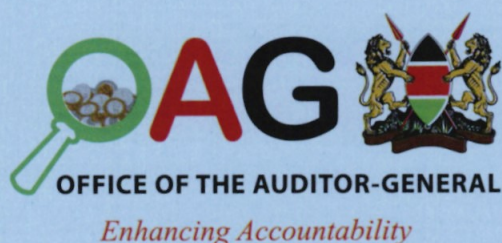


.....
Eng. Philip Gichuki, MBS
Chief Executive Officer

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2026	DAY: WEDNESDAY
TABLED BY:	LEADER OF MAJORITY PARTY HON. OWEN BAYAS MP
CLERK AT THE TABLE:	S. LEMERELLE

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana Water Works Development Agency set out on pages 1 to 53, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tana Water Works Development Agency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

1.0 Long Outstanding Receivables

The statement of financial position reflects an amount of Kshs.262,316,260 in respect of receivables from non-exchange transactions, which include Kshs.262,208,410 in respect of water service provider's administration fees as disclosed in Note 32 to the financial statements. The trade debtors were due from various water service providers dating back to 2016. Though records reviewed indicated that the Agency was negotiating with the various water service providers to ensure settlement of the owed amounts, as at the time of audit in the month of November, 2025, the issue was outstanding and thus remained unresolved. The accumulation of the receivables denied the Agency much needed revenue to finance its activities.

In the circumstances, the validity, accuracy and recoverability of the trade debtors of Kshs.262,208,410 could not be confirmed.

2.0 Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.8,627,270,342 in respect of property, plant and equipment as disclosed in Note 36A to the financial statements.

However, the following anomalies were noted.

2.1 Unreported Inherited Assets

As previously reported, the Agency inherited several non-current assets from the Ministry of Water and Irrigation and the National Water Conservation and Pipeline Corporation, which were not incorporated in the Agency's financial statements for the year ended 30 June, 2025. These assets include land and buildings (Maji House Nyeri), water and sewerage infrastructure assets of unknown value spread within its jurisdiction and fifteen motor vehicles and various District Water Offices of unknown value.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.8,627,270,342 could not be confirmed.

2.2 Lack of Land Ownership Documents

The property, plant and equipment balance Includes an amount of Kshs.1,022,235,902 in respect of land which further includes land valued at Kshs.47,032,500. However, although the Management provided allotment letters for audit review, tittle deeds which confirm ownership had not been acquired.

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

2.3 Assets Registered under other Entities

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

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

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana Water Works Development Agency Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.465,397,000 and Kshs.346,062,412 respectively resulting to an under-funding of Kshs.119,334,558 or 26% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the Agency in 2024/2025 revealed that the following matters remained unresolved.

	Financial Year	Audit Issue
1	2023/2024	Long Outstanding Receivables
2	2023/2024	Inherited Assets not incorporated in the Agency's Financial Statements
3	2023/2024	Lack of Land Ownership Documents
4	2023/2024	Assets Registered under other Entities
5	2023/2024	Long Outstanding Borrowings
6	2023/2024	Long Outstanding Payables

Other Information

The Management is responsible for the Other information set out on page iii to Ixvii which comprise of Key Entity Information and Management, Governance Statement, Foreword by the Chairman, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting Management Discussion and Analysis and the Statement of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Lack of Diversity in Staff Ethnic Composition

Review of the personnel records and staff establishment revealed that the Agency had a total of one hundred and thirty-five (135) employees as at 30 June, 2025, out of which, one hundred and one (101) or (75%) were from the dominant ethnic community. This was contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.

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

2.0 Non-Compliance to Affirmative Action on Youth, Gender and Persons with Disabilities

A review of the Agency personnel bio data revealed that only two or 1% out of one hundred and thirty-five members of staff were persons with disability which was in contravention of Persons with Disability Act, 2025 Part II Section 5(e) which states that the Council shall endeavor to secure the reservation of five percent of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities

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

3.0 Long Outstanding Borrowings

The statement of financial position reflects outstanding loan balance of Kshs.13,151,257,288 as at 30 June, 2025 and as disclosed in Note 22 to the financial statements. Included in this amount is a long outstanding loan balance of Kshs.3,459,705,848 out of which an amount of Kshs.1,434,288,462 was in respect of loan repayment arrears. Further, the loan repayment arrears have remained outstanding for one hundred and eight (108) months and beyond as at 30 June, 2025.

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

4.0 Long Outstanding Payables

The statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.989,492,603 as at 30 June, 2025 and as disclosed in Note 40 to the financial statements. The amount includes long outstanding payables totaling to Kshs.513,422,245 owed to suppliers and which have been outstanding for more than two years.

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

5.0 Delayed Construction of Mbeere South Water Supply Projects Lot 1

The Agency awarded a contract to a Contractor at a contract sum of Kshs.789,689,756 for construction of Mbeere South Water Supply Projects Lot.1. The project was for a duration of 24 Months beginning 16.07.2024 to 15.08.2026.

Review of progress report for the month of June, 2025 revealed that the physical project progress was at 34.2% and time lapsed was at 61% of the contract duration, which was further confirmed during physical verification in the Month of November, 2025 which revealed that there was a minimal works going and which the contractor attributed to financial constraint that was occasioned by non-payments of the Interim Payment Certificate (IPCs) amounting to Kshs.61,142,986.

However, although the contractor was later paid the amount of the interim certificate (IPCs) owed, the contract was still behind the scheduled time and had delayed.

In the circumstances, the slow implementation of the projects may lead to lack of value for money on the projects.

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

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

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

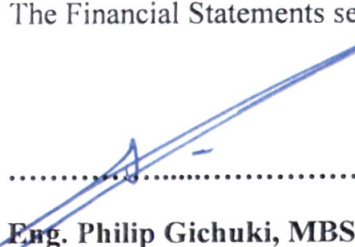
10 December, 2025

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from Non-exchange Transactions			
Government Recurrent Grants	6(a) Page 17	231,152,384	212,171,907
GoK Grants- Project Administrative Expense related Grants	6(a) Page 17	117,297,664	71,168,160
		348,450,048	283,340,067
Revenue from exchange transactions (A-in-A)			
Sale of Goods	12 Page 17	377,850	311,000
Other Income	15 Page 18	130,866	45,000
		508,716	356,000
Total Revenue		348,958,764	283,696,067
Expenses			
Use of Goods and Services	16 Page 19	139,802,524	99,987,528
Employee Costs	17 Page 21	209,461,020	194,754,902
Board Expenses	18 Page 21	29,581,251	26,766,707
Depreciation and Amortization Expense	19 Page 21	214,612,392	174,953,360
Repairs and Maintenance	20 Page 21	4,525,202	4,084,721
Contracted Services	21 Page 22	16,207,074	7,671,550
Total Expenses		614,189,463	508,218,768
Surplus/(Deficit) for the Period - Page 40			
Attributable to			
Surplus/(Deficit) attributable to owners of the Controlling Entity	67 Page 40	(265,230,699)	(224,522,701)
		(265,230,699)	(224,522,701)

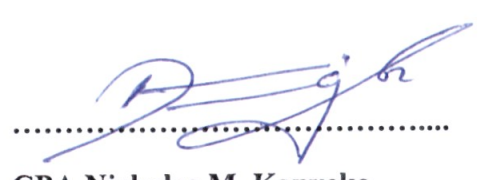
The notes set out on pages 6 to 67 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board Members by:


.....
Eng. Philip Gichuki, MBS

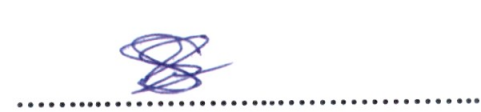
Chief Executive Officer

Date: 4-08-2025


.....
CPA Nicholas M. Kanyeke

Chief Manager, Finance & Resource
Mobilization
ICPAK Member Number: 4164

Date: 4th August 2025


.....
Mr. Teobald Mukundi Wambugu

Board Chairman

Date: 04/08/2025



15. Statement of Financial Position as at 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	30 Page 23	61,213,989	9,017,252
Prepayments	31 Page 23	8,985,827	8,886,998
Receivables from Non-Exchange Transactions	32 Page 24	262,316,260	263,215,635
Inventories	34 Page 24	452,902	580,726
Total Current Assets		332,968,978	281,700,611
Non-Current Assets			
Property, Plant and Equipment	36a. Page 25	8,627,270,342	7,635,138,899
Work In Progress	36c. Page 28	13,202,047,384	11,855,728,795
Total Non-Current Assets		21,829,317,725	19,490,867,694
Total Assets		22,162,286,703	19,772,568,305
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	40 Page 31	989,492,603	467,501,416
Total Current Liabilities		989,492,603	467,501,416
Non-Current Liabilities			
ADF Loan No. 2100150015546(WSBSP)	47(a) Page 32	1,474,764,819	1,452,875,329
ADF Loan No. 2100150021543(ST&RWSSP)	47(a) Page 32	1,984,941,029	1,920,515,078
AfDB Loan No. 2000200000501(KTWSWS&SP)	47(b) Page 33	9,649,576,461	8,569,413,861
ADF Loan No. 2100150036294(KTWSWS&SP)	47(c) Page 33	41,974,979	43,667,008
Total Non-Current Liabilities		13,151,257,288	11,986,471,276
Total Liabilities		14,140,749,892	12,453,972,692
Net Assets		8,021,536,812	7,318,595,613
Reserves	64 Page 39	10,563,707,857	9,547,755,521
Accumulated Fund	65 Page 40	(2,542,686,934)	(2,229,676,861)
ADB Loan repayment Fund	66 Page 40	515,888	516,953
Total Net Assets and Liabilities		8,021,536,812	7,318,595,613

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board Members by:

.....
Eng. Phillip Gichuki, MBS
Chief Executive Officer

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

.....
Mr. Teobald Mukundi Wambugu
Board Chairman

Date: 4-8-2025

Date: 4th August 2025

Date: 04/08/2025



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

		Accumulated Fund	Capital Reserves	ADB Loan Repayment Fund	Total
	Notes	Kshs	Kshs	Kshs	Kshs
As at July 1, 2023		(2,004,742,333)	9,021,423,681	518,265	7,017,199,613
Surplus/(deficit) for the period		(224,522,701)	-	-	(224,522,701)
Transfers to/from accumulated surplus - Gratuity		4,517,135	-	-	4,517,135
ADB (WSBSP) Loan		-	-	(1,312)	(1,312)
Payment during the year - Gratuity		(4,928,962)	-	-	(4,928,962)
Capital Reserves		-	526,331,840	-	526,331,840
As at June 30, 2024		(2,229,676,861)	9,547,755,521	516,953	7,318,595,613
As at July 1, 2024		(2,229,676,861)	9,547,755,521	516,953	7,318,595,613
Surplus/(deficit) for the year	67 Page 40	(265,230,699)	-	-	(265,230,699)
Transfers to/from accumulated surplus - Gratuity		1,916,195	-	-	1,916,195
ADF (WSBSP) Loan	66 Page 40	-	-	(1,065)	(1,065)
Adjustment for accumulated depreciation-TWWDA	65 Page 40	(24,734,536)	-	-	(24,734,536)
Adjustment for accumulated depreciation-NWWDA	65 Page 40	(24,734,536)	-	-	(24,734,536)
Payment during the year - Gratuity		(226,496)	-	-	(226,496)
Capital Reserves	64 Page 39	-	1,015,952,336	-	1,015,952,336
At at June 30, 2025		(2,542,686,933)	10,563,707,857	515,888	8,021,536,812

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from Operating Activities			
Receipts			
Government grants	6(a) Page 17	227,283,334	212,171,907
GOK Grants- Project Administrative Expense related Grants	6(a) Page 17	117,297,664	71,168,160
Sale of goods	12 Page 17	270,000	311,000
Other income	15 Page 18	130,866	45,000
Agency Board Administrative Cost Fee	Page 62	1,080,548	-
Total Receipts		346,062,412	283,696,067
Payments			
Use of goods and services		123,759,840	99,987,528
Employee costs		193,277,554	194,754,902
Board expenses		32,575,224	26,766,707
Depreciation and amortization expense		-	174,953,360
Repairs and maintenance		4,814,842	4,084,721
Contracted services		13,184,084	7,671,550
Total Payments		367,611,544	508,218,768
Net Cash Flows from Operating Activities	54 Page 34	(21,549,132)	44,264,391
Cash flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible assets	36(a) Page 25	(18,364,074)	(55,560,479)
Work In Progress	36(c) Page 28	(1,547,420,457)	(1,343,899,831)
Net Cash Flows from Investing Activities		(1,565,784,531)	(1,399,460,310)
Cash flows from financing Activities			
AfDB Loan No. 2000200000501(KTWSWS&SP)	47(b) Page 33	617,737,430	823,197,267
ADF Loan No. 2100150036294(KTWSWS&SP)	47(c) Page 34	4,152,000	14,187,200
ADF (WSBSP) Loan Account receipts	66 Page 40	(1,065)	(1,312)
Gratuity	65 Page 40	1,689,699	(411,828)
Capital Reserves	64 Page 39	1,015,952,336	526,331,840
Net Cash flows from financing activities		1,639,530,400	1,363,303,168
Net increase/(decrease) in Cash and Cash Equivalents		52,196,737	8,107,249
Cash and Cash equivalents at 1 July 2024	30 Page 23	9,017,252	910,003
Cash and Cash equivalents at 30 June 2025	30 Page 23	61,213,989	9,017,252

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of Utilization	% of Utilization Notes
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025		
	Kshs	Kshs	Kshs	Kshs	Kshs		
	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100	
Budget Carryover from the previous year				9,017,252			
Revenue							
Government Recurrent Grants	170,400,000	80,000,000	250,400,000	227,283,334	(23,116,666)	91%	
Other Income & Agency Administrative Cost fee	161,086,998	(80,000,000)	81,086,998	1,481,414	(79,605,584)	2%	Note 1
GOK Grants- Project Administrative Expense related Grants	133,910,002	-	133,910,002	117,297,664	(16,612,338)	88%	
Total Income	465,397,000	-	465,397,000	346,062,412	(119,334,588)		
Expenses							
Use of Goods & Services	184,072,000	-	184,072,000	123,759,840	60,312,160	67%	Note 2
Employee costs	210,000,000	-	210,000,000	193,277,554	16,722,446	92%	
Board Expenses	32,925,000	-	32,925,000	32,575,224	349,776	99%	
Repairs and Maintenance	17,400,000	-	17,400,000	4,814,842	12,585,158	28%	Note 3
Contracted Professional Services	21,000,000	-	21,000,000	13,184,084	7,815,916	63%	
Total Expenditure	465,397,000	-	465,397,000	367,611,544	97,785,456		
Capital Expenditure Payments	561,000,000	236,000,000	797,000,000	943,895,101	(146,895,101)		
Deficit for the period	-	-	-	(956,426,981)	-		

***Budget Reconciliation**

Actual Deficit for the period	(956,426,981)
Add: Development Grants relating to FY 2024/2025 received during the reporting period	679,702,336
Add: Development Grants relating to FY 2023/2024 received during the reporting period	336,250,000
Less: ADF(WSBSP) Loan Account Receipts	(1,065)
Add: Gratuity receipts during the reporting period	1,689,699
Cash and Cash equivalents at 30 June 2025	61,213,989

Notes

Explanation of % of Utilization

Note 1: The performance difference of (-) 2% arose from reduced revenue realised from tender sales, water bowser service charges and non remittance of Agency administrative cost fee by Water Service Providers (WSPs).

Note 2: The performance difference of (-) 33% arose from less expenditure incurred under use of goods and services due to reduced realised revenue

Note 3: The performance difference of (-) 72% arose from less expenditure incurred under repairs and maintenance due to reduced realised revenue

19. Notes to the Financial Statements

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The Agency does not have material lease agreements that fall within the scope of IPSAS 43.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The agency did not have any non-current assets that met the criteria for classification as held for sale, nor were there any discontinued operations during the reporting period.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The Agency does not hold heritage assets or complex infrastructure assets as defined under the new standard.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The Agency adopted IPSAS 46 for the year ended 30 th June 2025. The adoption of IPSAS 46 has enhanced the consistency and transparency of the Agency's financial reporting, particularly in the measurement and disclosure of Property, plant and equipment.
IPSAS 47: Revenue	<i>Applicable 1st January 2026</i> The changes to the standard have no impact on the Agency's operation.
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> The changes to the standard have no impact on the Agency's operation.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The changes to the standard have no impact on the Agency's operation.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2026</i> The changes to the standard have no impact on the Agency's operation.

iii. **Early adoption of standards**

The Agency did not early – adopt any new or amended standards in financial year 2024/2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Taxes, Levies and fines

The Agency does not collect taxes, levies, and fines.

Transfers from other government entities

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

The following specific recognition criteria must be met before revenue is recognized: -

- **Grants**

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

- **Agency Administrative Costs Fees**

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

ii) Revenue from exchange transactions

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

Sale of goods

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

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Interest income

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

Dividends

The Agency does not declare or distribute dividends to its shareholders, as it a non-commercial State Corporation.

Rental income

The Agency does not earn any rental income during the reporting period as it does not own or lease out any property for rental purposes.

b) Budget information

The original budget for FY 2024/2025 was approved by the TWWDA Board on 26th January 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of Ksh 236 million on the FY 2024/2025 budget following the governing body's approval.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

c) Taxation

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

d) Investment Property

The Agency does not hold any assets classified as investment property. All properties owned are utilized for operational and administrative purposes and are therefore not held to earn rentals or for capital appreciation.

e) Property, plant and equipment

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

f) Leases

As at the reporting date, the Agency does not have any finance lease arrangements. Consequently, no leased assets or related lease liabilities have been recognized in the financial statements. In accordance with applicable accounting standards, finance leases are defined as those that transfer substantially all the risks and rewards of ownership to the lessee. Should the Agency enter into such arrangements in the future, the leased assets would be capitalized at the lease commencement date, with a corresponding lease liability recognized. During the reporting period, there were no finance lease charges, payments, or depreciation expenses related to leased assets.

g) Intangible Assets

The Agency did not hold any intangible assets as at the reporting date. Accordingly, no intangible assets were recognized or reported during the financial period. In accordance with applicable accounting standards, intangible assets acquired separately would be initially recognized at cost, while those obtained through non-exchange transactions would be measured at fair value on the date of acquisition. Internally generated intangible assets except for eligible development costs—are typically expensed as incurred. As the Agency had no intangible assets during the period, there were no amortization charges or impairment assessments required.

h) Biological Assets

The Agency does not own, manage, or engage in activities involving biological assets. Its mandate is focused on the development of sustainable National Public Water and Sanitation Infrastructure, which does not involve operations that would give rise to the recognition of biological assets.

i) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

j) Financial instruments

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

i. Financial Assets

The Agency's financial assets comprise cash and cash equivalents, receivables from exchange and non-exchange transactions, and other short-term financial assets arising from its operational activities. These assets are initially recognized at fair value and subsequently measured at amortized cost, where applicable, in accordance with the requirements of International Public Sector Accounting Standards (IPSAS). The Agency does not hold any financial assets for trading or investment purposes.

ii. Financial liabilities

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

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

k) Inventories

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

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

l) Provisions

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

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

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Agency contributes to the National Social Security Fund as provided by NSSF Act 2013. As such, the expenses related to social benefits have been recognized during the reporting period.

n) Contingent liabilities

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

o) Contingent assets

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

p) Nature and purpose of reserves

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

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

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

The Agency provides retirement benefits for its employees as follows:

- Pension Scheme** – Defined contribution plans are post-employment benefit plans under which the Agency remits fixed contributions at a rate of 15% of the employee basic salary. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.
- Gratuity Fund**– This is a sinking fund set for the purposes of payment to staff on contract. This is calculated at 31% of their basic salary as such the expenses related to gratuity fund have been recognized during the reporting period.

s) Foreign currency transactions

Transactions in foreign currencies are accounted for at the CBK mean exchange rate on the date of the disbursement/payments. Trade creditors in foreign currency are reported in the statement of financial position and are recognized as pending bills, using the exchange rate applicable on the date the payment request is forwarded to the Ministry of Water, Sanitation and Irrigation. Once the payment is made, it is recognized as a loan/Grant using the CBK mean exchange rate prevailing on the date the disbursement is made.

t) Borrowing costs

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

u) Related parties

The Agency regards the following as related parties:

- **Government** – The Agency receives Grants from the Government. During the Financial year the received Recurrent Grants amounting to KES 231,152,384 and Development Grants amounting to Ksh 1,133,250,000
- **Board Members** – During the financial year, the Board expenses amounted to KES 29,581,251.

- **Management** – The Agency’s management comprises of the Chief Executive Officer, Chief Managers and Divisional Managers. During the financial year the Management salary amounted to KES 67,207,133.

v) Service Concession Arrangements

The Agency was not a party to any service concession arrangements during the reporting period. Accordingly, no related assets or liabilities have been recognized in the financial statements.

However, in line with the Government’s strategy to enhance infrastructure development and service delivery through Public-Private Partnerships (PPPs), the Agency is actively exploring the potential for entering into service concession arrangements in future periods. Such arrangements would enable the Agency to leverage private sector innovation, financing, and efficiency in the development and management of public infrastructure, particularly in the water and sanitation sectors.

The Agency will analyse all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements.

w) Cash and cash equivalents

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

x) Comparative figures

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

y) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgements and Sources of Estimation Uncertainty

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

i. Property, Plant and Equipment

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

Motor Vehicles, motor bikes and boats	25%
Furniture and Fittings	12.5%
Plant and Equipment	20%
Computer and Accessories	33.3%
Water Infrastructure/Schemes	2.5%
Building	2.0%

ii. Amortization for Capital Grants

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

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

iii. Estimates and assumptions

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

iv. 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:

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

v. Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 43.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The management made the following provisions in FY 2024/2025;

- Audit fee for audit by the Office of the Auditor General.

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6(a) Transfers from other Government Entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
GoK Recurrent Grants - Received by TWWDA*	227,283,334	209,666,667
GoK Grants - Salaries paid to Seconded Staff**	3,869,050	2,505,240
GOK Grants- Project Administrative Expense related Grants***	117,297,664	71,168,160
Total Government Grants and Subsidies	348,450,048	283,340,067

* The total funds disbursed as at 30 June 2025 includes Ksh 17,750,000 relating to FY 2023/2024 and Ksh 209,533,334 relating to FY 2024/2025 for the months of July 2024 to May 2025.

**This relates to salaries paid to four(4) seconded staff from the Ministry of Water, Sanitation and Irrigation.

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

6(b). Transfers from Ministry

Name of the Entity Sending the Grant	Amount Recognized in Statement of Financial Performance	Amount Recognized in Capital Reserve Fund	Total GoK Grant during the year	Total GoK Grant FY 2023/2024
	Kshs	Kshs	Kshs	Kshs
Ministry of Water, Sanitation and Irrigation	231,152,384	1,015,952,336	1,247,104,720	738,503,747
GOK Grants- Project Administrative Expense related Grants	117,297,664	-	117,297,664	71,168,160
Total	348,450,048	1,015,952,336	1,364,402,384	809,671,907

7. Levies, Fines and Penalties

The Agency does not collect levies, fines and penalties.

8. Public Contributions and Donations

The Agency did not receive public contributions and donations during the reporting period.

9. Property Taxes Revenue

The Agency did not have property taxes revenue.

10. Licences, Fees and Permits

The Agency did not generate revenue from licences, fee and permits.

11. Rendering of Services

The Agency did not render any services during the reporting period.

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Water Boozer Income*	377,850	311,000
Total Sale of Goods	377,850	311,000

**The total sale of water was Ksh 377,850 where Ksh 270,000 was paid through the TWWDA Exhauster Account and Ksh 107,850 through the e-citizen platform.

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13. Rental Revenue from Facilities and Equipment

The Agency did not have rental revenue from facilities and equipment.

14. Finance Income

The Agency did not have any Finance Income.

15. Other Income (A-in-A)

Description	2024/2025	2023/2024
	Kshs	Kshs
Sale of Tenders	6,000	-
Sale of disposable items*	9,650	45,000
Interest on Fixed Deposits**	115,216	-
Total Other Income	130,866	45,000

**This relates to Income from the sale of identified disposable items during the reporting period.*

***This relates to interest earned on money which was put on-call deposit at KCB Bank.*

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16. Use of Goods and Services

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Electricity	1,736,882	1,995,743
Water	213,660	233,668
Security ^{Note 1}	4,545,945	3,986,442
Professional and Subscription fee ^{Note 2}	755,390	697,520
Advertising & Publicity ^{Note 3}	25,440	278,400
Audit fees	580,000	580,000
Conferences and Meetings ^{Note 4}	4,860,275	1,461,440
Consumables - Office & House Keeping	3,546,960	3,355,277
Fuel and lubricants ^{Note 5}	5,110,394	4,313,436
Staff Insurances - Medical & Group Life ^{Note 6}	31,497,457	27,313,036
Work Injury and Staff GPA ^{Note 6}	1,526,364	1,087,074
Property Insurance	42,361	102,054
Motor Vehicle Insurances ^{Note 7}	1,476,515	786,516
Travelling & Subsistence ^{Note 8}	12,567,807	7,447,749
Trade Shows ^{Note 9}	845,753	489,580
Postage and Courier	178,502	346,971
Publishing, Printing and stationery	1,991,455	1,904,065
Cleaning costs and Ground Maintenance	1,010,097	1,234,386
Telecommunication/Telephone ^{Note 10}	3,148,994	2,879,897
Training ^{Note 11}	2,676,348	2,016,520
Internet and Networking ^{Note 12}	2,234,985	1,857,566
Computer Stationery and Accessories	2,858,954	3,176,320
Suscription to Newspapers & Periodicals ^{Note 13}	237,220	305,200
Catering Services ^{Note 14}	3,238,410	2,015,150
Staff Welfare ^{Note 15}	5,918,420	5,614,985
Workshop & Seminars ^{Note 16}	10,928,729	8,216,233
Staff Uniforms ^{Note 17}	-	120,900
Water Bowser Costs ^{Note 18}	672,150	1,031,664
The National Industrial Training Authority	104,550	69,450
ISO 9001:2015 QMS ^{Note 19}	6,673,044	3,898,600
Computer Software licences & Maintenance ^{Note 20}	2,157,894	1,350,742
General Prov. Bad and Doubtful debts	(108,055)	(3,176,280)
Strategic Plan ^{Note 21}	3,330,752	1,991,860
Non Revenue Water (NRW) ^{Note 22}	878,780	1,542,940
World Water Day ^{Note 23}	3,342,918	1,678,908
Project Monitoring & Supervision ^{Note 24}	17,726,780	-
Reserch, Training and Development ^{Note 25}	378,300	-
Corporate Social Responsibility ^{Note 26}	699,120	4,794,457
Kianjuri Dam ^{Note 27}	-	1,085,451
Ura Dam ^{Note 28}	-	1,705,450
Bank Charges	192,975	198,158
Use of Goods & Services	139,802,524	99,987,528

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Note 1-The increase in security cost is due to temporary engagement of more security guards when the fence was demolished to enable construction of a perimeter wall.

Note 2-The increase in Professional and Subscription fee is as a result of more staff joining professional bodies during the reporting period.

Note 3-The decrease in Advertising & Publicity is as a result of placing advertisement in the Agency's website during the reporting period, whereas during the comparative period advertising was through the print media.

Note 4-The increase in Conferences and Meetings is as a result of increased number of conferences attended during the reporting period.

Note 5-The increase in Fuel and lubricants is as a result of increased Agency activities during the reporting period.

Note 6-The increase in staff insurance cost is as a result of enhanced benefits and increase in the number of beneficiaries.

Note 7-The increase in Motor Vehicle Insurances is as a result of additional premiums due to transfer of project Motor vehicles to the Agency after completion of some of AfDB funded projects.

Note 8- The increase in Travelling & Subsistence is as a result of increased Agency activities during the reporting period.

Note 9- The increase in Trade Shows is as a result of Agency participation in the annual Nyeri ASK Show & Exhibition during the year under review.

Note 10-The increase in Telecommunication/Telephone is as a result of increased number of staff who are eligible for telephone allowances.

Note 11-The increase in Training is due to training of more staff during the reporting period.

Note 12-The increase in Internet and Networking cost is as a result of cost incurred on cloud storage services.

Note 13- The decrease in subscription to newspapers & periodicals costs is as a result of reduced number of newspapers supplied to the Agency as part of cost cutting measures.

Note 14- The increase in Catering Services is as a result of increased Agency activities during the reporting period.

Note 15- The increase in Staff Welfare is as a result of end of year celebration party during the reporting period.

Note 16- The increase in Workshop & Seminars is as a result of more staff attending Workshops and Seminars during the reporting period.

Note 17- The decrease in staff uniforms costs is as a result of compliance with Government directive on cost cutting measures.

Note 18- The decrease in Water Bowser Costs is as a result of decreased water bowser activities.

Note 19- The increase in ISO 9001:2015 QMS costs is a result of cost incurred on refresher trainings and risk setting workshop during the reporting period.

Note 20-The increase in Computer Software licences & Maintenance is as a result of cost of Data Base Management System support.

Note 21- The increase in Strategic Plan cost is as a result of cost incurred during launching of TWWDA 2023-2027 Strategic plan.

Note 22- This decrease in non revenue cost is as a result of reduction of Non revenue Water activities by the water police unit during the reporting period.

Note 23- The increase in World Water Day cost is as a result of co-hosting of year 2025 world waterday celebration at Tigithi Boys High School.

Note 24- This relates to project supervision and monitoring expenses during the reporting period.

Note 25 - This relates to expenses incurred during the Agency workload analysis by KSG consultants.

Note 26 - In FY 2023-2024 the cost included construction of Modern Kitchen at Kebebero Mixed Secondary School.

Note 27 -FY 2023-2024 costs relates to annual licence fees and Land rent rates to KFS for Kianjuri Dam.

Note 28 -FY 2023-2024 costs relates to annual licence fees and Land rent rates to KFS for Ura Dam.

17. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and Wages ^{Note 1}	144,654,316	133,227,239
Commuter Allowances	8,738,000	8,771,000
Housing Allowances	24,235,000	24,454,000
Leave Allowance	3,866,790	4,265,573
Contributions to Pension ^{Note 1}	15,961,335	13,938,524
NSSF-Employer Contribution ^{Note 2}	4,308,096	2,342,253
Gratuity	4,545,634	4,517,135
Affordable Housing Levy-Employer ^{Note 1}	2,711,053	2,340,021
Salary Top Ups	440,796	899,157
Employee Costs	209,461,020	194,754,902

Staff Establishments

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Note 1- Increase in salaries & wages, contribution to pension and Affordable Housing Levy is attributed to annual salary increment.

Note 2- Increase in NSSF is attributed to change in NSSF employer contribution rates from Ksh 2,160 to Ksh 4,320 effective from 1st February 2025.

18. Board Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Sitting Allowances ^{Note 1}	7,400,000	6,200,000
Induction and Training ^{Note 2}	7,513,968	6,912,297
Travel and Accommodation ^{Note 1}	12,533,366	11,591,754
Other Allowances ^{Note 1}	797,000	547,000
Affordable Housing Levy-Employer ^{Note 3}	15,300	67,992
Directors Medical & GPA Insurance	361,617	487,664
Total Board Expense	29,581,251	26,766,707

Note 1- The increase in Sitting Allowance, Travelling & Accommodation and Other Allowances is as a result of increased Board activities during the reporting period.

Note 2- The increase in Induction and Training is mainly due to increased number of trainings conducted during the reporting period as compared to previous Financial Year [(FY 2024/2025 six (6) trainings were conducted, In FY 2023/2024 four (4) trainings were conducted)].

Note 3- In FY 2023/2024 the Agency contributed for all Board Members in the months of September and October 2023 before an advisory on the contrary was issued, whereas in FY 2024/2025 the contribution was only subjected to Chairman's Honoraria and airtime.

19. Depreciation and Amortization Expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, Plant and Equipment	214,612,392	174,953,360
Total Depreciation and Amortization	214,612,392	174,953,360

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20. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property	496,250	466,110
Computer	1,030,462	1,544,680
Vehicles ^{Note 1}	2,998,490	2,073,931
Total Repairs and Maintenance	4,525,202	4,084,721

Note 1 - The increase in vehicles repair and maintenance costs is due to increased activities within the Agency's area of jurisdiction.

21. Contracted Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Consultancy ^{Note 1}	7,840,000	7,671,550
Legal Fee ^{Note 2}	8,367,074	-
Total Contracted Services	16,207,074	7,671,550

Note 1 - The increase in consultancy services costs is due to training services on Public Procurement and Asset Disposal Procedures for Contract Implementation Team.

Note 2 - This relates to legal fees for Advocates engaged by TWWDA to handle Agency legal matters.

22. Grants and Subsidies

The Agency received GoK Recurrent Grants of Ksh 231,152,384 and GoK Development Grants of Ksh 1,133,250,000 during the reporting period.

23. Finance Costs

The Agency incurred bank charges of Ksh.192,975 during the reporting period.

24. Social Benefits Expenses

The Agency incurred Ksh.4,308,096 on social benefit for staff as indicated in Note 17 page 21.

25. Gains on Sale of Assets

The Agency did not have gains on sale of assets.

26. Gains/Loss on Foreign Exchange Transaction on Sale of Assets

The Agency did not have Gains/Loss on Foreign Exchange Transaction on Sale of Assets.

27. Gains/(Loss) on Fair Value Investments

The Agency did not recognize Gains/(Loss) on Fair Value Investments as the Agency did not hold any financial

28. Impairment Loss

The Agency did not incur any impairment loss.

29. Taxation

The Agency is a non-commercial state corporation fully funded by the Government.

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30(a) Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	61,174,149	8,948,772
Others	39,840	68,480
Total Cash and Cash equivalents	61,213,989	9,017,252

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

Financial Institution	Account Number	2024/2025	2023/2024
a) Current Account		Kshs	Kshs
Kenya Commercial Bank - Nyeri Branch	1101-992-220 GOK Recurrent	6,810,418	6,291,617
	1101-996-188-Gratuity	1,492,971	364,645
	1101-998-733 -Development Account	52,291,557	1,651,442
	1127-326-287- Exhauster Services	63,315	124,115
	1208-789-120 ADB (WSBSP) Loan	515,888	516,953
Sub Total		61,174,149	8,948,772
b) Others			
Cash in Hand		39,840	68,480
Sub Total		39,840	68,480
Total		61,213,989	9,017,252

31. Prepayments

Description	2024/2025	2023/2024
	Kshs	Kshs
Board Members Medical*	75,319	116,805
Board Members GPA Insurances	-	7,865
Staff Insurances - Medical*	7,489,840	6,905,490
Staff Insurances - Group Life**	912,717	844,644
Motor Vehicles Insurance**	465,591	399,243
Work Injury and Staff GPA	-	612,951
Property Insurance**	42,361	-
Total Prepayments	8,985,827	8,886,998

*These relate to insurance premiums paid during FY 2024/25 but relates to the months of July, August and September 2025 of FY 2025/26.

**These relates to insurance premiums paid during FY 2024/25 but relates to the months of July to November 2025 of FY 2025/26.

32.(a) Receivables from Exchange Transactions(Current)

Current Receivables	2024/2025	2023/2024
	Kshs	Kshs
Trade debtors - Annex II (a)	257,315,542	258,288,035
Exhauster & WaterBowser Debtors - Annex II (b)	2,354,378	2,354,378
Payroll debtors - Salary Surcharge - Annex III	-	34,732
E-Citizen Debtors- Sales of Water -Annex IV	107,850	-
Deposits - Electricity, Water,Postage and Telephone.	18,490	18,490
Gatamathi Water Company	350,000	350,000
Deposit - Fuel Cards ^{Note 1}	1,620,000	1,620,000
Deposit-Motor Vehicle Maintenance ^{Note 2}	550,000	550,000
Total Current Receivables	262,316,260	263,215,635

Note 1- This relates to a bank guarantee in favour of Total Kenya ltd as a security for fuel consumed by TWWDA vehicles.

Note 2- This relates to a bank guarantee in favour of CFAO Mobility Kenya Limited as a security for maintenance of TWWDA vehicles.

32.(b) Receivables from Exchange Transactions(Long Term)

The Agency did not have long term receivables from exchange transactions.

32.(c)Ageing Analysis -Receivable from Non-Exchange Transaction

Ageing Analysis -Receivable from Non-Exchange Transaction	FY 2024/2025	% of The Total	FY 2023/2024	% of The Total
	Kshs		Kshs	
Less than 1 Year	-	-	-	0.00%
Between 1-2 Years	-	0.00%	550,000	0.21%
Over 2 Years	262,316,260	100.00%	262,665,635	99.79%
Total	262,316,260		263,215,635	

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

The Agency did not have impairment allowance on receivables from exchange transactions.

33.Receivables from Non -Exchange Transactions

The Agency did not have any receivables from non -exchange transactions.

34. Inventories

Description	2024/2025	2023/2024
	Kshs	Kshs
Publishing Printing and Stationery	452,902	535,670
Covid -19- PPE's	-	45,056
Total Inventories at the Lower of Cost and Net Realizable Value	452,902	580,726

Disclosure

Excluded in the inventory cost is one (1) sewer leak detection equipment (Sewerin Secophorn AC06) estimated at Kshs 1,769,227, two (2) Ultrasonic Flow Meters estimate at Kshs 1,562,174 and two (2) Collapsible Water Tanks 10,000L estimated at Kshs 388,000 these assets are included in the PPE under AfDB project.

35.Investments in Financial Assets

The Agency did not invest in Financial Assets

36 (a). Property, Plant and Equipment

	Land	Building	AfDB Project	Water Infrastructure	Motor Vehicles - TWWDA	Motor Vehicles - NWWDA	Furniture and Fittings	Plant and Equipment	Computers and Printers	Total
Depreciation Rate		2%	2.5%	2.5%	25%	25%	12.5%	20%	33.33%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2023	1,001,745,060	1,490,374	3,720,307,400	4,531,503,878	90,540,030	-	11,921,665	11,908,020	55,291,265	9,424,707,692
Additions	7,038,748			44,154,731		-	641,000		3,726,000	55,560,479
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024	1,008,783,808	1,490,374	3,720,307,400	4,575,658,609	90,540,030	-	12,562,665	11,908,020	59,017,265	9,480,268,171
Additions ^{Note 2}	13,452,094	-	863,161,484	179,436,774	-	34,650,000	94,860	-	2,812,600	1,093,607,812
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment ^{Note 1}	-	-	86,315,441	-	38,144,827	38,144,827	-	-	-	162,605,095
As at 30 June 2025	1,022,235,902	1,490,374	4,669,784,325	4,755,095,383	128,684,857	72,794,827	12,657,525	11,908,020	61,829,865	10,736,481,078
Depreciation and impairment										
As at 1 July 2023	-	32,242	756,592,767	763,540,309	87,770,782	-	5,429,815	10,177,733	46,632,265	1,670,175,913
Depreciation	-	29,163	74,092,866	95,305,208	692,312	-	871,408	346,057	3,616,346	174,953,360
Impairment	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024	-	61,405	830,685,633	858,845,516	88,463,094	-	6,301,223	10,523,790	50,248,611	1,845,129,272
Depreciation	-	28,579	95,977,467	97,406,247	3,871,806	12,736,947	792,832	276,846	3,521,668	214,612,392
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	24,734,536	24,734,536	-	-	-	49,469,072
As at 30 June 2025	-	89,984	926,663,100	956,251,763	117,069,436	37,471,483	7,094,055	10,800,636	53,770,279	2,109,210,736
Net book values										
As at 30 June 2024	1,008,783,808	1,428,969	2,889,621,767	3,716,813,093	2,076,936	-	6,261,442	1,384,230	8,768,654	7,635,138,899
As at 30 June 2025	1,022,235,902	1,400,390	3,743,121,225	3,798,843,620	11,615,421	35,323,344	5,563,470	1,107,384	8,059,586	8,627,270,342

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

Water Services Board Support Projects

Details	KSH
(i) Total amount understated in the Financial Statement due to foreign exchange rates difference between the exchange rate applied to convert payments reflected in the Financial Statement and drawdowns reflected in GIMIS	58,978,326
(ii) Total amount overstated in the Financial Statement due to foreign exchange rates difference between the exchange rate applied to convert payments reflected in the Financial Statement and drawdowns reflected in GIMIS	(14,229,005)
(iii) Total amount overstated in the Financial Statement as a result of disbursement request not disbursed by AfDB due to Inadequate vote book balances	(2,730,073)
(iv) Total amount overstated in the Financial Statement as a result of difference between the requested disbursement amount and the actual disbursement by AfDB & ADF	(20,129,758)
Total	21,889,490

(b) ADF Loan - No. 2100150021543 ID. No. P-KE-E00-007

Small Towns & Rural Water Supply & Sanitation Projects

(i) Total amount understated in the Financial Statement due to foreign exchange rates difference between the exchange rate applied to convert payments reflected in the Financial Statement and drawdowns reflected in GIMIS	83,659,112
(ii) Total amount overstated in the Financial Statement as a result of disbursement reflected in the Financial statements but not disbursed by ADF due to non-supply of goods	(18,516,000)
(iii) Total amount overstated in the Financial Statement as a result of difference between the requested disbursement amount and the actual disbursement by AfDB & ADF	(717,161)
Total	64,425,951
Grand Total	86,315,441

(c) Transfer of motorvehicles costs from TWWDA & NWWDA Work in Progress amounting to Ksh 76,289,654

Note 2 - Transfer/adjustment

Transfers/Adjustments relates to projects capitalized during the reporting period as follows:

Project Name	KSH
i) Chogoria Water Supply Project	698,319,959
ii) Muranga South Water Supply - Last mile connectivity project	28,744,009
iii) Muranga Urban Water Supply- Last mile connectivity Project	57,474,846
iv) Othaya Sewerage Project- Last Mile connectivity Project	78,622,671
Total	863,161,485

36 (b). Amortization of Capital Grant

	Motor Vehicles	Furniture and Fittings	Computers and Accessories	Total
Cost	Kshs	Kshs	Kshs	Kshs
As at 1 July 2023	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
As at 30 June 2024	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
As at 30 June 2025	9,506,000	984,960	2,769,822	13,260,782
Amortization				
As at 1 July 2023	9,452,408	899,568	2,767,936	13,119,912
Amortization	13,398	10,674	629	24,701
Impairment	-	-	-	-
As at 30 June 2024	9,465,806	910,242	2,768,565	13,144,613
Amortization	10,049	9,340	419	19,807
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
As at 30 June 2025	9,475,855	919,582	2,768,984	13,164,420
Net book values				
As at 30 June 2024	40,194	74,718	1,257	116,169
As at 30 June 2025	30,145	65,378	838	96,362

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**36 (c). Work In Progress
(1) GoK Funded Projects**

Sno.	Description	2024/2025	2023/2024
		Kshs	Kshs
1	Refurbishment of Maji House	51,390,663	50,761,963
2	Roofing of Maji House	11,563,017	11,471,877
3	Building-Perimeter Wall	11,829,161	7,309,979
4	ADB Nuwassap	38,720,121	22,482,191
5	Mathira Community Water Projects	438,023,310	382,229,400
6	Kamumu MultiPurpose Dam	6,651,087	6,651,087
7	Rupingazi Multi purpose Dam	1,115,516	1,115,516
8	Thambana Multipurpose Dam	1,146,814	1,146,814
9	Kathita Multipurpose Dam	2,054,637	2,054,637
10	Mariara Multipurpose Dam	514,420	514,420
11	National Water Harvesting and Ground Exploitation	622,481,867	541,370,544
12	Water for Schools	208,161,734	187,029,079
13	Cross County Water Projects	896,879,909	804,473,916
14	Small and Medium Sized - Maara Dams	218,569,074	209,737,458
15	Feasibility Study	16,598,710	12,588,050
16	Drought Mitigation Intervention	-	116,422,753
17	World Water Day Infrastructure	-	9,239,807
18	COVID -19 Protective Equipments	-	14,848,249
19	Water Meters	-	10,228,000
20	Dedan Kimathi University Sewerage Project	27,788,619	27,696,499
21	Universal Health Coverage Program	107,469,721	90,362,989
22	Kinyaiti Borehole	22,703,260	17,044,884
23	Kiamwenja Modern Market Borehole	16,448,570	14,123,080
24	Rehabilitation of Water Supplies	204,211,402	120,195,246
25	Thangatha Dam	-	1,926,551
26	Non Revenue Water (NRW)	-	287,800
27	Ngariama Njuki- Ini	51,581,753	11,660,076
28	Ena Siakago Water Project	64,781,062	39,772,259
29	Gichonjoini Borehole	-	2,955,088
30	Muhoya Dam	120,000	120,000
31	Kamatongu Water Project	12,531,325	11,863,605
32	Baraka Chaka Water Project	627,940	627,940
33	Githunguri Borehole	-	5,613,944
34	Endarasha Selfhelp Group Borehole	11,602,780	7,412,400
35	Guraga Water Project	9,418,660	464,300
36	Kiamuguongo Water Project	57,611,205	511,000
37	Kianjiru Borehole	2,134,828	261,940
38	Gatagati Water Project	-	1,722,980
39	Gura Dam	88,000	88,000
40	Ihwagi Intake	36,260,180	31,519,160
41	Urru Dcc Kianjai	1,551,720	-
42	Kiagi Waste Water Treatment Plant	14,273,945	-
43	Tigithi Humuka Water Project	50,000	-
44	Mwai Kibaki Level VI Hospital	1,524,900	-
45	Tetu Aguthi Water Supply	1,676,990	-
46	Maua Lat Mile Connectivity	14,150,216	-
47	Relocation of Gathagara Mairo Road Water Infrastructure	35,296,985	-
48	Nyeri Water Supply Project	28,611,331	-
49	Karuiru Water Supply	12,161,145	-
50	Timau 1 No Large Diametre Borehole	1,801,027	-
51	Maritati Borehole	5,539,532	-
52	Atuambui Borehole	44,100	-
53	Kerugoya Borehole	2,060,576	-
54	Kaari Water Project	357,000	-
55	Kisima Borehole	26,880	-
56	Kabiru-ini ASK Show Borehole	-	2,502,509
57	Kanitha Dam	319,300	313,000
58	Kibung'a Kakimiki Water Project	50,574,888	331,400
59	Mbeere South Water Project	171,469,071	887,400
	Sub-total	3,492,568,950	2,781,939,790

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Sno.	Description	2024/2025	2023/2024
		Kshs	Kshs
	Balance b/f from Page 24	3,492,568,950	2,781,939,790
60	Mugaka Borehole	1,951,282	1,951,282
61	Mugunda Dispensary	1,897,644	1,897,644
62	Mukurwe-ini Water Supply Project	18,853,888	339,000
63	Muthu-ini Borehole	-	5,456,969
64	Muthutira Borehole	-	1,452,500
65	Mwea Tvc Borehole	1,599,801	-
66	Irunduni - Ikubu Community Borehole	10,840,550	2,023,085
	Total	3,527,712,115	2,795,060,270

36 (c) (2) AfDB Loan - Kenya Towns Sustainable Water Supply & Sanitation Projects
1. Tana Water Works Development Agency

Sno.	Description	2024/2025	2023/2024
		Kshs	Kshs
67	Consultancy Services	437,118,742	410,062,794
68	Works	4,731,164,725	4,248,261,313
69	Goods	60,312,039	60,312,039
70	Adjustment-Capitalized (Motor Vehicles) ^{Note 1}	(38,144,827)	-
71	Adjustment recognized due to Exchange rate difference ^{Note 2}	504,417,257	-
72	Adjustment for NWWDA loan erroneously posted to TWWDA ^{Note 3}	(104,194,351)	-
73	Adjustment-Capitalized projects ^{Note 4}	(863,161,484)	-
74	Adjustment due to foreign exchange rates ^{Note 5}	5,826,329	-
75	Adjustment for unpaid direct payment ^{Note 6}	(1,048,661)	-
76	AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	590,857,767	433,954,816
	Sub Total	5,323,147,535	5,152,590,962

Note 1 - Refer to Note 36 (a) page 26.

Note 2 - The adjustment of Ksh 504,417,256 is as a result of the difference between the negotiated contract exchange rate applied during processing of payment and the Central Bank of Kenya (CBK) mean exchange rate applied during actual disbursement to consultants/Suppliers/contractors. In accordance with Government Investment Management Information System (GIMIS) reporting requirements, the CBK mean rate is applied when converting foreign currency transactions into Kenya Shillings. This adjustment reflects an accurate valuation of the loan in the financial statements.

Note 3 - The adjustment of Ksh 104,194,351 is as a result of payments to Sinohydro Corporation Limited which belongs Northern Water Works Development Agency which were erroneously posted under Tana Water Works Development Agency.

Note 4 - Refer to Note 36 (a) page 26.

Note 5 - Adjustment due to Foreign exchange difference of Ksh 5,826,329 is as a result of the difference between the negotiated contract exchange rate applied to the pending disbursements by AfDB as at 30th June 2024 and the Central Bank of Kenya (CBK) mean exchange rate applied during actual disbursement to contractors during the reporting period. This adjustment reflects an accurate valuation of the loan in the financial statements.

Note 6 - This relates to long pending disbursement of Ksh 266,000 for Mangat I B Patel and Ksh 782,661 for Oriental Construction Co. Limited.

2. Northern Water Works Development Agency

Sno.	Description	2024/2025	2023/2024
		Kshs	Kshs
77	Consultancy Services	400,407,337	392,935,613
78	Works	3,803,863,312	3,416,551,654
79	Goods	83,364,542	41,290,448
80	Adjustment-Capitalized (Motor Vehicles) ^{Note 1}	(72,794,827)	-
81	Adjustment for understated Payments ^{Note 2}	2,720,410	-
82	Adjustment to transfer to NWWDA loan erroneously posted to TWWDA ^{Note 3}	103,064,817	-
83	Adjustment for unpaid direct payment ^{Note 4}	(25,045,676)	-
84	AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	13,632,839	13,632,839
	Sub Total	4,309,212,754	3,864,410,554
	Total AfDB -Kenya Towns	9,632,360,289	9,017,001,517

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Note 1 -Refer to Note 36 (a) page 26.

Note 2 - The adjustment of Ksh 2,720,410 is as a result of the difference between the negotiated contract exchange rate applied during processing of payment to Isuzu E.A Ltd and the Central Bank of Kenya (CBK) mean exchange rate applied during actual disbursement to consultants/Suppliers/contractors. In accordance with Government Investment Management Information System (GIMIS) reporting requirements, the CBK mean rate is applied when converting foreign currency transactions into Kenya Shillings. This adjustment reflects an accurate valuation of the loan in the financial statements.

Note 3 - The adjustment of Ksh 103,064,817 is as a result of payments to Sinohydro Corporation Limited which belongs Northern Water Works Development Agency which were erroneously posted under Tana Water Works Development Agency Loan.

Note 4 - This relates to long pending disbursement for Saman Engineering Consultants.

36 (c) (3) ADF Loan - Kenya Towns Sustainable Water Supply & Sanitation Programme

Northern Water Works Development Agency

Sno.	Description	2024/2025	2023/2024
		Kshs	Kshs
85	Consultancy Services	47,819,008	43,667,008
86	Adjustment recognized due to Exchange rate difference ^{Note 1}	683,508	-
87	Adjustment for unpaid direct payment ^{Note 2}	(6,527,537)	-
88			
	Sub Total	41,974,979	43,667,008
	Total Work In Progress	13,202,047,384	11,855,728,795

Land acquired amounts are included in the property, plant and equipment under additions for land.

Note 1-Adjustment due to exchange rate difference of Ksh 683,508 is as a result of the difference between the negotiated contract exchange rate applied to the pending disbursements by AfDB as at 30th June 2024 and the Central Bank of Kenya (CBK) mean exchange rate applied during actual disbursement to consultants/Suppliers/contractors during the reporting period. This adjustment reflects an accurate valuation of the loan in the financial statements.

Note 2 - This relates to long pending disbursement for Sari Consulting Ltd.

37. Intangible Assets

The Agency did not have intangible assets during the reporting period.

38. Investment Property

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

39. Biological Assets

The Agency did not have any biological assets during the reporting period.

40. Trade and Other Payables

Description	2024/2025	2023/2024		
	Kshs	Kshs		
Trade payables - Annex V(a)	524,707,806	342,084,299		
Employee Payables- Annex V(a)	110,390,996	119,739,248		
Other Payables- Annex V(a)	1,999,441	5,677,869		
Direct Payment Pending by AfDB- Annex V(b) ^{Note 1}	329,079,405	-		
Other Payables- Direct Payments Annex V(b) ^{Note 1}	23,314,955	-		
Total Trade and Other Payables	989,492,603	467,501,416		
Ageing analysis: (Trade and other payables)	FY 2024/2025	% of the Total	FY 2023/2024	% of the Total
	Kshs		Kshs	
Under One Year	177,490,447	17.94%	317,809,979	67.98%
1-2 Years	298,579,911	30.18%	38,463,442	8.23%
2-3 Years	513,422,245	51.89%	111,227,995	23.79%
Total	989,492,603		467,501,416	

Note 1 -This relates to AfDB pending disbursement requests as at 30 June, 2025.

41. Refundable Deposit

The Agency has refundable deposits with/for :

- (i) Total Kenya Ltd as a security for fuel consumed by TWWDA vehicles of Ksh 1,620,000.
- (ii) CFAO Mobility Ltd as a security for repair and maintenance of TWWDA vehicles of Ksh 550,000.
- (iii) Electricity Meters deposit with KPLC of Ksh 2,490
- (iv) Water meters deposit with Nyewasco of Ksh 3,100.
- (v) Postal Box with Postal Corporation of Kenya of Ksh 3,700
- (vi) Telkom Kenya for land line of Ksh 9,200.

42. Prepayments from Customers

The Agency did not have prepayments from customers.

43. Current Provisions

During the reporting period the Agency recognized Ksh 580,000 for Audit fee for FY 2024-2025 audit by The Office of Auditor General.

44. Finance Lease Obligation

The Agency did not have finance lease obligation.

45. Deferred Income

The Agency did not have deferred income.

46. Employment Benefit Obligation

a) Recognition of Retirement Benefit Assets/Liability

The Agency did not recognise any retirement benefit assets/liabilities during the reporting period.

b) Amounts recognised in the Statement of Financial Position

The Agency did not recognise employment benefit obligation in the statement of financial position during the reporting period.

47. Borrowings

47(a). AfDB Loan No. 2100150015546 ID No. P-KE-E00-005

1. AfDB Loan - Water Services Board Support Projects

Description	2024/2025	2023/2024
	Kshs	Kshs
(i) Loan Revenue - Special Account	15,903,200	15,903,200
(ii) Direct Payments*	1,458,861,619	1,436,972,129
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,474,764,819	1,452,875,329

* Refer Note 36(a) page 26

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

Debt portfolio for Water Services Board Support Projects

Murang'a County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties and
		Kshs	Kshs	Kshs
1	Kahuti Water & Sanitation Company	17,697,178	8,508,259	9,546,676
2	Murang'a Water & Sanitation Company	681,341,346	327,567,955	367,547,003
3	Murang'a South Water & Sanitation Company	775,726,295	372,945,334	418,462,605
Sub Total		1,474,764,819	709,021,548	795,556,284

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance at the beginning of the period;		
(i) Loan Revenue - Special Account	24,710,700	24,710,700
(ii) Direct Payments*	1,960,230,329	1,895,804,378
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,984,941,029	1,920,515,078
Total ADF Loan	3,459,705,848	3,373,390,407

* Refer Note 36(a) page 26

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

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

1 Nyeri County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties and
		Kshs	Repayment	Interests
			Kshs	Kshs
1	Othaya Mukurwe-ini Water & Sanitation Company	1,552,223,884	567,158,727	732,427,441
Sub Total		1,552,223,884	567,158,727	732,427,441

2 Meru County

S/No	Water Service Provider	Loan Amount	Arrears of Loan	Penalties and
		Kshs	Repayment (Kshs)	Interests
				Kshs
1	Imetha Water & Sanitation Company	432,717,144	158,108,187	204,180,539
Sub Total		432,717,144	158,108,187	204,180,539
Total		1,984,941,029	725,266,914	936,607,980

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

1. Tana Water Works Development Agency

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance at the beginning of the period;	4,718,636,146	4,074,195,545
External borrowings during the year	401,579,964	644,440,601
Adjustment for NWWDA loan erroneously posted to TWWDA ^{Note 1}	(201,918,307)	-
Adjustment for unpaid direct payment ^{Note 2}	(1,048,661)	
Adjustment recognized due to exchange rate difference ^{Note 3}	5,826,329	
Adjustment recognized due to exchange rate difference ^{Note 4}	504,417,256	-
Balance at the end of the period	5,427,492,727	4,718,636,146

Note 1 - The Loan adjustment of Ksh 201,918,307 is as a result of payments to Sinohydro Corporation Limited belonging to Northern Water Works Development Agency which were erroneously posted under Tana Water Works Development Agency Loan.

Note 2- Refer to Note 36 (c) (2) (Note 6) page 29

Note 3- Refer to Note 36 (c) (2) (Note 5) page 29

Note 4- Refer to Note 36 (c) (2) (Note 2) page 29

2. Northern Water Works Development Agency

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance at the beginning of the period;	3,850,777,716	3,672,021,050
External borrowings during the year	216,157,466	178,756,666
Adjustment for NWWDA loan erroneously posted to TWWDA ^{Note 1}	97,723,956	-
Adjustment for unpaid direct payment ^{Note 2}	(25,045,676)	
Adjustment to transfer pending bills to payables ^{Note 3}	(23,314,955)	-
Adjustment for NWWDA loan erroneously posted to TWWDA ^{Note 4}	103,064,817	-
Adjustment for understated Payments ^{Note 5}	2,720,410	
Balance at the end of the period	4,222,083,734	3,850,777,716
Total AfDB Loan	9,649,576,461	8,569,413,861
Less: Total Current Portion of Bank Loans	-	-

Note 1 - The Loan adjustment of Ksh 97,723,956 is as a result of payments to Sinohydro Corporation Limited which belongs Northern Water Works Development Agency which were erroneously posted under Tana Water Works Development Agency Loan.

Note 2- Refer to Note 36 (c) (2) 2. (Note 4) page 29

Note 3- Refer to Note 40 (Note 1) page 31

Note 4 - The Loan adjustment of Ksh 103,064,817 is as a result of payments to Sinohydro Corporation Limited which belongs Northern Water Works Development Agency which were erroneously posted under Tana Water Works Development Agency Loan.

Note 2- Refer to Note 36 (c) (2) 2. (Note 2) page 29

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

1. Northern Water Works Development Agency

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance at the beginning of the period;	43,667,008	29,479,808
External borrowings during the year	4,152,000	14,187,200
Adjustment due to exchange rate difference ^{Note 1}	683,508	
Adjustment for unpaid direct payment ^{Note 2}	(6,527,537)	
Balance at the end of the period	41,974,979	43,667,008
Total ADF Loan	41,974,979	43,667,008
Total Non-Current Borrowings (ADF loan + AfDB Loan)	13,151,257,288	11,986,471,276

Note 1 - Adjustment due to exchange rate difference of Ksh 683,508 is as a result of the difference between the negotiated contract exchange rate applied to the pending disbursements by AfDB as at 30th June 2024 and the Central Bank of Kenya (CBK) mean exchange rate applied during actual disbursement to contractors during the reporting period. This adjustment reflects an accurate valuation of the loan in the financial statements.

Note 2 - This relates to long pending disbursement for Sari & Gath Consulting Ltd pending payment by AfDB.

48. Social Benefit Liabilities

The Agency had pending payment of Ksh 3,619,692 to NSSF.

49. Non-Current Provisions

The Agency did not have non-current provisions.

50. Service Concession Arrangements

The Agency did not have service concession arrangements.

51. Surplus Remission

The Agency is a non-commercial state corporation fully funded by the Government.

52. Taxation

The Agency is a non-commercial state corporation fully funded by the Government.

53. Deferred Tax Liability

The Agency did not have Deferred Tax Liability.

54. Cash Generated from Operations

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the year before tax	(265,230,699)	(224,522,701)
Adjusted for:		
Depreciation	214,612,392	174,953,360
Working capital adjustments:		
Increase/ (Decrease) in inventory	127,824	249,750
Increase/ (Decrease) in receivables	1,080,548	32,015,461
Decrease/ (Increase) in payables	27,959,632	63,991,866
Decrease/ (Increase) in prepayments	(98,829)	(2,423,345)
Net cash flows from operating activities	(21,549,133)	44,264,391

55. Financial Risk Management

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

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

(i) Credit risk

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

Description	Total Amount (Ksh)	Fully Performing (Ksh)	Past Due (Ksh)	Impaired (Ksh)
At 30 June 2025				
Receivables from Non Exchange Transactions	262,316,260	-	262,316,260	-
Bank balances	61,213,989	61,213,989	-	-
Total	323,530,249	61,213,989	262,316,260	-
At 30 June 2024				
Receivables from Non Exchange Transactions	263,215,635	-	263,215,635	-
Bank balances	9,017,252	9,017,252	-	-
Total	272,232,887	9,017,252	263,215,635	-

Financial Risk Management

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

The Board Members set the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	(Ksh)	(Ksh)	(Ksh)	(Ksh)
At 30 June 2025				
Trade payables	14,306,735	156,858,297	818,327,571	989,492,603
Total	14,306,735	156,858,297	818,327,571	989,492,603
At 30 June 2024				
Trade payables	28,185,759	262,377,378	112,946,413	403,509,550
Total	28,185,759	262,377,378	112,946,413	403,509,550

(iii) Market risk

The Agency has an established Research, Strategy and Planning Division whose responsibility is to continually access the risk faced by TWWDA, evaluate and test the design and effectiveness of internal and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Agency's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit, Risk & Compliance Committee.

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

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

a) Foreign currency risk

The Agency has minimal exposure to foreign currency risk, as the majority of its transactions are conducted in Kenya Shillings (Ksh). Funding is primarily sourced from the Government of Kenya and development partners, with disbursements typically made in local currency or converted upon receipt. As a result, the impact of exchange rate fluctuations on the Agency's operations is considered insignificant. The Agency does not use derivative instruments or hedging arrangements to manage foreign currency risk.

b) Interest rate risk

The Agency is not significantly exposed to interest rate risk, as it does not hold substantial interest-bearing financial assets or liabilities with variable interest rates. Most of the Agency's financial instruments are non-interest bearing. Consequently, fluctuations in market interest rates are not expected to have a material impact on the Agency's financial position or performance.

iv) Capital Risk Management

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

Description	2024/2025	2023/2024
	(Ksh)	(Ksh)
Accumulated Fund	(2,542,686,934)	(2,229,676,861)
Capital Reserve	10,563,707,857	9,547,755,521
ADB Loan Repayment Fund	515,888	516,953
Total funds	8,021,536,811	7,318,595,613
Total Borrowings	13,151,257,288	11,986,471,276
Less: cash and bank balances	61,213,989	9,017,252
Net debt/(excess cash and cash equivalents)	13,090,043,299	11,977,454,024
Gearing	163.19%	163.66%

56. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of TWWDA, holding 100% of the Agency equity interest. The Government of Kenya has provided guarantees to current long-term loan, both domestic and external.

Other related parties include:

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

Transactions with related parties

Particulars	2024/2025	2023/2024
	(Ksh)	(Ksh)
A. Purchase from Related Parties		
Purchase of Electricity from KPLC	1,736,882	1,995,743
Total	1,736,882	1,995,743
B. Grants from Government		
GoK Recurrent Grants	231,152,384	212,171,905
GoK Development Grants	1,133,250,000	597,500,000
Total	1,364,402,384	809,671,905
C. Key Management Compensation		
Board Members Allowances	29,581,251	26,766,707
Compensation to the CEO	8,178,080	7,986,650
Compensation to the Key Management	59,029,052	56,214,730
Total	96,788,383	90,968,087

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57. Segment Information

The Agency did not have segment information as it does not operate in different geographical regions.

58. Contingent Assets and Contingent Liabilities

The Agency did not have contingent assets and contingent liabilities during the reporting period.

59. Capital Commitments

The Agency did not have any capital commitments during the reporting period.

60. Program for Results (PforR) Disclosure

The Agency did not implement any Program for Result (PforR).

61. Events after the reporting period

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

62. Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Water, Sanitation and Irrigation. It's ultimate parent is the

63. Currency

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

64. Capital Reserves

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance b/f	9,547,755,521	9,021,423,681
Mathira Water Project ^{Note 1}	116,500,000	23,000,000
Mbeere South Water Supply ^{Note 2}	182,500,000	-
Maua Water Supply, Sewerage and Drainage ^{Note 3}	34,166,667	57,500,000
Ngariama Njukiini Water Project ^{Note 4}	112,500,000	33,750,000
AfDB GoK Counterpart - Kenya Towns WSSP ^{Note 5}	200,999,997	324,000,000
Kerugoya Boys High School	-	2,500,000
Kianjiru Primary School Water Project	-	2,500,000
Rehabilitation of Water Projects ^{Note 6}	28,750,000	94,750,000
Water Projects ^{Note 7}	5,000,000	42,000,000
Mukurwe-ini Water Supply	-	593,000
Karuiru Water Project	8,333,333	742,000
Kiamuguongo Water Project	26,666,667	742,000
Aguthi Water Project	76,666,667	8,898,000
Antuambui Village Borehole	-	296,000
Kaari Water Project-Central Imenti Last Mile Connectivity	-	445,000
Kahara Village Borehole, Konyu Ward Mathira	-	445,000
Kamwiti Dam	-	207,000
Kanitha Dam	-	326,000
Kwa Ngovu Dam	-	326,000
Mbingoini Dam	-	356,000
Mutharaba Borehole	-	297,000
Nairutia Borehole	-	267,000
Nyeri Water Supply	-	2,966,000
Kiraria Primary	-	297,000
Kisima Secondary School	-	297,000
Buathunaro Water Reservoir	7,000,000	-
Ewaso Kidong Village	7,000,000	-
Kalisasi Secondary School	2,500,000	-
Kiguma Borehole	7,000,000	-
Murua Borehole	7,000,000	-
Mwea TVET Borehole	7,000,000	-
Ngunyumu Primary/Secondary School Borehole	7,000,000	-
Yatwa Secondary School	2,499,992	-
TWWDA Water Projects ^{Note 8}	279,166,677	-
Tigithi Humuka Water Project	15,000,000	-
GOK Grants- Project Administrative Expense related Grants	(117,297,664)	(71,168,160)
Total	10,563,707,857	9,547,755,521

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Note 1 - Mathira Water Supply Grants includes Kshs 16,500,000 for FY 2023/2024 and Kshs 100 million for FY 2024/2025.

Note 2 - Mbeere Water Supply Grants includes Kshs 32,500,000 for FY 2023/2024 and Kshs 150 million for FY 2024/2025.

Note 3 - Maua Water and Drainage Project Grants includes Kshs 12,500,000 for FY 2023/2024 and Kshs 21,666,667 for FY 2024/2025.

Note 4 - Ngariama Water Project Grants includes Kshs 32,500,000 for FY 2023/2024 and Kshs 80 million for FY 2024/2025.

Note 5 - ADB GoK Counterpart Grants includes Kshs 76 million for FY 2023/2024 and Kshs 124,999,997 for FY 2024/2025.

Note 6 - Rehabilitation of Water Supplies Grants relates to FY 2023/2024

Note 7 - Water Projects Grants relates to FY 2023/2024

Note 8 - TWWDA Water Projects grants relates to Kshs 132.5 million for FY 2023/2024 and Kshs 146,666,667 for FY 2024/2025

65. Accumulated Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance Brought Forward	(2,229,676,861)	(2,004,742,333)
Surplus/Deficit for the Period	(265,230,699)	(224,522,701)
Amortisation of capital grant	19,807	24,701
Capital Grant b/f	(116,169)	(140,870)
Adjustment for accumulated depreciation-TWWDA	(24,734,536)	-
Adjustment for accumulated depreciation-NWWDA	(24,734,536)	
Gratuity Fund	1,689,699	(411,828)
Capital Grant	96,362	116,169
	(2,542,686,934)	(2,229,676,861)

66. ADF Loan Repayment Fund

Description	2024/2025	2023/2024
	Kshs	Kshs
Balance Brought Forward	516,953	518,265
Bank charges	(1,065)	(1,312)
	515,888	516,953

67. Deficit Analysis

Description	2024/2025	2023/2024
	Kshs	Kshs
Depreciation for the period*	214,612,392	174,953,360
General Provision (Decrease)*	(108,055)	(3,176,280)
Sale of water paid through E-citizen platform	(107,850)	-
	214,396,487	171,777,080
Prepaid insurance premium b/f 1st July 2024	8,886,998	6,463,653
Agency Administrative Cost Fee Arrears**	1,080,548	28,526,968
Exhauster and Water Bowser Fee Arrears	-	5,000
Accrued Income (Pending Recurrent Grants for the month of July 2025)	40,866,667	17,750,000
	265,230,699	224,522,701

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

**These relate to expenses paid from arrears collected from WSPs during the reporting period and utilized to finance FY 2024/2025

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

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

Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
1.0	<p>Long Outstanding Receivables</p> <p>The statement of financial position reflects an amount of Kshs.263,215,635 in respect of receivables from non-exchange transactions, which include Kshs.262,665,635 in respect of water service provider’s administration fees as disclosed in Note 16 to the financial statements. The trade debtors were due from various providers dating back to 2016. Though records reviewed indicated that the Agency was negotiating with the various water service providers to ensure settlement of the owed amounts, as at the time of audit in the month of December, 2024, the issue was outstanding and thus remained unresolved. The accumulation of the receivables denied the Agency much needed revenue to finance its activities.</p> <p>In the circumstances, the validity, accuracy and</p>	<p>This stems from directives issued by the respective County Governments, instructing Water Service Providers (WSPs) not to remit any funds to the Agency, asserting that the provision of water services falls under devolved functions</p> <p>To ensure recoverability of the receivables TWWDA embarked on negotiations with the WSP’s as a result the following progress has been made:</p> <p>Nyeri Water and Sanitation Company (NYEWASCO) cleared the balance of KES 5,725,735 on 1st December 2023</p> <p>Othaya Mukurwe-ini Water Services Company (OMWASCO) paid KES 10 Million on 18th December 2023 and the balance of KES 10,843,321 on 26th January 2024</p> <p>Tetu Aberdare Water & Sanitation Company (TEAWASCO) paid KES 837,090 on 30th January 2024, KES 140,274 on 11th March 2024, KES 140,274 on 24th April 2024, KES 140,274 on 30th May 2024 and KES 280,548 on 28th June 2024 totaling to KES 1,538,460.</p>	<p>Through concerted efforts by management, Nyeri Water and Sanitation Company (NYEWASCO) has fully settled its debt of Ksh.52,925,735. Additionally, Othaya-Mukurweini Water Service Company (OMWASCO) cleared the balance of Ksh. 10,843,321 on 26th January 2024, hence fully settling their total debt of Ksh. 20,843,321.</p>	30 th June 2026

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	<p>recoverability of the trade debtors of Kshs.263,215,635 could not be confirmed.</p>	<p>The Agency has negotiated with Kirinyaga Water and Sanitation Company (KIRIWASCO) to clear their debt of KES 16,743,785 by July 2027.</p> <p>Further, the Agency made a proposal to Meru Water and Sanitation Services (MEWASS) which owes the Agency KES 51,135,957, on the available option to settle the debt. To address the letter issued by the county government instructing the WSP not to remit the debt to the Agency, the WSP was advised to liaise with the County Government of Meru.</p> <p>Long- Term Liabilities The reflected balance of KES 11,986,471,276 in respect of ADF loan and AfDB loan as disclosed in Note 22 is made up of:</p> <p>AfDB Loan TWWDA Loan 4,718,636,146 NWWDA Loan <u>3,850,777,716</u> Sub Total <u>8,569,413,861</u></p> <p>ADF Loan TWWDA Loan 3,373,390,407 NWWDA Loan <u>43,667,008</u> Sub Total <u>3,417,057,415</u> Grand Total <u>11,986,471,276</u></p>	<p>The management continues to engage the WSPs to settle their debts through the similar approaches.</p> <p>To effectively address the long-outstanding receivables, the management has initiated the process of developing a Debtors Management Policy, which will be incorporated into the Risk Management Policy Framework.</p> <p>The management is considering development of Water and Sanitation Infrastructure within the WSPs area of operation and in return the WSPs will be required to deposit outstanding trade receivable monies with TWWDA before the</p>	

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
		On The Government Investments and Public Enterprises (GIPE) every Agency uploads the AfDB and ADF loans independently and therefore the GIPE records provided during the audit only reflects the loan amount to TWWDA as follows KES 8,092,026,553 and therefore the figure in question of KES 43,667,008 is for ADF loan to NWWDA and only reflected in GIPE records under NWWDA, thus there is no variance in reporting on the loan.	commencement of project implementation.	
2.0	<p>Property, Plant and Equipment</p> <p>The statement of financial position reflects a balance of Kshs.7,635,138,899 in respect of property, plant and equipment as disclosed in Note 19A to the financial statements. However, the following anomalies were noted.</p>			
2.1	<p>2.1 Inherited Assets</p> <p>As previously reported, the Agency inherited several non-current assets from the Ministry of Water and Irrigation and the National Water Conservation and Pipeline Corporation, which were not incorporated in the Agency's financial statements for the year ended 30th June,2024. These assets include land</p>	The former MWI and NWC&PC handed over assets to TWWDA that were subsequently handed over to Water Service Providers. These assets have not been included in the financial statement because although the MWI contracted a consultant to undertake the valuation of assets and eventually handed over the draft valuation report, the value stated in the valuation report has not been formally agreed upon by the WSPs	The handing over execution instruments by the Parent Ministry have not been verified. In addition, the Water Act, 2016 Regulations have not been gazetted. In this regard, the Agency is awaiting the	30 th June 2026

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	<p>buildings (Maji House Nyeri), Water and Sewerage Infrastructure Assets of unknown value spread within its jurisdiction and fifteen motor vehicles and District Water Offices of unknown value.</p> <p>In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.7,635,138,899 could not be confirmed.</p> <p>2.2 Lack of Land Ownership Documents</p> <p>The property, plant and equipment balance includes an amount of Kshs.1,001,45,060 in respect of land which further includes land valued at Kshs.47,032,500. However, as previously</p>	<p>because some assets were not reflected in the valuation report. For this reason, the management of TWWDA has not officially tabled the report to the Board of Directors for adoption so that the assets can be included in the financial statements of the Agency.</p> <p>It is important to note that the initial transfer plan has already expired. However, the MWS&I is mandated to gazette the revised transfer plan and guide the water institutions on the road map towards its implementation.</p> <p>TWWDA is therefore awaiting for official communication from MWS&I on the implementation of the transfer plan. In addition, as indicated above the valuation report has not been formally agreed upon and some assets are not reflected in the valuation report leading to the exclusion of these assets in the Agency's financial statements.</p>	<p>gazettement of the Regulations and the verification of the handing-over execution instruments to guide the transfer and valuation of the assets.</p> <ul style="list-style-type: none"> One matter for Japhet Nyaga M'Nanua has been resolved where the title has been acquired 	

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	<p>reported title deed were not provided for audit.</p> <p>In the circumstances, the ownership of land Valued at Kshs.47,032,500 included in the property, plant and equipment balance could not be confirmed.</p>		<p>under TWWDA's name.</p> <ul style="list-style-type: none"> The transmission and subdivision process have been completed for the three matters that were in Court and Confirmation of grant had been issued. These are the Estate of M'riungu Kathingati, the Estate of M'Mwithimb u Muketha and the Estate of Loyford Kathenya M'ngutari. Currently, the transfer of titles to the name of TWWDA is ongoing with the documents being processed to be submitted to the land registry. 	

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
			<ul style="list-style-type: none"> • One of the succession matters is still pending, Estate of Kairanya Rubara, since the subdivision encountered a dispute where the family members are not able to agree on the boundaries. • The other three matters have family disputes where there are objections from family members on the mode of distribution of property and the appointment of administrators , these are pending in Court for hearing of the objection proceedings. 	

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	<p>2.3 Assets Registered under other entities</p> <p>The property, plant and equipment balance includes an amount of Kshs.2,769,248 in respect of net book value of motor vehicles. However, review of logbooks provided for audit revealed that eighteen (18) motor vehicles were not registered in the name of the Agency but under other entities.</p> <p>In the circumstances, the ownership of the motor vehicles values at Kshs.2,769,248 included in the property, plant and equipment balance could not be confirmed.</p>	<p>The vehicles were procured under AfDB funded projects which were exempted from custom duty and taxes.</p> <p>Consequently, for the vehicles to be transferred the Agency has to pay custom duty and other taxes which is far way above the current value of the vehicles.</p> <p>In view of this, the Agency is liaising with the The National Treasury and Economic Planning through the parent ministry for intervention such as approval for a waive of payment of custom duty and taxes.</p>	<p>The Agency has initiated engagements with the Kenya Revenue Authority, with a view of requesting waiver on the tax duty imposed on the said motor vehicles, as the tax imposed is higher than the net book value of the vehicle.</p>	
	<p>Emphasis of Matter Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.484,190,000 respectively resulting to an under-funding of Kshs.165,498,313 or 34% of the budget.</p> <p>The underfunding affected the planned activities and may have impacted</p>	<p>The under expenditure is attributed to delay in release of allocated funds.</p> <p>In the FY 2023/2024 the Agency budgeted for KES 484,190,000 for Recurrent expenditure. However, only KES 213 million was allocated, out of which KES 195,250,000 was disbursed as at 30th June 2024, thereby resulting to shortfall of KES 17,750,000.</p> <p>The total recurrent expenditure for FY 2023/2024 amounts to KES 336,441,688 and the expenditure of KES. 17,750,000 relates to</p>	<p>The management undertakes to continue following up on timely release of allocated funds from the Parent Ministry and timely disbursements of direct payments to Contractors and Consultants to avoid recurrence of the issue.</p>	<p>30th June 2026</p>

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	negatively on service delivery to the public.	<p>accrued expenses as a result of delay in release of June 2024 allocation. These expenses are included in the Financial Statements since it is prepared in accordance with the accrual basis of accounting method under the International Public Sector Accounting Standards (IPSAS)</p> <p>The management has been in communication with the Parent Ministry to fast track disbursements of funds to avoid delays in project completions and ensure services delivery</p>		
	<p>Lack of Diversity in Staff Ethnic Composition</p> <p>Review of the personnel records and staff establishment revealed that the Agency had a total of one hundred and thirty-six (136) employees as at 30th June 2024, out of which one hundred and five (105) or (77%) were from the dominant ethnic community. This was contrary to the requirements of section 7(2) of the National Cohesion and Integration Act, 2008 which states that, no public establishment shall have more than one third of its staff from the same ethnic community.</p>	<p>The Agency absorbed GoK staff formerly ministry of Water Sanitation and Irrigation and National Water and Pipeline which majorly did not meet the requirements of section 7 (2) of the National Cohesion and Integration Act, 2008. In addition, the staff recently engaged on short term contract are project based and majorly comes from the location where the projects are being implemented.</p>	<p>This is a progressive process. The Agency has reduced the percentage of staff from the dominant ethnic community from 74.8% to 72.5%. Management will continue efforts to further reduce this percentage. However, the recruitment process is conducted in a competitive</p>	<p>30th June 2026</p>

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	In circumstances, Management was in breach of law.		environment, and only successful candidates are engaged	
	<p>Value of Money on Dormant Projects As previously reported, the statement of financial position reflects work in progress amounting to Kshs.11,855,728,795 as disclosed under Note 20 to the financial statements. Out of this amount, Kshs.2,795,060,270 was in respect of work in progress funded by the Government of Kenya (GOK) which further includes projects with a contract sum Kshs.42,073,711 that were dormant as at 30th June 2024.</p> <p>In the circumstances, value for money for projects worth Kshs.42,073,711 may not have been realized. Further, the effectiveness of project implementation and resource mobilization strategies could not be confirmed.</p>	<p>These projects have been dormant due to lack of budget allocation. The management has been budgeting for these projects but due to budget constraints no funds has since been allocated to them.</p>	<p>The Agency has continued to follow up with the Parent Ministry through letters and physical visits to address the issue of inadequate funding. The Agency had allocated a budget for the projects; however, GOK funding was not provided. Therefore, management has included the projects in the FY 2025/2026 budget under the Public-Private Partnership (PPP) Programme.</p>	<p>30th June 2026</p>

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
	<p>Long Outstanding Borrowings</p> <p>The statement of financial position reflects outstanding loan balance of Kshs.11,986,471,276 as at 30th June 2024 and as disclosed in Note 22 to the financial statements. Included in this amount is a long outstanding loan balance of Kshs.3,373,390,407 out of which an amount of Kshs.1,098,342,446 was in respect of loan repayment arrears. Further, the loan repayment arrears have remained outstanding for one hundred and eight (108) months and beyond as at 30th June, 2024.</p>	<p>1. Water Service Board Support Loan No. 210015546 ID No. P-KE-E00-005</p> <p>The subsidiary loan agreement was signed on 4th July 2008 between the Government and the then Tana Water Services Board. The proceeds of the loan were for implementation of Murang'a North and Murang'a South Bulk Water Supply and rehabilitation and expansion of the Urban Water supply and sewerage project. The loan was closed on August 2015 and therefore the loan repayment was due from October 2015.</p> <p>The loan has not been serviced due to the following;</p> <p>i. Upon repeal of Water Act 2002, the new Water Act 2016 created the Water Works Development Agencies replacing the Water Boards. However, the Water Act 2016 did not provide any legal framework to enables the Agencies to collect funds from Water Service Providers (WSPs). In addition, the Water Act 2016 places WSPs under the County Government.</p> <p>ii. The Cabinet Secretary, Ministry of Water, Sanitation and Irrigation through a</p>	<p>The Agency has issued demand letters to the respective WSPs regarding loan repayment. Furthermore, the Agency continues to engage with the Water Services Regulatory Board (WASREB) and the respective WSPs to ensure that the loan is incorporated into the new tariffs being developed.</p> <p>The matter is also a subject of the transfer and handing over of assets and liabilities which is awaiting gazettelement and guidance by the Ministry of Water, Sanitation and Irrigation.</p>	<p>30th June 2026</p>

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
		<p>gazette Notice Supplementary No.59 dated 26th April 2019 transferred the Murang'a County Water Service Providers (WSPs) to Athi Water Works Development Agency (AWWDA). In view of this transfer, even with a legal framework in place, the Agency has no direct link to the WSPs and therefore the Agency is requesting that this loan be transferred to Athi Water Works Development Agency.</p> <p>2. Small Towns & Rural Water Supply and Sanitation Loan No.2100150021543 ID. P-KE-E00-007</p> <p>The subsidiary loan agreement was Signed on 5th April 2010 between the Government and the then Tana Water Services Board. The proceeds of the loan were for implementation of Water Supply and Sewerage project in the small towns of Othaya, Mukurwe -ini and Maua. The loan was closed in June 2017 and therefore the loan repayment was due from October 2016.</p> <p>The loan has not been serviced due to the following;</p> <p>i. Upon repeal of Water Act 2002, the new Water Act 2016 created the Water Works</p>		

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Status	Time frame
		<p>Development Agencies replacing the Water Boards. However, the Water Act 2016 did not provide any legal framework to enables the Agencies to collect funds from WSPs. In addition, the Water Act 2016 places WSPs under the County Government.</p> <p>ii. The loan was envisaged to be repaid from revenue collected by WSPs from water and sewerage services. These projects required additional funds for last mile connectivity to enable WSPs to operationalize the project and realize the desired revenue to repay the loan. This has not happened to date and WSPs are not financially able to meet their Operation and Maintenance costs besides servicing of this loan.</p>		
	<p>Long Outstanding Payables</p> <p>The statement of financial position reflects trade and other payables from exchange transactions amounting to Kshs.467,501,416 as at 30th June 2024 and disclosed in Note 21 to the financial statements. The amount includes long outstanding payables totalling to Kshs 111,629,887 owed to suppliers and which have</p>	<p>The long outstanding trade and other payables includes KES 111,099,685 relating to outstanding payments to land owners in Chogoria Water Projects & Chuka, Chogoria and Marsabit Sewerage Projects. The parcels of land in question are undergoing succession process in courts.</p> <p>The management has been in communication with the Parent Ministry to fast-track disbursements of funds to enable</p>	<p>The Agency has continued to follow up with the Parent Ministry through letters and physical visits to address the issue of inadequate funding.</p>	<p>30th June 2026</p>

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	<p>been outstanding for more than two years.</p> <p>Failure to settle payables when they fall due may expose the Agency to interests and other charges as a result of late payments resulting in losses.</p>	<p>settling of pending payments and to avoid accumulation of pending bills</p>		
	<p>Maintenance of fixed Asset Register</p> <p>Review of the fixed assets register maintained by the Agency revealed that the register lacked key information including supplier details, tag number and in some instances the cost and location of the assets were not indicated.</p> <p>In the circumstances, the effectiveness of internal controls on fixed assets management could not be confirmed.</p>	<p>The management notes the observation, risks and recommendation and has therefore taken immediate action to address all the gaps as outlined.</p>	<p>The Asset register has been updated to include key information such as supplier details, costs and asset locations.</p>	

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Chief Executive Officer
Eng. Philip Gichuki, MBS

Date: 4-8-2025

APPENDIX II : PROJECTS IMPLEMENTED BY TANA WATER WORKS DEVELOPMENT AGENCY

Projects Implemented by the Agency funded by Development Partners

	Project Title	Project Number	Donor	Period/ Duration	Donor/GoK Commitment (Kshs)	Separate Donor Reporting (Yes/No)	Consolidated in the Financial Statement
A	AfDB - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1	Kerugoya Kutus Water Supply Project	ID NO.P-KE-E00-011	AfDB	6 Years	1,301,651,496	Yes	Yes
2	Kerugoya Kutus Sewerage Project	ID NO.P-KE-E00-011	AfDB	6 Years	544,099,510	Yes	Yes
3	Chuka Water Supply Project	ID NO.P-KE-E00-011	AfDB	2 Years	606,550,711	Yes	Yes
4	Chuka Sewerage Project	ID NO.P-KE-E00-011	AfDB	5 Years	472,960,411	Yes	Yes
5	Chogoria Water Supply Project	ID NO.P-KE-E00-011	AfDB	4 Years	645,288,468	Yes	Yes
6	Chogoria Sewerage Project	ID NO.P-KE-E00-011	AfDB	5 Years	449,442,491	Yes	Yes
7	Meru Sewerage Project	ID NO.P-KE-E00-011	AfDB	6 Years	1,138,500,000	Yes	Yes
8	Mandera Water Supply Project	ID NO.P-KE-E00-011	AfDB	6 Years	1,752,581,600	Yes	Yes
9	Mandera Sewerage Project	ID NO.P-KE-E00-011	AfDB	7 Years	978,871,630	Yes	Yes
10	Marsabit Water Supply Project	ID NO.P-KE-E00-011	AfDB	5 Years	740,006,322	Yes	Yes
11	Marsabit Sewerage Project	ID NO.P-KE-E00-011	AfDB	6 Years	1,270,403,927	Yes	Yes
12	Murang'a Urban Water Supply	ID NO.P-KE-E00-011	AfDB	2 Years	57,500,000	Yes	Yes
13	Murang'a South Water Supply	ID NO.P-KE-E00-011	AfDB	3 Years	34,500,000	Yes	Yes
14	Othaya Sewerage Project	ID NO.P-KE-E00-011	AfDB	3 Years	69,000,000	Yes	Yes
15	Isiolo Town Water Supply and Sewerage	ID NO.P-KE-E00-011	AfDB	4 Years	115,000,000	Yes	Yes
16	Garisa Town Water Supply	ID NO.P-KE-E00-011	AfDB	4 Years	230,000,000	Yes	Yes
17	Institution Support	ID NO.P-KE-E00-011	AfDB	1 Year	410,300,000	Yes	Yes
18	Climate Change Adaptation	ID NO.P-KE-E00-011	AfDB	1 Year	181,500,000	Yes	No
	Total				10,998,156,567		
B	ADF - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1	Nanyuki Water and Sewerage Project	ID NO, P-KE-E00-011	ADF	2 Years	80,000,000	Yes	Yes
	Total				80,000,000		
	Grand Total				11,078,156,567		

Status of Projects Completion

	Project Title	Total project Cost Ksh	Total expended to date (Kshs)	Completi on % to date	Budget (Kshs)	Actual (Kshs)	Sources of Fund
A.	AfDB Kenya Towns Sustainable Water Supply and Sanitation						
1	Kerugoya Kutus Water Supply Project	1,301,651,496	1,228,996,662	100%	38,000,000	76,923,008	AfDB
2	Kerugoya Kutus Sewerage Project	544,099,510	577,428,749	100%	40,500,000	37,900,092	AfDB
3	Chuka Water Supply Project	606,550,711	772,040,071	100%	56,000,000	215,124,103	AfDB
4	Chuka Sewerage Project	472,960,411	518,998,135	100%	33,000,000	46,610,604	AfDB
5	Chogoria Water Supply Project	645,288,468	663,152,852	100%	-	-	AfDB
6	Chogoria Sewerage Project	449,442,491	297,159,986	100%	28,000,000	25,609,400	AfDB
7	Meru Sewerage Project	1,138,500,000	658,926,043	78%	190,000,000	70,613,362	AfDB
8	Mandera Water Supply Project	1,752,581,600	1,164,674,786	72%	108,000,000	62,195,688	AfDB
9	Mandera Sewerage Project	978,871,630	1,212,773,099	85%	219,900,000	277,436,865	AfDB
10	Marsabit Water Supply Project	740,006,322	787,055,661	100%	30,700,000	38,105,738	AfDB
11	Marsabit Sewerage Project	1,270,403,927	941,060,215	91%	41,000,000	-	AfDB
12	Murang'a Urban Water Supply	57,500,000	55,068,004	100%		-	AfDB
13	Murang'a South Water Supply	34,500,000	26,819,369	100%		-	AfDB
14	Othaya Sewerage	69,000,000	70,760,404	100%		-	AfDB
15	Isiolo Town Water Supply & Sewerage	115,000,000	63,172,378	100%		-	AfDB
16	Garisa Town Water Supply	230,000,000	180,719,966	100%		9,573,367	AfDB
17	Othaya Sewerage Project -Last Mile Connectivity -Phase 2	-	27,230,922	40%	120,900,000	19,368,655	AfDB
18	Construction of Kiawara decentralized waste water treatment Facility	-	8,784,304	100%		6,387,884	AfDB
19	Institution Support	410,300,000	65,384,683	100%	95,000,000	12,441,594	AfDB
20	Climate Change Adaptation	181,500,000	-	100%		-	AfDB
21	ERP	-	85,084,754	10%		13,876,475	AfDB
22	Exhauster	-	110,939,654	100%		34,650,000	AfDB
	Total	10,998,156,567	9,516,230,696		1,001,000,000	946,816,835	
B.	ADF Kenya Towns Sustainable Water Supply and Sanitation						
1	Nanyuki Water and Sewerage Project	80,000,000	11,765,000	100%	49,000,000	4,152,000	ADF
	Total	80,000,000	11,765,000		49,000,000	4,152,000	
	Grand Total	11,078,156,567	9,527,995,696		1,050,000,000	950,968,835	

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Appendix III: Transfers from Other Government Entities

Name of the MDA/ Donor Transferring the funds	Date Received as per bank Statement	Nature Recurrent/ Development/ Others	Total Amount KSHS	Statement of Financial Performance KSHS	Capital Fund KSHS	Deffered Income	Receiv ables	AfDB Direct Payments KSHS	Total Transfers during the Year KSHS
MWSI	01-07-2024	Recurrent	17,750,000	17,750,000					17,750,000
MWSI	30-08-2024	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	23-09-2024	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	28-10-2024	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	19-11-2024	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	19-12-2024	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	09-01-2025	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	10-02-2025	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	12-03-2025	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	03-04-2025	Recurrent	14,200,000	14,200,000					14,200,000
MWSI	03-05-2025	Recurrent	40,866,667	40,866,667					40,866,667
MWSI	10-06-2025	Recurrent	40,866,667	40,866,667					40,866,667
Sub Total			227,283,334	227,283,334					227,283,334
MWSI	10-07-2024	Development	336,250,000		336,250,000				336,250,000
MWSI	25-09-2024	Development	46,750,000		46,750,000				46,750,000
MWSI	04-10-2024	Development	46,750,000		46,750,000				46,750,000
MWSI	20-11-2024	Development	46,750,000		46,750,000				46,750,000
MWSI	20-11-2024	Development	112,500,000		112,500,000				112,500,000
MWSI	22-11-2024	Development	34,249,993		34,249,993				34,249,993
MWSI	15-01-2025	Development	27,583,332		27,583,332				27,583,332
MWSI	15-01-2025	Development	53,333,334		53,333,334				53,333,334
MWSI	19-03-2025	Development	15,000,000		15,000,000				15,000,000
MWSI	19-05-2025	Development	240,749,999		240,749,999				240,749,999
MWSI	12-06-2025	Development	173,333,342		173,333,342				173,333,342
Sub Total			1,133,250,000		1,133,250,000				1,133,250,000

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Name of the MDA/ Donor Transferring the funds	Date Received as per bank Statement	Nature Recurrent/ Development/ Others	Total Amount KSHS	Statement of Financial Performance KSHS	Capital Fund KSHS	Deffered Income	Receivables	AfDB Direct Payments KSHS	Total Transfers during the Year KSHS
AfDB	01-06-2024	Donor Fund	11,356,802					11,356,802	11,356,802
AfDB	20-08-2024	Donor Fund	31,773,871					31,773,871	31,773,871
AfDB	20-08-2024	Donor Fund	6,770,697					6,770,697	6,770,697
AfDB	19-09-2024	Donor Fund	29,937,468					29,937,468	29,937,468
AfDB	23-09-2024	Donor Fund	6,404,751					6,404,751	6,404,751
AfDB	23-10-2024	Donor Fund	39,034,402					39,034,402	39,034,402
AfDB	23-10-2024	Donor Fund	7,576,202					7,576,202	7,576,202
AfDB	23-10-2024	Donor Fund	21,446,785					21,446,785	21,446,785
AfDB	23-10-2024	Donor Fund	4,162,615					4,162,615	4,162,615
AfDB	25-11-2024	Donor Fund	31,619,005					31,619,005	31,619,005
AfDB	25-11-2024	Donor Fund	10,583,554					10,583,554	10,583,554
AfDB	25-11-2024	Donor Fund	5,017,500					5,017,500	5,017,500
AfDB	06-12-2024	Donor Fund	15,633,696					15,633,696	15,633,696
AfDB	14-01-2025	Donor Fund	6,178,025					6,178,025	6,178,025
AfDB	14-01-2025	Donor Fund	31,722,067					31,722,067	31,722,067
AfDB	03-02-2025	Donor Fund	26,021,217					26,021,217	26,021,217
AfDB	03-02-2025	Donor Fund	8,699,232					8,699,232	8,699,232
AfDB	20-02-2025	Donor Fund	68,535,747					68,535,747	68,535,747
AfDB	20-02-2025	Donor Fund	14,064,130					14,064,130	14,064,130
AfDB	19-09-2024	Donor Fund	25,042,198					25,042,198	25,042,198
AfDB	20-05-2025	Donor Fund	8,011,853					8,011,853	8,011,853
AfDB	20-05-2025	Donor Fund	77,978,201					77,978,201	77,978,201
AfDB	20-05-2025	Donor Fund	16,001,457					16,001,457	16,001,457
AfDB	17-06-2025	Donor Fund	6,387,884					6,387,884	6,387,884
AfDB	31-07-2024	Donor Fund	34,650,000					34,650,000	34,650,000
AfDB	03-09-2024	Donor Fund	9,573,367					9,573,367	9,573,367
AfDB	14-08-2024	Donor Fund	43,994,422					43,994,422	43,994,422
AfDB	14-08-2024	Donor Fund	34,324,855					34,324,855	34,324,855
AfDB	05-08-2024	Donor Fund	7,471,724					7,471,724	7,471,724
AfDB	05-03-2025	Donor Fund	48,473,872					48,473,872	48,473,872
AfDB	05-03-2025	Donor Fund	37,669,226					37,669,226	37,669,226
AfDB	12-05-2025	Donor Fund	62,195,688					62,195,688	62,195,688

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Name of the MDA/ Donor Transferring the funds	Date Received as per bank Statement	Nature Recurrent/ Development/ Others	Total Amount KSHS	Statement of Financial Performance KSHS	Capital Fund KSHS	Deffered Income	Receiv ables	AfDB Direct Payments KSHS	Total Transfers during the Year KSHS
AfDB	20-05-2025	Donor Fund	63,469,641					63,469,641	63,469,641
AfDB	20-05-2025	Donor Fund	49,504,849					49,504,849	49,504,849
AfDB	21-05-2025	Donor Fund	21,408,251					21,408,251	21,408,251
AfDB	21-05-2025	Donor Fund	16,697,487					16,697,487	16,697,487
AfDB	11-06-2025	Donor Fund	7,424,094					7,424,094	7,424,094
AfDB	23-10-2024	Donor Fund	4,152,000					4,152,000	4,152,000
Sub Total			950,968,835					950,968,835	950,968,835
Total			2,311,502,169	227,283,334	1,133,250,000	-	-	950,968,835	2,311,502,169

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Appendix IV: Inter – Entity Confirmation Letter

Name of Transferring Entity: Ministry of Water, Sanitation & Irrigation

Name of Beneficiary Entity: Tana Water Works Development Agency

Confirmation of amounts Received by Tana Water Works Development Agency as at 30th June 2025

Reference Number	Date Disbursed	Recurrent (A) KSHS	Development (B) KSHS	Total (C)=(A+B) KSHS	Remarks
09506	01-07-2024	17,750,000		17,750,000	
0043	30-08-2024	14,200,000		14,200,000	
0044	23-09-2024	14,200,000		14,200,000	
00815	28-10-2024	14,200,000		14,200,000	
01665	19-11-2024	14,200,000		14,200,000	
01666	19-12-2024	14,200,000		14,200,000	
01667	09-01-2025	14,200,000		14,200,000	
04210	10-02-2025	14,200,000		14,200,000	
04262	12-03-2025	14,200,000		14,200,000	
07359	03-04-2025	14,200,000		14,200,000	
09169	03-05-2025	40,866,667		40,866,667	
09847	10-06-2025	40,866,667		40,866,667	
Sub Total		227,283,334		227,283,334	
10469	10-07-2024		336,250,000	336,250,000	
00398	25-09-2024		46,750,000	46,750,000	
00499	04-10-2024		46,750,000	46,750,000	
00512	20-11-2024		46,750,000	46,750,000	
00749	20-11-2024		112,500,000	112,500,000	
01744	22-11-2024		34,249,993	34,249,993	
01745	15-01-2025		27,583,332	27,583,332	
03214	15-01-2025		53,333,334	53,333,334	
07311	19-03-2025		15,000,000	15,000,000	
09885	19-05-2025		240,749,999	240,749,999	
10619	12-06-2025		173,333,342	173,333,342	
Sub Total			1,133,250,000	1,133,250,000	

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Reference Number	Date Disbursed	Recurrent (A) KSHS	Development (B) KSHS	Total (C)=(A+B) KSHS	Remarks
Direct Payments					
A. TWWDA					
325	01-06-2024		11,356,802	11,356,802	
333	20-08-2024		31,773,871	31,773,871	
334	20-08-2024		6,770,697	6,770,697	
336	19-09-2024		29,937,468	29,937,468	
338	23-09-2024		6,404,751	6,404,751	
339	23-10-2024		39,034,402	39,034,402	
340	23-10-2024		7,576,202	7,576,202	
341	23-10-2024		21,446,785	21,446,785	
342	23-10-2024		4,162,615	4,162,615	
344	25-11-2024		31,619,005	31,619,005	
345	25-11-2024		10,583,554	10,583,554	
346	25-11-2024		5,017,500	5,017,500	
347	06-12-2024		15,633,696	15,633,696	
348	14-01-2025		6,178,025	6,178,025	
349	14-01-2025		31,722,067	31,722,067	
350	03-02-2025		26,021,217	26,021,217	
351	03-02-2025		8,699,232	8,699,232	
352	20-02-2025		68,535,747	68,535,747	
353	20-02-2025		14,064,130	14,064,130	
357	19-09-2024		25,042,198	25,042,198	
358	20-05-2025		8,011,853	8,011,853	
361	20-05-2025		77,978,201	77,978,201	
362	20-05-2025		16,001,457	16,001,457	
366	17-06-2025		6,387,884	6,387,884	
Sub Total			509,959,359	509,959,359	
A. NWWDA					
329	31-07-2024		34,650,000	34,650,000	

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Reference Number	Date Disbursed	Recurrent (A) KSHS	Development (B) KSHS	Total (C)=(A+B) KSHS	Remarks
330	03-09-2024		9,573,367	9,573,367	
331	14-08-2024		43,994,422	43,994,422	
332	14-08-2024		34,324,855	34,324,855	
337	05-08-2024		7,471,724	7,471,724	
354	05-03-2025		48,473,872	48,473,872	
355	05-03-2025		37,669,226	37,669,226	
356	12-05-2025		62,195,688	62,195,688	
359	20-05-2025		63,469,641	63,469,641	
360	20-05-2025		49,504,849	49,504,849	
363	21-05-2025		21,408,251	21,408,251	
364	21-05-2025		16,697,487	16,697,487	
365	11-06-2025		7,424,094	7,424,094	
343	23-10-2024		4,152,000	4,152,000	
Sub Total			441,009,476	41,009,476	
Total		227,283,334	2,084,218,835	2,311,502,169	

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

Head of Finance & Resource Mobilization- Tana Water Works Development Agency

Name: Nicholas M. Kanyeke

Sign:  Date: 04th August 2025

Head of Accounts Department- Ministry of Water, Sanitation & Irrigation

Name: H. I. MASAM

Sign:  Date: 04/08/2025

Stamp: HEAD OF FINANCE & RESOURCE MOBILIZATION, TANA WATER WORKS DEVELOPMENT AGENCY

ANNEX I

A) Agency Administrative Cost Fee Arrears collected During the Reporting Period

	2024/2025	2023/2024
WSP Company	Amount (Kshs)	Amount (Kshs)
Kahuti	800,000	700,000
Tetu-Aberdare	280,548	1,257,912
Omwasco	-	20,843,321
Nyeri Water and Sanitation	-	5,725,735
Total	1,080,548	28,526,968

B) Exhauster & Water Bowser Arrears collected During the Reporting Period

	2024/2025	2023/2024
WSP Company	Amount (Kshs)	Amount (Kshs)
Omwasco	-	5,000
Total	-	5,000
Grand Total	1,080,548	28,531,968

ANNEX II

(A) Trade Debtors as at 30 June 2025

	2024/2025	2023/2024
WSPs Company	AMOUNT (Kshs)	AMOUNT (Kshs)
Embe	572,885	572,885
Embu	73,169,455	73,169,455
Gatamathi	6,395,840	6,395,840
Imetha	7,962,466	7,962,466
Kahuti	3,090,232	3,890,232
Kathita Gatunga	934	934
Kirinyaga	16,743,785	16,743,785
Mathira	34,116,395	34,116,395
Meru	51,135,957	51,135,957
Murang'a	49,922,918	49,922,918
Murang'a South	20,699,784	20,699,784
Ngandori Nginda	14,641,753	14,641,753
Ruiru Thau	409,839	409,839
Tetu Aberdare	195,973	476,520.55
Tuuru	5,655,379	5,655,379
Naromoru	1,192,564	1,192,564
Sub Total	285,906,158	286,986,706
LESS: 10% General Provision for Bad and Doubtful Debts	(28,590,616)	(28,698,671)
Net Trade Debtors	257,315,542	258,288,035

(B) Exhauster & Water Bowser Debtors as at 30 June 2025.

Nyeri Water Company	17,000	17,000
Nyeri County Government	71,000	71,000
Tharaka Nithi County	600,000	600,000
Othaya Mukurwe-ini Water Company	2,000	2,000
Murang'a Water Company	1,576,378	1,576,378
Mukurwe-ini Sub County Dispensary	28,000	28,000
Embu	60,000	60,000
Sub Total	2,354,378	2,354,378
Grand Total	259,669,920	260,642,413

ANNEX III

(A) E-Citizen Debtors as at 30 June 2025

Date	Customer Name	2024/2025	2023/2024
		Amount (Ksh)	Amount (Ksh)
08-07-24	Catherine Waigumo Mwangi	10,000.00	-
19-07-24	The Village Nut Company Limited	10,600.00	-
06-09-24	Catherine Waigumo Mwangi	10,000.00	-
11-09-24	Ezekiel Marigi Mengo	10,000.00	-
27-12-24	Catherine Waigumo Mwangi	10,050.00	-
30-12-24	Catherine Waigumo Mwangi	20,050.00	-
04-01-25	Nikita Njoki Mwirigi	13,050.00	-
05-01-25	Nikita Njoki Mwirigi	13,050.00	-
06-01-25	Catherine Waigumo Mwangi	11,050.00	-
Total		107,850.00	-

ANNEX IV (a)

List of Creditors as at 30 June 2025

	FY 2024/2025	FY 2023/2024
Details	Amount (Kshs)	Amount (Kshs)
A. RECURRENT		
Employee Payables		
Payroll Liabilities*	43,173,257	26,989,791
Staff Allowances	26,237,139	10,003,412
Sub Total	69,410,396	36,993,203
Other Payables		
Directors Liabilities	1,980,600	5,593,068
Insurance Liability	18,841	84,801
Sub Total	1,999,441	5,677,869
Trade Payables		
Afri Data Business Software	-	152,640
Automobile Association of Kenya	-	28,800
Blue Line Security	319,396	-
Bulltex Emporium Co Ltd	-	-
Brand Quench Ltd	-	232,000
Diani Sunflower Tents & Décor	-	345,680
Estanna Hotels Ltd	995,000	-
Eland Safari Hotel	1,173,450	2,331,910
Evaton Systems Limited	-	138,040
Fargo Courier	-	372,033
Federation of Kenya Employers	43,950	43,950
G.K Kibera & Co, Advocates	2,335,197	-
H & A Consulting Ltd	3,840,800	5,551,150
Ice Clean Group Company	420,875	420,875
Institute of Human Resource	222,720	222,720
Institute of Internal Auditors	1,647,200	742,400
Institution of Engineering Technologists and Technicians	305,000	-
Kenya Bureau of Standards	364,850	-
Kenya Literature Bureau	580,522	135,720
Kenya National Audit Office	1,160,000	1,160,000
Lance Hub	-	45,000
Lucy Mwai & Co Advocates	1,034,800	-
Mamo Graphics Stationers	-	371,045
MFI Document Solutions	805,150	401,600
Mother Nature	-	94,000
Mpeta Guest House	-	220,000
Nation Media Group	696,000	142,680
Njuguna & Partnership	187,543	-
Sub Total	16,132,453	13,152,243
Page Total	87,542,290	55,823,315

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	FY 2024/2025	FY 2023/2024
Details	Amount (Kshs)	Amount (Kshs)
Palean Security	640,839	-
Peaks Hotel	-	1,525,200
Postal Corporation	-	9,450
P & H Procurement Consultants Ltd	1,850,600	-
Ryanada Limited	236,634	473,268
Sarova Woodlands Hotel	-	1,075,000
Seven Kantes Ventures Ltd	-	700,000
Skyways Security Services Ltd	841,500	1,039,500
Solidarity Building	33,900	167,500
Utalii Hotel	235,500	235,500
Wahome Gikonyo Advocates	400,200	-
Wells Fargo	-	2,773,098
Sub Total	4,239,173	7,998,516
Total (A)	91,781,463	63,821,831
B. DEVELOPMENT		
Employee Payables		
Staff Allowances	40,462,600	81,205,545
Staff Airtime Allowances	518,000	1,540,500
Sub Total	40,980,600	82,746,045
Trade Payables		
Absa Chemicas Ltd	16,824,805	5,620,380
Alwahab Enterprises Limited	1,678,582	-
AMG Sagrin Ltd	3,865,513	13,184,960
Aquamax Solutions Limited	3,816,864	
Bavco Engineering Ltd	4,783,340	9,088,340
Biscot Ventures Limited	11,953,445	-
Central Water Company	-	1,713,166
Centre Star Company	5,921,666	-
CFAO Motors	738,842	388,674
CIC General Insurance	-	84,801
Doritex Investment Ltd	3,477,368	6,977,368
Dido and Sons	6,331,839	13,291,170
East Africa Aquatech Drilling Ltd	-	1,499,764
Estanna Hotel Ltd	5,912,500	-
Eland Safari Hotel	5,287,340	2,679,470
Engi Consult Limited	10,343,149	12,343,149
Eslon Plastics	-	576,000
Emifag Agencies	2,245,087	-
Ewasco	-	50,000
Exporthydro Pumps	-	1,889,571
FGEE Technologies	438,000	876,000
Flexolink Limited	-	2,343,981
Finscope Investem Limited	5,171,422	-
Sub Total	88,789,762	72,606,793

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Details	FY 2024/2025 Amount (Kshs)	FY 2023/2024 Amount (Kshs)
Gawa Plumbing & Sewerage	2,121,902	6,602,131
Gichuhi Mwangi and Company Advocates	614,217	614,217
GIKS Rewinders Ltd	401,892	401,892
Global View Associate	128,310	128,310
Horizon PMM Limited	-	11,544,390
Insta Pumps Engineering Ltd	84,743	1,300,040
Infotrack Investments Limited	2,459,607	-
Isaiah Ndambuki Kyengo	-	1,115,100
John Ngila Munyao	-	705,600
Joseph Muchiri Kagwi ^{Note 1}	278,584	1,398,584
Kassim Investments	-	-
Kenya Forest Services	4,220,838	5,018,687
Kenya School of Law	-	300,000
Kenstruc Building Works Limited	8,206,377	
Kiburu Contractors Ltd	2,113,404	2,113,404
King'ong'o Junction Garage	1,812,152	1,872,704
Lavarock Investment Limited	3,440,800	1,870,895
Land	111,971,284	108,655,304
Lirena Solutions Limited	2,370,425	-
Lwares Branding Consultants	-	90,000
Macplan Engineering	35,487,231	22,320,314
Madison General Insurance Kenya	-	3,795
Maji Africa Ltd	139,700	139,700
Marsabit Central Construction Ltd	11,857,212	-
Maxwell Green Ltd	-	612,964
Master Energy Ltd	4,336,568	10,666,942
MFI Document Solutions	-	460,427
Mukasi Builders Limited	1,141,553	1,141,553
Mutahi Engineering	15,158,195	1,141,553
MediHub Ltd	3,047,018	1,141,553
Mwanja General Contractors Limited	4,315,886	1,141,553
Mountain Breeze Hotel Ltd	-	58,000
Nation Media Group	-	251,720
National Land Commission	-	-
Mithiga K & Advocates	1,830,164	1,830,164
Nanchang Municipal Engineering	83,134,961	-
Nokras Hotel	-	108,000
Octagon Builders Company Ltd	6,102,930	6,102,930
Palean Security	-	1,265,840
P & H Procurement Consultants Ltd	3,600,600	-
Peaks Hotel	-	434,000
Patience Services Limited	2,516,504	-
Perng Ventures Ltd	-	2,232,379
Pemunje Holdings Limited	8,548,985	-
Sub Total	321,442,042	194,784,645

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	FY 2024/2025	FY 2023/2024
Details	Amount (Kshs)	Amount (Kshs)
Power & Solar Group Ltd	-	1,274,840
Ranju Ltd	22,417,190	-
Robinson Githui Kariuki	-	2,135,841
Rozmun Autocare	-	210,400
Safeline Limited	18,476,248	-
Shix Limited	6,777,400	-
Sori Investment	6,095,439	20,724,200
Spetarian Sunstone Limited	-	-
Supernova General Merchants	-	122,800
Tantalum FL Limited	11,098,746	13,212,766
The Standard Group	-	532,440
Thika Motor Dealers	912,823	237,264
Topmast Engineering Ltd	3,830,539	13,884,649
Total Energies	-	1,577,130
Utalii Hotel	191,870	191,870
Visrom Company Ltd	21,503,604	2,862,561
Well Point Investments Limited	2,800,518	-
Sub Total	94,104,377	56,966,761
Total (B)	545,316,780	407,104,244
Grand Total (A+B)	637,098,243	470,926,075

Note 1 - Consultancy services for the design of Kaburu, Kiambere and Masinga Water Supply Project

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

i. Chuka Sewerage Infrastructure

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

ii. Chogoria Sewerage Infrastructure

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

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iii. Chogoria Water Project

Date	Particulars	Amount (Kshs)
16-02-22	Loyd Nyaga - LR MWIMBI/CHOGORIA/3882	300,000
	Total	300,000

iv. Marsabit Sewerage Infrastructure

Date	Particulars	Amount (Kshs)
13-Mar-20	Saleh Salim M Addulla- Land LR. Marsabit/Mountain/538	29,652,000
13-Mar-20	Hassan Salim Mohamed- Land LR. Marsabit/Mountain/56	29,652,000
25-Jan-22	Abubakar Salim Baslum- Land LR. Marsabit/Mountain/539	27,817,650
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/1059	514,000
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/592	321,240
24-05-22	Fatuma Bagaja - Land L.R Marsabit/Mountain/53	1,284,960
24-May-22	Omar Salim - Land L.R Marsabit/Mountain/1912	771,000
23-06-22	Soke Ote Soke- Land LR Marsabit/Mountain/2647	1,734,720
23-06-22	Ali Elema Kapchowa- Land LR Marsabit/Mountain/1911	584,680
23-06-22	Hibro Huka- Land LR Marsabit/Mountain/1912.	424,040
16-06-25	Alex Ali Guleid- Land LR Masabit/Mountain/2	462,600
16-06-25	Tonny Elisha- Land LR Marsabit/Mountain/4	642,480
16-06-25	Tonny Elisha- Land LR Marsabit/Mountain/647	99,040
16-06-25	Abraham Elisha- Land L.R Marsabit/Mountain/824	642,480
16-06-25	Luka Elisha- Land L.R Marsabit/Mountain/645	49,440
16-06-25	Abraham Elisha- Land L.R Marsabit/Mountain/1	163,080
16-06-25	Abraham Elisha- Land L.R Marsabit/Mountain/652	39,520
16-06-25	Elisha Daniel Godana - Land LR Marsabit/Mountain/644	610,400
16-06-25	Joseph Kesho Kidane-Land LR Marsabit/Mountain/52	2,471,400
	Total	97,936,730
	Grand Total	111,971,284

ANNEX V (b)

PENDING DIRECT DISBURSEMENTS AS AT 30 JUNE 2025

DATE	PARTICULARS	REQ No.	TOTAL AMOUNT
A. TWWDA			
1	Wizpro Enterprises Ltd	129	8,011,853
2	Zhongmei Engineering Group Ltd	197	77,978,201
3	Zhongmei Engineering Group Ltd	275	16,001,457
4	Machine Center Ltd	358	6,387,884
	SubTotal		108,379,395
B. NWWDA AfDB			
1	Runji Consulting co ltd	300	23,314,955
2	Suhufi Agencies Ltd JV Shaanxi Water Resources & Hydropower Eng Group Co. Ltd	356	62,195,688
3	Sinohydro Corporation Ltd	359	63,469,641
4	Sinohydro Corporation Ltd	360	49,504,849
5	Sinohydro Corporation Ltd	363	21,408,251
6	Sinohydro Corporation Ltd	364	16,697,487
7	NWWDA- Training	365	7,424,094
	SubTotal		244,014,965
	Total		352,394,360