



Enhancing Accountability



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE	18 FEB 2021
DAY	THURSDAY
TABLED BY:	LOM
CLERK AT THE TABLE:	Anne Musandu

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**SUPPORT TO WATER AND SANITATION
SERVICES IN PERI-URBAN AREA PROJECT
(LOAN NO.BMZ 2013.6543.6)**

**FOR THE YEAR ENDED
30 JUNE, 2020**

**ATHI WATER WORKS DEVELOPMENT
AGENCY**



PROJECT NAME: SUPPORT TO WATER AND SANITATION SERVICES IN PERI-URBAN AREA

[FUNDED BY FEDERAL REPUBLIC OF GERMANY]

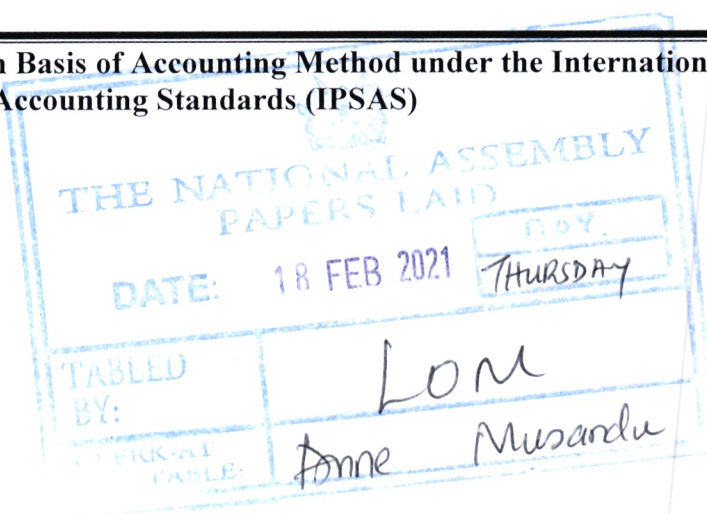
IMPLEMENTING ENTITY: ATHI WATER WORKS DEVELOPMENT AGENCY

LOAN NUMBER: BMZ NO.2013.6543.6

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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





Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020

Contents

1. PROJECT INFORMATION AND OVERALL PERFORMANCE	ii
2. STATEMENT OF PERFORMANCE AGAINST PROJECT PREDETRMINED OBJECTIVES	ix
3. CORPORATE SOCIAL RESPONSIBILITY STSTEMENT/SUSTAINABILITY REPORTING.....	x
4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES	xv
5. REPORT OF THE INDEPENDENT AUDITORS ON SUPPORT TO WATER AND SANITATION SERVICES IN PERI-URBAN AREA	xvi
6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30 TH JUNE 2020....	1
7. STATEMENT OF FINANCIAL ASSETS AS AT 30 TH JUNE, 2020.....	2
8. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30 TH JUNE 2020	3
9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS.....	4
NOTES TO THE FINANCIAL STATEMENTS.....	5
10. OTHER IMPORTANT DISCLOSURES.....	17
10.1 PENDING ACCOUNTS PAYABLES.....	17
11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.....	18

Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020

1. PROJECT INFORMATION AND OVERALL PERFORMANCE

1.1 Name and registered office

Name: The project's official name is Support to Water and Sanitation Services in Peri-Urban Area

Objective: The project goal is to provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas

Address: The project headquarters offices are in Nairobi, Nairobi County, Kenya

The address of the registered office is:

Athi Water Works Development Agency
P.O. Box 45283-00100 GPO
Africa-Re Centre, 3rd Floor
Hospital Road-Upper Hill
NAIROBI

Contacts: The following are the project contacts

Telephone: (254) 0202724292/3

E-mail: info@awwda.go.ke

Website: www.awwda.go.ke

1.2 Project Information

Project Start Date:	The project start date was 28 th September, 2015
Original Project End Date:	The project end date is 30 th June,2020
Revised project End Date:	The project end date has been revised to 31 st December 2023
Project Manager:	The project manager is Eng. Joseph Kamau
Project Sponsor:	The project sponsors are the Government of Kenya (GoK) and the Federal Republic of Germany through KfW Development Bank.

1.3 Project Overview

Line Ministry/State Department of the Project	The project is under the supervision of the Ministry of Water, Sanitation & Irrigation.
Project number	BMZ NO.2013.6543.6
Strategic goal of the project	The strategic goal of the project was to provide support to water and sanitation in Nairobi's Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas
Achievement of strategic goal	<p>The project management aims to achieve the goals through the following means:</p> <p>The main works components under this component include:</p> <ol style="list-style-type: none"> 1. Lot 1-Construction of Greater Githurai/Ruiru-Juja Water Supply Project <ol style="list-style-type: none"> a. Water source – Jacaranda Intake: <ol style="list-style-type: none"> i. Removal of existing raw water pumps from PS. ii. Replacement with 4 vertical split case pumps, H=50, Q=583 (2 duty, 2 standby), incl. associated pipework and E&M. b. Raw Water Pumping Main: <ol style="list-style-type: none"> i. Construction of second raw water pumping main parallel to the existing, approx. 1 km long, OD 450 PN 10 HDPE. c. Water treatment - Upgrading Jacaranda WTP from 15,000 m³/d to 28,000 m³/d by: <ol style="list-style-type: none"> i. Construct 2nd treatment line consisting of: ii. Inlet structure iii. 2 No. Flocculation basins iv. 2 No. Sedimentation tanks v. 4 No. Rapid Gravity Sand Filters vi. Gravity Sludge Drying Beds. vii. Replace Elevated Backwash Tank pumps to higher capacity for quicker filling of existing backwash tank viii. Construct additional chemical storage, mixing and dosing building for alum and soda ash dosing d. Transmission main: <ol style="list-style-type: none"> i. Construction of dedicated 6.8 km DN 1000 steel pipe from Jacaranda Water Treatment plant to Ruiru.. ii. Installation of connection piece for future offtake iii. Construction of dedicated 6.1 km DN 800 steel pipe from Ruiru to Githurai (Kahawa Sukari)

- e. **Water distribution:**
 - i. Construct 168 km of ring mains and distribution network in Greater Githurai area of Kiuu, Mwiki, Kahawa Wendani and Kahawa Sukari (OD63 to DN800)
- f. **Consumer Connections:**
 - i. Supply and install 73 km OD 20-63 HDPE for 8,400 number consumer connections
- g. **Boreholes:**
 - i. Drilling, development and testing of 10 new boreholes
- h. **Equipment:**
 - i. Supply operation and maintenance equipment
- 2. Lot 2 -Construction of Kiserian-Ongata Rongai Water Supply Project
 - a. **Boreholes:**
 - i. Rehabilitation of six existing boreholes.
 - ii. Drilling, development and testing of 10 new boreholes
 - b. **Construction of raw water pumping mains from boreholes to new storage tanks:**
 - i. HDPE OD90-OD225
 - c. **Repair and rehabilitation of Mbagathi Water treatment plant, including:**
 - i. New dosers and dosing equipment
 - ii. Rehabilitate Filters (exchange filter material, leaking valves, backwash water recirculation)
 - iii. Replace raw water and clear water pumps and rehabilitate pump station
 - iv. Repair backwash tower.
 - d. **Transmission main:**
 - i. Construction of dedicated 7.4 km OD400-OD355 HDPE pipe from the Western Transmission Main in Nairobi to Nkaimurunya Tank at Gataka, for 5,000 m³/d bulk supply from Nairobi.
 - e. **Construction of new water storage tanks, including booster pumping stations, chlorination, auxiliary buildings, etc.**
 - i. Kiserian School Tank, 800 m³
 - ii. Narumoru Tank, 100 m³
 - iii. Nkaimurunya Tank, 2,300 m³

**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

	<p>f. Water distribution:</p> <p>i. Construct 203 km of ring mains and distribution network in Kiserian and Ongata Rongai to replace existing system (OD63 to DN500)</p> <p>g. Consumer Connections:</p> <p>i. Supply and install 165 km OD 20-63 HDPE for 8,300 number consumer connections</p> <p>h. Equipment:</p> <p>i. Supply operation and maintenance equipment</p>
<p>Other important background information of the project</p>	<p><u>Project Financing & Components</u></p> <p>The project follows Feasibility Studies that were carried out by m/s H.P. Gauff Ingenieure and prioritized for implementation.</p> <p>The project financing is estimated as Euro (€) 33,100,000.</p>
<p>Project duration</p>	<p>The project started on 28th September 2015; the project close date is 31st December 2023</p>

1.4 BANKERS

The donor funding is through direct payment method. AWWDA got an approval from the National Treasury to open development fund account for efficient management of all the project's GoK counterpart funds.

The following are the bank details for the GoK Counterpart funds Account:

Athi Water Works Development Agency
The Co-operative Bank of Kenya
AccountNo.01141084618501
Upper Hill Branch

Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020

1.5 AUDITORS

The Office of the Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084-00100
NAIROBI.

1.6 Roles and Responsibilities

Names	Title designation	Key Qualification	Responsibilities
Eng. Joseph Kamau	Project Coordinator	B.Sc. MIEK, P.Eng.	Project Manager
Eng. Bonnie Nyandwaro	Project Engineer	B.Sc. MIEK, P.Eng.	Coordination of the day to day activities of the entire program
Eng. Kiprono Rop	Project Engineer	B.Sc., M.A, MIEK, P.Eng.	Coordination of the day to day activities
Rahab Kingori	Project Engineer	B.Sc,MIEK,	Coordination of the day to day activities
Anne Gacheri	Procurement officer	B.B.A, MA, CIPS	Management of the Procurement functions of the program
John Njoroge	Project Accountant	B.A., MBA, CPA-K	Management of the Finance functions of the program

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

1.7 Funding summary

The Project is for duration of three years from December 2014 to June 2020 with an approved budget of Euro 33,100,000 equivalent to about Kshs 3,717,130,000 as highlighted in the table below:

Source of funds	Donor Commitment-		Amount received to date – (30-06-2020)		Undrawn balance to date (30-06-2020)	
	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
Grant						
KfW-Training Measures	2,300,000	258,290,000	1,638,828	187,968,069	661,172	70,321,931
Loan						
KfW	28,000,000	3,144,400,000	3,227,334	492,003,877	24,772,666	2,652,396,123
Counterpart funds						
AWWDA	2,800,000	314,440,000	805,987	90,270,552	1,994,013	224,169,448
Total Funding Summary	33,100,000	3,717,130,000	5,672,149	770,242,498	27,427,851	2,946,887,502

1.8 Summary of the overall project performance

During the year under review, the Project received Kshs. 463,717,183 and incurred expenditure totalling to Kshs 450,769,229.

Cumulatively as at 30th June 2020 the project had received Kshs 770,242,499 and incurred expenditure totalling to Kshs 757,294,545.

Works

The works component of the project is funded by KfW and paid directly to the contractor

1. Lot 1- Construction of Greater Githurai/Ruiru-Juja Water Supply Project

The No objection letter for works contract was issued by the Bank on 3rd July 2019.

An advance payment was paid to contractor in January 2020.

Lot 2-Construction of Kiserian-Ongata Rongai Water Supply Project

The No objection letter for works contract was issued by the Bank on 3rd July 2019.

An advance payment was paid to contractor in June 2020.

1.9 Summary of the Project compliance:

The project performed all its activities ensuring compliance with applicable laws and regulations, and essential external financing agreements/covenants.

2. STATEMENT OF PERFORMANCE AGAINST PROJECT PREDETRMINED OBJECTIVES

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objective of the project is to provide support to water and sanitation in Nairobi’s Peri-urban areas of Ruiru-Juja and Ongata Rongai – Kiserian areas

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bund (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement: Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Construction of Greater Githurai/Ruiru-Juja Water Supply Project	To provide support to water and sanitation in Nairobi’s Peri-urban areas of Ruiru-Juja area	<ul style="list-style-type: none"> Upgrading Jacaranda WTP from 15,000 m³/d to 28,000 m³/d. Laying of 13 km steel pipe. Laying of 168 km of ring mains and distribution Drilling 10 No of boreholes 	% increase in water coverage in Nairobi.	Works are at mobilization stage
Construction of Kiserian-Ongata Rongai Water Supply Project.	To provide support to water and sanitation in Nairobi’s Peri-urban areas of Ongata Rongai – Kiserian area	<ul style="list-style-type: none"> Laying of 203 km of ring mains and distribution network. 2No. storage water tank Drilling and Equipping of 10No. boreholes 	% increase in water coverage in Nairobi.	Works are at mobilization state

**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

3. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Athi Water Works Development Agency (AWWDA) is a state corporation established by the Water Act 2016 under the Ministry of Water, Sanitation and Irrigation covering Nairobi City County, Kiambu County and Murang'a County. Its key responsibility as defined by the Water Act 2016 is to;

1. Undertake the development, maintenance and management of National Public Waterworks,
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 waterworks are handed over to a county government, joint committee, authority of county government or water services provider,
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 government and water providers,
5. Provide to the cabinet secretary technical support in discharging of his or her functions under the Water Act 2016.

Sustainability strategy and profile -

In performing her mandate, Athi Water is committed to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. AWWDA undertakes to conduct business in a way which will achieve sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts. In light of this, AWWDA has conducted various CSR projects under the different projects as follows;

• **Distribution of water tanks;**

AWWDA through the support of the Government of Kenya is addressing the water crisis currently being experienced public schools through supply of branded plastic water tanks. The tanks are 100no. 6,000l water tanks have been distributed to schools within Nairobi, Murang'a and Kiambu counties at a cost of Kshs. 4,988,000.00.

• **Community support activities under the Northern Collector Tunnel Project**

AWWDA has undertaken Community Water Supply Projects under the WaSSIP Programme as follows;

1. Ten Number community water supply projects to establish an additional production of 42,000m³ of water per day to serve over 400,000 people in Muranga, Kigumo, Mathioya and Kiharu. The scope of these projects entails main water supply, whereby the Individual Connections will be installed by Water Service Providers (WSP)

**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

2. Engineer's Project office and Accommodation were constructed of permanent design and will be handed over to the Community upon completion of the Project
3. Two four-wheel drive ambulances purchased under the Project will be handed over to the community after completion of the project.
4. Excavated Spoil material from the Tunnel is being used by the local tea factories for road maintenance. So far, a total of 57,686 Tones has been utilized with a value of approximately Kshs. 90M using delivery rates at site.

- **Tree planting activities under Northern Collector Tunnel Project**

AWWDA has supported conservation of Kaanja Site within the Aberdares water catchment and the surrounding areas in the Northern Collector Tunnel 1 Project. AWWDA planted 5,000 tree seedlings of different species at a ceremony graced by the CS Ministry of Water, Sanitation and Irrigation, several members of parliament, local administration and KFS officials.

- **Tree planting activities under Nairobi Rivers Sewerage Improvement Project**

AWWDA planted a total of 25,225 tree seedlings along the wayleave of the rehabilitation/contrasted sewer lines in order to protect the trunk lines and the riparian areas from encroachment.

- **Tree planting activities under the Kenya Towns Program**

AWWDA partnered with Kiambu County Government to plant trees in an effort to conserve River Bathi. AWWDA provided 3000 seedlings of indigenous trees and 1000 avocado seedlings. The indigenous tree seedlings were planted along the riparian of River Bathi. The avocado seedlings were distributed to the community living around River Bathi catchment as an incentive to take care of the planted seedlings. The tree planting exercise involved the community in Kirega and Bathi Locations in collaboration with the local administration.

Environmental performance

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of environment on a long-term basis as well acceptable social norms over the long term.

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

Athi Water Works Development Agency (AWWDA) as a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is

**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization’s activities with both physical and social environment.

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

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards unit with a total of 10 permanent staff.

Pollution prevention, regulatory compliance, stakeholder engagement, public consultation and continual improvement are the key elements which underpins AWWDA environmental sustainability.

The objective of the AWWDA’s environmental sustainability is therefore to promote sustainable development within our area of jurisdiction by ensuring environmental protection, social equity, and economic development.

AWWDA environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya; and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines. AWWDA also complies with the other environmental requirements of International Development Funding agencies such as World Bank, Africa Development Bank, French Development Bank among others.

Table 1: Environmental and Social Safeguards

IDF	Environment Safeguards Instruments	Description of safeguards
African Development Bank	Operational Safeguards (OS)	OS 1: Environmental and Social Assessment. OS 2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation. OS 3: Biodiversity and Ecosystem Services. OS 4: Pollution Prevention and Control, Greenhouse Gases, Hazardous Materials and Resource Efficiency. OS 5: Labour Conditions, Health and Safety.

Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020

IDF	Environment Safeguards Instruments	Description of safeguards
World Bank	Environmental and Social operational policies (OP)	OP4.01: Environmental Assessment OP4.36: Forestry OP 4.04: Natural Habitats OP4.12: Involuntary Resettlement OP 4.11: Physical Cultural Resources OP 4.10: Indigenous Peoples Policy OP 4.09: Pests Control Management
KfW	Sustainability Guidelines	

1. Employee welfare

The project management is by AWWDA staff and therefore the entity’s employee welfare policies and guidelines applies as detailed below:

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

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

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

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

2. Market place practices-

AWWDA ensures incorporation of competitive market practices through, encouraging competitive bidding by Placing advertisements for all tenders in our local dailies, our website and The Govt. of Kenya Treasury portal. This enables all prospective bidders to access the information and to participate. At the close of all tenders, representatives who choose to attend are invited to witness the opening of the tenders to ensure transparency in the bidding process. All the participants are informed of the outcome of the procurement process.

AWWDA has always maintained an effective feedback mechanism by holding an annual supplier meeting to get feedback from suppliers and contractors. Any concerns raised during the forum are adequately addresses.

All engagements between AWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party. The payment schedules also form part of the contracts and they are strictly adhered to during the contract period.

AWWDA encourages public participation and also clearance by relevant Govt agencies to ensure consumer rights and interests are not infringed

3. Community Engagements-

In line with the right to Access to Information as enshrined under Article 35 of the COK and as part of disability mainstreaming, AWWDA is committed to increasing access to the visually impaired. During the financial year 2019/2020, AWWDA brailed and distributed 100 copies of the service delivery charter on 28th February 2020 at the Thika School for the Blind. During the event, AWWDA also donated a 6000lts plastic water tank for rain water harvesting and dry food stuffs to boost the school feeding program.

4. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES


The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial period ended on June 30, 2020. 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 Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2020, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer AWWDA and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Support to Water and Sanitation Services in Peri-Urban Area on 28th September, 2020 and signed by them.



Chief Executive Officer
Eng. Michael M. Thuita

Date: 28/09/2020



Project Coordinator
Eng. Joseph Kamau

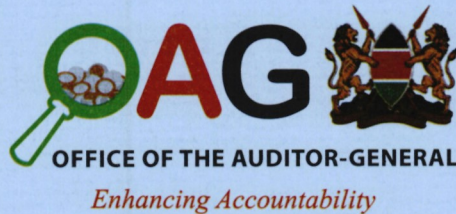
Date: 28/09/2020



Project Accountant
John Njoroge
ICPAK No: 6463
Date: 28/09/2020

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: 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 SUPPORT TO WATER AND SANITATION SERVICES IN PERI-URBAN AREA PROJECT (LOAN NO. BMZ 2013.6543.6) FOR THE YEAR ENDED 30 JUNE, 2020 – ATHI WATER WORKS DEVELOPMENT AGENCY

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Support to Water and Sanitation Services in Peri-urban Area Project set out on pages 1 to 18, which comprise the statement of financial assets as at 30 June, 2020, and the statement of receipts and payments, statement of cash flows and the statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Support to Water and Sanitation Services in Peri-Urban Area Project as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Financing Agreement BMZ No.2013.6543.6 dated 28 September, 2015 between the KfW Development Bank and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Support to Water and Sanitation Services in Peri-Urban Area Project 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 opinion.

Key Audit Matters

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

Other Matter

Pending Bills

Note 10.1 to the financial statements reflects pending bills of Kshs.126,479,016 in respect of construction of Kiserian-Ongata Rongai Water Supply Project – Lot 2. Available information indicated that works valued at Kshs.237,730,345 were certified for payment. However, of the certified amount, only Kshs.111,251,329 was paid out, being a share between the Donor (Kshs.87,478,294) and the Government of Kenya (GOK) (Kshs.23,773,035), leaving a balance of Kshs.126,479,019 which was part of the GOK obligation unsettled. Management attributed non-settlement of the entire amount to a reduction of the Project budget from an original approved budget of Kshs.600,000,000 to Kshs.500,000,000. However, reasons for the reduction were not provided despite there being knowledge of planned and ongoing Project activities.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities which govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the sustainability of services basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

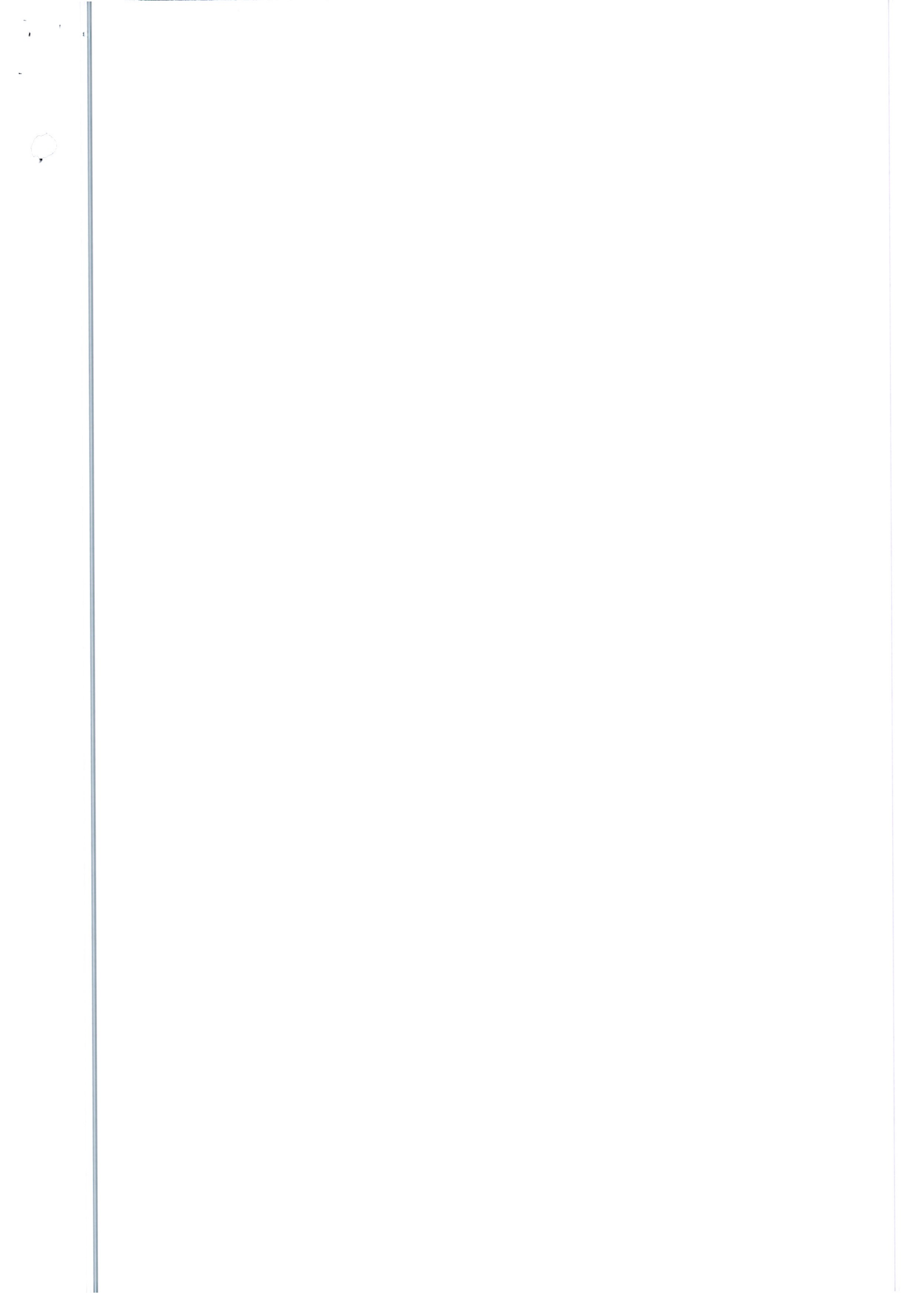
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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


Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 December, 2020

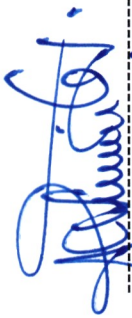


**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

6. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE PERIOD ENDED 30TH JUNE 2020

DESCRIPTION	NOTES	2019/2020		2018/2019		CUMULATIVE TO DATE
		Receipts & Payments Controlled by the Entity Kshs	Receipts & Payments Controlled by the Third Parties Kshs	Receipts & Payment Controlled by the Entity Kshs	Receipts & Payment Controlled by the Third Parties Kshs	
RECEIPTS						
Receipts from Government of Kenya	9.3	75,000,000		12,962,000		90,270,552
Proceeds from domestic and foreign grants	9.4		72,995,710		98,393,809	187,968,069
Loan from external development partners	9.5		315,721,473		66,983,811	492,003,877
TOTAL RECEIPTS		75,000,000	388,717,183	12,962,000	165,377,620	770,242,499
Less: Payments/ Expenditure by Category:						
(as per Legal Agreement classification)						
Purchase of Goods & Services	9.8	-		3,376,858		3,376,858
Acquisition of non-financial assets	9.10	62,052,046	388,717,183	9,585,142	165,377,620	753,917,687
TOTAL PAYMENTS		62,052,046	388,717,183	12,962,000	165,377,620	757,294,545
Surplus/Deficit		12,947,954	-	-	-	12,947,954


 Chief Executive Officer

Eng. Michael M. Thuita

Date: 28/09/2020


 Project Coordinator

Eng. Joseph Kamau

Date: 28/09/2020


 Project Accountant

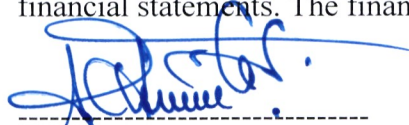
John Njoroge
 ICPAK No: 6463
 Date: 28/09/2020

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

7. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE, 2020

FINANCIAL ASSETS	Note	2019/2020 Kshs	2018/2019 Kshs
Cash and Cash equivalents			
Bank balances	9.13A	12,947,954	-
cash balances	9.13B	-	-
cash equivalents	9.13C	-	-
Imprests and advances	9.14	-	-
TOTAL FINANCIAL ASSETS		<u>12,947,954</u>	<u>-</u>
REPRESENTED BY:			
Fund Balances Brought Forward	9.15	-	-
Surplus/Deficit for the year		<u>12,947,954</u>	<u>-</u>
Net financial position		<u>12,947,954</u>	<u>-</u>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on *28th September, 2020* and signed by:



Chief Executive Officer
 Eng. Michael M. Thuita

Date: 28/09/2020



Project Coordinator
 Eng. Joseph Kamau

Date: 28/09/2020



Project Accountant
 John Njoroge
 ICPAK No: 6463

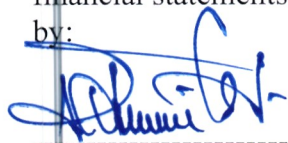
Date: 28/09/2020

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

8. STATEMENT OF CASHFLOW FOR THE PERIOD ENDED 30TH JUNE 2020

	Note	2019/2020 Kshs	2018/2019 Kshs
Receipts for operating income			
Transfer from Government entities	9.3	75,000,000	12,962,000
Proceeds from domestic and foreign grants	9.4	72,995,710	98,393,809
Miscellaneous receipts	9.6	-	-
		147,995,710	111,355,809
Payments for operating expenses			
Compensation of employees	9.7	0	0
Purchase of goods and Services	9.8	0	-3,376,858
Social Security Benefit	9.9	0	0
Transfer to government entities	9.11	0	0
Other grants and transfers	9.12	0	0
		147,995,710	107,978,951
Net cash flow from operating activities			
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	9.10	-450,769,229	-174,962,762
		-450,769,229	-174,962,762
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings	9.5	315,721,473	66,983,811
		315,721,473	66,983,811
NET INCREASE IN CASH AND CASH EQUIVALENT			
		12,947,954	0
Cash and cash equivalent at BEGINNING of the year			
		0	0
Cash and cash equivalent at END of the year			
		12,947,954	0

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on *28th September, 2020* and signed by:



Chief Executive Officer
 Eng. Michael M. Thuita

Date: 28/09/2020



Project Coordinator
 Eng. Joseph Kamau

Date: 28/09/2020




Project Accountant
 John Njoroge
 ICPAK No: 6463
 Date: 28/09/2020

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

9. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% of utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	100,000,000	0	100,000,000	75,000,000	25,000,000	75%
Proceeds from borrowings	500,000,000	-100,000,000	400,000,000	388,717,183	11,282,817	97%
Total Receipts	600,000,000	-100,000,000	500,000,000	463,717,183	36,282,817	
Payments						
Acquisition of non-financial assets	600,000,000	-100,000,000	500,000,000	450,769,229	49,230,771	90%
Total Payments	600,000,000	-100,000,000	500,000,000	450,769,229	49,230,771	

Note: The budget utilization/Performance differences are explained in Annex 1 of the financial statements.


 Chief Executive Officer
 Eng. Michael M. Thuita

Date: 28/09/2020



Project Accountant
 John Njoroge
 ICPAK No: 6463
 Date: 28/09/2020

NOTES TO THE FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of these financial statements are set out below:

9.1 Basis of Preparation

9.1.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of Accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

9.1.2 Reporting entity

The financial statements are for the Nairobi Water Distribution Network Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

9.1.3 Reporting currency

The financial statements are presented in Kenya Shillings (KShs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

9.2 Significant Accounting Policies

a) Recognition of receipts

The Project recognises all receipts from the various sources when the event occurs and the related cash has actually been received by the Government.

- **Transfers from the Exchequer**

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

- **External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partner

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donations and grants

Grants and donations are recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

Proceeds from borrowing

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take. These borrowing are accounted for on cash basis and recognized as receipts during the year they are received.

Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

- **Other receipts**

These include Appropriation-in-Aid and relate to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements at the time associated cash is received.

b) Recognition of payments

The Project recognises all payments when the event occurs and the related cash is paid out by the Project.

- **Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

- **Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they are disclosed as pending bills.

- **Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they are incurred and paid for.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Repayment of borrowing (principal amount)**

Repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

- **Acquisition of fixed assets**

Payments on acquisition of property plant and equipment items are not capitalized. Costs of acquisition and proceeds from disposal of assets are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained for the project and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

c) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

d) Cash and cash equivalents

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

Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Accounts receivable

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of government's practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

f) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities, Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. As shown under Annex 4, the project did not have any contingent liabilities in the year.

Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

g) Contingent Assets

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

**Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020**

h) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they are recorded as ‘memorandum’ or ‘off-balance’ items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

i) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project’s budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation.

An assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

j) Third party payments

Included in the receipts and payments, are payments made on behalf of the project by third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

During the year **Kshs 388,717,183** was received in form of direct payments from KfW

SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

l) Comparative figures

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

m) Subsequent events

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

n) Errors

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

9.3 RECEIPTS FROM GOVERNMENT OF KENYA

These represent counterpart funding and other receipts from government as follows:

	2019/2020	2018/2019	CUMULATIVE TO DATE
	Kshs		Kshs
<i>Counterpart funding through Ministry of Water and Sanitation</i>			
Counterpart funding Quarter 1	25,000,000		25,000,000
Counterpart funding Quarter 2	25,000,000		25,000,000
Counterpart funding Quarter 3	25,000,000		25,000,000
Counterpart funding Quarter 4	-	12,962,000	15,270,552
Appropriations-in-Aid			-
Total	75,000,000	12,962,000	90,270,552

9.4 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the financial Year Ended 30th June 2020 AWWDA received Kshs 72,995,710 grants from donors relating to this project.

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grant Received in kind	Total amount in Kshs	
						2019/2020	2018/2019
		Euro	Kshs	Kshs	Kshs	Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)							
N/A	N/A	N/A	N/A	N/A	N/A		
Grants Received from Multilateral Donors (International Organizations)							
KfW	2017/2018	135,750	-	16,578,550	0		
KfW	2018/2019	863,743		98,393,809		0	98,393,809
KfW	2019/2020	639,335		72,995,710	0	72,995,710	
Grants Received from Local Individuals and organizations							
N/A	N/A	N/A	N/A	N/A	N/A		
Total	-	1,638,828	-	187,968,069	-	72,995,710	98,393,809

9.5 LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the financial year ended 30 June 2020 proceeds from the loan amounted to Kshs 315,721,473 which was disbursed in form of direct payments for consultancy services.

Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment	Total amount in Kshs	
					FY2019/2020	FY2018/2019
		Euro	Kshs	Kshs	Kshs	Kshs
Loans Received from Bilateral Donors (Foreign Governments)						
N/A	N/A	N/A	N/A	N/A		
Loans Received from Multilateral Donors (International Organizations)						
KFW	2015/2016	769,816		87,263,074		
KFW	2016/2017	77,038		8,907,569		
KFW	2017/2018	107,317		13,127,950		
KFW	2018/2019	578,967		66,983,811		66,983,811
KFW	2019/2020	1,694,197		315,721,473	315,721,473	
Total		3,227,334	-	492,003,877	315,721,473	66,983,811

9.6 MISCELLANEOUS RECEIPTS

There were no miscellaneous receipts during the year

9.7 COMPENSATION OF EMPLOYEES

There was no compensation of Employee payment made through the project during the year.

9.8 PURCHASE OF GOODS AND SERVICES

SCOPE OF WORKS	2019/2020			2018/2019	CUMULATIVE TO DATE
	Payment Controlled by the Entity	Payment Controlled by the Third party	Total payment		
	Kshs	Kshs	Kshs	Kshs	Kshs
Advertising	0	-	0	3,376,858	3,376,858
TOTAL	0	-	0	3,376,858	3,376,858

9.9 SOCIAL SECURITY BENEFIT

The project didn't make payment related to social security benefits during the year

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

9.10 ACQUISITION OF NON-FINANCIAL ASSETS

SCOPE OF WORKS	2019/2020		2018/2019	CUMULATIVE TO DATE
	Payment controlled by the entity	Payment controlled by the third party		
	KSH	KSH		
Construction for Greater Githurai/Ruiru-Juja Water Supply Project-Lot 1	23,912,649	215,213,842	-	239,126,491
Construction for Kiserian-Ongata Rongai Water Supply project-Lot 2	23,773,034	87,478,294	-	111,251,328
The consultant for the work supervision	5,626,534	13,029,337	72,584,207	202,847,223
Consultant for Support to Technical Implementation-GFA	8,739,829	72,995,710	102,378,555	200,692,644
TOTAL	62,052,046	388,717,183	174,962,763	753,917,687

{N.B the civil works plus all the related consultancies are considered assets}

Support to Water and Sanitation Services in Peri-Urban Area
Reports and Financial Statements
For the year ending June 30, 2020

9.11 TRANSFERS TO OTHER GOVERNMENT ENTITIES

Under this project we did not have any transfers to other government agencies during the financial year

9.12 OTHER GRANTS AND TRANSFER AND PAYMENTS

The project didn't have other grants and transfers and payments

9.13 CASH AND CASH EQUIVALENTS C/FWD

DESCRIPTION	2019/2020	2018/2019
	Kshs	Kshs
Bank accounts	12,947,954	-
Cash in Hand		
Cash equivalents (short term deposits)		
Total	12,947,954	-

9.13 A Bank balances

The project did not have any cash at bank as at 30th June 2020

9.13 B Cash in hand

The project did not have any cash in hand as at 30th June 2020

9.13 C Cash equivalents (short term deposits)

The project didn't have any short-term deposits as at 30th June 2020

9.14 OUSTANDING IMPREST AND ADVANCES

No imprest and Advances were paid under the project during the year

9.15 FUND BALANCE BROUGHT FORWARD

No Fund balances were brought forward under the project as at 1st July 2019

9.16 PRIOR YEAR ADJUSTMENT

There were no prior year Adjustments during the year ending 30th June 2020

Support to Water and Sanitation Services in Peri-Urban Area
 Reports and Financial Statements
 For the year ending June 30, 2020

10. OTHER IMPORTANT DISCLOSURES

10.1 PENDING ACCOUNTS PAYABLES

	Balance b/f FY 2018/2019	Additions for the period	Paid during the year	Balance c/f FY 2019/2020
DESCRIPTION	Kshs	Kshs	Kshs	Kshs
consultancy-Supervision of civil works	3,473,638	15,182,233	18,655,871	-
Consultancy for Support to Technical Implementation-GFA.	23,318,214	58,417,324	81,735,539	(0)
Construction for kiserian-Ongata Rongai Water Supply project-Lot 2		237,730,345	111,251,328	126,479,016
TOTAL	26,791,852	311,329,902	211,642,738	126,479,016

11. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The project did not have any auditor recommendation to track



Chief Executive Officer
Eng. Michael M. Thuita

Date: 28/09/2020



Project Coordinator
Eng. Joseph Kamau

Date: 28/09/2020



Project Accountant
John Njoroge
ICPAK No: 6463

Date: Date: 28/09/2020

ANNEX 1 VARIANCE EXPLANATIONS –COMPARATIVE BUDGET AND ACTUALS

VARIANCE EXPLANATIONS-COMPARATIVE BUDGET AND ACTUAL AMOUNTS						
Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization difference	% of utilization	Explanations of variances	
	a	b	c=a-b	d=b/a%		
Receipts	Kshs	Kshs	Kshs	Kshs		
Transfer from Government entities	100,000,000	75,000,000	25,000,000	75%	The Budget utilization difference was the GoK 4th Quarter allocation that is yet to be release by the MWSI	
Proceeds from borrowings	400,000,000	388,717,183	11,282,817	97%	Within Budget	
Total Receipts	500,000,000	463,717,183	36,282,817			
Payments						
Acquisition of non-financial assets	500,000,000	450,769,229	49,230,771	90%	The Budget utilization difference was the GoK 4th Quarter allocation that is yet to be release by the MWSI	
Total Payments	500,000,000	450,769,229	49,230,771			

ANNEX 2A - ANALYSIS OF PENDING BILLS

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 30 th June, 2020	Outstanding Balance 30 th June, 2019	Comments
Supply of Services	a	b	c	d=a-c	d=a-c	
1. Posch & Partner GmbH in association with Norken International Sub consultant	202,847,223	30/11/2016	202,847,223	0	3,473,638	The original Amounts reflects the actual certified amounts
2.GFA Consulting Group GmbH	200,692,644	07/08/2017	200,692,644	0	43,961,231	The original Amounts reflects the actual certified amounts
3.China Jiangxi International Economic	237,730,345	19/07/2019	111,251,328	126,479,016		The original Amounts reflects the actual certified amounts
Total	641,270,212	129,323	514,791,196	126,479,016	47,434,869	

ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

ANNEX 3-SUMMARY OF FIXED ASSET REGISTER					
Asset Class	Openig Cost (Kshs) 2018/2019	Purchase /Additions in the year (Kshs) 2019/20	Disposal in the year(Kshs) 2019/20	Transfers in/(out)Kshs 2019/20	Closing Cost (Kshs) 2019/20
	a	b	c	d	e=a+b-©+(-)d
Work in Progress	303,148,458	450,769,229	0	0	753,917,687