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THE AUDITOR-GENERAL

ON

**ATHI WATER WORKS DEVELOPMENT
AGENCY**

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

OFFICE OF THE AUDITOR GENERAL
P. O. Box 30984 - 00100, NAIROBI
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ATHI WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2025

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

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**Athi Water Work Development Agency
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for the year ended June 30, 2025.**

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1. Acronyms and definition of Terms

A: Acronyms and Abbreviations

AWWDA	Athi Water Works Development Agency
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
WSPs	Water Service Providers

B: Definition of Key Terms

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

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2. Key Entity Information and Management

(a) Background information

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

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

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

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

(b) Principal Activities

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

(c) Key Management

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

No.	Designation	Name
1.	Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Director -Water, Sewer and Sanitation	Eng. Bonnie Nyandwaro
3.	Director Finance	CPA, Michael Kihungi Kimotho
4.	Ag. Director Bulk	Paul Muchai Mwika

(d) Fiduciary Management

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

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No.	Designation	Name
1.	Chief Executive Officer	Eng. Joseph Mungai Kamau
2.	Director Finance	CPA, Michael Kihungi Kimotho
3.	Director-Water, Infrastructure Development	Eng. Bonnie Nyandwaro
4.	Ag. Director Bulk Services and Deputy Director Resource Mobilization and Asset management	Paul Muchai Mwika
5.	Ag Deputy Director, Water Works Infrastructure Development	Eng. Dominic Kiprono Rop
6.	Corporation Secretary and Legal Manager	CS. Joyce N. Mukururi
7.	Deputy Director, ICT	Mr. Tom Ongaki
8.	Deputy Director, Internal Audit	CPA, Solomon Karanja
9.	Deputy Director, Supply Chain Management	Ms. Janet Lang'at
10.	Deputy Director, Finance and Accounts	CPA, Dr. Christine Mawia Julius
11.	Deputy Director, Environmental Safeguards	Ms. Loice Wairimu Kamau
12.	Deputy Director, Sewerage and Sanitation Works Development	Eng. James Gathitu Muturi

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Key Entity Information and Management (continued)

(e) Fiduciary Oversight Arrangements

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

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

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

2. **Other Banks (state other bankers as appropriate)**

- | | | |
|---|---|--|
| i) Cooperative Bank of Kenya
University Way Branch
NAIROBI | ii) SBM Group
Upper Hill Branch
NAIROBI | iii) NCBA Bank
Upper Hill
NAIROBI |
| iv) Stanbic Bank Kenya Limited
Kenyatta Avenue
NAIROBI | v) Kenya Commercial Bank
Kipande House Branch,
NAIROBI | |

Key Entity Information and Management (continued)

(i) Independent Auditor

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

(j) Principal Legal Adviser

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

3. The Board of Directors



Mr. Charles Kamau Karondo

Mr. Charles Kamau Karondo was born on 18th August 1991. He holds a Masters of business Administration in Human resource Management from Mt Kenya University; He also hold a Bachelor's degree in Business Management (Human resource management option) from Mt Kenya University.

Mr. Karondo is a human resource management expert with over 8 years' experience in human resource planning, leadership and Performance management. Over the years, he has gained a wealth of experience in building collaborative strategies and championing innovative solutions. He has also demonstrated exceptional leadership and success in dispatching duties and responsibilities.

Mr. Karondo has worked in various government agencies such as National Parliament of Kenya and Ministry of investment, Trade and Industries and Ministry of interior and National administration that have played an integral role in developing his management experience.

Mr. Karondo is an independent director and the Board chairperson as from 7th August 2023



Eng James Wainaina

Eng. James Wainaina is an Independent Director and was born on 27th November 1959 holds a Bachelor of Science degree in Civil Engineering from State University of Civil Engineering in Moscow. He holds a Masters Degree in Water and Sanitation Engineering from Delft University of Technology, and also holds an MBA in project planning and Strategic Management form Esami/Maastricht School of Management.

He is registered as a professional Engineer with the Engineers Board of Kenya (EBK) and had over 20 years' experience in planning, designs, construction, supervision, operations and management of urban and rural water supply and sanitation projects in Kenya. He has expertise in participatory planning, stakeholder co-ordination, capacity development and community empowerment.

Eng. James Wainaina has worked on various projects funded by International Development partners such as the World Bank, AfDB, Kfw, AFD, USAID & JICA and has over the years gained extensive knowledge of the donors/ stakeholders coordination and projects implementation procedures.







Mr. Francis C. Bor

Mr. Francis C. Bor is the Alternate Director representing the Principal Secretary of State Department of Water and Sanitation, Ministry of Water, Sanitation and Irrigation. He was born on 23rd April, 1970. He holds a Bachelors of Arts degree from University of Nairobi and a Masters of Arts in Public Administration from Moi University.



He has over 20 years of work experience in the Public Service. He previously served as a District Officer in the Office of the President in Makueni, Kitui and Kuria. Assistant Secretary Ministry of Agriculture; Under Secretary State Department for Land and the State Department for Public works and Deputy Director Administration at the National Land Commission;

Currently, Mr. Francis C. Bor serves at the Ministry of Water Sanitation and Irrigation as the Senior Deputy Secretary State Department of Water and Sanitation.

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





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 <p>Eng Joseph Kamau</p>	<p>Eng. Joseph Kamau is the Chief Executive Officer and was born on 10th January 1970.</p> <p>He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water.</p> <p>Eng Joseph was on 23rd September 2023 appointed the CEO in acting capacity. He was appointed the substantive CEO on 15th May 2024 after successfully going through a competitive recruitment process.</p>
 <p>CS. Joyce N. Mukururi</p>	<p>CS Joyce N. Mukururi is the corporation secretary and was born on 25th December 1982.</p> <p>She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 15 years standing and a registered member of the Institute of Certified Secretaries.</p> <p>She is also a Certified Professional Mediator.</p> <p>She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1st May 2021.</p>





4. Key Management Team

 <p>1. Eng. Joseph Kamau</p>	<p>Eng. Joseph Kamau is the Chief Executive Officer. He holds a Master of Science in Environmental Planning and Management, a Bachelor's Degree in Civil Engineering. He is a registered consulting engineer and Fellow of the Engineers Board of Kenya and Institution of Engineers of Kenya. He is a member of the Chartered Institute of Arbitrators and a Registered Lead Environmental Expert. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water and waste water. Eng Joseph was on 23rd September 2023 appointed the CEO in acting capacity. He was appointed the substantive CEO on 15th May 2024 after successfully going through a competitive recruitment process.</p>
 <p>2. CPA Michael Kimotho</p>	<p>CPA Michael Kihungi Kimotho is the Director Finance He holds BA (Economics) and Masters In Business Administration from the University of Nairobi. He is a Registered member of the Institute of Certified Public Accountants and also a certified Information Systems Auditor and also a Certified Public Private Partnership (PPP) Specialist. He has over 15 years' experience in Finance in both Public and private organizations in the Field of Financial Management, Audit, Risk Management and ICT.</p>
 <p>3. Eng. Bonnie Nyandwaro</p>	<p>Eng. Bonnie Nyandwaro is the Director Infrastructure Development. Eng. Bonnie has over 11 years' experience in Water and waste water engineering. She holds a Master Degree in Civil Engineering and a Bachelor Degree in Civil and Structural Engineering. She is a member of the Engineers Board of Kenya (EBK), a corporate Member of Institute of Engineers, Kenya, a founding Member of Kenya Young Water Professional Association and a founding Member Tunnelling Association of Kenya. Eng. Bonnie Agnes Nyandwaro was appointed Director Infrastructure Development to oversee the entire functions of the department with effect from 20th March 2025.</p>
 <p>4. Mr. Paul Muchai mwika</p>	<p>Mr Paul Muchai is the Ag Director Bulk Water He holds a Bachelor of Commerce Degree in corporate Finance and has vast experience in the Water Sector having worked in both in Internal Audit and Finance Departments with several Water Institutions. He has over 20 years' experience in financial management. He was appointed as an Acting Director Bulk Water in January 2025.</p>

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 <p>5. CS. Joyce N. Mukururi</p>	<p>CS Joyce N. Mukururi is the corporation secretary She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 15 years standing and a registered member of the Institute of Certified Secretaries. She is also a Certified Professional Mediator. She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1st May 2021.</p>
 <p>6. CPA, Dr. Christine Mawia Julius</p>	<p>CPA, Dr. Christine Mawia Julius is Deputy Director, Finance and Accounting She has over 18 years' experience in financial management. She is a certified public accountant of Kenya; she holds a Doctorate Degree in Business Administration-Finance, a master degree in Business Administration-Finance and a Bachelor Degree in Business Administration-Accounting Option. She was appointed on 1st May 2016.</p>
 <p>7. Mr. Tom Ongaki</p>	<p>Mr. Tom Ongaki is the Deputy Director- Information Technology. He holds a Bsc Information Sciences and an Msc Computer Science. Mr. Tom Ongaki has over 25 years' experience. He was appointed on 1st November 2015</p>
 <p>8. Ms. Janet Lang'at</p>	<p>Ms. Janet Lang'at is the Deputy Director, Supply Chain Management Janet holds a Master's Degree in Project Planning Management from the University of Nairobi and an undergraduate degree in BBA (Entrepreneurship Option). She is a member of the Kenya Institute of Supplies Management, Chartered Institute of Purchasing and Supplies (UK), Certified Member of APMG on Public Private Partnership and Associate member Chartered Institute of Arbitration. She has over 10 years' experience in Procurement including Procurement and Implementation of Public Private Partnership Projects.</p>

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	<p>Mr. Abraham Birgen is the Deputy Director Human Resource Management and Administration. He is a Licensed Human Resource Practitioner and full member of (IHRM-Kenya) with over twenty-two (22) years of experience in the field of Human Resource and Administration. He holds an MBA degree in Strategic Mgt, B Com. Degree in Mgt, Higher Dip in HR Mgt, Diploma in Computer Science and Dip in Mgt.</p>
	<p>Ms. Loise Wairimu Kamau is the Deputy Director, Environmental and Social Safeguards. She has over 18 years of experience in Social Development and Safeguards. She has a post graduate training in Environmental Impact assessment and a Bachelors of Arts degree in Sociology. She is a registered Lead expert in Environmental and Social Impact Assessment and Environmental audits studies by NEMA. She was appointed on 1st April, 2022</p>
	<p>Eng. James Gathitu Muturi is the Deputy Director Sewerage Works Infrastructure Development. He has 16 years' experience in project planning, design, procurement and construction supervision of various water projects. He has an Msc. Civil Engineering (Water Resources) and a Bsc. in Civil Engineering. He is a professional Engineer with Engineers Board of Kenya (EBK) and is registered as a Corporate Member of Institution of Engineers of Kenya (IEK). He was appointed on 1st April 2022.</p>
	<p>Wambugu S. Karanja CISA is the Deputy Director Internal Audit. He holds a Bachelor of Commerce (BCom) in Business Administration and Management / Accounting from Daystar University and a Master of Science (MSc) in Commerce (Finance and Economics) from KCA University He is a Registered member of the Institute of Certified Public Accountants, the Institute of Internal Auditors and ISACA. He has over 18 years' experience in Audit Assurance and Consultancy in Risk, Finance, ICT, Operations and Internal Controls in the public and private sectors. He Joined the Agency on 1st May 2025</p>

9. Abraham Birgen

10. Ms. Loice Wairimu Kamau

11. Eng. James Gathitu Muturi

12. CPA Solomon Karanja

5. Chairperson's Statement

I am filled with great appreciation and optimism as I present the 2024/2025 Annual Report of the Athi Water Works Development Agency. This publication not only highlights our achievements but also underscores our growing contribution to Kenya's development journey, aiming to ensure that all citizens, regardless of their location or income, have access to safe water and dignified sanitation.

This year represents a turning point for the sector. The enactment of the Water (Amendment) Act, 2024, created a more dynamic and enabling policy environment. It opened new opportunities for Public-Private Partnerships, encouraged innovation, and strengthened the role of Water Works Development Agencies in delivering sustainable infrastructure. In line with this shift, AWWDA was officially licensed by the Water Services Regulatory Board as a Bulk Water Service Provider, a milestone that not only affirms our mandate but also enhances our capacity to deliver value at scale with accountability.

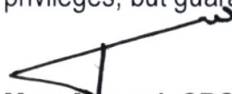
Across our jurisdiction, we continue to face increasing demand for water and sanitation services. Rapid urbanization, climate pressures, and evolving community needs require bold and adaptive responses. As an institution, AWWDA remains committed to addressing these challenges through long-term planning, strong stakeholder collaboration, and innovative delivery models. We believe that water is not just a basic necessity but a catalyst for health, productivity, environmental stability, and national cohesion.

Governance remains the foundation of our progress. I am proud of the national recognition AWWDA received this year from winning the Best Use of ICT in State Corporations award, to receiving honors for excellence, transparency, and ethical public service, and scooping multiple accolades at the Champions of Governance Awards. This recognition reflects the strength of our leadership, the integrity of our systems, and our dedication to public service excellence.

In a time when public resources are under pressure, AWWDA continues to demonstrate resilience and institutional discipline. We are actively exploring ways to diversify our revenue base, improve financial efficiency, and maintain service delivery even amid reduced budget allocations.

I would like to express my sincere gratitude to the Ministry of Water, Sanitation and Irrigation, our development partners, county governments, Water Service Providers, and all sector stakeholders for their ongoing support. I also extend my appreciation to my fellow Board Members and the dedicated staff of AWWDA, whose work continues to make a tangible difference in the lives of millions of Kenyans.

As we look to the future, I remain confident that with unity of purpose, sound governance, and a shared commitment to making an impact, we will continue to build a future where safe water and sanitation are not privileges, but guarantees for every Kenyan.



Mary Mungai, CBS
Chairperson of the Board

6. Report of the Chief Executive Officer

The 2024/2025 financial year was a period of accelerated implementation and measurable impact for the Athi Water Works Development Agency. Guided by our strategic plan and in alignment with the national development agenda, we remained committed to our mandate of developing sustainable water and sanitation infrastructure for Nairobi and the surrounding counties.

AWWDA significantly expanded its bulk water production capacity, a major stride in addressing the persistent supply gap across the region. The full operationalization of the Karimenu II Dam and the Northern Collector Tunnel (NCT) systems now enables the supply of over 217 million litres of treated water per day, directly benefiting Nairobi, Kiambu, Murang'a, and parts of Machakos and Kajiado. Collectively, these systems delivered over 53 million cubic metres of water during the reporting period.

The Karimenu II System, operating at 114% of its design capacity, continues to serve multiple Water Service Providers (WSPs), including RUJWASCO, NCWSC, TATUWASCO, and GATWASCO. Meanwhile, the NCT system, supported by the Kigoro Water Treatment Plant, has begun delivering an additional 140,000 m³/day of water to Nairobi and its environs. As of June 2025, the NCT system had supplied over 26 million cubic metres since operations commenced in October 2024. These interventions are enabling us to meet growing urban water demand, mitigate climate-induced shortages, and provide a more stable foundation for socio-economic development.

On the sanitation front, the Agency continued to invest in flagship programs such as Nairobi Rivers Rehabilitation and Restoration Sewerage Improvement Project (NARSIP 2), Kenya Towns Sustainable Water Supply and Sanitation (KTSWSSP), and the Nairobi Water and Sanitation Program (NWSP). These efforts will increase over 800 kilometres of sewer networks, including 50,000 new household connections, and expand wastewater coverage in high-density and informal settlements.

In addition, AWWDA is proud to be part of the Nairobi Rivers Regeneration and Engineering Works Program. This multi-sectoral initiative brings together environmental agencies, urban designers, and community-based organizations to deliver a wide range of infrastructure and ecological interventions geared towards restoring the Nairobi River Basin, including sewer line upgrades, non-motorized pathways, river widening and revetment, catchment restoration, and the development of a new sewage treatment plant.

As of June 2025, safe water access in our region stood at 72.1%, while our daily production capacity was 810,337m³/day still trailing the demand of 910,000m³/day. To bridge this gap, AWWDA secured the Cabinet approval for the Thika–Githunguri Water and Sanitation Project, a EUR 140 million initiative that will benefit over 500,000 residents. This project represents our proactive response to the rapid urbanization and increasing water demand in emerging towns such as Thika and Githunguri. Other notable projects of strategic importance include Maragua IV and Thiririka Dam Bulk Water Supply Systems, which will collectively add over 300,000m³/day to our regional capacity once implemented. Additionally, we finalized the concept for NARSIP Phase 3, a Ksh. 30 billion program that will benefit over 1.2 million people in Nairobi. These projects are aligned with our long-term strategy and are now being positioned for financing.

Beyond infrastructure development, in-depth stakeholder engagement and inter-agency collaboration defined this year. Through strategic consultative forums, AWWDA brought together national and county government representatives, WSPs, regulators, and development partners to strengthen sector coordination. These platforms addressed critical issues such as bulk water uptake, revenue collection, non-revenue water management, metering efficiency, capacity-building and institutional strengthening for

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county-level service providers. Our development partner collaborations also resulted in significant milestones, including the commissioning of the Kigoro Water Treatment Plant, Ndakaini–Gatanga Community Water Supply Project, Umoja Sewerage Project, both graced by high-level delegations, including H.E. President William Ruto and international representatives.

Despite our strong technical performance, financial sustainability remains a challenge. Additionally, in response to reduced Exchequer funding, we continue to explore Public-Private Partnerships (PPPs), donor financing, and digital innovations to diversify our resource base.

Environmental sustainability remains at the core of our long-term vision. In FY 2024/2025, we planted over 13,400 indigenous trees in priority catchment areas such as Karimenu II and Ruiru II Dam, achieving a 95% survival rate. These activities, supported by private sector partners and local communities, advance our contribution to Kenya's national tree-growing agenda and water catchment restoration goals.

As we look to the future, we will deepen our impact by strengthening partnerships, embedding sustainability in all our operations, and scaling innovation. I remain confident that together with our stakeholders, partners, and communities, we will continue delivering water and sanitation solutions that drive equitable growth and transform lives.



**Eng. Joseph Kamau
Accounting Officer**

7. Statement of Performance against Predetermined Objectives for FY 2024/2025

In 2024/25 the Agency continued to implement its new strategic plan for the period 2023-2027. The Agency's strategic plan had five (5) strategic pillars. This included;

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

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

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

In the FY 2024/25, AWWDA developed the institutional annual workplan which then informed performance contracting for the period 2024/25. The activities in the work plan were aligned to the strategic intent of the Agency during that period. In table 1, we present the status/progress made in the implementation of the strategic plan. In table 2, we present the Agency's performance as it related to the performance contracting period of 2023/24.

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

Strategic Objectives	Strategies	Achievement
Develop water infrastructure projects to increase population with access to water to 85% from the current 76% by 2027.	Development of Water Dams with a storage capacity of 461,000m3/day	Development of various Concept papers and studies for water dams funding ongoing
	Development of new Water Sources to produce additional 106,500m3/d	Development of various Concept papers and studies for new water sources currently ongoing

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Strategic Objectives	Strategies	Achievement
	Develop water treatments plants for the Metros with addition capacity of 385,500m ³ /day by 2022	Development of various Concept papers and studies for new water treatment plants currently ongoing
	Develop Water Transmission Networks of 483km	Development of various Concept papers and studies of projects to lay water pipelines currently ongoing
	Expand Water Distribution Networks by 360km	Development of various Concept papers and studies of projects to lay water pipelines currently ongoing
	Development of water treatment Plants	Development of various Concept papers and studies of projects currently ongoing
	Management and Rehabilitation of Water Infrastructure	Management and Rehabilitation of Water Infrastructure ongoing
	Reduction of Non- Revenue Water	Operationalized Metropolis Bulk Water Operator by setting KPI on NRW ongoing at Karimenu II dam
	Timely project completion	Implementation of projects currently ongoing
By 2027, achieve 60% access to sewerage sanitation coverage in our area of jurisdiction, paying special attention to peri-urban and informal settlement.	Expand Waste Water Treatment Capacities to treat additional 138,00m ³ /d	Development of various Concept papers and studies of projects currently ongoing
	Expand Sewer Networks by 880km	Development of various Concept papers and studies of projects currently ongoing
	Develop and implement 5 waste water treatment in medium urban centers with capacity to treat 1000m ³ /d	Development of various Concept papers and studies of projects currently ongoing
	Develop and implement 20Nr of Sanitation management Facilities	Development of various Concept papers and studies of projects currently ongoing
Strengthen AWWDA institutional capacity and create appropriate management systems for smooth implementation of our mandate	Implement strategic asset management	Acquisition of ownership documents for land, wayleaves, water and wastewater infrastructure ongoing for all the required projects.
	Improve human capital capacity	1.Continued with implementation of AWWDA

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Strategic Objectives	Strategies	Achievement
		organizational structure to include the bulk water operations in support of the strategy 2.Undertook staff performance appraisal and measured employee performance 3.Trained and develop staff and management
	Enhance Environmental, Social and Governance compliance	1. Carried out of governance compliance audits 2. Undertook Board evaluations. 3. Preparation of the annual financial statement to the Kenyan National Audit Office currently ongoing 4. Prepared quarterly performance reports to the Board and National Treasury.
	Enhance institutional reputation, brand, partnerships, and collaboration	Continued with collaboration with our various partners and key stakeholders
	Enhance information and communication technology	1.Developed information security mechanism 2.Developed information security management system 3.Developed software solutions to support AWWDA processes 4.Developed robust ICT networks 5.Ensured the website communicates to all stakeholders 6.Enhanced Information and communication Technology to deliver value
Create a climate for research, innovation and development that spurs innovative technologies for evidence-based water infrastructure interventions	Promote research, development and adoption of appropriate technology	Collaborative research in water ongoing AWWDA continues to submit the required quarterly reports
Identify and operationalize environmental and social	Enhance Environmental protection and compliance	Ongoing for all active projects

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Strategic Objectives	Strategies	Achievement
sustainability measures, which are consistent with our mandate.	Promote climate resilience in projects	Ongoing for all active projects
	Manage project related community grievances	Ongoing for all active projects
	Enhance community engagement and participation	Ongoing for all active projects
	Promote occupational health and safety in projects	Ongoing for all active projects
	Promote fair labor practices in projects	Ongoing for all active projects
	Promote fair and just compensation of project affected persons	Ongoing for all active projects
Pursue innovative resource mobilization strategies to raise KES. 209 billion by 2027	Increase Internal Revenue Generation	Karimenu II and Northern collector bulk water project is fully operationalized and generating revenue
	Implement Innovative Financing Solutions	TBD
	Mobilize the Resources from GoK and Development Partners	Various bankable project concepts have been developed and shared to the government. The search for potential partners and investors is currently ongoing to support implementation. In particular, several water and sewerage project proposals have progressed significantly. This includes; preparation of masterplans, completion of feasibility studies and development of detailed proposal documents.
	Operationalize the Bulk Water Works	Operationalized Karimenu II and Northern collector bulk water project. Installation of operational technology.- Billing system and smart meters prepared Resourcing of the bulk operator – Already done

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Strategic Objectives	Strategies	Achievement
		Set Performance standards- Operational Manual prepared and shared with staff operating

During the FY 2024/25, the Agency set out its performance contract targets in line with the 21th cycle performance guidelines. In table 2, the achievements are presented along the six (6) performance criteria.

Table 2: 2024/25 Performance Contract Report.

	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2023/24)	Target (FY 2024/25)	Actual (FY 2024/25)	Variance
A	FINANCIAL STEWARDSHIP						
A1	Absorption of Allocated Funds (GoK)	%	2	99	100	99	-1
A2	Absorption of Externally Mobilized Resources (Donor Funds)	%	3	93	100	82	-18
A3	A-in-A	Kshs, (Million)	2	93.09	8,461.47	6,372.08	-2,089.40
A4	Pending Bills	%	3	0.00	<1	0	0
	Weight Sub Total		10				
B	SERVICE DELIVERY						
B1	Implementation of Citizens' Service Delivery Charter	%	5	100	100	100	0
B2	Digitalization of Government Services	%	6	100	100	100	0
B3	Resolution of Public Complaints	%	4	100	100	100	0
	Weight Sub Total		15				
C	CORE MANDATE: AWWDA's priority projects/ programmes ("Big Four" Initiatives, Vision 2030 Flagship Projects, Projects/programmes aligned to SDGs and SPS)						
	"Big Four" Initiatives and Vision 2030 Flagship Projects						
C1	Expansion of Dandora Estate Waste Water Treatment Plant Inlet works Constructed	%	7	60	30.00	30.00	0
C2	Extension of Water and Sewerage Intervention for Informal Settlements constructed	%	8	70	20.00	20.00	0
C3	Nairobi Water and Sanitation programme – Eastern Nairobi Water and Sewerage Network Intensification Constructed	KMs	8	80.00	68.00	148.00	80
C4	Construction works for Transmission line Gigiri-Karura, and Outering Road	%	5	N/A	5.00	2.00	-3
C5	Mwihoko Water Supply Constructed	KMs	7	5.00	10.00	50.29	40.29
C6	Kahawa West, Githurai, Kahawa Sukari Reticulation Sewer Constructed	%	6	89.00	11.00	11.00	0

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	PERFORMANCE CRITERIA CATEGORY	UNIT OF MEASURE	WT (%)	Status Previous Year (FY 2023/24)	Target (FY 2024/25)	Actual (FY 2024/25)	Variance
C7	Kasarani/Mwiki Sewerage Constructed	KMs	6	180.00	10.00	11.66	1.66
C8	Ithanga Water Supply Phase 3 Implemented	KMs	6	30.00	12.00	12.00	0
C9	Science, Technology and Innovation Mainstreaming	%	2	100.00	100.00	100.00	0
C10	Productivity Mainstreaming	Index	3	1.57	1.77	TBD	TBD
C11	Muranga Last mile project implemented	KMs	5	30.00	20.00	56.00	36
C12	Project Completion Rate	%	2	100.00	100.00	100.00	0
	Weight Sub Total		65				
D	Implementation of Presidential Directives	%	2	100	100.00	100.00	0
E	Affirmative Action in Procurement						
E1	Access to Government Procurement Opportunities (AGPO).	Kshs. (Million)	2	66.093	20.973	40.144	19.171
E2	Promotion of Local Content in Procurement	Kshs. (Million)	2	1,428.391	921.014	1,214.66	293.646
	Weight Sub Total		4				
G	CROSS-CUTTING						
G1	Asset Management	%	1	100.00	100.00	100.00	0
G2	Youth Internships/Industrial Attachments/Apprenticeships	No	1	78.00	64.00	84.00	20
G3	Competence Development	%	1	100.00	100.00	100.00	0
G4	National Values and Principles of Governance	%	1	100.00	100.00	100.00	0
	Weight Sub Total		4				
	Overall Total Weight		100				

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

8. Corporate Governance Statement

Introduction

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

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

The Board

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

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

Roles and Functions of the Board

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

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

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

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

The Board Chairperson does not sit in committees.

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

Board Charter

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

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

The Charter guides the Board on the following matters;

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

Appointment of Board Members

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

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

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

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

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

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- **Identification for appointment:** The Chairperson and members shall be identified for appointment through an open competitive process (section 2(2) of the First schedule)
- **Term of office:** A member shall hold office for such term not exceeding three years as may be specified by the instrument of appointment. A member shall be eligible for reappointment for one further term.

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

AWWDA Board Memberships

NAME	Office Held	Date of appointment	Date of Expiry	Nature of Directorship
Charles Kamau Karondo	Chairperson	7/08/2023	6/08/2026	Independent
James Wainaina	Member	28/04/2023 25.04.2025	13/04/2025 (1 st term) 24 th April 2028* (Renewed)	Independent
Simon Erick Mukhwana	Member	28/04/2023	4/07/2025	Independent
Dr. Boaz Kiprop Cheluget	Member	18/08/2023	17/08/2026	Independent
Felister Wangari Mwangi	Member	28/04/2023	4/07/2025	Independent
Francis Bor	Alt. Director to PS State Department of Water and Sanitation	6/03/2023		Alternate Director PS. State Department of Water, Sanitation
Francis Anyona	Alt Director to PS –The National Treasury	17/04/15		Alternate Director, PS. National Treasury

*Re-appointed vide Gazette Notice Number 5048 of 25th April 2025.

Succession Planning

The Code of Governance for State Corporations (Mwongozo) provides that the appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition. The AWWDA Board Charter at Clause 2.2.4 also provides for staggered retirement. The Board Members tenures are staggered accordingly. Committee Members are also subjected to rotations every 12 months as stipulated under Head of the Public Service Circular Ref. OP/CAB.9/1A dated 11th March 2020. Committee Chairpersons are also rotated every 12 months to ensure all members are well equipped to lead a Committee and/or a Board at the requisite time. Board Trainings and inductions on Corporate Governance and other relevant areas are also conducted to ensure that Board Members are well prepared for all upcoming roles in the Board.

Removal of Board Members

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

- Such member dies, resigns or is removed from office
- Such member absents himself or herself from four consecutive meetings of the Board or committee which reasonable notice has been given to the member unless-
 - The board or committee has granted the member leave to be absent from those meetings or

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- ii) within four weeks after the last of the four meetings, the member is excused by the board or committee for having been absent from the meetings.
- c) The member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration or for their benefit
- d) Such member is adjudged or declared by any competent court or tribunal to be of unsound mind or
- e) Such member is convicted of an offence punishable by imprisonment for twelve months or more

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

Role of the Corporation Secretary

The Principle duties of the Corporation Secretary are as follows:

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

Board Induction and Trainings

The Board has developed an induction program for new Board Members. All Board Members appointed during the year were properly inducted and/or trained. During the year, Board Members attended the Mwingozo Training organised by the State Corporations Advisory Committee (SCAC), a Leadership and Governance Training organised by Kenya Water Institute (KEWI) and a Training on Financial Management & Internal Controls for Non Finance Leaders amongst other trainings. In house Trainings on Corporate Governance and Data Protection amongst other emerging areas were also conducted during the year. Committee Members were also duly inducted in December 2024 after reconstitution of the Committees,

Board Remuneration

Board Remuneration is determined by the Government of Kenya through relevant circulars and Regulations. Remuneration for the Board in the Financial Year 2024/25 was guided by GOK Circular OP/CAB.9/21/2A/LII/43 dated 23rd November, 2004; the Guidelines on Terms and Condition of Service for State Corporations, Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff.

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

Where applicable, the daily subsistence allowance was paid in accordance with prevailing Circulars. Other payments made were: Monthly honoraria for the chairman, telephone allowance for the chairman, transport reimbursements, Medical Cover as stipulated in the Government Circulars and Respective Appointment letters. The Board Members were remunerated in accordance with the aforementioned Circulars and other applicable regulations.

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Board attendances

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

A total of 10 Board Meetings were held during the financial year. Approval was sought and duly granted for additional Board Meetings. The respective attendances by Board Members were as follows:

NATURE OF MEETING AND DATE	Charles Karondo	K.	Felister Mwangi	Dr. Boaz Cheluget	Simon Mukhwana	E.	Francis Anyona	Francis C. Bor	Eng. James Wainaina
15.07.2024 28 th Regular Meeting of the Board	X		X	X	X		X	X	X
27.09.2024 29 th Regular Meeting of the Board	X		X	X	X		X	X	X
14.10.2024 30 th Regular Meeting of the Board	X		X	X	X		X	X	X
14.01.2025 31 st Regular Meeting of the Board	X		X	X	X		X	X	X
23.01.2025 19 th Special Meeting of the Board	X		X	X	X		X	X	X
19.02.2025 20 th Special Meeting of the Board	X		X	X	X		X	X	X
28.02.2025 21 st Special Meeting of the Board	X		X	X	X		X	X	X
20.03.2025 22 nd Special Meeting of the Board	X		X	X	X		X	X	X
14.04.2025 32 nd Regular Meeting of the Board	X		X	X	X		X	X	N/A -AR
03.06.2025 23 rd Regular Meeting of the Board	X		X	X	X		-	X	X

Key

x- Present

- Absent

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

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

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Committees of the Board

Board Committees were constituted on 6th December 2023 to serve for a period of twelve (12 months) in the 13th Special Meeting of the Board as follows:

Water and Sewerage Committee

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

Resources and Governance Committee

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

Audit and Risk Committee

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

Board Committees were re-constituted effective 6th December 2024 in the 30th Regular Meeting held on 14th October 2024 as follows:

Water and Sewerage Committee

- iv. Simon Erick Mukhwana- Chairperson
- v. Eng. James Kamau Wainaina
- vi. Francis Bor (Alt Director to PS State Department of Water and Sanitation)

Resources and Governance Committee

- iv. Felister Wangari Mwangi- Chairperson
- v. Eng. James Kamau Wainaina
- vi. Francis Anyona (Alt Director to PS –The National Treasury)

Audit and Risk Committee

- v. Dr. Boaz Cheluget- Chairperson
- vi. Simon Erick Mukhwana
- vii. Francis Bor (Alt Director to PS State Department of Water and Sanitation)
- viii. Francis Anyona (Alt Director to PS –The National Treasury)

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

The Committee meetings during the Financial Year 2024/25 were held as follows:

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A. WATER AND SEWERAGE COMMITTEE

A total of 4 committee meetings were held during the year. The attendances were as follows:

NATURE OF MEETING AND DATE	Eng. James Wainaina (Committee Chairperson)	Felister Mwangi (Member)	Francis Bor (Alt Director, PS, MOWSI)	Simon E. Mukhwana
09.07.2024 16th Regular Water & Sewerage Committee	X	X	X	N/A- PA
07.10.2024 17th Regular Water & Sewerage Committee	X	X	X	N/A- PA
08.01.2025 18th Regular Water & Sewerage Committee	X	N/A- AR	X	(Committee Chairperson) X
08.04.2025 19th Regular Water & Sewerage Committee	X	N/A- AR	X	X

B. RESOURCES AND GOVERNANCE COMMITTEE ATTENDANCES

A total of 7 committee meetings were held during the financial year with the respective attendances by Board Members was as follows:

NATURE OF MEETING AND DATE	Dr. Boaz Cheluget (Committee Chairperson)	Felister Mwangi (Member)	Francis Anyona (Alt Director, PS, NT)	Eng. James Wainaina
11.07.2024 19th Regular Resources & Governance Committee	X	X	X	N/A- PA
25.09.2024 20th Regular Resources & Governance Committee	X	X	X	N/A- PA
09.10.2024 21st Regular Resources & Governance Committee	X	X	X	N/A- PA
10.01.2025 22nd Regular Resources & Governance Committee	N/A- AR	(Committee Chairperson) X	X	X
23.01.2025 9th Special Resources & Governance Committee	N/A- AR	X	X	X
10.04.2025 23rd Regular Resources & Governance Committee	N/A- AR	X	X	X
29.05.2025 10th Special Resources & Governance Committee	N/A- AR	X	X	X

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C. AUDIT AND RISK COMMITTEE ATTENDANCES

A total of 5 committee meetings were held during the year. The attendances were as follows:

NATURE OF MEETING AND DATE	Simon E. Mukhwana (Committee Chairperson)	Eng. James Wainaina (Member)	Francis Bor (Alt Director, PS, MOWSI)	Francis Anyona (Alt Director, PS, NT)	Dr. Boaz Cheluget
10.07.2024 18 th Regular Audit & Risk Committee	X	X	X	X	N/A- PA
24.09.2024 19 th Regular Audit & Risk Committee	X	X	X	X	N/A- PA
08.10.2024 20 th Regular Audit & Risk Committee	X	X	X	X	N/A- PA
09.01.2025 21 st Regular Audit & Risk Committee	X	N/A-AR	X	X	(Committee Chairperson) X
9.04.2025 22 nd Regular Audit & Risk Committee	X	N/A-AR	X	X	X

- Absent

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

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

NT- National Treasury

Board Performance Evaluation

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

The Board Evaluation for the FY 2024/25 will be carried out on 7th August 2025 in line with the above provisions and the Chief of Staff and Head of the Public Service Circular Reference OP/SCAC 9/1/10 dated 5th June 2025 which directs that the same should be undertaken between 1st July and 30th September 2025.

Conflict of Interest

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

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

Ethics and Conduct

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

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

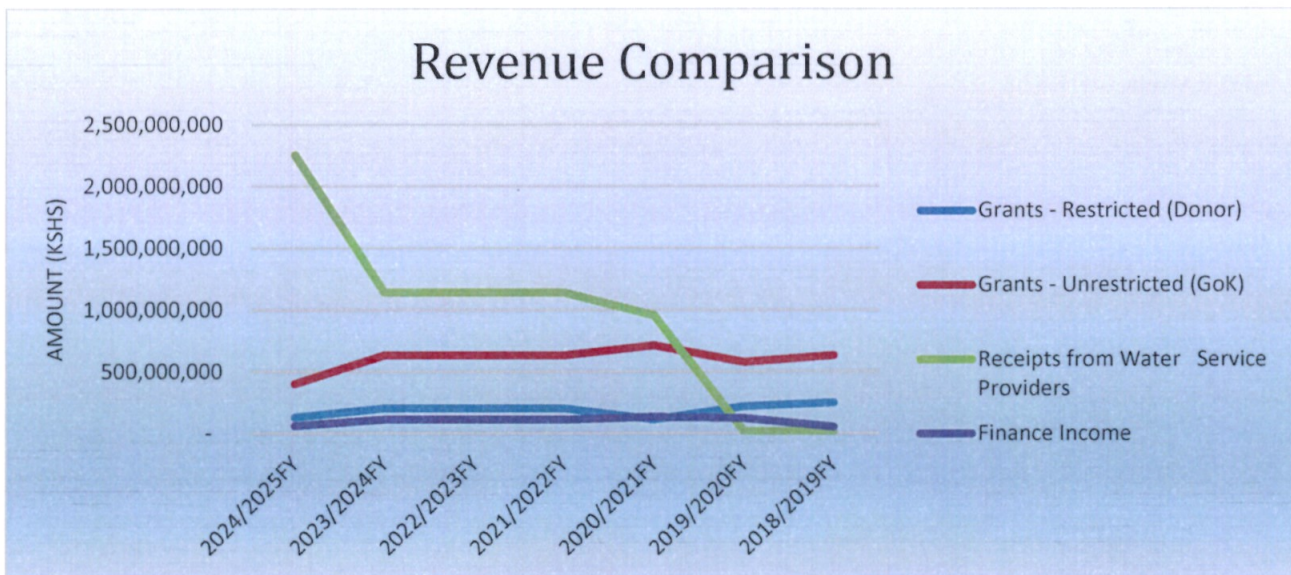
Governance Audit

A governance Audit is undertaken by an organisation to ensure that the organisation conforms to the highest degree of good governance. It is a requirement of Mwongozo that a Governance audit is conducted annually. The Governance Audit for the FY 2024/25 will be undertaken in the 1st Quarter of the Financial Year 2025/26. However, during the Financial Year, the Agency submitted itself to an Audit conducted by Governance Auditors accredited by the Institute of Certified Secretaries in the Champions of Governance Awards and emerged 1st Runners Up overall Champions of Governance Winner.

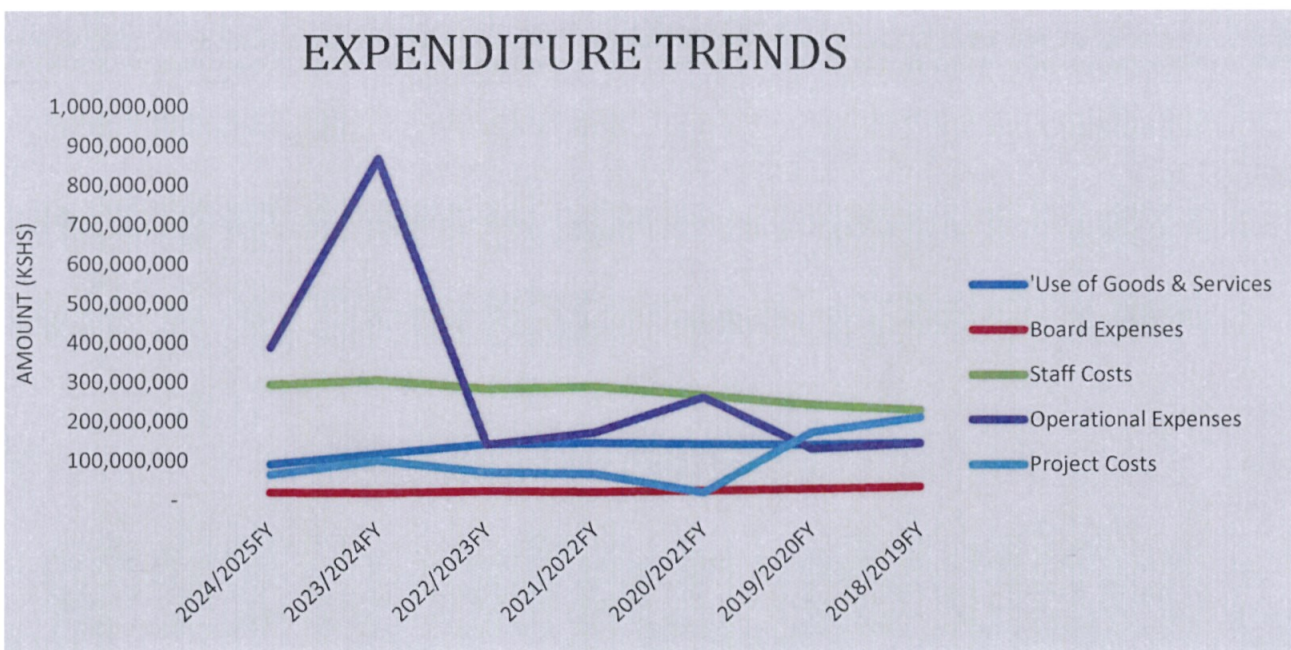
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9. Management Discussion and Analysis

During the financial year 2024/2025, AWWDA earned a total revenue of Kshs 2,854,807,365 comprising of donor grants of Kshs 128,877,705, GoK grants of Kshs 411,949,147 expected loan repayment and Water sales receipts from Water Service Providers of Kshs 2,255,503,899 and Finance Income Kshs 58,476,614. As shown in the graph below most of the income categories experienced minimal variations except for loan repayment expected receipts from WSPs as per the approved Nairobi City Water and Sewerage Company Tariff which clearly stipulates the amounts that the company was expected to remit to AWWDA on monthly basis.



As depicted by the chart below, the expenditure on use of goods and services and board expenses have remained fairly constant with a slight decline in the last two years. Operational and project costs fluctuated over time but was on an upward trend in the year 2024/2025 while staff costs increased steadily over the period.



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

Asset development

During the year, AWWDA developed and/or acquired assets worth Kshs 9,219,916,995 as work in progress and Kshs 54,137,682 as intangible assets.

The future

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

Major Risks

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

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

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

10. Environmental and Sustainability Reporting

1. Introduction

1.1 Background

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

Athi Water Works Development Agency (AWWDA) strategy on sustainability revolves around ensuring long-term water resource availability, strengthening community engagement, improving operational efficiency, protecting ecosystems, and supporting socio-economic development. In a rapidly changing environment marked by climate variability, urbanization pressures, and limited water resources, sustainability is not an option—it is a necessity. Our commitment is to deliver water and sanitation infrastructure that is resilient, equitable, environmentally sustainable, and responsive to the needs of present and future generations.

AWWDA a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment. Aligned with Kenya's Bottom-up Economic Transformation Agenda (BETA), our strategy places communities at the center of development.

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

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards division with a total of 8 permanent staff.

The following elements underpin AWWDA environmental sustainability:

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

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

1.2 Approach

AWWDA's environmental sustainability is guided by the Environmental Management and Coordination Act, Cap387 which is the principal legislation governing the conduct of environmental management in Kenya and the Constitution of Kenya, 2010. Our approach is grounded in global best practices aligned with the United Nations Sustainable Development Goals (particularly SDG 6 on Clean Water and Sanitation, SDG 11 on Sustainable Cities and Communities, and SDG 13 on Climate Action), Kenya's Vision 2030, and the National Climate Change Response Strategy.

Other relevant legislation governing natural resources—such as the Water Act, 2016; Forest Conservation and Management Act, 2016; Physical and Land Use Planning Act, 2019; and the National Land Policy, 2009—alongside the Occupational Health and Safety Act, 2010, also serve as key reference frameworks guiding the Agency's operations and compliance efforts.

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

The environmental and social safeguards standards generally include considerations for:

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

I. 2. Environmental and Sustainability activities

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

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

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

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

1. Proposed Construction of Karen Trunk Sewer System

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2. Proposed Kikuyu Sewerage Project (Solarization)
3. Augmentation of Ithanga Water Supply Project Phase III- Distribution System
4. Proposed Construction of Mathioya Last Mile Water Supply Project
5. Proposed Construction of the contractor's camp and Storage Yard for the Eastern Nairobi Water & Sewerage Network Intensification Project

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

2.1 Pollution Prevention and Abatement

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

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

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

2.2 Climate Change Mitigation and Adaptation

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

- I. Projects such as the Rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency by reducing the amount of GHG emission into the atmosphere. Efforts are also being directed towards exploring the possibility of trapping methane gas generated from the sewerage treatment plants for energy use.
- II. Oloitoktok Water Supply project is another project that aims at mitigating climate change by utilizing solar energy in its day to day operations, therefore complying with the renewable energy Act, 2019.

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- III. AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.
- IV. Water conservation through the use of water storage tanks- The organization has donated plenty of water tanks to community projects and schools.
- V. Waste water reuse and recycling-This involves treating of waste water and directing it to rivers. Community members are able to use the water for various purposes such as irrigation.
- VI. Flood management- Projects such as NCT have been constructed to collect flood water. Therefore increasing the availability and quantity of clean drinking water.
- VII. Tree planting- The agency has conducted tree planting as a climate change adaptation measure, focusing on water catchment areas and dam buffer zones. This helps create carbon sinks, reduce erosion, stabilize riverbanks, enhance rainfall infiltration, and protect watersheds.
- VIII. Capacity Building and Public Awareness - AWWDA conducts targeted awareness campaigns on water efficiency, catchment protection, and climate-smart water usage. The agency also partners with local schools and youth groups to embed environmental education and stewardship among future generations.
- IX. Partnerships for Climate Resilience- Through collaborations with development partners like the World Bank, African Development Bank (AfDB), and climate finance facilities, AWWDA integrates climate risk management in its infrastructure projects. These partnerships also enable access to climate adaptation funding and technical expertise.

2.3 Promoting Environmental protection and conservation through partnerships with stakeholders

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

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

The following are the tree planting exercises carried out within the FY 2024-2025

- I. Ruiru II Dam Tree Planting Drive conducted at the project site on 29th November 2024
- II. Ministry of Water, Sanitation and Irrigation National Tree Planting and Restoration Campaign conducted at Samburu County on 13th December 2024 at Kirisia forest
- III. Karimenu Tree Planting events held on 28th March 2025, April 2025 and on 26th June 2025 by various stakeholders
- IV. Ministry of Water, Sanitation and Irrigation National Tree Planting and Restoration Campaign conducted in Kajiado, Kimana Water Catchment on 28th April 2025

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Table 1: Tree planting activities FY 2024-2025

SITE	DATE	NO. OF TREES PLANTED	SUPPORTING PARTNERS	TREE SPECIES
Ruiru II Dam	29 th November, 2024	5000	Stanbic Bank	Mixed Indigenous: Podo, Grevillea, Casuarina, Croton, Markhamia, Olea
Kirisia Forest, Samburu County	13 th December, 2024	500	Ministry of Water, Sanitation & Irrigation	Mixed indigenous: Croton, Cordia Africana
Kimana Primary School	28 th April 2025	3,500	Ministry of Water, Sanitation & Irrigation	Mixed indigenous: Croton, Cordia Africana
Karimenu II Dam	28 th March 2025	200	Huduma Center Kamwangi	Fruit trees: Hass Avocados
	April, 2025	2,000	Planted by <i>RODI Kenya</i> as part of maintenance of adopted sites	Mixed Indigenous: Podo, Grevillea, Casuarina
	April, 2025	500	Planted by <i>TAI SACCO</i> as part of maintenance of adopted sites	Mixed Indigenous: Podo, Grevillea, Casuarina
	26 th June 2025	1,700	Upper Tana Water Trust Fund	Mixed Indigenous: Podo, Grevillea, Casuarina, Croton, Markhamia, Olea
TOTAL				13,400

II. 3. Social Economic Activities

3.1 Socio-Economic Impact Assessment

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

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

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

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

Other social sustainability activities include:

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

III. 4. Environmental monitoring and reporting

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

4.1. EHS committees, inspections and audits

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

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

IV. 5. Environmental and social sustainability management systems

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

5.1 Environmental and Social Management Plans

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

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

phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

5.2 Health and Safety Management Plans

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

5.3 Grievance redress mechanism

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow for them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system.

The need for a GRM is obligated by the Land Act 2012 which recognizes the right of the affected persons to refer their disputes to the Land and Environment Court, while the Land Policy advocates for negotiation, mediation and arbitration to reduce the number of cases that end up in the court system and delayed justice. Similarly, project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project affected persons.

5.4 Gender Mainstreaming

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

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

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

5.5 Prevention of Gender - Based Violence

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

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The following table summarises the climate relevant expenditure FY 2024-2025.

Table 2: Climate Relevant Expenditure

Project Name	Project Objectives	Tree planting expenditure				Source Of Funds	Implementing Partners
		Q1 <i>(Seedlings donated by Stakeholders)</i>	Q2 <i>(Seedlings donated by Stakeholders)</i>	Q3 <i>(Seedlings donated by Stakeholders)</i>	Q4 <i>(Seedlings donated by Stakeholders)</i>		
Karimenu II Project	The system is currently 100% operational					-	<ul style="list-style-type: none"> • AWWDA • Huduma Centre Kamwangi office • RODI Kenya • TAI SACCO • Upper Tana Water Trust Fund • Local community
Ruiru II Dam	Proposed water supply project within the Nairobi Metropolitan area		KES 500,000			Stanbic Bank	<ul style="list-style-type: none"> • AWWDA • Stanbic Bank • Local Community
Kimana Wetlands, Kajiado County	National Tree Planting and Catchment Restoration Campaign 2025				320,110	AWWDA	MWSI Kimana Primary school
Kirisia Forest, Samburu County	National Tree Planting and Catchment Restoration Campaign 2025		25,000			AWWDA	MWSI

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V. 6. Conclusion

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

i) *Employee welfare*

AWWDA has an approved HR policy and procedures manual that guides the recruitment processes including promotions, re-deployments, transfers and re-designations. The policy is supported by the developed standard operation procedures in the institutional quality manual. The staff establishment and career guidelines provide a framework for competitiveness in searching for the best talents and candidates to take up open roles or vacancies. The recruitment procedure provides that a vacancy advertisement is raised to reach all the publics for a period that will enable all interested applicants to express their interests. The policy is reviewed from time to time and specifically within a period not exceeding three years.

AWWDA in the onset of every new FY, requires as per policy individual to set their performance contract target. This will be appraised at the end of the financial years and during the process of the Performance appraisal, the Training needs are identified so that performance and productivity is highly maintained. The TNA enables AWWDA to develop a training plan, budget and schedule that then will carry out training interventions to upskill its staff every year in line with the budget provisions and other donor support.

Thereafter evaluation of the training programme is undertaken to ascertain the impact of training. AWWDA is currently pursuing bonus awards to the best performing staff in line with the Salaries and Remuneration Commission.

AWWDA has a policy on Occupational Safety and Health and the department has displayed the abstract of the policy in the AWWDA premises as a safety disclosure to all staff and customers in compliance with the Occupational Safety and Health Act of 2007 (OSHA).

ii) *Market place practices-*

In terms of market place practices AWWDA has ensured the following:

a) *Responsible competition practice.*

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

To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

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

b) *Responsible Supply chain and supplier relations*

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

1. **Contract Negotiation:** The Agency engages in fair and transparent contract negotiations with its suppliers. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details.
2. **Compliance with the Terms and Conditions of Contract:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely

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- payment to suppliers, consultants and contactors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
3. **Clear Payment Policies:** In compliance with the Agency's service charter, there clear payment policies that specify payment terms, methods, and timelines which are agreed upon during contract negotiations.
 4. **Automated Payment Systems:** The agency has Implemented automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays.
 5. **Communication and Transparency:** Maintaining open and transparent communication with suppliers. If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
 6. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from faster access to funds upon the provision of an advance payment guarantee.
 7. **Supplier Diversity and Inclusion:** The agency practices supplier diversity and inclusion by providing opportunities to small and minority-owned businesses. (YAGPO Groups) by allocating 30% of its procurement budget annually.
 8. **Supplier Performance Evaluation:** Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.
 9. **Conflict Resolution Mechanism:** The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.

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

c) *Responsible marketing and advertisement*

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

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

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

d) Product stewardship

Stewardship involves planning and management of water resources. Water stewardship is defined as using water in a way that is socially equitable, environmentally sustainable and economically beneficial. This is achieved through a stakeholder inclusive process that involves site and catchment-based actions. As stewards towards delivery of bulk Water, AWWDA understands its own water use, catchment context and shared risk in terms of water governance, water balance, water quality and important water related areas. With this understanding, AWWDA engages in meaningful individual and collective actions that benefit people and nature with its stakeholders. Some of the Activities AWWDA has undertaken towards achieving product stewardship:

- **Stakeholder Engagement**

Product stewardship emphasizes that the responsibility for managing water resources doesn't solely rest with the Bulk water Utility. It extends to all stakeholders involved in the product's lifecycle. These stakeholders include: Parent Ministry, WASREB, all off taker water companies, Suppliers and AWWDA staff who are involved in bulk water distribution.

- **Water Quality Management**

Ensuring good quality water by: setting standards, monitoring water quality, treating water, protecting water sources, educating communities, and enforcing regulations. The goal is to ensure water is safe for various uses, including drinking, recreation, and supporting aquatic life

- **Leak Detection and repair**

Use of technology in Implementing leak detection programs to minimize water loss in pipelines and distribution systems in order to reduce UfW.

- **Rainwater Harvesting**

The Agency encourages the adoption of rainwater harvesting systems to supplement water supplies

- **Environmental Protection and ground water recharge**

AWWDA takes a proactive approach towards the environmental impacts while abstracting water and throughout the distribution cycle putting into consideration the need to conserve the environment in order to minimise pollution, conserve natural resources, and reduce waste.

- **Social Equity**

Ensuring that water resources are used equitably and sustainably, benefiting all members of society

- **Reduced Operation Costs**

Bulk water operations are reduced through promotion of sustainable practices throughout the product lifecycle, such as water-efficient technologies, responsible sourcing of materials, and proper disposal methods.

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- **Accountability:**

A shared responsibility fosters transparency, accountability, and innovation, leading to the development of more sustainable products, processes, and policies.

iii) Corporate Social Responsibility / Community Engagements

During the 2024/2025FY, the Agency the Agency was involved in catchment protection in addition to sustained supply of water and sanitation services within Kiambu, Murang'a and Nairobi counties.

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11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of Athi Water Works Development Agency's affairs.

i) Principal activities

The principal activities of the continue to be:

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

ii) Results

The results of the Entity for the year ended June 30, 2025, are set out on page 1-65.

iii) Directors

The members of the Board of Directors who served during the year are shown on page xxv. During the year 2024/2025 no director retired and none was appointed.

iv) Surplus remission

Athi Water Works Development Agency made a surplus of Kshs 740,761,635 during the year (FY 2024/2025)

v) Auditors

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

By Order of the Board



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**Name: CS Joyce Mukururi
Corporation Secretary**

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12. Statement of Directors Responsibilities

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

The Directors are responsible for the preparation and presentation of the AWWDA's financial statements, which give a true and fair view of the state of affairs of AWWDA for and as at the end of the financial year ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of AWWDA; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

AWWDA's financial statements were approved by the Board on 28th August 2025 and signed on its behalf by:



Mary Mungai, CBS
Chairperson of the Board



Eng. Joseph Mungai Kamau
Accounting Officer

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REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Athi Water Works Development Agency set out on pages 1 to 59, which comprise of the statement of

financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Failure to Revalue Fully Depreciated Assets

The statement of financial position and Note 16 to the financial statements reflects Property, Plant and Equipment balance of Kshs.123,725,883,911. Included in this balance is cost of fully depreciated assets of Kshs.314,577,328 which was depreciated to Nil value more than three (3) years ago and has not been revalued as at 30 June,2025.

In the circumstances, the accuracy and valuation of fully depreciated Property, Plant and Equipment balance of Kshs.314,577,328 could not be confirmed.

2. Lack of Land Ownership Documents

The statement of financial position and Note 16 to the financial statements reflects Property, Plant and Equipment balance of Kshs.123,725,883,911. Included in this balance is land valued at Kshs.436,768,406. However, land on which the Athi Water Plaza is built has no title deed more than six (6) years after the court ruling of the stated parcel of land of unknown value. In addition, valuation has not been carried out.

In the circumstances, the accuracy, ownership, valuation and completeness of Property, Plant and Equipment balance of Kshs.123,725,883,911 could not be confirmed.

3. Long Outstanding Receivable from Exchange Transactions

The statement of financial position and Note 20(b) to the financial statements reflects long term receivables from exchange transactions balance of Kshs.6,017,277,133. Included in this balance is Kshs.4,957,156 or 64 %, of the receivables which have been long outstanding for over three (3) years. The receivables related to debts from sale of bulk water owed to the Agency by Nairobi City Water & Sewerage Company, Ruiru Juja Water & Sewerage Company, Gatundu South Water & Sanitation Co Ltd

and other Water Service Providers (WSPs). Management did not provide any effort it has undertaken to recover the long outstanding amounts.

In the circumstances, the recoverability of the long outstanding debt could not be confirmed.

4. Long Outstanding Trade and Other Payables from Exchange Transaction

The statement of financial position and Note 24 to the financial statements reflect trade and other payables from exchange transaction balance of Kshs.5,087,502,034. Review of ageing analysis revealed that other payables with a balance of Kshs.4,383,329,757 representing 86% of the payables had been outstanding for over ninety (90) days.

In the circumstances, the Agency may not be in a position to honor its liability's as and when they fall due.

5. Material Uncertainty Related to Going Concern

The statement of financial position reflects total current assets balance of Kshs.4,489,192,091 against total current liabilities balance of Kshs.5,506,357,034 resulting in a negative working capital of Kshs.1,017,164,943.

In the circumstances, there is a threat on the entity's going concern and the financial statements have been prepared on a going concern basis assuming continued support from the Government and other stakeholders.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a final receipts budget of Kshs.1,694,653,388 and actual on comparable basis of Kshs.2,854,807,365 resulting to a budgetary increase of Kshs.1,160,153,977 or about 68% above the budget. Similarly, the Agency spent Kshs.2,013,260,044 against the actual receipts of Kshs.2,854,807,365 leading to under absorption of Kshs.841,547,321 or 29% of the actual receipts.

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

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Audit Matters

In the audit report of the previous year, several issues were raised under Report on the Financial Statements, Emphasis of Matter, Other Matter, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown below:

Issue No.	Issue Title
1	Inaccuracies in the loan balance
2	Construction works for Gatundu ground water exploitation project contract
3	Construction works for Gatundu Water and Sanitation Project-drilling and equipping of Gatundu boreholes
4	Rehabilitation of independent Mataara Water Supply Scheme Project- delay in completion of Project
5	Additional costs to be incurred on Gatura intake
6	Internal controls and weakness in Inventory management

Other Information

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

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Signed Agreements between the Water Service Providers and the Agency on Bulk Water Supply

Athi Water Works Development Agency operates two (2) bulk water supply systems—Karimenu Dam II and Northern Collector Tunnel—supplying water to various water service providers as authorized by WASREB. However, the Agency has not entered into an agreement with these water service providers to define the terms and scope of the bulk water supply as required under Section 100(2) of the Water Act, 2016 which states that water service provider may enter into an agreement with any other license or water service provider on terms and conditions to be approved by the regulatory board.

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

2. Failure to Achieve the Objectives of the Northern Collector Tunnel Bulk Water System

Examination of bulk water sales through the Northern Collector Tunnel revealed that the Northern Collector Tunnel, approved by WASREB to supply bulk water to six (6) Water Service Providers (WSPs), was only serving two (2) —Gatanga Water and Sanitation Company and Nairobi City Water & Sewerage Company. This under-achievement is due to the project not being substantially complete, resulting in suboptimal operations.

In the circumstances, the system is not meeting its intended purpose, failing to deliver value for money.

3. Failure to Transfer Ownership Documents from Athi Water Services Board to Athi Water Works Development Agency

Following the enactment of the Water Act, 2016 and Legal Notice 28 dated 26 April, 2019, the Athi Water Services Board (AWSB) was converted into the Athi Water Works Development Agency (AWWDA). However, the title deeds for key assets, including the Kiserian Sewerage Treatment Plant, Kiserian Sewerage Wayleave Trace, Northern Collector Tunnel and Kiambu Water Supply Wayleave Traces, remain registered under the name of AWSB. Similarly, an examination of one and eighty five (185) motor vehicle and motorbike logbooks listed in the assets register revealed that,

despite the conversion to AWWDA, all logbooks are still registered under the name of AWSB.

In the circumstances, ownership of these assets could not be confirmed.

4. Land in the Name of the Defunct Nairobi City Council

The titles for Kabete Water Treatment Plant Land, Gigiri Water Reservoir Land, Gatina Pumping Station Land, Kyuna Pumping Station/Water Reservoir Land, Loresho Water Tower Land, Dagoretti Water Reservoir Land, Uthiru Water Reservoir Land, Wilson Water Reservoir Land, Embakasi Water Reservoir, Southern Region Water Offices (Nairobi Dam) Land, Karen Western Region Offices Land, Karen Borehole Land, Karen Tree Lane Borehole & Staff House Land, Karen Sewage Treatment Ponds Land, Kariobangi Sewage Treatment Works Land, Hill Tank Land, Outering Road Water Tower Land, Kenyatta University Pumping Station Land, Kenyatta Avenue Pumping Station, Kasarani Reservoir Land, Dandora Sewerage Treatment Works Staff Housing (Ruai) Land, Dandora Sewerage Treatment Works Land and Nairobi Water Stores - (City Centre) Land are in the name of the defunct Nairobi City Council.

In the circumstances, the ownership of these properties could not be confirmed.

5. Drilling and Equipping of Boreholes, Elevated Steel Water Tanks and Associated Distribution Pipelines in Kikuyu

The statement of financial position and Note 16 to the financial statement reflect property, plant and equipment balance of Kshs.123,725,883,911. Included in this balance is work in progress amount of Kshs.98,871,374,294 which included drilling and equipping of 3 No. boreholes, construction of 3 No. elevated steel water tanks and associated distribution pipelines in Kikuyu at a contract sum of Kshs.25,302,062.10(inclusive of 16% VAT) signed on 15 May, 2024 with contract period of twelve (12) months. As at the time of audit, the contractor had been paid Kshs.13,647,542.53.

Review of the contract documents revealed the contractor requested an extension of contract period by six (6) months up to 7 December, 2025 reason being delay in handing over of the replacement borehole site for Gatune Primary School. This request was approved on 4 June, 2025.

Project verification carried out on 7 August, 2025 revealed that the contractor and consultant were not on site. Additionally, the new site for borehole drilling had not been identified.

In the circumstances, timely completion of the project and effective utilization of the funds may not be achieved.

6. Delayed Construction of Kiambaa Water Supply Project

The statement of financial position and Note 16 to the financial statement reflect property, plant and equipment balance of Kshs.123,725,883,911. Included in this balance is work in progress amount of Kshs.98,871,374,294 which included construction of Kiambaa Water Supply Project at a contract sum of Kshs.52,656,317 (inclusive of 16% VAT) signed on 16 May, 2024. Physical verification on

8 August, 2025 revealed that contractor has still not commenced work and was not on site while the project was supposed to have been completed on 26 June, 2025.

In the circumstances, timely completion of the project and effective utilization of the funds may not be achieved

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Under Staffing in the Agency

The statement of financial performance and Note 12 to the financial statement reflect employee cost amounting to Kshs.292,507,150. Review of the approved staff establishment for AWWDA revealed total approved establishment of two hundred and forty two (242) positions with total in-post staff of eighty two (82) positions resulting in a significant overall under-staffing of one hundred and sixty (160) staff. The technical staff constituted 64% of total establishment while support staff constituted 36% of total establishment. The organization is significantly understaffed, with only 34% (82/242) of approved positions filled. This indicates a critical staffing shortfall across most departments and units.

In the circumstances, the Agency may not effectively discharge its mandate and meet its operational objectives.

2. Non-Compliance with Climate Change Financing

During the year under review, it was noted that Athi Water Works Development Agency did not develop strategies, laws and policies relating to climate change contrary to the Paris Agreement on Climate Change under the United Nations Framework.

These policies are to address:

- i. Climate Change Action Plan and other implementation projections for its legislative and policy functions.
- ii. Establishment of a designated unit with sufficient staff and financial resources, along with appointing a senior officer to coordinate the mainstreaming of the climate change action plan and other climate change statutory functions into sectoral strategies.
- iii. Review of record-keeping practices requiring proper documentation of carbon emissions and credits, project outcomes, climate change action initiatives and transparency of financial transactions.
- iv. Review the effectiveness of mechanisms implemented by the entity to regularly monitor and review the performance of integrated climate change functions.
- v. Review of stakeholder engagement to emphasize the importance of addressing the interests and needs of stakeholders, including local communities, to prevent conflicts and project disruptions.
- vi. Formulate annual reports submitted by to the Council, detailing the status and progress of performance and implementation of all assigned climate change duties and functions.

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

02 December, 2025

**Athi Water Work Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

	Notes	Jun-25 KSH	Jun-24 KSH
REVENUE			
Revenue from non-exchange transactions			
Grants - Restricted (Donor)	<u>6</u>	128,877,705	202,656,265
Grants - Unrestricted (GoK)	<u>7</u>	411,949,147	632,789,580
Revenue from exchange transactions			
Receipts from Water Service Providers	<u>8</u>	2,255,503,899	1,139,569,764
Finance Income	<u>9</u>	58,476,614	111,648,190
TOTAL REVENUE		2,854,807,365	2,086,663,799
EXPENDITURE			
Use of Goods & Services	<u>10</u>	90,987,359	115,966,781
Remuneration of Directors and Board expenses	<u>11</u>	18,204,136	17,371,152
Employee Cost	<u>12</u>	292,507,150	304,233,912
Operational Expenses	<u>13</u>	354,438,035	866,880,770
Project Costs	<u>14</u>	64,349,675	98,560,300
Depreciation & amortization	<u>16 & 17</u>	922,310,248	772,501,376
Finance Cost	<u>27</u>	263,044,978	263,536,223
TOTAL EXPENDITURE		2,005,841,580	2,439,050,514
Other gains/(losses)			
Decrease/(increase) in provisions	<u>25</u>	(88,710,888)	(53,287,544)
Gain/(Loss) on asset disposal	<u>15</u>	3,102,202	2,822,808
NET SURPLUS/(DEFICIT) Before Tax		763,357,099	(402,851,451)
Tax on Interest Income	<u>18</u>	7,418,464	8,488,085
TRANSFER TO ACCUMULATED FUND		755,938,635	(411,339,536)

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



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

Date: 28/8/2025



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

Date: 28/8/2025



.....
Mary Mungai, CBS
Chairperson of the Board

Date: 28/8/2025

**Athi Water Work Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

15 Statement of Financial Position as at 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	19	711,680,952	1,436,338,563
Receivables from Exchange Transactions	20(a)	1,764,059,476	1,060,120,197
Receivables from non-exchange transactions	21	1,982,813,687	3,781,753,957
Inventories	22	15,568,303	3,327,717
Prepayments	23	15,069,673	19,880,250
Subtotal current assets		4,489,192,091	6,301,420,684
Non-current assets			
Property, plant and equipment	16	123,725,883,911	115,292,072,425
Intangible assets	17	99,578,963	69,828,588
Long-Term Receivables from exchange transactions	20 (b)	6,017,277,133	4,957,156,938
Sub-total non-current assets		129,842,740,006	120,319,057,950
Total assets		134,331,932,097	126,620,478,634
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	24	5,091,279,199	5,197,898,621
Provisions	25	404,066,543	315,355,655
Employee entitlements and payroll creditors	26	11,011,291	1,790,470
Sub-total current liabilities		5,506,357,034	5,515,044,747
Non-current liabilities			
Loans	27	62,681,403,633	82,706,883,563
Deferred income long-term	28	66,478,135,678	40,117,171,377
Total Non-current Liabilities		129,159,539,311	122,824,054,940
Total liabilities		134,665,896,344	128,339,099,687
Net assets		(333,964,247)	(1,718,621,053)
Accumulated surplus	29	(333,964,247)	(1,718,621,053)
Total net assets and liabilities		134,331,932,098	126,620,478,634

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



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

Date: 28/8/2025



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

Date: 28/8/2025





.....
Mary Mungai, CBS
Chairperson of the Board

Date: 28/8/2025

**Athi Water Work Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

	Retained earnings Amount (Kshs)	Total Amount (Kshs)
At July 1, 2023	(1,307,281,517)	(1,307,281,517)
Total comprehensive income	(411,339,536)	(411,339,536)
At June 30, 2024	(1,718,621,053)	(1,718,621,053)
		
At July 1, 2024	(1,718,621,053)	(1,718,621,053)
Adjustment during the year	628,718,171	628,718,171 ¹
Total comprehensive income	755,938,635	755,938,635
At June 30, 2025	(333,964,247)	(333,964,247)

¹ This is to write back the amounts of tax assessment reported as Ithanga Project costs against payables- commissioner domestic taxes in 2023/24FY financial report. AWWDA submitted the matter to ADR and the case was determined in the Agency's favour hence requiring a reversal for the overstated expenditure and the related payables.

**Athi Water Work Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants recurrent	<u>30</u>	272,000,001	339,999,997
Receipts from WSPs	<u>31</u>	491,444,424	79,949,567
Miscellaneous Finance income	<u>32</u>	58,476,614	114,470,998
Total Receipts		821,921,039	534,420,561
Cash payments for:			
Compensation of employees	<u>33</u>	283,286,329	302,934,251
Use of Goods & Services	<u>34</u>	105,835,832	123,747,824
Directors' remuneration and Board expenses	<u>35</u>	18,204,136	17,371,152
Operational costs	<u>36</u>	419,198,666	892,407,439
Other payments-project and GoK counterpart costs			
Total Payments		826,524,964	1,336,460,666
Net cash flows from operating activities	46	(4,603,925)	(802,040,105)
Cash payments for investing activities			
Purchase of property, plant, equipment and intangible assets	<u>37</u>	(9,441,592,254)	(10,628,931,045)
Proceeds from sale of property, plant, equipment and other items	<u>38</u>	3,102,202	(0)
Equipment			
Decrease/(Increase) in non-exchange receivables	<u>39</u>	1,798,940,270	2,633,055,153
Payments to Creditors	<u>40</u>	522,098,749	1,514,402,055
Increase in investments			
Net cash flows used in investing activities		(7,117,451,034)	(6,481,473,838)
Cash flows from financing activities			
Proceeds from borrowings	<u>41</u>	4,477,262,529	4,475,378,901
Repayment of borrowings	<u>42</u>	(50,000,000)	(16,939,500)
Increase in deferred income	<u>43</u>	1,970,134,820	1,123,725,342
Net cash flows used in financing activities		6,397,397,349	5,582,164,743
Net increase/(decrease) in cash and cash equivalents		(724,657,611)	(1,701,349,201)
Cash and cash equivalents at 1 JULY	<u>19</u>	1,436,338,563	3,137,687,765
Cash and cash equivalents at 30 JUNE		711,680,952	1,436,338,563

**Athi Water Work Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2025.**

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

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Receipts from Water Companies for loan repayment							
Loan repayment from Water Service providers		872,179,488	872,179,488	872,179,488	0	0%	Within Budget
Bulk water Sales	494,469,998	(223,996,098)	270,473,900	1,383,324,411	1,112,850,511	-411%	Within Budget
Gross Receipt from Wsps	494,469,998	648,183,390	1,142,653,388	2,255,503,899	1,112,850,511	0%	within budget
Miscellaneous income	95,000,000	(80,000,000)	15,000,000	58,476,614	43,476,614	-290%	The Agency received the interest on call deposit within the year
GRANT INCOME							
Grants - Restricted (Donor)		130,000,000	130,000,000	128,877,705	(1,122,295)	1%	Within Budget
Grants -Recurrent (GOK)	345,000,000	(73,000,000)	272,000,000	272,000,001	1	0%	Within Budget
Grant - Unrestricted Development (GoK)		135,000,000	135,000,000	139,949,146	4,949,146	-4%	Within Budget
Subtotal Grant Income	345,000,000	192,000,000	537,000,000	540,826,852	3,826,852	-1%	Within Budget
TOTAL INCOME	934,469,998	760,183,390	1,694,653,388	2,854,807,365	1,160,153,977	(3)	
Expenses							
A) Use of Goods and Services			0				
Electricity & Water	4,500,000	150,000	4,650,000	4,770,032	-120,032	-3%	Within Budget
Advertising Expenses	4,000,000	-3,000,000	1,000,000	957,565	42,435	4%	Within Budget
Entertainment & Office Tea	1,600,000	-195,000	1,405,000	1,404,897	103	0%	Within Budget
General Office Running Expenses	5,500,000	-350,000	5,150,000	5,087,640	62,360	1%	within budget
Printing & Stationery	100,000	-55,000	45,000	42,840	2,160	5%	within budget
Education and Training	3,500,000	-150,000	3,350,000	3,323,466	26,534	1%	within budget
Library & subscription Expenses	300,000		300,000	282,081	17,919	6%	Within budget
Workshops & seminars	10,000,000	-9,120,000	880,000	878,170	1,830	0%	Within budget
Travel and Accommodation	15,000,000	-3,880,000	11,120,000	11,673,055	-553,055	-5%	Within budget
Telephone Expenses	2,400,000	-1,000,000	1,400,000	1,307,566	92,434	7%	Within budget
Audit & Management fees	900,000		900,000	928,000	-28,000	-3%	Within budget
IT Costs & Accessories	7,000,000		7,000,000	7,517,169	-517,169	-7%	The need to automate the bulk water billing systems
Transport operating	19,500,000	-7,000,000	12,500,000	12,599,020	-99,020	-1%	Increase in fuel and maintenance cost for motor vehicles
Uniform & Clothing	1,200,000	-1,200,000	0	0	0	0%	within budget
Repairs& maintenances-Office Equipment, Furniture and Fittings	500,000		500,000	536,503	-36,503	-7%	within budget
Emergency Works and Hire of plant & Equipment			0	0	0	100%	Within Budget
Professional Consultancy Fees	12,000,000	-5,000,000	7,000,000	7,253,898	-253,898	-4%	within budget
Monitoring and Evaluation	150,000		150,000	0	150,000	100%	Within budget

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Ground Maintenance, security & Utility	8,500,000	-1,000,000	7,500,000	7,257,665	242,335	3%	Within Budget
Building Maintenance	720,000	-720,000	0	0	0	0%	Within Budget
Cleaning Services	4,600,000		4,600,000	4,935,967	-335,967	-7%	General increase in detergent prices and other cleaning materials
Bank Charges	12,000,000	-10,000,000	2,000,000	2,103,985	-103,985	-5%	Within Budget
Membership of Professional Associations	750,000	-750,000	0	14,000	-14,000	0%	Within Budget
Insurance	15,000,000	500,000	15,500,000	18,113,840	-2,613,840	-17%	Increase in the value of new assets and also the increase of the insurance premium rates
Sub -total	129,720,000	(42,770,000)	86,950,000	90,987,359	(4,037,359)	-5%	
B) Remuneration of Directors							
Honoraria	960,000		960,000	960,000	0	0%	within Budget
Sitting allowances	8,900,000		8,900,000	8,910,100	-10,100	0%	within Budget
Board Medical allowance			-	-	0	0%	within Budget
Induction and Training	2,000,000		2,000,000	1,974,863	25,137	1%	within Budget
Board travel and accommodation	1,600,000		1,600,000	1,636,000	-36,000	-2%	within Budget
Other allowances	250,000		250,000	219,693	30,307	12%	within Budget
Other board expenses	4,500,000		4,500,000	4,503,480	-3,480	0%	Within Budget
Sub total	18,210,000	-	18,210,000	18,204,136	5,864	0%	
C) Employee Costs							
Basic pay	165,640,000	-200,000	165,440,000	164,814,468	625,532	0%	Within Budget
House allowance	36,360,000	-1,960,000	34,400,000	34,100,210	299,790	1%	Within the budget
Entertainment allowance	1,000,000	100,000	1,100,000	1,080,000	20,000	2%	Within the budget
Transport allowance	11,850,000	-2,250,000	9,600,000	9,143,484	456,516	5%	within the budget
Leave and Passage allowance	3,200,000	107,950	3,307,950	3,271,695	36,255	1%	within the budget
Gratuity Contributions	13,894,596	-44,596	13,850,000	13,071,119	778,881	6%	within the budget
Pension Contribution-Employer	17,905,023	-305,023	17,600,000	17,390,910	209,090	1%	Within Budget
N.S.S.F Employers contribution	3,200,000		3,200,000	3,064,320	135,680	4%	Within Budget
Staff Welfare	5,500,000	-500,000	5,000,000	4,985,758	14,242	0%	Within Budget
Medical Expenses	33,500,000	1,500,000	35,000,000	34,541,816	458,184	1%	Within Budget
Interns Allowance	1,000,000	(100,000)	900,000	874,105	25,895	3%	Increased number of interns engaged from the public service commission in line with the presidential directive
Housing Levy-Employer	6,000,000	200,000	6,200,000	6,169,264	30,736	0%	Within Budget
Other Allowances	0		0	0	0	0%	Within Budget
Sub total	299,049,619	(3,451,669)	295,597,950	292,507,150	3,090,800	1%	Within the budget
E) Operation Expenses							

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% variance	Remarks
	2024-2025	2024-2025	2024-2025	2024-2025	2024-2025	f/d	
	Kshs	Kshs	Kshs	Kshs	Kshs		
Planning and Design	1,000,000	-950,000	50,000	48,700	1,300	3%	The Agency ensured that most of the design aspects for projects were incorporated in the works contracts financed by development partners which lead to a reduction of the money sent from the recurrent budget.
Environmental impact Assessment	500,000	0	500,000	263,750	236,250	47%	The Agency incorporated most of the ESIA aspects for projects under consultancies financed by development partners which lead to a reduction of the money spent from the recurrent budget.
Bulk water Expenses	480,990,379	-235,000,000	245,990,379	231,560,567	14,429,812	6%	
Project costs		115,000,000	115,000,000	94,176,285	20,823,715	18%	This is a non-cash expenditure being appropriation from deferred income
Sub total	482,490,379	(120,950,000)	361,540,379	326,049,302	35,491,077	10%	
Depreciation		553,616,651	553,616,651	922,310,248	(368,693,597)		It is not a cashflow item
Interest on loan/Loan repayments		280,000,000	280,000,000	263,044,978	16,955,022		This is the amount expected from the WSPs and it is transmitted to the National Treasury as received & Interest on loans
Corporation tax		92,738,408	92,738,408	92,738,408	-	0%	The corporation tax payable was dependent on the value of interest earned as income from special sources
Tax on Interest Income	5,000,000	1,000,000	6,000,000	7,418,464	(1,418,464)	-24%	This was as a result of the income received from call account during the year
Sub total	5,000,000	927,355,059	932,355,059	1,285,512,098	(353,157,039)	-38%	
Total Expenditure	934,469,998	760,183,390	1,694,653,388	2,013,260,044	(318,606,656)		
Recurrent Surplus before provisions	-	-	-	841,547,321	1,478,760,633		
Less increase in provisions				88,710,888	(88,710,888)		It is not a cashflow item hence was not budgeted for
Gain on disposal of assets				3,102,202	(3,102,202)		
Recurrent Surplus after provisions				755,938,635			

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of AWWDA. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>AWWDA had no running leases and the adoption of this standard will have no impact on the Agency's financial report</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>AWWDA is a service Agency and does not hold any assets for sale. In effect the Agency will not be affected by adoption of this standard</p>
IPSAS 45-Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and</p>

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Standard	Effective date and impact:
	<p>illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under-maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The Agency does not have heritage assets hence the adoption of this standard is not expected to affect the financial report.</p>
<p>IPSAS 46 Measurement</p>	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>AWWDA will continue to use historical cost model hence adoption of this standard will not affect the Agency's financial report.</p>
<p>IPSAS 47- Revenue</p>	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The Agency receives revenue from exchange transactions as well as recurrent and development grant from the Ministry.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from</p>

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Standard	Effective date and impact:
	<p>transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>This standard is relevant to the Agency and once adopted it will capture the transfers to the water service providers as well as any transfers from the line Ministry.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The Agency does not manage a retirement benefit plan internally hence the adoption of the standard is not affect the financial report.</p>
<p>IPSAS 50: Exploration For & Evaluation of Mineral Resources</p>	<p>Applicable 1st January 2027</p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <p>The Agency is not engaged in exploration of mineral resources hence the adoption of the standard is not affect the financial report.</p>

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

Dividends

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. AWWDA had no rental income during the year.

b) Budget information

The original budget for 2024/2025 was approved by the National Assembly on 7th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of xxx on the 20xx budget following the governing body's approval.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

AWWDA's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the *Entity* operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable *Entity* and the same taxation authority.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.* **(entity to amend appropriately based on the model adopted)** Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

f) Leases

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

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Entity*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term. AWWDA did not have any leasehold assets during the 2024/2025FY.

g) Intangible assets

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

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Research and development costs

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

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

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

j) Financial instruments

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

a) Financial assets

Classification of financial assets

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

Subsequent measurement

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

Amortized cost

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through net assets/ equity

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

Trade and other receivables

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

Fair value through surplus or deficit

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

Impairment

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

b) Financial liabilities

Classification

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Inventories

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

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

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

l) Provisions

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

m) Social Benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

n) Contingent liabilities

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

o) Contingent assets

AWWDA 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 AWWDA in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

p) Nature and purpose of reserves

AWWDA creates and maintains reserves in terms of specific requirements. AWWDA did not have any reserve during the year except retained earnings.

q) Changes in accounting policies and estimates

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

r) Employee benefits

Retirement benefit plans

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Foreign currency transactions

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

t) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

u) Related parties

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

v) Service concession arrangements

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

w) Cash and cash equivalents

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

x) Comparative figures

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

a) Subsequent events

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 25. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. The provisions to AWWDA are:

- i. Provisions for bad debts which is calculated as 5% of all outstanding debtors from exchange transactions
- ii. Provision for untaken leave which is calculated as no of untaken leave divided by 30 days multiplied by the basic pay.
- iii. Provision for bank deposits placed under KDIC, given the full unrecovered amounts

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Notes to the Financial Statements (Continued)

		2025	2024
	Details	Kshs	Kshs
6.	Donor Grants Restricted		
	ACP-EU	5,300,774	6,045,709
	AFD	66,340,114	66,340,114
	KISSIP	5,573,900	5,573,900
	KFW-NCWDN	20,961,951	20,961,951
	ADB - Kibera	4,696,069	4,696,069
	BADEA	26,004,897	26,004,897
	NISIP	-	73,033,625
	Total-it includes income earned from donor financing	128,877,705	202,656,265
7.	Government of Kenya Grants-Un restricted		
	Government of Kenya-AWWDA administration recurrent Grants	272,000,001	339,999,997
	Government of Kenya Grants-Project related grants	139,949,146	292,789,583
	Total	411,949,147	632,789,580
8.	Receipts from Water Service Providers for loan repayment and administration fees		
	Loan repayment from NCWSC	821,648,724	937,338,468
	Loan repayment from other WSPs	50,530,764	17,581,790
	Bulk water sales	1,383,324,411	184,649,506
	Total	2,255,503,899	954,920,258
9.	Finance Income		
	Miscellaneous income	7,016,734	25,100,228
	Interest on deposit	51,459,880	86,547,962
	Total-it includes majorly income from sale of tenders, and interest earned on bank deposits	58,476,614	111,648,190
10.	Use of Goods and Services		
	Electricity & Water	4,770,032	4,833,325
	Advertising Expenses	957,565	5,928,447
	Entertainment & Office Tea	1,404,897	1,715,941
	General Office Running Expenses	5,087,640	5,125,883
	Printing & Stationery	42,840	856,096
	Education and Training	3,323,466	345,050
	Library & subscription Expenses	282,081	99,710
	Workshops & seminars	878,170	13,697,974
	Travel and Accommodation	11,673,055	13,785,675
	Telephone Expenses	1,307,566	2,856,699
	Audit & Management fees	928,000	928,000
	IT Costs & Accessories	7,517,169	4,184,629
	Transport operating	12,599,020	17,196,663
	Repairs& maintenances-Office Equipment, Furniture and Fittings	536,503	766,187
	Professional Consultancy Fees	7,253,898	10,004,653
	Monitoring and Evaluation	-	156,580
	Ground Maintenance, security & Utility	7,257,665	8,553,032
	Building Maintenance	-	752,593
	Cleaning Services	4,935,967	3,738,661
	Bank Charges	2,103,985	1,288,280

		2025	2024
Details		Kshs	Kshs
	General Insurance	18,113,840	18,010,321
	Total	90,987,359	115,966,781
11.	Remuneration of Directors and Board expenses		
	Honoraria	960,000	941,935
	Sitting allowances	8,910,100	8,540,588
	Board Medical allowance	-	364,795
	Induction and Training	1,974,863	1,466,276
	Board travel and accommodation	1,636,000	304,800
	Other allowances	219,693	1,270,800
	Other board expenses	4,503,480	4,481,958
	Total	18,204,136	17,371,152
12.	Employee Costs		
	Basic Pay	164,814,468	163,062,868
	House Allowance	34,100,210	36,009,000
	Entertainment Allowance	1,080,000	1,080,000
	Transport Allowance	9,143,484	9,862,032
	Leave and Passage allowance	3,271,695	3,558,251
	Gratuity Contribution	13,071,119	14,052,579
	Pension Contribution-Employer	17,390,910	17,514,135
	N.S.S.F Employers Contribution	3,064,320	1,410,480
	Staff Welfare	4,985,758	6,269,394
	Medical Expenses	34,541,816	40,167,747
	Intern Allowance	874,105	1,189,400
	Housing Levy-Employer	6,169,264	5,638,642
	Other Allowances		4,419,384
	Total	292,507,150	304,233,912
13.	Operational Expense		
	Planning and Design	48,700	125,250
	Environmental Impact Assessment	263,750	3,201,119
	GOK-Counter funds-Project costs	29,826,610	863,554,401
	Bulk Water Expenses	231,560,567	
	Corporation Tax	92,738,408	
	Total	354,438,035	866,880,770
14.	Project Cost		
	NARSIP II	45,029,980	16,451,132
	KFW-NST	-	2,320,000
	AFD - NCT	141,420	4,489,892
	Thika Githunguri Project Costs	4,513,877	-
	Kenya Towns	118,000	-
	NISIP	-	73,033,631
	AFD-Nairobi Water & Sanitation Services	14,546,398	2,265,645
	Total	64,349,675	98,560,300
15.	Gain/(Loss) on disposal of assets		
	Motor vehicles and Cycles, and other assorted Items	3,102,202	2,822,808
	Total	3,102,202	2,822,808

16. Property plant and equipment for the year ended 30th June 2025: Fixed Asset Schedule

	Office Equipment	Furniture & Fittings	Motor Vehicles & cycles	Plant & Equipment	Dams & Pans	Land	Building	Meters	Water Infrastructure	Sewerage Infrastructure	Work in Progress	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Fully depreciated	109,246,503	0	169,763,230	30,555,495				5,012,100				314,577,328
Cost Depreciable	10,906,138	28,177,614	144,543,988	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	16,225,889,481	8,700,108,099	81,147,378,510	110,562,954,698
Subtotal Cost As at 1 July 2023	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	81,147,378,510	110,877,532,027
Additions												0
Purchase	13,961,771	481,705	10,070,000	126,774,403							10,414,481,245	10,565,769,124
Disposal				0	0	0	0	0	0	0		0
Reclassification			248,512,856					103,508,961	628,332,228	930,048,411	-1,910,402,456	0
As at the 30 June 2024	134,114,412	28,659,319	572,890,074	354,560,139	3,251,808,563	436,768,406	342,937,159	185,727,561	16,854,221,709	9,630,156,510	89,651,457,299	121,443,301,150
Cost Fully depreciated	109,246,503	0	169,763,230	30,555,495				5,012,100				314,577,328
Cost Depreciable	24,867,909	28,659,319	403,126,844	324,004,644	3,251,808,563	436,768,406	342,937,159	180,715,461	16,854,221,709	9,630,156,510	89,651,457,299	121,128,723,822
Subtotal Cost As at 1 July 2024	134,114,412	28,659,319	572,890,074	354,560,139	3,251,808,563	436,768,406	342,937,159	185,727,561	16,854,221,709	9,630,156,510	89,651,457,299	121,443,301,151
Additions												0
Purchase	2,842,839										9,436,335,871	9,439,178,710
Transfers	0	0	-17,131,105	0	0			0		0	-39,000,000	-56,131,105
Reclassification			33,507,454	92,187,284							-177,418,876	-51,724,138
As at the 30 June 2025	136,957,251	28,659,319	589,266,423	446,747,423	3,251,808,563	436,768,406	342,937,159	185,727,561	16,854,221,709	9,630,156,510	98,871,374,294	130,774,624,618
DEPRECIATION												
As at 1 July 2023	120,152,641	5,635,522	253,680,834	160,786,511	909,552,036	0	17,146,858	82,218,600	2,245,818,826	1,587,068,855	0	5,382,060,683
Charge for the year	0	2,817,761	25,364,688	27,794,865	81,295,214	0	8,573,429	0	405,647,237	217,674,849		769,168,043
Depr/adj for Disposed Assets												
As at 30 June 2024	120,152,641	8,453,283	279,045,522	188,581,376	990,847,250	0	25,720,287	82,218,600	2,651,466,063	1,804,743,704	0	6,151,228,726
As at 1 July 2024	120,152,641	8,453,283	279,045,522	188,581,376	990,847,250	0	25,720,287	82,218,600	2,651,466,063	1,804,743,704	0	6,151,228,726
Charge for the year	4,653,924	2,865,933	90,010,402	27,712,792	81,295,214	0	8,573,429	20,701,792	421,355,542	240,753,913		897,922,941
Depr/adj for Disposed Assets												0
As at 30 June 2025	124,806,565	11,319,216	369,055,924	216,294,168	1,072,142,464	0	34,293,716	102,920,392	3,072,821,605	2,045,497,617	0	7,048,740,707
Net Book Value 30th June 2025	12,150,686	17,340,103	220,210,499	230,864,215	2,179,666,099	436,768,406	308,643,443	82,807,169	13,781,400,104	7,584,658,892	98,871,374,294	123,725,883,911
Net Book Value 30th June 2024	13,961,771	20,206,036	293,844,552	165,978,764	2,260,961,313	436,768,406	317,216,872	103,508,961	14,202,755,646	7,825,412,805	89,651,457,299	115,292,072,425

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17. Intangible assets as at 30th June 2025

Description	2025	2024
	Kshs	Kshs
COST		
Cost Fully depreciated	74,210,588	74,210,588
Cost Depreciable	246,411,294	183,249,373
Subtotal Cost As at beginning of the year	320,621,883	257,459,962
Additions		
Purchase	2,413,544	63,161,921
Disposal		
Reclassification	51,724,138	
As at the 30 June 2025	374,759,565	320,621,883
Amortization and impairment at the beginning of the year	250,793,295	247,459,962
Amortization for the year	24,387,307	3,333,333
Amortization adj for transferred/disposed Assets		
As at end of the year	275,180,602	250,793,295
Net Book Value 30th June 2025	99,578,963	69,828,588

Description	2025	2024
	Kshs	Kshs
18. Tax on Interest income		
Tax charges on Interest income	7,418,464	8,488,085
Total	7,418,464	8,488,085
19. Cash & Bank Balances		
Current account	710,472,587	1,435,227,935
On - call deposits	0	0
Fixed deposits account	1,108,385	1,108,385
Staff car loan/ mortgage		0
Others-cash in hand	99,980	2,243
Total cash and cash equivalents	711,680,952	1,436,338,563

19 (a) Detailed analysis of cash and cash equivalents			
Financial institution	Account number	2025	2024
		Kshs	Kshs
a) Current account			
Kenya Commercial bank-KISSIP	1143199359	1,306,585	1,264,030
Kenya Commercial bank-WASSIP-AF	1139107380	1,256,833	1,215,938
Kenya Commercial bank-AFD-NCT	1156760372	1,211,108	1,163,971
Cooperative Bank-Escrow	01141084618500	10,667,213	10,398,919
Cooperative Bank-operations	01136084618500	8,144,946	57,249,390
NCBA Bank-ADB NARSIP	1000017414	7,953,214	3,281,624
SBM Bank-Current	0212056995003	13,528,114	13,533,154
CFC-Stanbic	0100007078263	429,076,271	404,378,691
SBM Bank-Saving Account	0211056995007	8,499,219	8,058,920
Cooperative Bank-Development	01141084618501	11,707	12,870,532
Nairobi Water & Sanitation Project-AFD	1279693258	178,180	642,540,558
NCBA-Kenya Towns Sustainable WSSP	6206720012	140,159,719	173,012,871
NCBA-Nairobi Inclusive Sanitation	6206750017		61,259,387

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19 (a) Detailed analysis of cash and cash equivalents			
		2025	2024
Financial institution	Account number	Kshs	Kshs
Cooperative Bank-Nairobi Satellite Towns	01141084648502	279,564	109,847
Cooperative Bank-Bulk Water Supply	01141084618503	81,832,667	44,890,103
Cash in Transit		6,367,247	
Sub- total		710,472,587	1,435,227,935
b) On - call deposits			
Cooperative Bank		-	-
Cooperative Bank		-	-
NCBA-Nairobi Inclusive Sanitation			
Sub- total		-	-
c) Fixed deposits account			
Cooperative Bank		1,108,385	1,108,385
SBM Bank		-	-
Sub- total		1,108,385	1,108,385
d) Others			
cash in hand		99,980	2,243
Sub- total		99,980	2,243
Grand total		711,680,952	1,436,338,563

20.	Receivable from Exchange Transaction		
a) Current Receivables from Exchange Transactions			
	Description	2025	2024
		KShs	KShs
	Current Receivables		
	Receivables- Other WSPs	32,479,639	2,053,915
	Receivable NCWSC	821,648,724	937,338,468
	Receivable -Bulk water Sales	909,931,113	120,727,814
	Total current receivables	1,764,059,476	1,060,120,197
b) Long-term Receivables from Exchange Transactions			
	Description	2025	2024
		Kshs	Kshs
	Total Receivables		
	Receivables-WSPs	394,941,991	392,888,078
	Receivable NCWSC	5,501,607,328	4,564,268,860
	Receivable -Bulk water Sales	120,727,814	
	Less: Provision for bad and doubtful debts		
		6,017,277,133	4,957,156,938
	Total non-current receivables	6,017,277,133	4,957,156,938
	Total receivables (a+b)	7,781,336,609	6,017,277,135

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(c) Ageing analysis for Receivables from exchange transactions				
Description	2025		2024	
	Kshs		Kshs	
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	1,764,059,476	23%	1,060,120,197	5%
Between 1- 2 years	1,060,120,197	14%	235,501,149	
Between 2-3 years				
Over 3 years	4,957,156,936	64%	4,722,155,789	95%
Total (a+b)	7,781,336,609	100%	6,017,777,135	100%

(d) Reconciliation for Impairment Allowance/Provision on Receivables from Exchange Transactions			
Impairment Allowance/ Provision		2025	2024
		KShs	KShs
At the beginning of the year		300,888,857	247,882,847
Additional provisions during the year		88,202,974	53,006,010
Recovered during the year		-	-
Written off during the year		-	-
At the end of the year		389,091,831	300,888,857
21.	Receivable from Non-Exchange Transaction	2025	2024
	Other Debtors	477,428,896	400,902,541
	Receivable insurance Reimbursement	0	0
	Receivable 4th Quarter	0	493,750,000
	Receivables on disposals		
	Receivable SBM-KIDIC	7,362,977	7,362,977
	Staff Debtors	5,944,216	1,843,678
	Advance payments	1,489,896,237	2,875,713,400
	Transport operating deposit	200,000	200,000
	Rent Deposit	481,361	481,361
	Fuel Deposit	1,500,000	1,500,000
	Total	1,982,813,687	3,781,753,957

Description	2024/2025	2023/2024
	Kshs	Ksh
Other Debtors	477,428,896	400,902,541
Receivable insurance Reimbursement	0	0
Receivable 4th Quarter	0	493,750,000
Receivables on disposals		0
Receivable SBM-KIDIC	7,362,977	7,362,977
Staff Debtors	5,944,216	1,843,678
Advance payments	1,489,896,237	2,875,713,400
Transport operating deposit	200,000	200,000
Rent Deposit	481,361	481,361
Fuel Deposit	1,500,000	1,500,000
Total	1,982,813,687	3,781,753,957

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Ageing Analysis- Receivables from non-exchange transactions	2025	% of the total	2024	% of the total
Less than 1 year	1,416,366,779	71%	497,093,678	13%
Between 1-2 years	538,883,931	27%	3,277,097,302	87%
Over 3 years	7,562,977	0%	7,562,977	0%
Total	1,962,813,687	99%	3,781,753,957	100%

22.	Inventory	2025	2024
		Kshs	Ksh
	AWWDA Stores -Office consumables	3,327,717	3,327,717
	Karimenu II Dam Store	1,748,932	
	NCT Store	10,491,654	
	Total	15,568,303	3,327,717
23.	Prepayments	2025	2024
	Prepaid maintenance	17,376	3,685,007
	Prepaid insurance	15,052,297	16,195,243
	Total	15,069,673	19,880,250
24.	Trade & Other payables from Exchange transactions	2024	2024
	Accounts Payable	4,882,030,705	4,382,625,213
	VAT & W/holding Tax	209,248,494	815,273,408
	Total	5,091,279,199	5,197,898,621

Description	2025		2024	
	Kshs		Kshs	
Trade payables	5,091,279,199		5,197,898,621	
Payments received in advance	0		0	
Employee payables	11,011,291		1,790,470	
Third-party payments	0		0	
Other payables				
Total trade and other payables	5,102,290,490		5,199,689,091	
Ageing analysis: (Trade and other payables)	2025	% of the Total	2024	% of the Total
Under one year	1,194,513,115	23%	1,293,470,813	25%
1-2 years	771,365,422	15%	1,126,527,115	22%
2-3 years	613,796,276	12%	2,287,575,740	44%
Over 3 years	2,522,615,677	49%	492,115,423	9%
Total	5,102,290,490	100%	5,199,689,091	100%

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25.	Current provisions					
		Untaken leave benefits Kshs	Audit and management fees Kshs	Provision for bad debts Kshs-	Amount in KDIC Kshs	Total Kshs
	Balance as at 1st July 2023	5,394,288	928,000	247,882,847	7,862,977.00	262,068,112
	Provision added for the year	281,534	-	53,006,010	-	53,287,544
	Provision utilized in the year					
	Provision as at 30th June 2024	5,675,822	928,000	300,888,857	7,862,977.00	315,355,656
	Balance as at 1st July 2024	5,675,822	928,000	300,888,857	7,862,977.00	315,355,656
	Provision added for the year	507,913.70	-	88,202,974	-	88,710,888
	Provision utilized in the year					
	Provision as at 30th June 2025	6,183,735	928,000	389,091,831	7,862,977.00	404,066,543
	Increase/decrease in provisions	507,914	-	88,202,974	-	88,710,888

26.	Employee entitlements and payroll creditors	2025	2024
	Employee Entitlements	13,978	13,978
	Payroll creditors	10,997,313	1,776,492
	Total	11,011,291	1,790,470

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27. LOANS						
Loan Balances 2023/2024						
Loan	Principal loan amount	Interest charge for the year	Interest Balance as at 1/7/2023	Payments During the year	Total loan as at 30/6/2024	
	Kshs	Kshs	Kshs	Kshs	Kshs	
a. Loans-AFD	3,063,549,323	88,842,930	343,282,565	16,939,500	3,478,735,318	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	325,330,269		5,828,833,999	
c. LOAN KfW-NST	2,872,056,102				2,872,056,102	
d. LOAN KfW-NCWDN	2,881,503,879	93,360,726			2,974,864,605	
e. Loan-AFD NTC	9,675,770,363				9,675,770,363	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	7,707,628,146				7,707,628,146	
i. Loan-AFD RUIRU II DAM	2,383,026,520				2,383,026,520	
j. LOAN-NAIROBI RIVER PHASE II	4,684,148,153				4,684,148,153	
k. LOAN-KARIMENU II DAM	22,276,629,812				22,276,629,812	
l. Loan-AFD Nairobi Water & Sanitation	1,962,654,043				1,962,654,043	
Total	81,791,674,006	263,536,223	668,612,834	16,939,500.00	82,706,883,563	
Loan Balances 2024/2025						
Loan	Principal loan amount	Interest charge for the year	Interest Balance as at 1/7/2024	Payments During the year	Total loan as at 30/6/2025	
a. Loans-AFD	3,046,609,823	88,351,685	432,125,495	50,000,000	3,517,087,003	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	406,662,837		5,910,166,567	
c. LOAN KfW-NST	3,066,220,710				3,066,220,710	
d. LOAN KfW-NCWDN	2,881,503,879	93,360,726	93,360,726		3,068,225,330	
e. Loan-AFD NTC	9,675,770,363				9,675,770,363	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	9,678,797,324				9,678,797,324	
j. LOAN-NAIROBI RIVER PHASE II	5,873,846,444				5,873,846,444	
l. Loan-AFD Nairobi Water & Sanitation	3,028,753,390				3,028,753,390	
Total	61,536,209,598	263,044,978	932,149,057	50,000,000.00	62,681,403,633	

		2025	2024
		Kshs	Kshs
28.	Deferred Income-Long Term		
	ACP-EU	57,343,979	68,690,462
	KISSIP	146,525,279	157,673,079
	ADB	123,437,034	132,829,172
	Kajiado rural	1,957,250	1,957,250
	BADEA	954,989,786	1,006,999,580
	WSTF	250,000,000	250,000,000
	GOK	33,761,837,031	32,429,185,521
	AFD	2,788,449,430	2,921,129,658
	Ithanga Component I	1,005,327,568	1,005,327,568
	Ithanga Component II	864,400,195	864,400,195
	KfW-NCWDN	483,519,257	525,443,159
	Ithanga Component III	1,204,197,309	
	Danida Thika Githunguri	176,495,228	52,222,614
	KARIMENU II DAM	22,276,629,812	
	AFD RUIRU II DAM	2,383,026,520	
	Total	66,478,135,678	39,415,858,258
29.	Accumulated Fund	2025	2024
	Opening Balance	(1,718,621,053)	(1,307,281,517)
	Adjustments	628,718,171	
	Surplus for the period	755,938,635	(411,339,536)
	Total	(333,964,247)	(1,718,621,053)
30.	GoK cash receipts Recurrent		
	Bank	272,000,001	339,999,997
	Less amount not received by end of the year		
	Total	272,000,001	339,999,997
31.	Receipts from WSPs		
	Opening balance	6,017,277,135	4,957,656,938
	Billing in the year	2,255,503,899	1,139,569,764
		8,272,781,034	6,097,226,702
	Closing balance	7,781,336,609	6,017,277,135
	Total	491,444,425	79,949,567
32.	Miscellaneous Receipts during the year		
	Miscellaneous	7,016,734	25,100,228
	Receivable insurance reimbursement		
	Interest on and deposits	51,459,880	86,547,962
	Total	58,476,614	111,648,190
33.	Cash paid for employee compensation	2025	2024
	Employee costs	292,507,150	304,233,912
	(Increase)/ Decrease in payroll creditors	(9,220,821)	(1,299,661)
	(Increase)/ Decrease in employee entitlements	-	0
	Total	283,286,329	302,934,251
34.	Cash paid for Use of Goods and Services	2025	2024

		2025	2024
		Kshs	Kshs
	Administration costs	90,987,359	115,966,781
	Increase/(Decrease) in inventory	12,240,586	465,420
	Increase/(Decrease) in prepayments	(4,810,577)	(1,172,463)
	Tax on interest income	7,418,464	8,488,085
	Total	105,835,832	123,747,823
35.	Cash paid for directors' remuneration & Board expenses		
	Directors' honoraria, allowances and other expenses	18,204,136	17,371,152
	Total	18,204,136	17,371,152
36.	Cash paid for operation and project costs		
	Operation expenses	354,438,035	866,880,770
	Project costs	64,349,675	98,560,300
	(Increase)/Decrease in creditors	410,956	
	Less Operation expenses paid as direct payments		(73,033,631)
	Total	419,198,666	892,407,439
37.	Cash paid for Purchase of property, plant, equipment and intangible assets		
	Cost of PPE purchased	9,439,178,710	10,565,769,124
	Cost of Intangible assets Purchased	2,413,544	63,161,921
	WIP adjustment/(disposals)		
	Total	9,441,592,254	10,628,931,045
38.	Cash proceeds from sale of property, plant, equipment and other items		
	Bank	3,102,202	-
	Receivables on disposal	-	-
	Total	3,102,202	-
39.	Increase/(decrease) in non-exchange receivables		
	Other Debtors	(76,526,355)	1,133,951,126
	Receivable insurance Reimbursement	-	7,007,405
	Receivable 4th Quarter	493,750,000	228,000,000
	Receivables on disposals	-	(35,850)
	Receivable SBM-KIDIC	-	-
	Staff Debtors	(4,100,538)	1,295,934
	Advance payments	1,385,817,163	1,262,836,537
	Transport operating deposit	-	-
	Rent Deposit	-	-
	Fuel Deposit	-	-
	Total	1,798,940,270	2,633,055,152
40.	Payments to Creditors		
	Closing creditor balance	5,091,279,199	5,197,898,621
	Add: creditor adjustment	628,718,171	
	Less: Opening creditor balance	5,197,898,621	3,683,496,566
	Total	522,098,749	1,514,402,055

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		2025	2024
		Kshs	Kshs
41.	Proceeds from borrowings		
	Closing balance	62,681,403,633	82,706,883,563
	Add transfer to deferred income	24,659,656,332	
	Add Kenya Towns loan transfers to TAWWDA, CWWDA, WASREB	56,131,105	
	Add loan repayments in the year	50,000,000	16,939,500
	Less interest charge for the year	263,044,978	263,536,223
	Less Opening balance	82,706,883,563	77,984,907,938
	Loan amount received during the year	4,477,262,529	4,475,378,902
42.	Repayment of borrowings		
	Bank-AFD loan repayment	50,000,000	16,939,500
	Total	50,000,000	16,939,500

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43.	Increase/Decrease in deferred income				
	Increase in deferred income	Opening balance Kshs	Transfer to Grant income Kshs	closing balance Kshs	Increase /(Decrease) in deferred income 2023/2024 Kshs
	Kajiado rural	1,957,250		1,957,250	-
	KfW-NCWDN	525,443,159	20,961,951	504,481,208	-
	GOK	32,429,185,521	292,789,583	33,216,263,185	1,079,867,247
	AFD	2,921,129,658	66,340,114	2,854,789,544	-
	ACP-EU	68,690,462	6,045,709	62,644,753	-
	ADB	132,829,172	4,696,069	128,133,103	-
	KISSIP	157,673,079	5,573,900	152,099,179	-
	BADEA	1,006,999,580	26,004,897	980,994,683	-
	Ithanga Component I	1,005,327,568		1,005,327,568	-
	Ithanga Component II	864,400,195		864,400,195	-
	WSTF Non-current	250,000,000		250,000,000	-
	Thika Githunguri	52,222,614		96,080,709	43,858,095
	Total	39,415,858,258	422,412,223	40,117,171,377	1,123,725,342
	Increase in deferred income	Opening balance Kshs	Transfer to Grant income Kshs	closing balance Kshs	Increase /(Decrease) in deferred income 2024/2025 Kshs
	Kajiado rural	1,957,250		1,957,250	-
	KfW-NCWDN	504,481,208	20,961,951	483,519,257	-
	GOK	33,216,263,185	139,949,146	33,761,837,031	685,522,992
	AFD	2,854,789,544	66,340,114	2,788,449,430	-
	ACP-EU	62,644,753	5,300,774	57,343,979	-
	ADB	128,133,103	4,696,069	123,437,034	-
	KISSIP	152,099,179	5,573,900	146,525,279	-
	BADEA	980,994,683	26,004,897	954,989,786	-
	Ithanga Component I	1,005,327,568		1,005,327,568	-
	Ithanga Component II	864,400,195		864,400,195	-
	Ithanga Component III			1,204,197,309	1,204,197,309
	WSTF non-current	250,000,000		250,000,000	-
	Thika Githunguri	96,080,709		176,495,228	80,414,519
	KARIMENU II DAM			22,276,629,812	22,276,629,812
	AFD RUIRU II DAM			2,383,026,520	2,383,026,520
	Less: Non cash transfers from loan				(24,659,656,332)
	Total	40,117,171,377	268,826,851	66,478,135,678	1,970,134,820

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44. Surplus Remission

The Entity has Positive retained earnings during the year and hence there will be some remittance to the Consolidated Fund.

45. Taxation

	2024/2025	2023/2024
	Kshs	Kshs
Income tax paid during the year	(7,418,464)	(8,488,085)
At end of the year	(7,418,464)	(8,488,085)

Although AWWDA is not taxable, the Agency earned interest income which is considered a specialised source of income and is eligible to 30% tax charge regardless of the financial position of the organization.

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Notes To the Financial Statements (Continued)

46. Cash Generated from Operations

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	755,938,635	(411,339,536)
Adjusted for:		
Depreciation	922,310,248	772,501,376
Non-cash grants received	(268,826,851)	(495,445,848)
Non-Cash project costs		73,033,631
Contributed assets	-	-
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions	88,710,887	53,287,543
Contribution to impairment allowance		
Finance income		
Finance cost	263,044,978	263,536,223
Working capital adjustments		
Increase in inventory	12,240,586	(465,420)
Increase in receivables	(1,767,572,632)	(1,059,620,197)
Increase in Prepayments	4,810,577	1,172,463
Increase in deferred income	-	-
Increase in payables	9,220,821	1,299,661
Increase in payments received in advance	-	-
Net cash flow from operating activities	19,877,248	(802,040,105)

47. Financial Risk Management

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

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Notes To the Financial Statements (Continued)

i) Credit risk

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

Financial Risk Management

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

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Receivables from exchange transactions	7,660,608,795	1,764,059,476	5,507,457,489	389,091,831
Receivables from non-exchange transactions	1,982,813,687	1,982,813,687		
Bank balances	711,680,952	703,817,975		7,862,977
Total	10,355,103,434	4,450,691,138	5,507,457,489	396,954,808
At 30 June 2024				
Receivables from exchange transactions	6,017,277,135	1,060,120,197	4,656,268,081	300,888,857
Receivables from non-exchange transactions	3,781,753,957	3,781,753,957		
Bank balances	1,436,338,563	1,428,475,586		7,862,977
Total	11,235,369,655	6,270,349,740	4,656,268,081	308,751,834

Financial Risk Management

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

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Notes To the Financial Statements (Continued)

ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2025				
Trade payables	36,484,381	3,598,318	5,051,196,499	5,091,279,199
Provisions	507,914		6,603,822	7,111,735
Deferred income				-
Employee benefit obligation	10,997,313		13,978	11,011,291
Total	47,989,608	3,598,318	5,057,814,299	5,109,402,225
At 30 June 2024				
Trade payables	36,484,381	3,598,318	5,157,815,922	5,197,898,621
Provisions	281,534		6,322,288	6,603,822
Deferred income				-
Employee benefit obligation	1,776,492		13,978	1,790,470
Total	38,542,407	3,598,318	5,164,152,187	5,206,292,913

Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

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

a) Foreign currency risk

AWWDA has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. Since most of such contracts are development partner funded, AWWDA has mitigated the risk by enforcing direct payments as the preferred method of disbursement hence minimizing the exposure. AWWDA did not have foreign denominated monetary assets as of 30th June 2025.

Financial Risk Management

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

b) Interest rate risk

Interest rate risk is the risk that AWWDA's financial condition may be adversely affected as a result of changes in interest rate levels. AWWDA's interest rate risk arises from bank deposits. This AWWDA to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on AWWDA's deposits.

Notes to the Financial Statements (Continued)

Financial Risk Management

Management of interest rate risk

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

Sensitivity analysis

AWWDA analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *Entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. AWWDA considers relevant and observable market prices in its valuations where possible.

AWWDA did not have any financial instruments during the 2024/2025FY.

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Notes to the Financial Statements (Continued)

Financial Risk Management

iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Revaluation reserve	-	
Retained earnings	(333,964,247)	(1,718,621,053)
Total assets	134,331,932,097	126,620,478,634
Total funds	133,997,967,850	124,901,857,580
Total borrowings	62,681,403,633	82,706,883,563
Less: cash and bank balances	(711,680,952)	(1,436,338,563)
Net debt/(excess cash and cash equivalents)	61,969,722,681	81,270,545,000
Gearing	46%	65%

48. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

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

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	2024/2025	2023/2024
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to govt agencies	N/A	N/A
Rent income from govt. Agencies	N/A	N/A
Water sales to govt. Agencies	0	63,921,692
Others (specify) e.g. interest and bank charges	N/A	N/A
Total	0	63,921,692
B) purchases from related parties		
Purchases of electricity from KPLC	14,207,339	32,226,759
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. Agencies	8,483,913	9,392,572
Others (security, audit, licenses and wayleaves)	12,483,124	31,276,455
Total	35,174,376	72,895,785
b) Grants /transfers from the government		
Grants from national govt	685,523,330	1,413,499,996
Grants from county government		
Donations in kind		
Total	685,523,330	1,413,499,996
c) Expenses incurred on behalf of related party		
N/A		
N/A		
Total		
d) Key management compensation		
Directors' emoluments	18,197,136	18,915,352
Compensation to key management	19,117,659	21,681,618
Total	37,314,795	40,596,970

49. Segment Information

AWWDA has no segments.

50. Contingent Assets and Contingent Liabilities

AWWDA has no contingent assets or liabilities

51. Capital Commitments

All authorized capital commitments were implemented within the financial year.

52. Program for Results (PforR) Disclosure

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

53. Events after the Reporting Period

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

54. Ultimate And Holding Entity

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

55. Currency

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

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20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.	<p>Property, Plant and Equipment</p> <p>The statement of financial position as disclosed in Note 16 to the financial statements reflects property, plant and equipment balance of Kshs.115,267,877,403. However, the following anomalies:</p> <p>1.1 Included in the balance is work in progress balance of Kshs.89,627,262,277 out of which Kshs.6,462,890,395 relates to land compensation paid to land owners. However, despite the beneficiaries having been paid their monies, the Management has not transferred the parcels of land to the Agency. In addition, the land on which the Athi Water Plaza is built does not have an ownership document, despite a court case having been concluded and a ruling made in favour of the Agency on 23 July, 2019, which is more than five (5) years ago</p>	<p>AWWDA engaged surveyors to facilitate survey, subdivision and amalgamation of all the parcels acquired by the Agency in order to facilitate titling.</p> <p>Upon completion of the exercise, AWWDA will submit the same to the Ministry of Lands, Public Works, Housing and Urban Development which has since constituted a team in its State Department for Lands and Physical Planning through the Ministry of Water, Sanitation and irrigation to fast-track processing of Titles for land owned by Public Institutions.</p> <p>On the land where the Athi water Plaza is located, AWWDA is coordinating with Nairobi City County through the Ministry of Water, Sanitation and Irrigation to facilitate the transfer parcel from Joreth Ltd to Nairobi City County and subsequently transferred to AWWDA</p>	Not Resolved	Continuous
	<p>1.2 Failure to Transfer Ownership and Custody of Motor Vehicles after Projects Completion</p>	<p>i) <i>The Agency approves requests by some consultants on extended use of project supervision motor vehicles for some upcoming projects pending procurement of new motor vehicles eg. Under the construction of</i></p>	Continuous	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>Review of vehicles fleet records provided for audit revealed that the Agency had not repossessed seventeen (17) vehicles from contractors upon the completion of projects.</p> <p>Although the agency had recorded the vehicles in their books, the vehicles continued to be under the custody and use by the contractors despite the projects having been completed. Further, Fleet records of the Agency revealed that, the agency was in possession and control of fourteen (14) vehicles which were handed over after projects were completed. However, the ownership documents had not been transferred in the name of the agency in addition to the plates for the vehicles having civilian registration numbers instead of the required blue plates.</p> <p>In addition, the Agency was in possession of ten (10) motor vehicle log books with civilian registration numbers whereas the vehicles had not been handed over to the agency upon completion of projects</p>	<p><i>Dandora Estate waste water treatment plant. The contractor ensures that the motor vehicles are handed over and reregistered after project completion.</i></p> <p><i>ii) The reregistration process is ongoing for motor vehicles without caveats since some motor vehicles were acquired duty free. The Agency has since been exempted from payment of duty paving way for the transfers.</i></p> <p><i>iii) To cushion the Agency from possible motor transfer challenges which might be occasioned by loss of vital documents like the log books, The Agency has in its custody all logbooks for project motor vehicles during project implementation.</i></p>		
2.	<p>Inaccuracies in the Loan Balance</p> <p>Included in the balance are loans in respect to Nairobi City Water Distribution Network-Funded by German development Bank (KFW-NCWDN), Water Sanitation Services Improvement Project-Additional Financing (WASSIP-AF) and French Development Agency Loan for North Collector Tunnel (Loan-AFD NCT) of Kshs.2,974,864,605, Kshs.14,523,822,608 and Kshs.9,675,770,363 respectively all totalling Kshs.27,174,457,576 for which principal loan payable for the</p>	<p>The Loan balance of Kshs 2,974,864,605 for the Nairobi City Water Distribution Network includes the interest charge for the year of kshs. 93,360,726 at a rate of 3.24% as per the loan agreement as no invoices have been received in relation to penalties or any other charges.</p> <p>The non repayment of loans is occasioned by the non-receipt of the loan amounts from the beneficiary WSPs as incorporated in their various tariffs.</p>	Not Resolved	Continuous

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>due loans does not include the penalties and interest accrued over the period of times. Further, third party confirmation of loan balances was not provided for audit review. In addition, the loan has been outstanding for a considerably long period of time</p> <p>In the circumstances the accuracy and completeness of the loan balance of Kshs. 82,682,688,541 could not be confirmed.</p>	<p>AWWDA being a non-commercial entity is thus not able to honour the loan repayments for the loans which have attained effectiveness. This matter is also under deliberations by the intergovernmental committee</p>		
	<p>Emphasis of Matter</p>			
	<p>Long Outstanding Account Payable The statement of financial position and note 24 to the financial statements reflects trade and other payables from exchange transactions amounting to Kshs. 5,197,898,621. Ageing analysis provided revealed that payable amount of Kshs.2,779,691,163 or 53.5% had accrued for over two (2) year. There was no explanation provided for non- payments since all debts should form the first change in accordance to Regulation 42(1) (a) of the Public Finance Management Regulations,2015.</p> <p>Further, analysis of trade and other payables includes VAT and Withholding tax of Kshs. 181,865,040.30 that remained due and outstanding for over ninety (90) days.</p> <p>Failure to remit taxes within the stipulated due dates exposes the Agency to penalties and interest for the period the amount remains unpaid.</p>	<p>The Long outstanding Accounts payable majorly relates to retention for the on-going project.</p> <p>The non-payment of VAT and Withholding tax is occasioned by inadequacy and non-receipt of GoK counterpart to finance the same. Where the same were funded, AWWDA has always ensured compliance with all the tax laws.</p> <p>The Agency is proactively following up with the Ministry for adequate budgetary allocations to facilitate clearance of pending taxes.</p>	<p>Not resolved</p>	<p>Continuous</p>
	<p>Unresolved Prior year issues</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>3.Long Outstanding Receivable 3.1 Receivable from Non-Exchange Transaction</p> <p>The statement of financial position and Note 21 to the financial statements reflects a receivable from non-exchange transactions balance of Kshs.3,781,753,957. The aging analysis provided showed that an amount of Kshs 3,284,660,279 or 86.9% has been outstanding for over one (1) year.</p>	<p>There is no risk of non-recoverability of the receivables from non-exchange transactions because it majorly comprises of advance payment made to contractors against valid bank guarantees. The contracts are multi-year and recoveries are undertaken as the works progress from 20% to 90%.</p>	Resolved	
	<p>3.2 Receivable from Exchange Transaction</p> <p>The Statement of financial position reflects long-term receivables from exchange transactions balance of kshs 4,957,156,938 and as disclosed in Note 20(b) to the financial statements. The is made of Kshs 392,888,078 and Kshs.4,564,268,860 owed by various water service providers and Nairobi City County Water and Sewerage Company (NCWSC) respectively, which has been outstanding for several years</p> <p>In the circumstances the recoverability of the receivable balances totalling to Kshs 8,241,817,219 could not be confirmed</p>	<p>This is occasioned by the non-receipt of the loan amounts from the beneficiary WSPs as incorporated in their various tariffs. AWWDA being a non-commercial entity is thus not able to honour the loan repayments for the loans which have attained effectiveness.</p> <p>This matter is under deliberations of the intergovernmental committee</p>	Not resolved	Continuous
	<p>Lawfulness and effectiveness in use of public resources</p>			
	<p>1.1 CONSTRUCTION works for Gatundu Ground Water Exploitation Project Contract</p> <p>The Agency entered into contract on 20 July, 2020 at a contract sum of Kshs.54,632,385.30 inclusive of 14% VAT for the construction works for Gatundu Ground Water Exploitation Project vide Contract No.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>AWWDA/GOK/GWSP/W-29/LOT 3 /2020. The construction works commenced on 28 July, 2020 with an original completion date of 28 July,2021 and the Defect Liability Period supposed to end on 28 May,2022. The contractor requested for review of rates via a letter dated 25 February,2021 which was declined pursuant to Special Condition of Contract (SCC) clause 50 which states that a contract is not subject to price adjustment.</p> <p>The contractor abandoned the site after the decline of price variation and the Agency issued a notice on intention to terminate the contract on 30 November, 2021 and demanded to en-cash the performance guarantee. The court directed the case to be settled through arbitration.</p> <p>Inspection and acceptance report as at December,2023 indicated the percentage of the project to be at 28%. To date, the contractor has been paid a total of Kshs. 7,727,743.76 which represents 14% of the contract sum with an outstanding amount of Kshs. 4,561,261.43 of certified works done.</p> <p>In addition, performance guarantee submitted by the contractor of Kshs. 5,463,238.53 from Bank of Africa dated 14 June 2021 expired on 9 June,2022. The Agency recalled on the performance guarantee on 10 January,2022 but the court intervened. Therefore, it remains unclear if the Agency will be able to enforce the guarantee since it has expired.</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>The Agency has requested for a legal advice from the Solicitor General through a letter dated 5 November,2024 for mitigation against legal and financial risks associated with contract termination.</p> <p>In the circumstances, the agency may not get value for money on the amount spent on the terminated project.</p>			
3.	<p>1.2 Construction works for Gatundu Water and Sanitation Project-Drilling and Equipping of Gatundu Boreholes</p> <p>The Agency entered into contract on 20 July, 2020 at a contract sum of Kshs. 61,238,383.20 inclusive of 14% VAT for the construction works for drilling and equipping Gatundu boreholes vide Contract No. AWWDA/GOK/GWSP/W-29/LOT 4/2020. The construction works commenced on 28 July,2020 with an original completion date of 28 July,2021 and the Defect Liability Period supposed to end on 28 May,2022. Contractor requested for review of rates via a letter dated 25 February,2021 which was declined pursuant to Special Condition of Contract (SCC) clause 50 which states that a contract is not subject to price adjustment.</p> <p>The contractor abandoned the site after the decline of price variation and the Agency issued a notice on intention to terminate the contract on 30 November, 2021 and demanded to en-cash the performance guarantee. The court directed the case to be settled through arbitration.</p> <p>Inspection and acceptance report as at December,2023 indicated the percentage of the project to be at 10 %. To</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>date, the contractor has been paid a total of Kshs. 5,339,579,99 which represents 10% of the contract sum with an outstanding amount of Kshs. 5,932,866.66 of certified works done.</p> <p>In addition, performance guarantee submitted by the contractor of Kshs. 6,123,839 from Bank of Africa dated 14 June 2021 expired on 9 June,2022. The Agency recalled on the performance guarantee on 10 January,2022 but the court intervened. Therefore, it remains unclear if the Agency will be able to enforce the guarantee since it has expired.</p> <p>The Agency has requested for a legal advice from the Solicitor General through a letter dated 5 November,2024 for mitigation against legal and financial risks associated with contract termination</p> <p>In the circumstances, the agency may not get value for money on the amount spent on the terminated project</p>			
2	<p>Rehabilitation of independent Mataara Water Supply Scheme Project</p> <p>The Agency entered into contract on 24 October,2022 for rehabilitation of independent Mataara water supply scheme project at a contract sum of Kshs. 387,028,980.99 inclusive of VAT. The contract completion period was twelve (12) months with an expected completion date of 31 October,2023. The completion date was revised to 30 April,2024 through addendum no.1. As at 30th June 2024,</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>the contractor had been paid an amount of Kshs. 225,988,135.33 an equivalent of 58% of the contract sum. However, the following anomalies were noted: -</p> <p>2.1 Delay in Completion of Project</p> <p>The percentage of the rehabilitation of independent Mataara water supply scheme project was at 78% at the time of physical audit verification done on 27 November, 2024. Resident engineer confirmed that there were no works ongoing from May 2024 due to the weather forecast leading to inaccessible roads to the site. It was noted that the major pending works were installation of pipelines and construction of water storage tank which was occasioned due to lack of land ownership documents from Gatundu Water and Sanitation Company</p>			
	<p>2.2 Additional Costs to be Incurred on Gatura Intake</p> <p>The contractor's scope of works included among others desilting and rehabilitation of Gatura Intake. The works were carried out as per the agreement however, during our physical verification in November, 2024 it was noted that there was siltation in the dam which occurred as a result of the floods experienced in April 2024. The agency has to incur extra cost in desilting of the intake.</p> <p>In the circumstances, the delay in project completion is denying the intended beneficiaries the intended benefits and its leading to increased project cost. Thus, value for money on the funds spent could not be confirmed</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
3	<p>Nugatory Expenses in Payment of Tax for Ithanga Water Supply Project</p> <p>Kenya Revenue Authority (KRA) issued a tax assessment on 22 April,2022 of Kshs. 668,718,171.30 to Athi Water Works Development Agency which includes principal amount of Kshs. 511,444,864.37, penalty of Kshs. 25,572,243.22 and interest of Kshs. 131,701,063.72. The Agency had entered into contract agreement with Joint-Venture Ateliers de Constructions de Herstal and Putman, Rue Hayeneux 148,4040 Herstal, Belgium on 23 November,2015 at a contract sum of Euro11,414,671.65 and on 26 July,2017 at envisaged contract sum of EUR 11,417,723 for the Ithanga Water Supply Project Phase I & II. The project was funded by the Belgium government and all the payments were made directly to the contractor as per the financing agreement. Athi Water Works Development Agency being the implementing agency supervised the works done and prepared the interim payment certificates and forwarded to the Ministry of Water Sanitation and irrigation, which were then forwarded to National Treasury for processing of the direct payment. The Agency is required by the law to withhold income tax under section 35 of Income Tax Act where applicable, however the taxes were not withheld since the payments were made directly by the financier. On 22 February,2022 KRA demanded the Agency to pay the taxes and all penalties accrued but they raised several grounds of objection on payment of the taxes through a letter dated 15 March 2022. The grounds of objection</p>	<p>The tax assessed by KRA were not payable and AWWDA rased an objection on the same and it was assed not payable. The amount already paid were credited to AWWDA's account for utilization under future obligations.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>were rejected by the KRA vide a letter dated 22 April,2022. Athi Water Works Development Agency applied for abandonment of tax through the Cabinet Secretary of Ministry of Water Sanitation and irrigation to the Cabinet Secretary of National Secretary on 16 May,2022 but it was rejected on 18 August,2023 after fifteen (15) months in line with the Finance Act of 2023 and the Agency was demanded to incur cost of the taxes not remitted. As, at 30 June ,2024 the agency has paid a total of Kshs.40,000,000.</p> <p>In the circumstances, the tax expenses and associated penalties and interest payable by the Agency would have been avoided had the Agency put in place measures to withhold the taxes as was required</p>			
	<p>Effectiveness of Internal Controls and Risk Management</p>			
1.	<p>Under staffing in the Agency</p> <p>The Agency's has an approved staff establishment of a total number of two hundred and forty-two (242) members of staff the Authority to effectively carry out its duties and obligation. However, the Agency has eighty-four (84) employees resulting in an under establishment of one hundred and fifty-eight (158) employees.</p> <p>In the circumstances, the Agency lacked the requisite staffing levels to be able to run the day-to -day activities which might adversely affecting delivery of its mandate as stipulated by Law</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2.	<p>Internal Controls and Weakness in Inventory Management Note 22 to the financial statement reflects office consumables of Kshs.3,327,718. A sample stock-take as at the time of audit and review of the ERP system used in maintaining stocks revealed that the system allowed for retrieval of inventory report only once hence the amount reported as at 30th June 2024 in the financial statements could not be confirmed from the system at the time of audit review. Further, the system generated stock report does not indicate key information such as, report date, unit cost and value. In addition, the system contains a stock movement report function but showed error when the report was run thus stock movement could not be tracked. In the circumstances, the internal controls on management of inventory could not be confirmed</p>	The inventory module which was under testing is now fully deployed and all the reports are now accessible	Resolved	

Eng. Joseph Kamau
Chief Executive Officer
Date:

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Appendix II: Projects implemented by Athi Water Works Development Agency

	Project	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Extension of Nairobi Water Supply (Northern Collector)	1107101300	World Bank & AFD	Apr 2014-Dec 2021	13000	Yes	Yes
2	Nairobi Water Distribution Network Phase 1	1107101000	KfW	Jul 2014-Dec 2021	4615	Yes	Yes
3	Nairobi Rivers Restoration Basin Programme Sewerage improvement: Phase 2	1109102101	AfDB	Nov 2018- Dec 2024	8279	Yes	Yes
4	Nairobi Satellite Towns Water and Sanitation Program	1107101100	KfW	Jul 2014-Dec 2020	3717	Yes	Yes
5	Nairobi Metro Area Bulk water sources - Karimenu II	1109111700			37,449	No	Yes
6	Thika and Githunguri Water and Sanitation Project	1107108100	DANIDA	Jul 2017-Dec 2027	300	No	Yes
7	Kenya Towns Sustainable Water Supply and Sanitation Programme	1107111400	AfDB	Mar 2017-Dec 2025	14866	Yes	Yes
8	Ithanga Water Supply Phase III	1107109900	BELGIUM	Sept 2017-Sept 2020	2530	No	Yes
9	Nairobi City Regeneration Programme- ESP	1109113300	GOK		845	No	Yes
10	Drilling of Boreholes across several constituencies				390	No	Yes
11	Expansion Works for Dandora Estate Sewerage Treatment	1109121300	GOK		970	No	Yes
12	Nairobi Inclusive Sanitation Improvement Project	1109121600	AfDB	Jul-2020- June 2023	149	Yes	Yes
13	Nairobi Water and Sanitation Project, CKE 1135	1109122000	AFD		13,004	Yes	Yes
14	Emergency rehabilitation works for Sasumua Dam pipeline	1109126100	GoK		700	No	Yes
15	Relocation of Water Pipeline and Sewer lines - Nairobi Express Way	11091176004	GoK		3,100	No	Yes

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

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Status of Projects completion

	Project	Total project Cost Kshs Millions	Total expended to date Kshs Millions	Completion % to date	Budget	Actual	Sources of funds
1	Extension of Nairobi Water Supply (Northern Collector)	13,000	12,289	99%	2,935	3,166	AFD &GOK
2	Nairobi Water Distribution Network Phase 1	4,615	4,651	100%		-	KfW&GOK
3	Nairobi Rivers Restoration Basin Programme Sewerage improvement: Phase 2	8,279	4,848		1,690	1,564	AfDB&GOK
4	Nairobi Satellite Towns Water and Sanitation Program	3,717	3,423		200	196	KfW&GOK
5	Nairobi Metro Area Bulk water sources - Karimenu II	37,449	28,700		100	102.50	BADEA&GOK
6	Thika and Githunguri Water and Sanitation Project	300	153		310	74.50	Danida&GOK
7	Kenya Towns Sustainable Water Supply and Sanitation Programme	14,866	8,554		1,182	1,894	AfDB&GOK
8	Ithanga Water Supply Phase III	2,530	575		615	736	Belgium&GOK
9	Nairobi City Regeneration Programme- ESP	845	410		150	38	GoK
10	Drilling of Boreholes across several constituencies	390	209		390	209	GoK
11	Expansion Works for Dandora Estate Sewerage Treatment	970	1,034		366	227	GoK
12	Nairobi Inclusive Sanitation Improvement Project	149	125	100%	101	16	GoK
13	Nairobi Water and Sanitation Project, CKE 1135	13,004	1,811		1,871	1,056	AFD
14	Emergency rehabilitation works for Sasumua Dam pipeline	700	260	100%	100	-	GoK
15	Relocation of Water Pipeline and Sewer lines - Nairobi Express Way	3,100	2,409		100	81	GoK
16	Maragua IV dam water supply project	40,000	18		40	18	GoK
17	Kandara Water Project	1,300	50		280	50	GoK
18	Muranga Lastmile	500	209		100	14	GoK
19	Kiambu Community Water Project	500	55		160	55	GoK
	TOTAL	146,214	69,783		11,330	9,904	

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Appendix IV: Transfers from Other Government Entities

Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
				Capital Fund	Deferred Income	Grant	Loans	
30-Aug-24	Recurrent	22,666,667	22,666,667					22,666,667
23-Sep-24	Recurrent	22,666,667	22,666,667					22,666,667
9-Oct-24	Recurrent	8,333,333	8,333,333					8,333,333
28-Oct-24	Recurrent	22,666,667	22,666,667					22,666,667
18-Nov-24	Recurrent	22,666,667	22,666,667					22,666,667
19-Dec-24	Recurrent	22,666,667	22,666,667					22,666,667
9-Jan-25	Recurrent	22,666,667	22,666,667					22,666,667
15-Jan-25	Recurren	31,666,667	31,666,667					31,666,667
10-Feb-25	Recurrent	22,666,667	22,666,667					22,666,667
12-Mar-25	Recurrent	22,666,667	22,666,667					22,666,667
3-Apr-25	Recurrent	22,666,667	22,666,667					22,666,667
14-May-25	Recurrent	22,666,667	22,666,667					22,666,667
10-Jun-25	Recurrent	22,666,667	22,666,667					22,666,667
7-Jul-25	Recurrent	22,666,667	22,666,667					22,666,667
25-Sep-24	Gok Development funds	61,250,000	61,250,000		61,250,000			61,250,000
25-Sep-24	Gok Development funds	172,190,000	172,190,000		172,190,000			172,190,000
4-Oct-24	Gok Development funds	61,250,000	61,250,000		61,250,000			61,250,000
20-Nov-24	Gok Development funds	150,000,000	150,000,000		150,000,000			150,000,000
20-Nov-24	Gok Development funds	61,250,000	61,250,000		61,250,000			61,250,000
22-Nov-24	Gok Development funds	44,582,994	44,582,994		44,582,994			44,582,994
15-Jan-25	Gok Development funds	103,333,332	103,333,332		103,333,332			103,333,332
Various	Direct payment	194,164,608					194,164,608	194,164,608
Various	Direct payment	2,027,300,283					2,027,300,283	2,027,300,283

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Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
				Capital Fund	Deferred Income	Grant	Loans	
Various	Direct payment	1,189,698,291					1,189,698,291	1,189,698,291
Various	Direct payment	1,066,099,347					1,066,099,347	1,066,099,347
		5,443,118,859	965,856,330	0	653,856,326	0	4,477,262,529	5,443,118,859

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Appendix V- Inter-Entity Confirmation Letter

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



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Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Objectives	Tree planting expenditure				Source Of Funds	Implementing Partners
		Q1	Q2	Q3	Q4		
Karimenu II Project	The system is currently 100% operational	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	-	<ul style="list-style-type: none"> • AWWDA • Huduma Centre Kamwangi office • RODI Kenya • TAI SACCO • Upper Tana Water Trust Fund • Local community
Ruiru II Dam	Proposed water supply project within the Nairobi Metropolitan area		KES 500,000			<i>Stanbic Bank</i>	<ul style="list-style-type: none"> • AWWDA • Stanbic Bank • Local Community
Kimana Wetlands, Kajiado County	National Tree Planting and Catchment Restoration Campaign 2025				320,110	AWWDA	MWSI Kimana Primary school
Kirisia Forest, Samburu County	National Tree Planting and Catchment Restoration Campaign 2025		25,000			AWWDA	MWSI

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Appendix VII: Reporting on Disaster Management Expenditure

The Agency did not incur any disaster management related costs.