

REPUBLIC OF KENYA



Enhancing Accountability

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 03 MAY 2023 DAY: Wednesday

TABLED
BY:

Hon. Kimani Ichung'wa
(Leader of the Majority Party)

OF CLERK-AT
THE TABLE:

Kalama

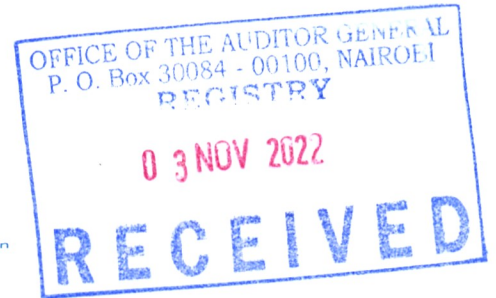
THE AUDITOR-GENERAL

ON

**NAIROBI INCLUSIVE SANITATION
IMPROVEMENT PROJECT
(GRANT NO:5600155005153)**

**FOR THE YEAR ENDED
30 JUNE, 2022**

**ATHI WATER WORKS
DEVELOPMENT AGENCY**



PROJECT NAME:
NAIROBI INCLUSIVE SANITATION IMPROVEMENT PROJECT

IMPLEMENTING ENTITY:
ATHI WATER WORKS DEVELOPMENT AGENCY

PROJECT GRANT/CREDIT NUMBER: P-KE-EBO-013
LOAN NUMBER: 5600155005153

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED

JUNE 30, 2022

Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022

Table Contents

1.	Project Information and Overall Performance	iii
2.	Statement of Performance against Project's Predetermined Objectives.....	xi
3.	Environmental and Sustainability reporting	xii
4.	Statement of Project Management responsibilities	xv
5.	Report of the Auditor General on Nairobi Inclusive Improvement Project.....	xvi
6.	Statement of Receipts and Payments for the Period Ended 30th June 2022.....	1
7.	Statement of Financial Assets as at 30 th June 2022	2
8.	Statement of Cashflow for the Period Ended 30th June 2022.....	3
9.	Statement of Comparison of Budget and Actual amounts for the Period ended 30 th June 2022	4
10.	Significant Accounting Policies.....	5
11.	Notes to the Financial Statements	12
12.	Other Important Disclosures	17
13.	Prior Year Auditor-General's Recommendations.....	18
14.	Annexes	19

1. Project Information and Overall Performance

1.1 Name and registered office

Name: The project's official name is Nairobi Inclusive Sanitation Improvement Project,

Objective: The key objective of the project is to increase access to safe, sustainable and inclusive sanitation services, with improved hygiene, sewerage and faecal sludge management services for people living in deprived urban areas in Kenya.

Address: The project headquarters offices are Nairobi (City), Nairobi County, Kenya.

The address of its registered office is:
Athi Water Works Development Agency
P.O Box 42583-00100 GPO
Athi Water Plaza,
Muthaiga North Road off Kiambu Road
NAIROBI.

Contacts: The following are the project contacts

Telephone: (254) 0202724292/3
E-mail: info@awwda.go.ke
Website: www.awwda.go.ke

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 15 th February 2021
Project End Date:	The project end date is 15 th October 2023
Project Manager:	The project manager is Eng. Joseph Kamau
Project Sponsor:	The project sponsor is African Development Bank (AfDB)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation
Project number	5600155005153
Strategic goals of the project	The strategic goals of the project are as follows: (i) Increase access to safe, sustainable, sustainable and inclusive on-site and -off site sanitation (ii) Increase access to efficient and sustainable sewerage and faecal sludge management infrastructure and services (iii) Create opportunities for increased sub sector investments
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> • 102,000 households with access to Sewers; • 45,000 households with access to Ablution Blocks; • 80,000 households with access to On-site
Other important background information of the project	The project is composed of 2 components: <u>Component 1: Feasibility Studies and Engineering Design</u> Phase 1: Preparatory and feasibility studies (socio economic, technical, financial and institutional assessments); identification and selection of options, preliminary engineering designs and costing, site identification and selection, etc. Phase 2: Field investigations, detailed engineering designs and costing, cost benefit analyses, preparation of FMPs, connection strategy. Phase 3: Specifications, tender documentation and manuals. <u>Component 2: Project Management and Knowledge Management activities</u>

	Establishment of Project Management (PIT, PSC); planning and procurement, technical and financial management, including project reporting and liaison with AWF; capacity building; organization of stakeholder validation workshops & Investment Forum.										
	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="220 472 1310 510">ATHI CLUSTER BUDGET PER AGENCY PER FACILITY</th> </tr> <tr> <th data-bbox="220 510 1007 548"></th> <th data-bbox="1007 510 1310 548">Budget Amount</th> </tr> </thead> <tbody> <tr> <td data-bbox="220 548 1007 586">GRANT</td> <td data-bbox="1007 548 1310 586"></td> </tr> <tr> <td data-bbox="220 586 1007 624">Bank Financing</td> <td data-bbox="1007 586 1310 624">Euros 980,767</td> </tr> <tr> <td data-bbox="220 624 1007 660">GoK Counterpart</td> <td data-bbox="1007 624 1310 660">Euros 314,800</td> </tr> </tbody> </table>	ATHI CLUSTER BUDGET PER AGENCY PER FACILITY			Budget Amount	GRANT		Bank Financing	Euros 980,767	GoK Counterpart	Euros 314,800
ATHI CLUSTER BUDGET PER AGENCY PER FACILITY											
	Budget Amount										
GRANT											
Bank Financing	Euros 980,767										
GoK Counterpart	Euros 314,800										
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) To increase sanitation from 1,103,370 up to 2,803,211 for the urban dwellers in deprived urban, peri-urban and informal settlements in Nairobi without adequate access to sustainable and inclusive sanitation, including sewage and faecal sludge management infrastructure and services (ii) To create more than 300 new jobs following the implementation of the downstream investment projects. Other indirect beneficiaries are Private Sector Operators, local NGOs and CBOs 										
Project duration	The project started on 15 th February 2021 and is expected to run until 15 th October 2023										

Project Information and Overall Performance (Continued)

1.4 Bankers

The donor funding is wholly direct payment and there was no project account opened. AWWDA got an approval from the National Treasury to open development fund account for efficient management of all the project's GoK counterpart funds. The Gok Counterpart funds are monitored and accounted for by the use of a fund accountability statement. The development was opened at:

Cooperative Bank of Kenya
Upper Hill Branch
NAIROBI

1.5 Auditors

The project is audited by the:
The Office of the Auditor General,
Kenya National Audit Office,
P.O. Box 30084-00100,
NAIROBI.

1.6 Roles and Responsibilities

List the different people who will be working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Eng. Michael M. Thuita, MBS	Chief Executive Officer	Bsc, Agricultural Engineering, IEK	Accounting Officer
Eng. Joseph Kamau	Chief Manager, Water and Sanitation Services	Bsc. Civil Engineering, IEK	Project Manager/ Coordinator
Keziah Adhiambo	Principal Environmental officer	Msc Environmental studies	Project environmentalist
Loise Kamau	Manager-Environment and Safeguards	BA Social studies	Project sociologist
Dr. Christine Mawia Julius	Manager-Finance and Accounts	Doctorate, MBA, CPA-K	Project accountant
Dr. Jackson Otieno	Manager, Strategy and Performance Management	Ph.D. in Economics, Master Degree in Economic Policy and Management & Master Degree in Project Planning and Management, BA (economics)	M & E expert
Ann Gacheri	Principal Procurement Officer	MBA	Project procurement officer

1.7 Funding summary

The Project is for duration of 32 months from 15th February 2021 to 15th October 2023 with an approved budget of EUROS 980,767 equivalent to Kshs **112,641,090**. The GoK counterpart is EUROS 314,800 which is equivalent to Kshs. **36,154,774** as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30 June 2022)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant	Euro		Euro			
ADF	980,767	112,641,090	189,448	21,758,051	791,319	90,883,039
					-	-
(iii) Counterpart funds					-	-
Government of Kenya	314,800	36,154,774	435,350	50,000,000	- 120,551	-13,845,226
Total	1,295,567	148,795,864	624,798	71,758,051	670,769	77,037,813

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2022)		Cumulative amount paid to date – (30 th June 2022)	Unutilised balance to date (30 th June 2022)	
	Donor currency	Kshs	Kshs	Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
ADF	169,177	21,758,051	21,758,051	-	-
(ii) Counterpart funds					
Government of Kenya	435,350	50,000,000		403,160	50,000,000
Total	604,527	71,758,051	21,758,051	403,160	50,000,000

Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

Project Name	Project Scope	Progress to date	Challenges
Feasibility Studies and Engineering Design	<p>Preparatory and feasibility studies, including socio economic, technical and institutional assessments undertaken</p> <p>Preliminary engineering designs and related financial analyses and ESIA Scoping completed</p> <p>Final engineering designs, tender documentation, ESIA's and plans completed Consolidated Connection Strategy developed</p>	<p>The contract is on course and has disbursed up to Euro 981,225.50 inclusive of 16% VAT.</p> <p>The value of works certified and paid to date is Euro 219,759.16 equivalent to Kshs.25,239,340</p> <p>The consultant is on course and within the schedule, the contract is being implemented while considering value for money</p>	None

*Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022*

Progress for the various components

Project Name	Project Scope	Progress to date	Challenges
Component 1: Feasibility Studies and Engineering Design	Preparatory and feasibility studies, including socio economic, technical and institutional assessments undertaken	100%	None
	Preliminary engineering designs and related financial analyses and ESIA Scoping completed	Pending	
	Final engineering designs, tender documentation, ESIA's and plans completed	Pending	
	Consolidated Connection Strategy developed	Draft report	
Component 2: Project Management	Project Implementation Team (PIT) instituted	100%	None
	Detailed procurement and implementation plans approved and implemented; and project reports prepared and submitted	100%	
	Management capacity enhanced	100%	
	Validation Workshop/ Investment Forum organized.	Pending	

1.9 Summary of Project Compliance:

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

2. Statement of Performance against Project's Predetermined Objectives

The overall objective of the project is to contribute to the increase access to sustainable and inclusive sewage and faecal sludge management services, and provide opportunity to improve livelihoods among the poor in urban, peri-urban and informal settlements in Nairobi County, thereby improving their health and quality of life. The specific objectives of the project include:

- a) Contribute to increased access to safe, sustainable and inclusive sewerred and non-sewerred household and public sanitation;
- b) Contribute to increase access to efficient and sustainable sewage and FS management infrastructure and services, including production of affordable reuse end products to maximize economic benefits;
- c) To identify business opportunities and increase sub-sector investments.

Introduction

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

Progress on attainment of Strategic development objectives

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

Project	Objective	Outcome	Indicator	Performance
Consultancy services for feasibility study, detailed design, tender documentation, ESIA & connection strategy	To increase access to sustainable and inclusive sewage and faecal sludge management services and opportunity to improve livelihoods and among the poor in urban, peri-urban and informal settlements in Nairobi County, thereby improving their health and quality of life.	The project expectation is to; 1. Increased access to sustainable and inclusive FS and sewage management services in peri urban and informal settlements 2. Increased and prioritized investments in FS and sewage management infrastructure and services	The project will contribute towards increased access to sanitation from initial 1,103,370 to 2,803,211 these is more than 100% increment	In FY 21/22 the project was able to complete the draft feasibility study report and draft connection strategy including ICE materials and typical drawings

3. Environmental and Sustainability reporting

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

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

1. Sustainability strategy and profile

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

2. Environmental performance

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

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

Athi Water Works Development Agency (AWWDA) as a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

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

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

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

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

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

Table 1: Environmental and Social Safeguards

IDF	Environment Safeguards Instruments	Description of safeguards
African Development Bank	Operational Safeguards (OS)	OS 1: Environmental and Social Assessment. OS 2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation. OS 3: Biodiversity and Ecosystem Services. OS 4: Pollution Prevention and Control, Greenhouse Gases, Hazardous Materials and Resource Efficiency. OS 5: Labour Conditions, Health and Safety.
World Bank	Environmental and Social operational policies (OP)	OP4.01: Environmental Assessment OP4.36: Forestry OP 4.04: Natural Habitats OP4.12: Involuntary Resettlement OP 4.11: Physical Cultural Resources OP 4.10: Indigenous Peoples Policy OP 4.09: Pests Control Management
KfW	Sustainability Guidelines	

3. Employee welfare

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

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

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

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

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

4. Market place practices-

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

AWWDA has always maintained an effective feedback mechanism by holding an annual supplier meeting to get feedback from suppliers and contractors. Any concerns raised during the forum are adequately addressed. All engagements between AWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party. The payment schedules also form part of the contracts and they are strictly adhered to during the contract period.

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

5. Community Engagements

There were no specific community engagement related activities undertaken through this project during the year because stakeholder workshops are expected to take place upon the completion of the study.

4. Statement of Project Management responsibilities

The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Nairobi Inclusive Improvement Project are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022.

This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Inclusive Improvement Project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Inclusive Improvement Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2022, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Inclusive Improvement Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer AWWDA and the Project Coordinator for Nairobi Inclusive Improvement Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Nairobi Inclusive Improvement Project on 29th September 2022 and signed by them.



Chief Executive Officer
Name: Eng. Michael M. Thuita, MBS



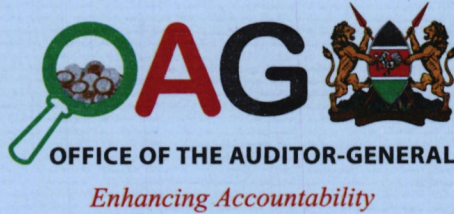
Project Manager
Eng. Joseph Kamau



Manager, Finance & Accounts
CPA, Dr. Christine Mawia
ICPAK Member Number: 6458

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON NAIROBI INCLUSIVE SANITATION IMPROVEMENT PROJECT (GRANT NO:5600155005153) FOR THE YEAR ENDED 30 JUNE, 2022 - ATHI WATER WORKS DEVELOPMENT AGENCY

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Nairobi Inclusive Sanitation Improvement Project set out on pages 1 to 18, which comprise the statement of financial

Report of the Auditor-General on Nairobi Inclusive Sanitation Improvement Project (Grant No:5600155005153) for the year ended 30 June, 2022 - Athi Water Works Development Agency

assets as at 30 June, 2022 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nairobi Inclusive Sanitation Improvement Project as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis), the Public Finance Management Act, 2012 and comply with the African Water Facility Special Fund Grant Agreement No:5600155005153.

Basis for Opinion

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2022 reflects total budget receipts of Kshs.120,000,000 and actual receipts of Kshs.71,758,051 resulting to a budget shortfall of Kshs.48,241,949.

Further, the statement reflects total budget expenditure of Kshs.120,000,000 and actual payments of Kshs.21,758,051 resulting to an under expenditure of Kshs.98,241,949.

In addition, the approved budget of the Project for the year under review was not provided for audit review. As a result, the source of the balances reflected in the statement of comparison of budget and actual amounts could not be confirmed.

In the circumstances, the shortfall and under-absorption of the approved budget is an indication of activities not implemented by the Project Management leading to non-provision of services to the stakeholders. Further, the legality of the financial transactions of the Project during the year under review could not be ascertained.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

The Project 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, the Project Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's 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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2022

*Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022*

6. Statement of Receipts and Payments for the Period Ended 30th June 2022.

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
2021-2022					
Receipts		Kshs.	Kshs.	Kshs.	Kshs.
Transfer from Government entities	1	50,000,000	-	50,000,000	50,000,000
Proceeds from domestic and foreign grants	2	-	21,758,051	21,758,051	21,758,051
Loan from external development partners	3	-	-	-	-
Miscellaneous receipts	4	-	-	-	-
Total receipts		50,000,000	21,758,051	71,758,051	71,758,051
Payments					-
Compensation to employees	5	-	-	-	-
Purchase of goods and services	6	-	21,758,051	21,758,051	21,758,051
Social security benefits	7	-	-	-	-
Acquisition of non-financial assets	8	-	-	-	-
Transfers to other government entities	9	-	-	-	-
Other grants and transfers /payments	10	-	-	-	-
Total payments		-	21,758,051	21,758,051	21,758,051
Surplus/ (deficit)		50,000,000	-	50,000,000	50,000,000

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Chief Executive Officer
Name: Eng. Michael M. Thuita, MBS



Project Manager
Eng. Joseph Kamau



Manager, Finance & Accounts
CPA, Dr. Christine Mawia
ICPAK Member Number: 6458

7. Statement of Financial Assets as at 30th June 2022

Description	Note	2021-2022
		Kshs
Financial Assets		
Cash and Cash equivalents		
Bank Balances	11.A	50,000,000
Cash Balances	11. B	-
Cash equivalents (Short-term deposits)	11.C	-
Total Cash and Cash equivalents		50,000,000
Imprests and Advances	12	-
Total Financial Assets		50,000,000
Financial Liabilities		
Deposits and Retention monies	13	-
Net Assets		-
Represented By		
Fund Balance B/fwd.	14	-
Prior Year adjustments	15	-
Surplus/(Deficit) for the Year		50,000,000
Net Financial Position		50,000,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 29th September 2022 and signed by:



Chief Executive Officer
Name: Eng. Michael M. Thuita, MBS



Project Manager
Eng. Joseph Kamau



Manager, Finance & Accounts
CPA, Dr. Christine Mawia
ICPAK Member Number: 6458

8. Statement of Cashflow for the Period Ended 30th June 2022

Description	Notes	2021-2022
		Kshs
Cashflow from operating activities		
Receipts		
Transfer from government entities	1	50,000,000
Proceeds from domestic and foreign grants	2	21,758,051
Miscellaneous receipts	4	-
Total receipts		71,758,051
Payments		
Compensation of employees	5	-
Purchase of goods and services	6	21,758,051
Social security benefits	7	-
Transfers to other government entities	9	-
Other grants and transfers	10	-
Total Payments		21,758,051
Adjustments during the year		
Prior year adjustments	15	-
Decrease/(increase) in accounts receivable	16	-
Increase/(decrease) in accounts payable:	17	-
Net cash flow from operating activities		50,000,000
Cashflow from investing activities		
Acquisition of non-financial assets	8	-
Net cash flows from investing activities		-
Cash flow from financing activities		
Proceeds from foreign borrowings	3	-
Net cash flow from financing activities		-
Net increase in cash and cash equivalents		-
Cash and cash equivalent at beginning of the year	11	-
Cash and cash equivalent at end of the year	11	50,000,000

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 29th September 2022 and signed by:



Chief Executive Officer
 Name: Eng. Michael M. Thuita, MBS



Project Manager
 Eng. Joseph Kamau



Manager, Finance & Accounts
 CPA, Dr. Christine Mawia
 ICPAK Member Number: 6458

9. Statement of Comparison of Budget and Actual amounts for the Period ended 30th June 2022

Receipts/Payments Item	Original Budget (kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	50,000,000		50,000,000	50,000,000	-	-
Proceeds from domestic and foreign grants	70,000,000		70,000,000	21,758,051	48,241,949	31
Miscellaneous receipts						
Total Receipts	120,000,000	-	120,000,000	71,758,051	48,241,949	60
Payments						
Purchase of goods and services	120,000,000		120,000,000	21,758,051	98,241,949	18
Total Payments	120,000,000	-	120,000,000	21,758,051	98,241,949	18
Surplus or Deficit	-	-	-	50,000,000		-

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.



Chief Executive Officer
Name: Eng. Michael M. Thuita, MBS



Project Manager
Eng. Joseph Kamau



Manager, Finance & Accounts
CPA, Dr. Christine Mawia
ICPAK Member Number: 6458

10. Significant Accounting Policies

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

10.1 Statement of compliance and basis of preparation

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

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

10.2 Reporting entity

The financial statements are for Nairobi Inclusive Sanitation Improvement Project under Athi Water Works Development Agency. The financial statements are for the reporting entity as required by Section 81 of the PFM Act, 2012 .

10.3 Reporting currency

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

10.4 Recognition of receipts

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

i) Transfers from the Exchequer

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

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (Continued)

iii) Other receipts

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

iv) Donations and grants

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

v) Proceeds from borrowing

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

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

10.5 Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

i) Compensation to employees

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

Significant Accounting Policies (Continued)

ii) Use of goods and services

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

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation.

This summary is disclosed as an annexure to the consolidated financial statements.

10.6 In-kind donations

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

Significant Accounting Policies (Continued)

10.7 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.

10.8 Restriction on cash

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

10.9 Imprests and Advances

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

10.10 Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity;
or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

Athi Water Works Development Agency does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of 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.

10.12 Pending bills

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

Significant Accounting Policies (Continued)

10.13 Budget

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

10.14 Third party payments

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

and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, Kshs 21,758,051 being grant disbursements were received in form of direct payments from third parties.

10.15 Exchange rate differences

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

Significant Accounting Policies (Continued)

10.16 Comparative figures

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation. The project is reporting for the first time and therefore does not have comparative figures.

10.17 Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended June 30, 2022.

10.18 Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior period adjustments on the financial statements for the period ended June 30, 2022

11. Notes to the Financial Statements

1. Transfers from Government entities

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

Description	KShs	KShs	Cumulative to-date (from inception)
	2021-2022	2020-2021	
Counterpart funding through Ministry of Water, Sanitation and Irrigation			
Counterpart funds Quarter 1	12,500,000	-	12,500,000
Counterpart funds Quarter 2	12,500,000	-	12,500,000
Counterpart funds Quarter 3	12,500,000	-	12,500,000
Counterpart funds Quarter 4	12,500,000	-	12,500,000
Total (See Annex 2)	50,000,000	-	50,000,000
Other transfers from government entities			
Ministry xx	-	-	-
Ministry xy	-	-	-
Project zz	-	-	-
Agency xx	-	-	-
Total	=	=	=
Appropriations-in-Aid	-	-	-
Total	50,000,000	-	50,000,000

***Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022***

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, AWWDA received grants from AfDB negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2021-2022	2020-2021
						Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)							
African Development Bank	Various	21,758,051	-	21,758,051	-	21,758,051	-
Grants Received from Multilateral Donors (International Organizations)							
Insert name of international organization	-	-	-	-	-	-	-
Grants Received from Local Individuals and organizations	-	-	-	-	-	-	-
Insert name of individual or local organization	-	-	-	-	-	-	-
Total		21,758,051	-	21,758,051	-	21,758,051	-

3. Loan from External Development Partners

During the financial period to 30 June 2022, AWWDA did not receive any funding from development partners in form of loans.

4. Miscellaneous receipts

The project did not have any miscellaneous receipts during the reporting period

5. Compensation to Employees

The project is implemented by AWWDA staff and therefore no staff compensation was drawn from the proceeds of the grants

Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

The purpose of the grant is to finance a study for future investments and the disbursements during the year were:

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2021-2022			2020-2021	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Consultancy services for feasibility study, detailed design, tender documentation, ESIA & connection strategy	-	21,758,051	21,758,051	-	21,758,051
Total	=	<u>21,758,051</u>	<u>21,758,051</u>	=	<u>21,758,051</u>

7. Social Security Benefits

There was no social security benefit cost relating to the project in the reporting period

8. Acquisition of Non-Financial Assets

No non-financial assets were acquired by the project

9. Transfers to other Government Entities

During the financial period to 30 June 2022, there were no transfers made to other agencies.

10. Other Grants, Transfers and Payments

The project did not make transfers to any other entity in the period under review

11. Cash And Cash equivalents

Description	2021-2022
	Kshs
Bank accounts (Note 8.13A)	50,000,000
Cash in hand (Note 8. 13B)	-
Cash equivalents (short-term deposits) (Note 8.13C)	-
Total	<u>50,000,000</u>

The reported cash balances comprise of GoK contribution to the project and is managed through AWWDA's Development Bank Account

Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022

Notes to the Financial Statements (Continued)

11. A Bank Accounts

Project Bank Accounts

Details	2021-2022
	Kshs
<u>Foreign Currency Accounts</u>	
Central Bank of Kenya [A/c No.....]	-
Total Foreign Currency balances	-
<u>Local Currency Accounts</u>	
Co-operative Bank of Kenya [A/c No 01141084618501]	50,000,000
Total local currency balances	<u>50,000,000</u>
Total bank account balances	<u>50,000,000</u>

Special Deposit Accounts

The project does not have a special deposit account since all payments are done as direct payments.

11 B Cash in hand

There was no cash in hand relating to the project as at 30th June 2022

11 C Cash equivalents (short-term deposits)

12. Imprests and Advances

There were no account receivables relating to the project as at 30th June 2022

12b: Breakdown of Imprests and Advances

There were no surrendered imprests or other advances relating to the project as at 30th June 2022

13. Deposits and Retention Monies

There were no deposits and retention monies related to the project as at 30th June 2022

14. Fund Balance Brought Forward

There was no fund balance brought forward because the project is reporting for the first time

15. Prior Year adjustment

The project did not have any prior year adjustment during the 2021/2022

Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022

16. Changes in Receivable

There was no change in receivables as the project had no receivables

17. Changes in Accounts Payable

There was no change in payables as the project didn't have any payables

Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022

12. Other Important Disclosures

1. Pending Accounts Payable (See Annex 3a)

The project did not have any account payables

2. Pending Staff Payables (See Annex 3b)

The project did not have any payables relating to staff costs

3. Other Pending Payables (See Annex 3c)

The project did not have any other account payables

4. External Assistance

During the year under review, the project did not get any external assistance

5. Reporting Period

The annual report and financial statements reflect the transactions and project activities for the 18 months' period up to 30th June 2022.

*Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022*

13. Prior Year Auditor-General's Recommendations

There was no previous project audit as this is the first year of audit for the project



Chief Executive Officer



Project Coordinator

*Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022*

14. Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022

	Final Budget (Kshs)	Actual on Comparable Basis (Kshs)	Budget Utilization Difference (Kshs)	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	50,000,000	50,000,000	-	100	Within budget
Proceeds from domestic and foreign grants	70,000,000	21,758,051	48,241,949	31	The funds are wholly received through direct payments and the consultancy did not achieve the planned milestones
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	-	-	-	
Total Receipts	120,000,000	71,758,051	48,241,949	60	
Payments					
Compensation of employees	-	-	-	-	
Purchase of goods and services	120,000,000	21,758,051	98,241,949	18%	The donor payments are wholly received through direct payments and the consultancy did not achieve the planned milestones, while clarity about the tax payments was recived at the end of the year hence paid in the subsequent year
Social security benefits	-	-	-	0%	
Acquisition of non-financial assets					
Transfers to other government entities	-	-	-	0%	
Other grants and transfers	-	-	-	0%	
Total payments	120,000,000	21,758,051	98,241,949	18%	

*Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022*

Annex 2: Reconciliation of inter-entity transfers

The above amounts have been communicated to and reconciled with the Parent Ministry of Water, Irrigation and Sanitation

Project Name:				
Break down of transfers from the State Department of Water, Sanitation and Irrigation				
a.	Government Counterpart funding	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			12,500,000	2021-2022
			12,500,000	2021-2022
			12,500,000	2021-2022
			12,500,000	2021-2022
	Total		50,000,000	
B.	Direct payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Various	21,758,051	2021-2022
	Total		21,758,051	
C.	Others	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	Total		-	
	Total (A+B+C)		71,758,051	

***Nairobi Inclusive Sanitation Improvement Project
Annual Report and Financial Statements for the financial period ended June 30, 2022***

Annex 3a - Analysis of Pending Bills

There were no pending bills at the end of the financial period

Annex 3b - Analysis of Pending: Staff Bills

The project did not have any pending staff bills because the project team comprises AWWDA staff and all their costs are paid by the institution

Annex 3c - Analysis of other Pending Payables

The project did not have any other pending payable

Annex 4 – Summary of Fixed Assets Register

No non-financial assets were acquired under the project

Annex 5 – Contingent Liabilities Register

There were no contingent liabilities related to the project

Annex: 6 Reporting of Climate Relevant Expenditures

This project is a study and no expenditure related to climate related activities