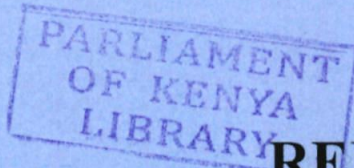


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

OF

THE AUDITOR-GENERAL

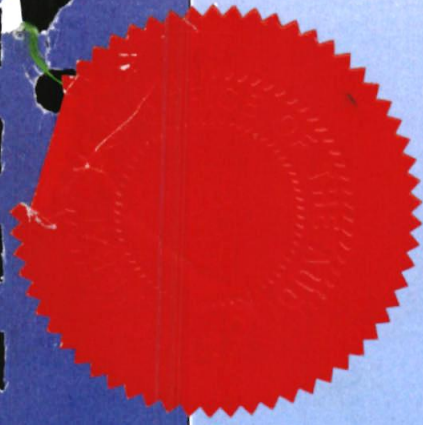
ON

**THE FINANCIAL STATEMENTS OF
WATER RESOURCES MANAGEMENT
AUTHORITY**

**FOR THE YEAR ENDED
30 JUNE 2015**

*Paper Laid on
the Table
of the House
by the Leader
of the
Majority Party*

*Wednesday
16th November 2016
in the Afternoon.*







Water Resources Management Authority

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2015**

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



Water Resources Management Authority

Table of Content

Page

I.	KEY ENTITY INFORMATION AND MANAGEMENT	ii
II.	THE BOARD OF DIRECTORS	v
III.	MANAGEMENT TEAM.....	viii
IV.	CHAIRMAN'S STATEMENT	ix
V.	REPORT OF THE CHIEF EXECUTIVE OFFICER.....	x
VI.	CORPORATE GOVERNANCE STATEMENT.....	xiii
VII.	CORPORATE SOCIAL RESPONSIBILITY STATEMENT	xviii
VIII.	REPORT OF THE DIRECTORS.....	xix
IX.	STATEMENT OF DIRECTORS' RESPONSIBILITIES.....	xx
X.	REPORT OF THE INDEPENDENT AUDITORS ON THE WATER REOURCES MANAGEMENT AUTHORITY	xxii
XI.	STATEMENT OF FINANCIAL PERFORMANCE.....	1
XII.	STATEMENT OF FINANCIAL POSITION.....	2
XIII.	STATEMENT OF CHANGES IN NET ASSETS.....	3
XIV.	STATEMENT OF CASH FLOWS	4
XV.	STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
XVI.	NOTES TO THE FINANCIAL STATEMENTS	6
XVII.	PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS	21



Water Resources Management Authority

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Water Resources Management Authority was established by an Act of Parliament, under Section 7 of the Water Act, 2002 of the Laws of Kenya. Water Resources Management Authority (Water Resources Management Authority/Authority) is a State Corporation created by the Water Act number 8 of 2002. It was launched in July 2005- under the current Ministry of Environment, Water and Natural Resources. The Authority's principal mandate is to work as the Lead Agency in the management of water resources in the whole country.

At cabinet level, Water Resources Management Authority is represented by the Cabinet Secretary for Environment Water and Natural Resources, who is responsible for the general policy and strategic direction of the Authority.

(b) Principal Activity

The principal activity/mission of the Authority is to regulate and manage water resources in collaboration with Stakeholders for sustainable development

Our Vision

To be a global player in Water Resources Regulation and Management

(c) Key Management

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

- The Governing Board and its Committees
- The Chief Executive Officer; and Management

Water Resources Management Authority operates through the Regional Offices established in the Six Catchment Basins, namely: Athi, Ewaso Ngiro, Lake Victoria South, Lake Victoria North, Rift Valley and Tana Catchment Areas. In addition, we have delineated the six catchment areas into 26 sub-catchment areas with sub-regional offices nationally. The operations of the Authority in the Regions and Sub-Regions are anchored on the Strategic Plan. The Authority partners/collaborates with key stakeholders in integrated water resource management activities to deliver its mandate to the public



Water Resources Management Authority

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive officer	Eng. Philip J. Olum Hsc.
2.	Finance and Administration Manager	James O. Ambuso
3.	Technical Coordination Manager	Eng. Joseph M. Kinyua

(e) Entity Headquarters

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

(f) Entity Contacts

Tel. 2732291, 2729048/48
Fax. 2729950
E-mail: wrma@wrma.or.ke
Website: www.wrma.or.ke

(g) Entity Bankers

1. National Bank of Kenya
Hill Branch
P.O. Box 45219-00100
Nairobi, Kenya
2. Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400 - 00100
Nairobi, Kenya
3. Cooperative Bank of Kenya
Nairobi Business Centre
P.O. Box 19555-00202
Nairobi, Kenya
4. Equity Bank
Community Branch
P.O. Box 75104-00100
Nairobi, Kenya



Water Resources Management Authority

(h) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

Lawyers





Rachier & Amollo Advocates
Mayfair center 5th floor
Ralphe bunche rd
P.o box 55645-00200
Nairobi

Prof. Albert Mumma & Company Advocates
5th avenue office suites
5th floor suite no. 1
5th ngong avenue
P.o box 10481 – 00100
Nairobi







Water Resources Management Authority

II. THE BOARD OF DIRECTORS

1		<p>Hon. Peter L.N. Kiilu, EBS</p> <p>Board Chairman Water Resources Management Authority</p> <p>Career Administrator and Civil servant of many years' experience</p>
2		<p>Eng. Philip J. Olum, HSC</p> <p>CEO Water Resources Management Authority AND Secretary To The Board.</p> <p>A registered engineer holding undergraduate and postgraduate qualifications with over 30 years' experience in the Water Sector</p>
3		<p>Hon. Jackson Mwalulu</p> <p>Director</p> <p>A communication expert with wide experience in governance issues</p>
4		<p>Hon. Grace Mwewa, OGW</p> <p>Director</p> <p>Career Educationalist with roles of Special envoy in Africa institutions and Americas</p>







Water Resources Management Authority

5		<p>Kitiabi Regina Kiti (PhD)</p> <p>Director</p> <p>A scholar of no mean repute. She brings experience from Academia to the board</p>
6		<p>Mr. Lucas Obondo</p> <p>Director</p> <p>An accomplished Economist with a clean record from Public sector</p>
7		<p>Mr. Stephen Mutoro</p> <p>Director</p> <p>A governance and rights crusader. Brings private sector experience to the Board</p>
8		<p>Mr. Peter M. Karing'u</p> <p>Director</p> <p>An advocate of the high court with experience in various boards</p>






Water Resources Management Authority

9		<p>Mr. Moses K. Kanagi P. S. Representative, National Treasury</p> <p>An Economist with over 20years experience in Public Sector</p>
10		<p>Mr. Jeremiah Munai P.S. Representative, State Department of Environment and Natural Resources. Ministry of Environment, Water and Natural Resources</p> <p>An economist and experienced public servant of many years</p>
11		<p>Mr. Chrispine Omondi Juma Director P.S. Representative State Department of Water</p> <p>A career researcher and experienced public servant in Water Sector</p>
12		<p>Mr. David Gichuhi Representative</p> <p>Inspector General of State Corporations</p> <p>Career Administrator specifically bringing in oversight roles of Inspector General</p>



Water Resources Management Authority

III. MANAGEMENT TEAM

 A portrait of Eng. Philip J. Olum, a middle-aged Black man with glasses, wearing a dark suit, white shirt, and a striped tie.	<p>Eng. Philip J. Olum, HSC</p> <p>CEO Water Resources Management Authority AND Secretary To The Board.</p> <p>A registered engineer holding undergraduate and postgraduate qualifications with over 30 years' experience in the Water Sector</p>
 A portrait of James Ambuso, a middle-aged Black man with glasses, wearing a dark green suit, white shirt, and a light-colored tie. He is seated in a black office chair.	<p>James Ambuso</p> <p>Finance and Administration Manager.</p> <p>Holder of MBA in Strategic Management from Moi University and Bachelors in Accounting and Finance. He is a member of Institute of Certified Public Accountants of Kenya, Certified Public Secretaries of Kenya and full member of Kenya Institute of Management</p>
 A portrait of Eng. Joseph M. Kinyua, a middle-aged Black man with glasses, wearing a dark suit, white shirt, and a blue tie.	<p>Eng. Joseph M. Kinyua</p> <p>Technical Coordination Manager, Water Resources Management Authority.</p> <p>A registered engineer ,Bsc Civil Engineering</p>



Water Resources Management Authority

IV. CHAIRMAN'S STATEMENT

Foreword

It is with great pleasure that I present Water Resources Management Authority's Annual Report and Financial Statement for the financial year ending 30 June 2015.

The Authority had a good performance despite the many challenges that came our way. We were able to declare surpluses in our results after many years of operating deficits. This was achieved despite massive budget cuts from the Government.

Corporate Performance

During the period; Water Resources Management Authority has been able to make the following achievements;

- a) Rehabilitation and Installation of 95 RGS stations
- b) Undertake six (6) Pollution and Abstraction surveys
- c) Construction of 5 sand dams
- d) Development of Twenty Nine (29) Sub Catchment Management Plans (SCMPs).
- e) Undertake the hydrogeological Mapping of Marsabit aquifer.

I am pleased to report that we were able to increase our revenue from exchange transactions collections to 1.1 Billion in this financial year. We intend to sustain this in the coming financial years as we strive to achieve financial sustainability and independence.

We carry out our mandate as set out in the Water Act 2002. I am pleased to report that we achieved most of the targets we set for the financial year.

Appreciation

I would like to extend my appreciation to the management, staff and our various partners for their dedicated service and execution of the Water Resources Management Authority's strategies towards achieving its Mandate, Vision and Mission.

A handwritten signature in blue ink, appearing to read "Kiilu", is written over a horizontal dotted line.

Hon. Peter L.N. Kiilu, EBS
Chairman, Board of Directors

A handwritten date "12.05.2016" in blue ink is written over a horizontal dotted line.

Date
Nairobi



Water Resources Management Authority

V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The Government has laid critical emphasis on the management of the environment. The Constitution of Kenya has in its Bill of Rights the right of every Kenyan to a clean and healthy environment, with resultant expectations increased consciousness of the population of these rights. There has never been a time when demand for the better management of the environment has been higher. The Authority, as the principal instrument of Government in the implementation of all policies relating to the environment, has faced increased demands to ensure proper environmental management in the country.

The Authority continued to undertake this mandate and achieved remarkable results despite myriad of challenges it faced. The Authority continued to propagate the mainstreaming of environmental issues in the country's development.

Revenue

The Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have continued to decline over the years. This has put pressure on the Authority to collect its own revenues so as to sustain its operations.

The Authority was however able to bill KES 1.1 billion as Appropriation in Aid from various licences and water user charges. This was achieved as a result of the efforts members of staff put. The Authority intends to improve on these efforts in the coming financial years.

The development partners disbursed KES 139 million. These development partners included the World Bank on the Natural Resource Management Programme and WKCDD Project. The Authority intends to deepen the partnerships and broaden the base of development partners it engages with.

Expenses

The Authority's expenses were KES 1.8 billion. Staff costs still remain the major cost component accounting for 42.2% of total expenses.

Performance contracting

The Authority participated in the 11th cycle of performance contracting. There was a marked improvement in its ranking compared to the previous period.



Water Resources Management Authority

Innovation

The Authority believes in continuous innovation in improving service delivery to its stakeholders. The Authority has embraced the use of Information Communication Technology (ICT) in the provision of services. In the financial year under review, the Authority undertook automation of the billing process and initiated Automation of human resources system. It is intended that the remaining processes will be automated in the coming financial years.

Education and awareness creation

One of the core functions of the Authority is to educate the population and create environmental awareness in the country. This is done by engaging several stakeholders in diverse sectors of the economy, undertaking awareness activities, and meeting the general public. The following activities were undertaken:-

Participation in ASK Shows and international trade fairs and educating the public on Water use, catchment protection and pollution control amongst other areas of interest

- Hosting and participation in World Water Day and World Wetlands Day amongst

Partnerships

During the year, the Authority had the following development partners supporting its mandate:

- World Wildlife Fund- WWF, IWRAP project
- United Nations Environment Programme (UNEP)
- GIZ

We are striving to bring more development partners on board.

Employee relations

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

The Authority has invested heavily in the human resource and especially Capacity Building/Development of Human Resource Capital. The Authority believes in the best skills for best performance. It has continuously improved staff development. During the year staff was trained in many areas like corporate governance for both Board of Management, and several courses for the management and members of staff. The Authority also organized many workshops for the staff especially for preventive for HIV/ Aids at work place, gender mainstreaming and alcohol and drug abuse prevention.



Water Resources Management Authority

Team work has always been embraced in the Authority. This was done through welfare activities like the end of year party where staffs were recognized for good performance.

Commitment to quality

During the financial year, the Authority retained its ISO 9001:2008 certification. The Authority is committed to implementing a Quality Management System to ensure a clean, healthy, secure and sustainably managed environment for all by:

Complying with the requirements of ISO 9001: 2008 Quality Management Systems, customer requirements, statutory and regulatory requirements; Ensuring that quality objectives are established, implemented and monitored at all levels of the Authority; Ensuring that the quality policy is communicated effectively and understood within the organization and periodically viewed for continued suitability.

Continually improving the quality management system processes for efficiency and effectiveness.

We are committed to the continual improvement of Quality Management System (QMS) processes and services and compliance with the requirements of ISO 9001:2008 international standards to achieve customer satisfaction. The Authority is committed to quality, timeliness, relevance to mandate, cost effectiveness and completion rate in the implementation of its projects.

Conclusion

I wish to take this opportunity to thank the Chairman and the Board of Management for their support throughout the year, I am grateful to our development partners and to all our stakeholders for their unwavering trust, support and partnership. To the staff and management, I am honoured to be a part of the Water Resources Management Authority team. I believe that with your continued support and commitment, we shall deliver our services more efficiently and effectively impact more people with environmental management services in the coming years. We believe that the future of environmental management is indeed bright in this country.

A handwritten signature in blue ink, appearing to read 'Philip J. Olum', is written over a dotted line.

ENG. PHILIP J. OLUM HSC
Chief Executive Officer

A handwritten date '12.05.2016' in blue ink is written over a dotted line.

Date
Nairobi



Water Resources Management Authority

VI. CORPORATE GOVERNANCE STATEMENT

Establishment and composition of the board:

The Board of Management of the Water Resources Management Management Authority (Water Resources Management Authority) is established under the Water Act 2002. It is made up of eight independent non-executive directors who consist of a Chairperson appointed by the President. The other members of the Board are the Principal Secretary, Ministry of Environment and Natural Resources, the Chief Executive Officer, and the State Corporations (Inspectorate General).

In considering nominations for appointment to the Board, Professional qualification, gender and diversity of experience is taken into consideration. The Board exercises leadership, enterprise, integrity and judgement in managing the Authority.

The Directors are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues.

The day-to-day running of the operations of the Authority is delegated to the Chief Executive Officer but the Board of Management is responsible for establishing and maintaining the Authority's system of internal controls for the realization of the Authority's mandate.

All members of the Board of Management are taken through a comprehensive induction programme and adequately trained on their roles through various corporate governance trainings. The Directors are professional, committed and guided by the mission, vision and core values of the Authority in the execution of their duties. At the end of each financial year, the Board, its Committees, individual directors and the Chief Executive Officer are evaluated by an independent body against targets agreed to at the beginning of the year.

Board Committees:

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



Water Resources Management Authority

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

Finance and Support Services Committee

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

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

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

Audit Committee

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

Resource Mobilisation Committee

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

Technical committee

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



Water Resources Management Authority

The Role of the Board

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

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

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

On a quarterly basis, the Board considers reports from each Board Committee. The Board meets at least once a quarter. The calendar of meetings is prepared annually in advance and detailed papers to be discussed are made available to Directors in good time before the meeting.

Evaluation

The performance of the Board is a fundamental component of the Water Resources Management Authority's success. A corporate governance evaluation was undertaken in order to have a formal and rigorous review of the entire Board as a collective unit and that of individual directors. The purpose of the evaluation was to acknowledge strengths and achievements and to recognize areas that needed improvement to enhance effectiveness and efficiency. The evaluation inspired Directors to improve in the application of their roles and responsibilities and to ensure that they are on track. The results of the evaluation were useful in putting in place a plan of action to improve effectiveness of each Director and that of the Board as a collective unit.



Water Resources Management Authority

Director's remuneration

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

Statement of Compliance

The Board of Directors confirms that Water Resources Management Authority has throughout the 2014/2015 financial year complied with the entire Statutory and Regulatory requirement and that the Authority has been managed in accordance with the principles of Corporate Governance.

Internal control and risk management:

Internal Control

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

Standing Instructions

The Authority has a Code of Ethics and Service Charter that is applicable to all employees. These are two of a number of Standing Instructions to employees of the Authority designed to enhance internal control. The Authority has also designed a set of standing instructions to be followed in the management of various functions in the organization.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and



Water Resources Management Authority

implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Authority can meet its future management requirements.

Strategic Plan

The business of the Authority is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the Authority, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

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

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during 2014/15.

Risk Management

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

Management Team

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. Such policies developed include the Anti-corruption policy, Disability, Gender and HIV mainstreaming, the ICT policy, among others.



Water Resources Management Authority

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Social and environmental responsibilities are an integral part of the Authority's practices. The Authority partners/collaborates with key stakeholders in integrated water resource management activities to deliver its mandate to the public.

We have over the years strived to mainstream environmental conservation in the development of the country so as to ensure the sustainable development of the country. In order to attain this, we have mainstreamed environmental sustainability in the performance contracts of all government institutions. Water Resources Management Authority works with the communities in the area of catchment protection by undertaking community based Livelihoods projects through the WRUAs and also provision of support to alternative livelihood to communities inhabiting catchment areas. This is done at the Authority's cost.

We worked closely with the several communities especially the weak and vulnerable. Several days to commemorate world wetland and water events were organized and held with these communities.

Our staff participated in several Corporate social responsibility activities including clean ups in various river basins and counties. We intend to build on and enhance our corporate social responsibility activities in the coming financial years.



Water Resources Management Authority

VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2015 which show the state of Water Resources Management Authority.

Principal activities

The principal activities of the Authority is to regulate and manage water resources in collaboration with Stakeholders for sustainable development

Results

The results of the entity for the year ended June 30, 2015 are set out on page 1-21 and the authority's net surplus is Kes 44 million and is a 55% drop from Last financial year. This is attributed to drop in transfers from other Governments agencies Like NRM Project closure.

Directors

The members of the Board of Directors who served during the year and to the date of this report are set out on in earlier sections of the report.

Auditors

The Auditor-General is responsible for the statutory audit of the Authority's books of account in accordance with Section 14 of the Public Audit Act, 2003. The Auditor General continues in office in accordance with the Public Audit Act, 2003.

For and On behalf of Board of Directors

A handwritten signature in blue ink, appearing to read 'Kiilu', is written over a horizontal dotted line.

HON. PETER L. N. KIILU, EBS
Chairman, Board of Directors

A handwritten date '12.05.2016' is written in blue ink over a horizontal dotted line.

Date
Nairobi



Water Resources Management Authority

IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 68 of the Public Finance Management Act, 2012 and section 15 of the State Corporations Act, require the Directors to prepare financial statements in respect of the Authority, which give a true and fair view of the state of affairs of the Authority at the end of the financial year/period and the operating results of the Authority for that year/period. The Directors are also required to ensure that the Authority keeps proper accounting records which disclose with reasonable accuracy the financial position of the Authority. The Directors are also responsible for safeguarding the assets of the Authority.

The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year (period) ended on June 30, 2015. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2015, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

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



Water Resources Management Authority

Approval of the financial statements

The Authority's financial statements were reviewed by the Chief executive and chairman of board of management and signed on..... 2015.

A handwritten signature in blue ink, appearing to read 'Kiilu', with a long horizontal stroke extending to the right.

HON. PETER L. N. KIILU, EBS
CHAIRMAN

DATE:.....12.05.2016.....

A handwritten signature in blue ink, appearing to read 'Olum', with a large loop at the top.

ENG. PHILIP J. OLUM, HSC
CHIEF EXECUTIVE OFFICER

DATE:.....12.05.2016.....

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON WATER RESOURCES MANAGEMENT AUTHORITY FOR THE YEAR ENDED 30 JUNE 2015

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Water Resources Management Authority set out on pages 1 to 21, which comprise the statement of financial position as at 30 June 2015, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 14 of the Public Audit Act, 2003. 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (Accrual Basis) and for such 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.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with the provisions of Section 15(2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Water Resources Management Authority – Annual Report and Financial Statements for the year ended 30 June 2015

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.491,676,157 as at 30 June 2015. However, as previously reported, the property, plant and equipment balance of Kshs.491,676,157 excludes twelve (12) un-valued parcels of land across the country on which the Authority has put up various developments including buildings. Further, no legal ownership documents such as title deeds were provided for audit review.

Consequently, it has not been possible to verify the completeness, accuracy, security and ownership of these excluded properties and the balance of Kshs.491,676,157 as at 30 June 2015.

2. Un-utilized Capital Budget

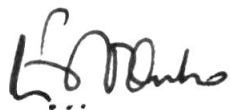
During the year under review, the Authority had an approved revised capital budget of Kshs.100 million down from Kshs.150 million provided for during 2013/2014 financial year for land acquisition. However, a verification of the records provided for audit revealed that despite this provision, no land was acquired. Management has not indicated what progress has been achieved in the acquisition of the intended land.

3. Receivables from Exchange Transactions

The receivables from exchange transactions increased from Kshs.1,652,023,536 as at 30 June 2014 to Kshs.1,979,970,692 as at 30 June 2015. However, the provision of Kshs.219,996,744 appears inadequate for the growing debt portfolio. As a result, the debt collection policy needs to be enhanced.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Water Resources Management Authority as at 30 June 2015, 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 Water Act, 2002 and Water Resources Management Rules, 2007.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

29 September 2016



Water Resources Management Authority

X. REPORT OF THE INDEPENDENT AUDITORS ON THE WATER REOURCES MANAGEMENT AUTHORITY



Water Resources Management Authority

XI. STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2015

	Note	2014-2015 KShs	2013-2014 KShs
Revenue from non-exchange transactions			
Public Contributions and Donations	3	578,433,770	615,798,771
Licenses and Permits	4	54,687,385	41,271,283
Transfer from other Governments	5	139,591,960	343,472,977
Revenue from exchange transactions			
Sale of water and Electricity	6	1,104,448,682	929,378,351
Other Income	7	10,935,130	11,940,318
Total income		1,888,096,927	1,941,861,700
COSTS AND EXPENSES:			
Employee Costs	8	799,969,012	756,274,088
General Expenses	9	622,156,823	564,142,653
Water Resources Management Expenses	10	318,369,046	407,323,410
Board Expenses	11	24,679,791	22,847,772
Depreciation and Amortization expense	12	79,428,393	101,341,229
Total recurrent costs and expenses		1,843,603,065	1,851,929,153
OPERATING SURPLUS/(DEFICIT)		43,493,862	89,932,548

The notes set out on pages 1 to 23 form an integral part of the Financial Statements

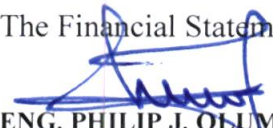


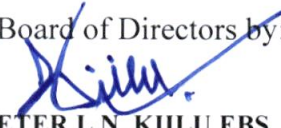
Water Resources Management Authority

XII. STATEMENT OF FINANCIAL POSITION As at 30 June 2015

	Note	2014-2015 KShs	2013-2014 KShs
ASSETS:			
Current Assets			
Cash and Cash Equivalents	13	52,503,009	57,129,371
Receivables from Exchange transactions	14	1,979,970,692	1,652,023,536
Receivables From Non Exchange Transactions	15	35,797,197	40,753,956
Total Current Assets		2,068,270,898	1,749,906,863
Non-Current Assets			
Property, Plant & Equipment	12	491,676,157	559,690,313
Intangible Asset- Software	12b	36,831,854	16,116,257
Total Non-Current Assets		528,508,011	575,806,570
Total Assets		2,596,778,909	2,325,713,434
LIABILITIES:			
Current Liabilities			
Customer deposits- Unreceipted	16	21,263,729	38,300,975
Trade and other Payables from exchange transactions	17	710,290,643	465,681,784
Total Current Liabilities		731,554,372	503,982,760
Non-Current Liabilities			
Long Term Loan	18	362,612,300	362,612,300
Total Liabilities		1,094,166,671	861,619,031
General Fund			
Capital Funds	19	98,608,067	98,608,067
Revenue Reserves	20	1,404,004,170	1,360,510,308
Total General Funds		1,502,612,237	1,459,118,374
Total Liabilities and General Funds		2,596,778,909	2,325,713,434

The Financial Statements set out on pages 1 to 23 were signed on behalf of the Board of Directors by:


ENG. PHILIP J. OLUO HSC
Chief Executive Office


HON. PETER L.N. KIILU EBS
Chairman of the Board

Date.....12.05.2016

Date.....12.05.2016



Water Resources Management Authority

XIII. STATEMENT OF CHANGES IN NET ASSETS For the year ended 30 June 2015

	Capital Funds	Revenue Reserves	TOTAL
	KShs.	KShs.	KShs.
Balance 01.07.2013	98,608,067	1,270,577,760	1,369,185,827
Adjustments in reserves			-
Surplus for the Year	-	89,932,548	89,932,548
Balance 30.06.14	98,608,067	1,360,510,308	1,459,118,375
Balance 01.07.2014	98,608,067	1,360,510,308	1,459,118,375
Additions for the year	-		-
Surplus for the Year		43,493,862	43,493,862
Balance 30.06.15	98,608,067	1,404,004,170	1,502,612,237



Water Resources Management Authority

XIV. STATEMENT OF CASH FLOWS

	Note	2015-2014 KShs	2013-2014 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Public Contributions and Donations	3	578,433,770	615,798,771
Licenses and Permits	4	54,687,385	41,271,283
Transfer from other Governments	5	139,591,960	343,472,977
Sale of water and Electricity	6	1,104,448,682	929,378,351
Other Income	7	10,935,130	11,940,318
		1,888,096,927	1,941,861,700
Payments			
Employee Costs	8	799,969,012	756,274,088
General Expenses	9	622,156,823	564,142,653
Water Resources Management Expenses	10	318,369,046	407,323,410
Board Expenses	11	24,679,791	22,847,772
		1,765,174,671	1,750,587,923
		122,922,256	191,273,777
NET CASH FLOW OPERATING ACTIVITIES			
Net cash generated from/(used in) Operating Activities			
		122,922,256	191,273,777
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase)/Decrease in Debtors	14	(327,947,156)	(145,049,056)
Increase in deposits and prepayments	15	4,956,759	(32,257,728)
(Increase)/Decrease in Provisions			
Increase/Decrease in payables	17	244,608,659	79,024,865
Purchase of PPE and intangible assets	12	(32,129,834)	(180,063,529)
Increase in Accounts Payables	15	(17,037,247)	28,736,514
Net cash generated from/(used in) Investing Activities			
		(127,548,619)	(249,608,934)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Long Term Borrowing			
Adjustment In reserves			
Proceeds from Long Term Borrowing			
decrease in Provision for debts bad			
Other Proceeds – M tap funds and AWF funds			
Net cash generated from/(used in) Financing Activities			
		-	
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		(4,626,361)	(58,335,157)
CASH AND CASH EQUIVALENTS AT 1st JULY 2014			
		57,129,370	115,464,528
CASH AND CASH EQUIVALENTS AT 30th JUNE 2015			
		52,503,009	57,129,371



Water Resources Management Authority

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30TH JUNE 2015

	Original Budget	Adjustments	Final budget	Actual on Comparable basis	Performance Difference
	2014/2015	2014/2015	2014/2015	2014/2015	2014/2015
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Revenue from non-exchange transactions					
Public Contributions and Donations	1,300,000,000		1,300,000,000	578,433,770	721,566,230
Licenses and Permits				54,687,385	(54,687,385)
Transfer from other Governments	645,460,000		645,460,000	139,591,960	505,868,040
Revenue from exchange transactions					
Sale of water and Electricity	650,950,000		650,950,000	1,104,448,682	(453,498,682)
Other Income	20,000,000		20,000,000	10,935,130	(9,064,870)
Total income	2,616,410,000		2,616,410,000	1,888,096,927	6,746,843
COSTS AND EXPENSES:					
Employee Costs	731,600,000		731,600,000	799,969,012	(68,369,012)
General Expenses	640,263,500		640,263,500	622,156,823	18,106,677
Water Resources Management Expenses	694,300,000		694,300,000	318,369,046	375,930,954
Board Expenses	35,860,000		35,860,000	24,679,791	11,180,209
Depreciation and Amortisation expense				79,428,393	(79,428,393)
Total recurrent costs and expenses	2,102,023,500	-	2,102,023,500	1,844,603,065	257,420,435
OPERATING SURPLUS/(DEFICIT)	514,386,500	-	514,386,500	43,493,862	(250,673,593)



Water Resources Management Authority

XVI. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

The entity's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the entity and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees (Permits and Licences)

Water Permits

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Revenues from exchange transactions are recognised at the fair value of the consideration received of receivable.

b) Budget information – IPSAS 24



Water Resources Management Authority

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

d) Property, plant and equipment – IPSAS 17

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

e) Intangible assets – IPSAS 31

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

The useful life of the intangible assets is assessed as either finite or indefinite.

g) Provisions – IPSAS 19

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



Water Resources Management Authority

Debtors and other receivables are stated at nominal value, less provision for amounts considered to be irrecoverable.

Provisions for bad and doubtful debts are at the following rates:

Period Outstanding	Percentage
241 - 360 days (8-12 months)	10%
Over 1 Year	50%

Contingent liabilities

The Authority recognizes 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. Sources of contingent liabilities are mainly legal litigations.

h) Changes in accounting policies and estimates – IPSAS 3

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

i) Employee benefits – IPSAS 25

Retirement benefit plans

The Authority provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The Authority contributes to a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The assets of this scheme are held in a separate trustee administered fund. The company's contributions to the defined contribution retirement benefit scheme are charged to the income statement in the year to which they relate. The scheme is funded by contributions from both the employees and employer. Benefits are paid to retiring staff in accordance with the scheme rules.



Water Resources Management Authority

j) 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. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held on call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included within borrowings in current liabilities.

k) Comparative figures

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

Useful lives and residual values

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

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

All property, plant and equipment are initially recorded at cost and thereafter stated at historical cost less depreciation. Depreciation is calculated on the reducing balance to write down the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

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

Gain/ (Loss) on disposal is recognized in the statement of comprehensive income.



Water Resources Management Authority

l) Subsequent events – IPSAS 14

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, 2015.

m) Significant judgments and estimates

In the process of applying the Authority's accounting policies, management has made estimates and assumptions that affect the Authority. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future revenue flows that are believed to be reasonable under the circumstances. The key areas of judgment in applying the Authority's accounting policies are dealt with below:

Critical judgments in applying the Authority's accounting policies

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of financial instruments

The Authority uses judgment to select a variety of methods and make assumptions that are mainly based on both historical costs and market conditions existing at each balance sheet date.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Property and equipment

Critical estimates are made by the Authority in determining depreciation rates of property and equipment.

Intangible assets

Critical estimates are made by the Authority in determining amortization rates of intangible assets.



Water Resources Management Authority

3. Public Contributions and Donations

	2014/2015	2013/2014
Development Grants	300,000,000	513,218,618
Recurrent Grants	278,433,770	102,580,153
	578,433,770	615,798,771

4. Licenses and Permits

	2014/2015 KShs.	2013/2014 KShs.
Application & Authorization fee	21,960,307	16,458,659
G/ Water Permit Fee	21,674,200	18,260,359
S/ Water Permit Fee	11,052,878	6,552,266
	54,687,385	41,271,284

5 Transfers from other Governments

These are funds received from development partners for financing development programmers. The funds received from the Development Partners (Donors) during the period were as indicated below:

	2014/2015 KShs.	2013/2014 KShs.
GTZ grants	480,000	458,005
NRM Funds	15,235,100	244,513,733
WKCDD&FM Funds	54,870,000	62,980,000
AWF Funds	4,860,000	5,252,000
Other Donors Funds	63,166,775	14,508,440
MTAP		
WSTF	980,085	4,816,382
		10,944,418
	139,591,960	343,472,978

6 Sale of water and Electricity

	2014/2015 KShs.	2013/2014 KShs.
S/Water use Charges	818,589,373	609,297,949
G/water use charges	266,217,016	303,870,876
Laboratory Service charges	15,183,406	14,687,942
Waste Disposal Charges	4,458,887	1,521,584
	1,104,448,682	929,378,351



Water Resources Management Authority

7 Other Income	2014/2015	2013/2014
	KShs.	KShs.
Interest income	977,555	1,717
Penalties	6,706,948	3,802,357
Tender fees	48,000	38,000
Data Sales	1,324,125	2,543,263
Other Income, WDC doc sales	1,878,503	5,554,981
Other Income	10,935,130	11,940,318

8 Employee Costs	2014/2015	2013/2014
	KShs.	KShs.
No. of Staff	760	753
Basic Salaries	538,235,005	487,968,501
Leave and Other Allowances		
House allowance	82,154,500	82,349,500
Other Allowances	38,678,451	49,283,358
Gratuity & Pension Contribution	66,595,474	67,284,067
Leave Allowance	13,939,699	12,484,734
Commuter Allowance	47,234,089	47,280,985
Honoraria	1,358,300	1,379,200
Transfer Allowance	11,773,494	8,243,743
	261,734,007	268,305,587
	799,969,012	756,274,088

In the financial year 2014/15 Water Resources Management Authority's Establishment had 768 staff members

9 General Expenses	2014/2015	2013/2014
	KShs.	KShs.
Staff Training Expenses	44,217,904	27,130,848
Medical Expenses	1,293,418	2,286,016
Motor Vehicle Expenses	31,263,166	26,396,704
Travelling and Accommodation	79,081,313	98,251,095
Conferences and Meetings	2,685,788	1,162,790
Telephone & Internet Costs	18,645,240	26,399,873
Postal & Courier Services	3,764,471	3,071,315
Official Entertainment	1,328,922	1,317,833
Staff Welfare Expenses	4,321,157	3,286,911



Water Resources Management Authority

Hospitality Costs -Purch. Coffin	740,500	1,278,305
Catering Expenses	4,468,313	5,923,774
Advertising Expenses	14,285,295	21,023,383
Uniform & Clothing	3,557,777	10,260,462
Insurance Costs	61,779,868	30,950,791
Membership Fees and Subs	27,769,574	6,380,479
Legal Dues & Professional Serv	11,733,335	41,891,450
Show Expenses	3,155,385	1,989,982
Office Rent and Rates	13,764,707	19,186,763
Electricity Expenses	2,905,589	2,006,875
Water and Conservancy Expenses	485,645	474,287
General Office Expenses	27,397,736	23,769,840
Computer Stationery	40,948,992	16,811,977
Office General Stationery	54,809,540	43,348,369
Publishing and Printing	25,091,037	56,059,077
Library Expenses	7,925,385	6,604,953
Maint of Furniture	2,431,300	2,288,939
Maint. Comp, Plant & Machinery	24,592,630	20,342,078
Maintenance of Buildings	14,976,353	3,773,583
Minor Alterations & Maint Works	21,132,316	3,477,527
Bank Charges & Commissions	2,265,842	2,113,823
Laboratory & Reagents Supplies	31,395,796	37,200,959
First Aid Kit Supplies	3,956	10,400
Audit Fees	1,500,000	1,554,632
Provision for bad debts	36,438,573	16,116,562
	622,156,823	564,142,653

10 Water Resources Management expenses

	2014/2015	2013/2014
	KShs.	KShs.
Gender Sensitive and HR Dev	304,500	1,682,000
Workshop and Seminars	63,749,840	64,837,550
Publicity & Information dissemination	7,438,649	10,006,423
Regulatory functions	31,096,303	18,406,934
Water abstraction system expenses	1,101,650	5,003,002
CAACs Expenses	5,182,376	6,054,570
WRUAs Establishment and Support	18,515,681	29,903,393
Catchment Management Strategy	30,111,216	7,591,477
Catchment monitoring plan - tech		
Catchment Monitoring Plan	3,146,905	7,751,408
Catchment Monitoring, Protection	110,518,888	39,068,443
Feasibility study and project des	3,452,642	66,877,775



Water Resources Management Authority

Preventive Water R Mgt. Measures	1,302,230	912,050
Water Quality Lab capacity	1,500,295	862,098
Roof Catchment Structures	2,843,575	2,593,035
Project Planning and Supervision	3,261,300	3,216,375
Rehabilitation of Water Monitoring	2,777,980	6,075,447
Livelihood Based Investments	32,065,016	136,481,430

318,369,046	407,323,410
--------------------	--------------------

11 Board Expenses

	2014/2015	2013/2014
	KShs.	KShs.
Chairman's Honoraria	960,000	608,000
Board Workshops and Seminars	1,514,215	1,236,637
Board Travel and Accommodation	19,161,444	9,620,421
Board Sitting Allowances	3,044,132	11,382,714

24,679,791	22,847,772
-------------------	-------------------



Water Resources Management Authority

12. Property Plant and Equipment

	Buildings	Furniture & Fittings and Office Equipment	Motor vehicles	Computers, Printers & IT Equipment	Water Supply Infrastructure	Capital Work In Progress	Total
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
	10%	12.5%	25%	33%	2.5%		
Cost As at 1st July 2013	82,162,760	236,502,927	173,782,971	82,424,043	11,705,894	220,214,338	806,792,932
adjustment's	220,214,338					-220,214,338	
Additions	91,328,983	35,823,309	33,220,348	4,586,000			164,958,640
Disposals							
As at 30 June 2013	393,706,080	272,326,236	207,003,319	87,010,043	11,705,894		971,751,572
Depreciation							
As at 1st July 2013	9,931,525	113,254,918	131,357,362	60,575,832	584,792		315,704,429
Adjustments							
Charge for the year	24,700,231	29,276,313	35,452,197	6,712,550	215,539		96,356,830
Disposals							
As at 30 June 2014	34,631,756	142,531,231	166,809,559	67,288,383	800,330		412,061,259
Net Book Value at 30 June 2014	359,074,324	129,795,005	40,193,760	19,721,660	10,905,564		559,690,313
Net Book Value at 30 June 2013	72,231,235	123,248,009	42,425,609	21,848,211	11,121,103	220,214,338	491,088,504



Water Resources Management Authority

Cost As at 1st July 2014	393,706,080.0	272,326,236	207,003,319	87,010,043	11,705,894	971,751,572
adjustment's						
Additions 2014/15		190,128		1,165,000		1,355,128
Disposals						
As at 30 June 2015	393,706,080.0	272,516,364	207,003,319	88,175,043	11,705,894	973,106,700
Depreciation						
As at 1st July 2014	34,631,755.8	142,531,231	166,809,559	67,288,382	800,330	412,061,259
Adjustments						
Charge for the year	35,907,433	16,248,175	10,048,440	6,892,598	272,639	69,369,284
Disposals						
As at 30 June 2015	70,539,188	158,779,406	176,857,999	74,180,980	1,072,969	481,430,543
Net Book Value at 30 June 2015	323,166,892	113,736,957	30,145,320	13,994,062	10,632,925	491,676,157
Net Book Value at 30 June 2014	359,074,324	129,795,005	40,193,760	19,721,660	10,905,564	559,690,313



Water Resources Management Authority

12b. Intangible Asset

Intangible Asset -Software

Cost	2014/15	2014/13
As at 1st July 2014	56,306,719	41,201,829
Additions	30,774,706	15,104,889
As at 30 June 2015	87,081,425	56,306,719
Amortization		
As at 1st July 2014	40,190,462	35,206,062
Adustments		
AmortizationCharge for the year	10,059,109	4,984,399
Impairment loss		
As at 30 June 2015	50,249,571	40,190,462
Net Book Value at 30 June 2015	36,831,854	16,116,256
Net Book Value at 30 June 2014	16,116,257	5,995,765



Water Resources Management Authority

13. Cash and cash equivalents

This comprises of both cash held in hand and at bank.

A Bank balance	2014/2015	2013/2014
	KShs.	KShs.
KCB -Athi CA - Mombasa SRO		6,153
KCB - SIDA Bank A/C - HQ Nairobi	1,903,482	1,909,157
Barclays- MTAP	39,770,083	
KCB -Athi CA - Machos-General	306,623	116,133
KCB -Athi CA - Machakos- KWSP	1,349	
KCB -Athi CA - Nairobi SRO	64,698	34,122
KCB -Athi CA - Kibwezi SRO	3,419	
KCB -Athi CA - Kiambu	166,935	202,914
KCB -Athi CA - Loitoktok	4,570	112,650
KCB-Athi CA - Machakos Rev		8,696,806
KCB -Tana CA - Embu- Gen	3,706,342	4,304,260
KCB- Tana River CA – Embu	264	264
KCB-Tana CA - Meru SRO		206
KCB-Tana CA - Kerugoya SRO	1,618	60,345
KCB-Tana CA - Kitui SRO	1,364	7,901
KCB-Tana CA - Murang'a SRO	580	3,021
KCB-Tana CA - Garissa SRO	153,213	24,816
COOP-Tana CA - Embu Region- NRM	1,568	5,968
KCB -Ewaso Nyiro CA- Nanyuki-Gen	10,236	522,397
KCB - Ewaso Nyiro CA- Nanyuki- Equity - MTAP Regional	5,425 3,444	16,665 3,444
KCB - Ewaso Nyiro CA- Nanyuki	316	22,424
KCB - Ewaso Nyiro CA- Mandera	4,127	539,702
KCB - Ewaso Nyiro CA- Marsabit	5,662	4,618
KCB - Ewaso Nyiro CA- Nyahururu	11,824	6,965
Equity - MTAP isiolo	4,073	4,073
NBK - Rift valley CA- Nakuru – Gen	16,763	449,645
KCB - Rift Valley CA - Nakuru	19,926	
KCB - Rift Valley CA – Kabarnet	2,881	
KCB - Rift Valley CA - Kapenguria	29,071	281,795
KCB - Rift Valley CA - Narok	17,654	4,958
KCB - Rift Valley CA - Lodwar	525	82,825
KCB - Rift Valley CA – Naivasha	9,235	663,108
KCB - LVN CA- Kakamega	427,501	
KCB - LVN CA - Kakamega – KWSP	30,816	41,836
KCB - LVN CA - Siaya	2,184	308,835
KCB - LVN CA - Eldoret	470,996	118,807
KCB - LVN CA - Kitale	65,446	630,753
KCB - LVN CA - Kakamega - WKCDD/FM	3,069,201	
KCB - LVS CA - Kisumu	18,085	26,685



Water Resources Management Authority

KCB - LVS CA - Kisumu - AWF	17,750	3,827,081
KCB - LVS CA - Kisii Sub Region	69,361	83,876
KCB - LVS CA - Kisumu Sub Region	56,070	530,803
KCB - LVS CA - Kericho	24	1,428
KCB - Ewaso Nyiro CA- Isiolo	36,943	711,342
KCB - Revenue A/C -HQ Nairobi	802,886	27,938,888
KCB-Tana CA - Embu- KWSP	317,208	
NBK - LVS CA - Kisumu – General	8,809	383,932
KCB - Rift Valley CA - Nakuru – Rev		
KCB - RVCA - Naivasha – IWRAP	877,173	4,391,124

52,497,723	57,082,724
-------------------	-------------------

B Cash balance

Cash in hand - HQ (petty cash)	1,021	16,445
Cash in hand - Athi River CA	1,590	315
Cash in hand - Tana CA		
Cash in hand - Rift valley CA	315	3,735
Cash in hand - LVN CA		24,599
Cash in hand - LVS CA	2360	1,553

5,286	46,647
--------------	---------------

Total

52,503,009	57,129,371
-------------------	-------------------

14 Receivables from Exchange transactions

This includes amount owed by general customers unpaid for services rendered by the Authority. The outstanding amount was as follows:

	2014/2015 KShs.	2013/2014 KShs.
General Debtors	2,199,967,436	1,835,581,707
Less Provision for Bad Debtors	219,996,744	183,558,171

1,979,970,692	1,652,023,536
----------------------	----------------------

15 Receivables From Non Exchange Transactions

	2013/2014 KShs.	2013/2014 KShs.
Temporary Imprests	6,576,700	19,567,193
Deposits	744,821	744,821
Prepayments	28,475,676	20,441,942

35,797,196	40,753,956
-------------------	-------------------

16 Customer deposits- Unreceipted

	2014/2015 KShs.	2013/2014 KShs.
KCB - LVS CA - Kisumu – Revenue	761,025	644,087
KCB-Athi CA - Machakos-Revenue	5,219,541	



Water Resources Management Authority

KCB - Ewaso Nyiro CA- Nanyuki- Revenue	1,939,494	810,520
KCB - Rift Valley CA - Nakuru – Revenue	2,154,990	10,926,951
KCB - LVN CA - Kakamega – Revenue	2,674,823	18,663,453
KCB- Tana River CA - Embu- Revenue	8,513,854	7,255,964

21,263,729	38,300,975
-------------------	-------------------

NB: This constitutes the amounts deposited to our various revenue collection accounts and the customers have not submitted the deposits slips for receipting

17 Trade and other Payables from exchange transactions

	2014/2015	2012/2013
	KShs.	KShs.
Trade creditors	676,038,248	422,545,646
Other creditors	34,252,395	43,136,138
Accrued expenses		
	710,290,643	465,681,784

18 Long Term Loan

This represents the amount of loan due to the Government arising from a Credit granted by the World Bank (IDA) for the Natural Resources Management Project. The Loan shall be due for repayment on 30th March 2017 as per loan agreement (Article III Clause 3.01)

	2014/2015	2013/2014
	KShs.	KShs.
IDA/World Bank	362,612,300	362,612,300
	362,612,300	362,612,301

19 Capital Funds

This represents capital funds and assets given to the authority by development partners, namely GTZ, AWF and SIDA/DANIDA under the Water Sector Sector Reform Programme and the Kenya Water and Sanitation Programme respectively. The capital funds were received as follows:

	2014/2015	2013/2014
	KShs.	KShs.
a) Capital Assets Transfer –GOK	8,435,163	8,435,163
b) GTZ	4,053,315	4,053,315
c) Kenya Water and Sanitation Prog (KWSP)	35,349, 589	35,349,589
d) AWF	770,000	770,000
e) MTAP Fund	50,000,000	50,000,000
	98,608,067	98,608,067



Water Resources Management Authority

20 Revenue Reserves	2014/2015 KShs.	2013/2014 KShs.
Retained earnings at 1st July	1,360,510,308	1,270,577,760
Adjustment in Reserves		
Surplus/(Deficit) Income for Year	43,493,862	89,932,548
	1,404,004,171	1,360,510,308

The total accumulated surplus income stated above is for the Authority's expansion programmes and is therefore not available for distribution.

XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The property, plant and equipment balance of Kshs.497,084,270 as at 30 June 2013 excludes value of twelve (12) parcels of land across the country on which the Authority has put up various developments including buildings but for which the Authority does not possess legal ownership documents such as title deeds. Consequently, it was therefore not possible to verify the ownerships of these properties as reflected in the financial statements.	Water Resources Management Authority cannot claim value of Land where its offices have been built since it is a shared resource under the ministry of Water, Environment and Natural Resources. Land is owned by the Government of Kenya and being part of the Government, Water Resources Management Authority uses it to discharge its constitutional mandate. The process of asset transfer has been slow due to an embargo by Transition Authority on all public assets transfer.	PS Ministry of Water and Irrigation, Chairman Transition Authority	In Progress	End of the financial year


**HON. PETER L. N. KIILU, EBS
 CHAIRMAN**

DATE: 12.05.2016


**ENG. PHILIP J. OLUM, HSC
 CHIEF EXECUTIVE OFFICER**

DATE: 12.05.2016