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# REPORT

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OF

**THE AUDITOR-GENERAL**

ON

**TANA WATER WORKS  
DEVELOPMENT AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2021**



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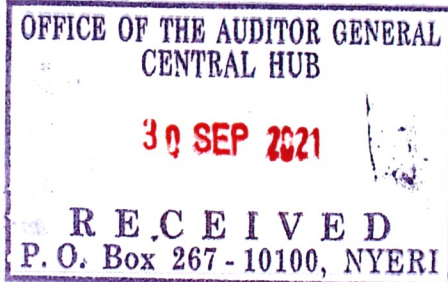
**TANA WATER WORKS DEVELOPMENT AGENCY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2021**

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



TANA WATER WORKS DEVELOPMENT AGENCY CERTIFIED

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## KEY AGENCY INFORMATION AND MANAGEMENT

### (a) Background information

Tana Water Works Development Agency (TWWDA) was established under section 65 of the Water Act, 2016 vide legal notice no. 27 of 26<sup>th</sup> April 2019. The Agency is domiciled in Kenya and is a State Corporation currently under the Ministry of Water, Sanitation and Irrigation. The Agency head office is located in Nyeri. TWWDA's area of coverage for development of water works is five (5) Counties in Mount Kenya region namely; Nyeri, Kirinyaga, Embu, Tharaka-Nithi, and Meru.

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

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

### (b) Principal Activities

#### i. Mandate

The mandate of TWWDA as outlined in the Water Act 2016 section 68 is to:

- (a) Undertake the development, maintenance and management of the national public water works within its area of jurisdiction;
- (b) Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of county governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
- (c) Provide reserve capacity for purposes of providing water services where pursuant to section 103, the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee;
- (d) Provide technical services and capacity building to such county governments and water services providers within its area as may be requested; and
- (e) Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Act.

#### ii. Vision

An innovative and Resourceful institution in development of National Public water and sanitation works.

#### iii. Mission

To develop sustainable National Public Water and Sanitation Works that enhances socio-economic growth for stakeholders.

**(c) Key Management**

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

1. Board Members;
2. Chief Executive Officer; and
3. Management comprising of;
  - Chief Executive Officer and Secretary to the Board,
  - Chief Manager, Technical Services,
  - Chief Manager, Finance and Resource Mobilization,
  - Manager, Human Resources Management and Administration,
  - Manager, Internal Audit and Assurance,
  - Manager, Supply Chain Management,
  - Manager, ICT,
  - Manager, Research, Strategy and Planning.

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. Philip Gichuki
2.	Former Chief Executive Officer	Eng. Moses Naivasha
3.	Chief Manager, Technical Services	Eng. Daniel Ngugi
4.	Former Ag. Chief Manager, Technical Services	Mr. Irari Wageroka
5.	Chief Manager, Technical Services	Eng. John Mbogori
6.	Chief Manager, Finance and Resource Mobilization	CPA Nicholas Kanyeke
7.	Manager, Human Resources Management and Administration	CHRPK. Pauline Miriga.
8.	Manager, Internal Audit and Assurance	Mr. Vincent Kachi
9.	Manager, Supply Chain Management	Mr. James Ribiru
10.	Manager, ICT	Mr. Joseph Githinji
11.	Manager, Research, Strategy and Planning.	Ms. Jemima Muraya

**(e) Fiduciary Oversight Arrangements**

To enhance corporate governance, the Board has three working committees namely; Finance and Administration, Technical, Planning & Strategy and Audit, Risk and Compliance Committees.

***Finance and Administration Committee***

The Finance and Administration Committee is responsible for overseeing:

- Leadership and coordination of Finance & Accounts in accordance with the Public Finance Management Act, 2012, and development, review and implementation of strategies for resource mobilization;
- Human Resource Management & Development, Administration, Information and Communications Technology and Corporate Communication functions; and
- Procurement of goods, works and services, Inventory management and disposal.

The members of the Finance and Administration Committee in the 1<sup>st</sup> and 2<sup>nd</sup> quarter were:

- i. Dr Muthoni Nkoroi – Committee chair
- ii. Mr. John Ndambiri
- iii. CS The National Treasury and Planning
- iv. PS Ministry of Water, Sanitation and Irrigation

The Committee was reconstituted on 23<sup>rd</sup> February 2021 and the members in the 3<sup>rd</sup> and 4<sup>th</sup> quarter were:

- i. Mr David Njagi- Committee chair
- ii. Mr. John Ndambiri
- iii. CS The National Treasury and Planning
- iv. PS Ministry of Water, Sanitation and Irrigation
- v. Dr. Patricia Njuki – Served until her demise on 14<sup>th</sup> March 2021

Chief Manager, Finance and Resource Mobilization is Secretary to the Committee

***Technical Planning and Strategy Committee***

The Technical, Planning & Strategy Committee is responsible for:

- Technical planning and design, infrastructure development, asset management, liaison and capacity development; and
- Development and review of strategic and business plans, quality assurance, risk management coordination, knowledge management, performance management, business process re-engineering, coordinating research, and monitoring & evaluation of Agency programmes and projects.

The members of the Technical, Planning and Strategy Committee for the 1<sup>st</sup> and 2<sup>nd</sup> quarters were:

- i. Mr David Njagi - Committee chair
- ii. Ms Winfred Mwai
- iii. Dr Muthoni Nkoroi
- iv. John Ndambiri
- v. CS The National Treasury and Planning
- vi. PS Ministry of Water, Sanitation and Irrigation.

The Committee was reconstituted on 23<sup>rd</sup> February 2021 and members in the 3<sup>rd</sup> and 4<sup>th</sup> quarters were;

- i. Ms. Winfred Mwai – Committee chair
- ii. Dr Muthoni Nkoroi
- iii. Mr David Njagi
- iv. Mr. John Ndambiri
- v. PS Ministry of Water, Sanitation and Irrigation.

Chief Manager, Technical Services is Secretary to the Committee

#### ***Audit, Risk and Compliance Committee***

The Audit, Risk and Compliance Committee is responsible for providing assurance to the Agency on internal control systems, risk management and governance structures.

The members of the Audit, Risk and Compliance Committee for the 1<sup>st</sup> and 2<sup>nd</sup> quarters were:

- i. Ms Winfred Mwai - Committee chair
- ii. Mr David Njagi
- iii. CS The National Treasury and Planning
- iv. Dr. Patricia Njuki – Served until her demise on 14<sup>th</sup> March 2021

The Committee was reconstituted on 23<sup>rd</sup> February 2021 and the members in the 3<sup>rd</sup> and 4<sup>th</sup> quarter were:

- i. Dr Muthoni Nkoroi – Committee chair
  - ii. Ms Winfred Mwai
  - iii. CS The National Treasury and Planning
  - iv. PS Ministry of Water, Sanitation and Irrigation
- Manager, Internal Audit and Assurance is Secretary to the Committee

**(f) TWWDA Headquarters**

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

**(g) TWWDA Contacts**

Telephone: 061- 2032282  
Email address: [info@tanawwda.go.ke](mailto:info@tanawwda.go.ke) or [tanawaterboard@yahoo.com](mailto:tanawaterboard@yahoo.com)  
Website: [www.tanawwda.go.ke](http://www.tanawwda.go.ke)

**(h) TWWDA Bankers**

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

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Sheria House, Harambee Avenue  
P.O. Box 40112  
GPO 00100  
Nairobi, Kenya

## THE BOARD MEMBERS



### **Hon. Joseph M'Eruaki M'uthari**

Hon. M'uthari was born in 1967. He was appointed as the Chair to the Board on 3<sup>rd</sup> June 2020 vide Kenya Gazette Notice No. 3831. He holds Master's Degree in Development Studies from St. Pauls University and a degree in Bachelor of Science in Forestry from Moi University. He is the immediate former member of parliament of Igembe North Constituency, Meru County. His term was terminated vide Kenya Gazette Notice No. 5093 with effect from 21<sup>st</sup> May 2021.



### **Ms. Winfred Mwai**

Ms. Mwai is an independent Board Member born in 1971. She was appointed on 2<sup>nd</sup> October 2015 and her first term expired on 1st October 2018 and re-appointed to the Board on 7th February 2019 vide Gazette Notice No. 1247. Ms. Mwai holds an MBA, a Bachelor's degree in Interrelations and a Diploma in Business Administration. She is the Board Member Operations at Figaros Limited since 2007. She was the 2<sup>nd</sup> Secretary Ministry of Foreign Affairs from 2003 to 2007. She was an Administrative Assistant at Kenya Airways from 1999 to 2000. She is a Board Member at Chamber of Commerce and Chairperson Mama Winnie Foundation She is currently the Chair of Technical, Planning & Strategy Committee and a member of Audit, Risk and Compliance Committee with effect from 23<sup>rd</sup> February 2021 previously she was the Chair Audit, Risk and Compliance Committee.



### **Mr. David Njagi Ngonge**

Mr. Ngonge is an independent Board Member born in 1963. He was appointed to the Board on 7<sup>th</sup> February 2019 vide Gazette Notice No. 1247. He holds a Master's Degree of Art in Environmental Law and a B.Sc degree in Agriculture from University of Nairobi. He is the Board Member/team leader at Dalquarter consult, a firm of Experts. He was a volunteer/consultant with metro Metropolitan Training Consultancy (MTC) from 2002 to 2008. He has vast experience in research in the field of irrigation. He is the current Chair of Finance and Administration Committee and Member of Technical, Planning & Strategy Committee with effect from 23<sup>rd</sup> February 2021 previously he was Chair of Technical, Planning and Strategy Committee of the TWWDA Board.



**Dr. Purity Muthoni Nkoroi, Phd**

Dr. Nkoroi is an independent Board Member born in 1962. She was appointed to the Board on 7<sup>th</sup> February 2019 vide Kenya Gazette Notice No. 1247. She holds a doctorate in Education Management, a Master's degree in Education and Bachelor's degree in Education from Kenyatta University. She is a council member of Tharaka University College. She is the immediate former principal at Ndagani Secondary School from 2007-2018. She is the current Chair of the Audit, Risk and Compliance Committee with effect from 23<sup>rd</sup> February 2021 previously she was chair of Finance and Administration Committee of the TWWDA Board



**Mr. John Mwangi Ndambiri**

Mr. Mwangi is an independent Board Member born in 1960. He was appointed to the Board on 3<sup>rd</sup> June 2020 vide Kenya Gazette Notice No. 3831. He did his A levels in Mosoriot Training Teachers College. He has a teaching experience spanning over nineteen (19) years. He is currently a businessperson in Embu and Kirinyaga County. He is currently a Member of Finance and Administration Committee and Technical, Planning and Strategy Committee.



**Dr. Patricia Wawira Njuki, Phd**

Dr. Njuki was an independent Board Member born in 1974. She was appointed to the Board on 3<sup>rd</sup> June 2020 vide Kenya Gazette Notice No. 3831 and served until her demise on 14<sup>th</sup> March, 2021. She had a Phd and a Masters of Arts degree in Population and Human Resources from the University of Adelaide (Australia). She had a degree in Communication (Public relation and Community Development) from Daystar University. She was conducting cultural orientation /Pre-departure training with thousands of refugees and immigrants. She was part of a consultancy group that worked on a policy document on social inclusion of immigrant to Australia. She was Chair of Board of Africa Centre for Women and Communications Technology (ACWICT) and St Thomas Secondary School Kangwimbiti.



**Eng. John Mugo Muiruri**

Eng. Muiruri was born in 1961 he is the alternate to the Principal Secretary, Ministry of Water, Sanitation and Irrigation. He holds an MBA from Eastern and Southern Africa Management Institute (ESAMI), Arusha, Tanzania, a B.Sc degree in Civil Engineering from University of Nairobi and four postgraduate diplomas. He is currently the Director Water infrastructure Development with vast experience in dam design and resource mobilization. He was the chief Manager, Infrastructure Development (Technical Services) Athi Water Works Development Agency from 2004 - 2015. He was formerly the acting CEO, Athi Water Works Development Agency from 2002-2004.



**CPA Edward Kariungu Wamweya**

CPA Wamweya was born in 1984 he is the alternate to the Cabinet Secretary, The National Treasury and Planning. He holds an MBA degree in Finance, Bachelor of Commerce (Finance Option) degree, CPA (K) and is a Certified Investment and Financial Analyst (CIFA-K). He is currently a Principal Investment Officer in The National Treasury and Planning with vast experience in monitoring financial performance of State Corporations, management of GoK loans to State Corporations, preparation of lending agreements, appraisal of State Corporations projects, reviewing and analyzing State Corporations annual budgets, State Corporations performance contracting and on parastatals borrowing. He is a member of ICPAK and ICIFA.



**Mr. Peter Nyutu Mwangi**

Mr. Mwangi was born in 1963 he is the representative of the Inspector-General (State Corporations). He holds an MBA degree strategic Management from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Educations Degree from Kenyatta University. He is a career civil servant who has served 30 years in different ministries. He is currently the Deputy Inspector-General (State Corporations) he was the Senior Efficiency Monitoring Officer in the Executive Office of the President. His main responsibilities include ensuring compliance and advising State Corporations to make decisions with the stipulated law of Kenya.



**Eng. Philip Gichuki- Chief Executive Officer/ Secretary to the Board**

Eng. Philip Gichuki holds an Msc degree in Agriculture Engineering – Soil and Water Engineering and Bsc (Hons) Civil Engineering both from University of Nairobi. He is a professional Engineer registered with Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1<sup>st</sup> December 2020. His main responsibilities include: Ensuring safe custody and management of the Agency’s assets, Providing strategic direction and leadership to the Agency’s staff, Developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s strategies and approved work plans.



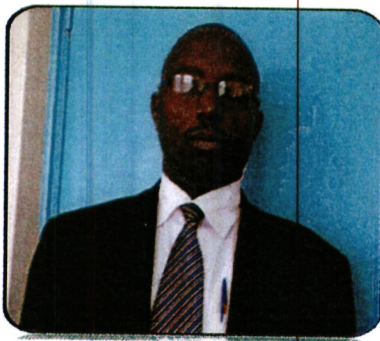
**Eng. Moses Mbae Naivasha**

Eng. Naivasha was appointed to the Agency on 1<sup>st</sup> December 2008 as the Chief Executive Officer and retired on 30<sup>th</sup> November 2020.

### III. MANAGEMENT TEAM



**Eng. Philip Gichuki- Chief Executive Officer/ Secretary to the Board**  
Eng. Philip Gichuki holds an Msc degree in Agriculture Engineering – Soil and Water Engineering and Bsc (Hons) Civil Engineering both from University of Nairobi. He is a Professional Engineer registered by Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1<sup>st</sup> December 2020. His main responsibilities include: Ensuring safe custody and management of the Agency’s assets, Providing strategic direction and leadership to the Agency’s staff, Developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s strategies and approved work plans.



**Eng. Moses Mbae Naivasha**  
Eng. Naivasha was appointed to the Agency on 1<sup>st</sup> December 2008 as the Chief Executive Officer and retired on 30<sup>th</sup> November 2020.



**Eng. Daniel Ngugi – Chief Manager, Technical Services**  
Eng. Ngugi holds an MSc Degree in Water Management (Water Services) from UNESCO-IHE Delft in the Netherlands, BSc degree in Civil Engineering from University of Nairobi. In addition, he has undertaken courses in Integrated Environmental Impact Assessment and Audit from Kenyatta University, Non-Revenue Water Management from Japan, Utility Regulation and Strategy plus Practicing Leadership in a Political Environment both from University of Florida. Further, he also holds professional qualifications in Accounting. Eng. Ngugi is a Professional Engineer registered by Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He was appointed to the Agency on 16<sup>th</sup> April 2021. He previously worked with Water Services Regulatory Board as Licensing Manager, Nairobi Water Company as Regional Technical Coordinator and Tana Water Services Board as WSPs Manager. His main responsibilities among others

include; Establishing technical policies and systems, overseeing the engagement, management and supervision of contractors and consultants, directing, coordinating, controlling and managing the Agency's technical operations and ensuring good maintenance of infrastructure for quality water and sanitation services of Water Service Providers (WSPs) and in close consultation with development partners and other stakeholders ensuring efficient and effective implementation of funded water and sanitation infrastructure.



**Mr. Irari Wagereka – Former Ag. Chief Manager, Technical Services**

Mr. Wagereka was appointed on acting capacity as the Chief Manager, Technical Services from 5<sup>th</sup> November 2020 to 15<sup>th</sup> April 2021. Mr. Wagereka holds a Bsc. degree in Civil Engineering from UoN and a Post Graduate Diploma in Water Resources Management from the International Institute for Aerospace Survey and Earth Sciences, Netherlands. He joined the Agency in 11<sup>th</sup> November 2004. Prior to this, he was the Planning and Strategy Manager. Currently he is the Manager, Sanitation and Infrastructure.



**Eng. John Mbogori – Chief Manager, Technical Services**

Eng. Mbogori held a Bsc. degree from North-East Saxony University, Germany. He was appointed to the Agency on 1<sup>st</sup> July 2010 and served until his demise on 3<sup>rd</sup> November, 2020. His main responsibilities were; overseeing the engagement, management and supervision of contractors and consultants, management of contractual works and preparation of project certificates, directing, coordinating, controlling and managing the Agency's technical operations and ensuring good maintenance of infrastructure for quality water and sewerage services of existing Water Service Providers (WSP) and close consultation with development partners and other stakeholders to ensure efficient and effective implementation of funded water and sanitation infrastructure.



**CPA Nicholas Mutunga Kanyeke – Chief Manager, Finance and Resources Mobilisation**

CPA Kanyeke holds an MSc (Finance) degree & an MBA (Corporate Management) degree from KCA University and a B.Com degree from UoN. He is a member of ICPAK and CISA. He joined the Agency on 25<sup>th</sup> May 2009. His responsibilities include; establishing financial and management systems for the effective implementation of the Agency's goals and policies, advising the CEO and the Board on the financial position of the proposed projects and investments, ensuring compliance with the International Accounting Standards on financial reporting for the Agency and development, review & implementation of Resource Mobilization strategies.



**Mrs. Pauline W. Miriga – Manager, Human Resource Management and Administration.**

Mrs Pauline Miriga holds an MBA degree in Human Resource Management, a Bachelors of Business Administration majoring in Entrepreneurship and a minor in Human Resource Management, a higher diploma in Management from Kenya Technical Teachers College, a higher diploma in Human Resources Management (KNEC), a diploma in Human Resource Management (KIM) and Certified Human Resource Professional (K) by Institute of Human Resource Management Kenya (IHRM). She joined the Board on 6<sup>th</sup> February 2006. She has undergone various short courses in values and principles of governance, International Standards for Organisation (ISO) – ISO 9001:2015 and an Internal Auditor of the same standard. Pauline is a registered full member of IHRM Kenya and holds a practicing certificate.

She is responsible for developing, implementing and effectively managing human capital and administration policies, strategies, systems and processes and ensures these are aligned to the corporate strategic objectives and increase productivity and enhance organisational effectiveness.

Coordinate the implementation of administrative support services such as provision effective and efficient transport services, document/information management, occupational safety and maintenance of office facilities.





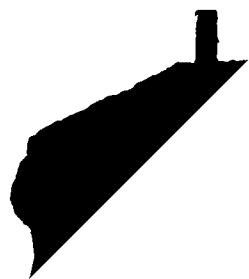
**Mr. Vincent Mali Kachi – Manager, Internal Audit and Assurance**

Mr. Kachi holds a Bachelor's degree in Business Administration (Accounting & Finance) from Kenya Methodist University (KEMU) and professional qualifications in Accounting (CPA). He is a member of the Institute of Internal Auditors (IIA). He joined the Agency on 1<sup>st</sup> May 2017. His main responsibilities include: Examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. Other responsibilities include: ensuring annual, medium and long-term audit plans are prepared in line with the Agency's corporate goals and objectives, ensuring timely availability and implementation of approved Internal Audit strategies and ensuring that internal audits are completed and documented to the required standards.



**Mr. James Karanja Ribiru – Manager, Supply Chain Management**

Mr. Ribiru holds an MBA degree (Procurement and Supply Chain Management) from the University of Nairobi, a Bachelor of Business Management (Purchasing and Supplies) degree from Moi University, Diploma I, II and III in Supplies management from Railway Training Institute and Kenya Polytechnic and Certificates in the same field. He joined the Agency on 1<sup>st</sup> May 2017. His main responsibilities include; overseeing the overall management of procurement and supplies at the Agency; processing tender documentation and applications; preparing relevant progress and annual reports on the performance of the Agency; preparing annual procurement plans in accordance with the budget process; ensuring compliance with regulations, policies and practices in the implementation of procurement activities; managing the awarded contracts; ensuring maintenance of optimal stock-levels of supplies in tandem with the Agency's requirements; performing administrative duties within the department among others.





**Mr. Joseph Karani Githinji – Manager, ICT**

Mr. Githinji holds a Bachelor of Science in Information Systems degree, and professional qualifications in Certified Information and Communication Technology (CICT), Cisco Certified Network Profession (CCNP) and Cisco Certified Network Associate (CCNA). He joined the Agency on 15<sup>th</sup> January 2010. His main responsibilities include; ensuring that hardware and software components of the Agency’s ICT systems are available and are properly installed and maintained; establishing and maintaining appropriate connectivity for Agency networking, communications and other needs; manage web operations, provide internet support, allocate user rights and ensure security of systems; liaise with external service providers for the maintenance and support of the systems; advice management on the computer resources requirements for the organization and oversee performance management in ICT department.



**Ms. Jemimah Muraya – Manager, Research, Strategy and Planning**

Ms. Muraya hold an Msc degree in Social Statistics from University of Nairobi, a Bsc degree in Applied Statistics from Maseno University and a diploma in Project Management from Kenya Institute of Management. She joined the Agency on 1<sup>st</sup> December 2020. Her main responsibilities include: Advising on the potential implications of new policies and guidelines, Managing market assessments required in annual review of deemed values, Managing development and review of organisation Strategic Plan and Business Plan, Coordinating and overseeing implementation of annual Performance Contract, Developing research tools and coordinating research and analysis of potential areas of infrastructure development including gender and development, social, economic levels and demographics features of interest communities.

## **IV. CHAIRMAN'S STATEMENT**

### **INTRODUCTION**

I am glad to present the annual report and financial statements for Tana Water Works Development Agency, for the financial year ended 30<sup>th</sup> June 2021. The financial year 2020/2021 was certainly a busy one for TWWDA given the demand by clients to complete our major projects that were under implementation and to commence implementation of new projects including Kenya Towns Sustainable Water Supply and Sanitation Programme funded by ADB and GoK in line with the reviewed TWWDA Strategic Plan 2018-2022. The Agency shall continue engaging with a variety of stakeholders including our Parent Ministry, Development Partners, County Governments, Water Service Providers, the Public and other State Agencies.

### **KEY ACTIVITIES**

During the period under review the Agency continued with implementation of infrastructural programmes geared towards increasing access to water and sanitation, which are key enablers of the Presidential Big 4 Agenda.

In 2020/2021 financial year, the Agency sustained active engagement with the already established alliances with development partners to boost resource mobilization for expanding the water and sanitation infrastructure to the un-served areas. The Agency continued its collaboration with the Northern Water Works Development Agency (NWWDA) in the implementation of ADB Projects in the latter's area of geographical jurisdiction. The Agency in the financial year 2020/2021, implemented Mathira Water Supply Project that consisted of assisting four community operated schemes in Mathira East sub county through the support of the Government of Kenya. Additionally, the Agency continued implementing Cross County Water Programme, Water for School Programme and National Water Harvesting and Ground Exploration Programme.

### **SUCCESS CONSOLIDATED**

Kenya's economy was adversely affected by COVID-19 through supply and demand shocks on both the external and domestic fronts and caused activity to slow sharply in 2020. The water and other sectors were no exceptional. Despite the consequences of this unfavourable weather conditions. development that reduced and curtailed the operations in our region, leadership at TWWDA and commitment to good corporate governance by the Board Members and the management ensured that the Agency sustained an upward growth in the year. Aggressive resource mobilization efforts had indeed a positive impact that resulted to completion and good progress in several development projects, commissioning of new ones and proposals that have moved pretty close to attracting substantial external funding.

Tana Water Works Development Agency continued to seize opportunities and to address the challenge: to strengthen its position in line with its vision of being an innovative and Resourceful institution in development of national public water and sanitation works. In addition, TWWDA has maintained ISC 9001:2015 certification by KEBS.

### CHALLENGES

The water sector in Kenya is characterized by high demand for development of water related infrastructure and limited resources in terms of monetary and human capital. The main challenge to the Agency is to obtain adequate funding to upgrade water and sanitation infrastructures to ensure quality and sustainable service delivery. The Agency experienced major challenges in the implementation of its ADB projects, that included delay in release of allocated funds, delay in approval of tax exemption master lists by the National Treasury and Planning and challenges in acquisition of land easements from Nyayo Tea Zone, Kenya Forest Service and Kenya Wildlife Services. Other challenges identified include: degraded catchment areas which affect the quality and adequacy of water resources which is further compounded by drought situation; numerous and unsustainable community water schemes that are poorly managed, over-abstraction of water due to poor enforcement of apportionment regulations and polluted sources of water.

### FUTURE OUTLOOK

The COVID-19 pandemic has highlighted the importance of effective governance in the water and sanitation sector. That's why the World Bank is placing a strong emphasis on helping utilities at this crucial moment and ensuring they can fulfill their vital function, so that they can provide safe water and sanitation services in a crisis and build resilience against major risks in the future.

The Agency will ensure the right to health and the right to a clean environment, proper and effective sanitation services, which contributes to enable the Big 4 Agenda. The Agency has Post COVID-19 strategies which includes; to continue rehabilitating and expansion of community water projects, real time provision of water services in order to promote high level of hygiene and sensitize and communicate to the community on hygiene measures geared towards mitigating causes of COVID -19. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, and disruptive social conditions during the run-up to the 2022 elections.

SESSION CHAIR : .....

DATE: 17/01/2021 .....

## V. REPORT OF THE CHIEF EXECUTIVE OFFICER

### INTRODUCTION

I am pleased to report the continued growth in our operations and financial performance. The annual report and financial statements as at 30 June 2021 are a sign of a successful year. I am indeed elated to be part of the team that delivered such results. We have refocused our strategic direction to concentrate on our core business and enhanced capacities at all levels which has strengthened management systems for continued service delivery to all our customers.

### KEY ACTIVITIES

During the financial year 2020/2021, the Agency made tremendous achievements in implementation of water and sanitation projects. Guided by the Agency's Strategic Plan (2018-2022), National Water Master Plan 2030, Vision 2030, Big 4 Agenda and Water Act 2016 the Agency has prioritized areas that require intervention, improvement and expansion of existing water and sanitation infrastructures.

The key projects that were completed during the reporting period were;

- Two (2) dams namely; Njarune and Nginyo Earth dam.
- Four (4) Water Projects namely; Ndigia, Wahundura, Kithima and Murang'a Urban Last Mile Connectivity.

In addition, TWWDA is implementing fifteen (15) projects for TWWDA and NWWDA under the Kenya Towns Sustainable Water Supply and Sanitation Programmes.

Further, the Government provided grant for the implementation of;

- Cross County Water Programme for the construction of Chogoria and Mitheru Cluster Projects, Kibiga Water Project, Kavando Water Project and drilling of Naromoru Health Centre Borehole, within the Agency's area of jurisdiction.
- Water for Schools Programme for drilling and equipping of eight (8) boreholes
- National Water Harvesting and Ground Exploitation Programme for construction of Gainchuku, Rwanchege & Gitije Kandugu Water Projects and drilling and equipping of four (4) boreholes.

The Agency continued to adopt Performance Contract Management Approach in line with the Government Reforms initiatives. During the financial year, the Agency signed a performance contract with the Ministry of Water, Sanitation and Irrigation for implementation and cascaded the set targets to Heads of Departments/Divisions. This approach improved the utilization of the available resources leading to better service delivery and better value for money in the Agency activities.

In the financial year 2020/2021 the Agency realized a deficit of KES. 199,475,538 which is attributed to depreciation and provisions for bad debt. TWWDA had an absorption rate of 100% of allocated funds and a project completion rate of 55.6% due to delay in release of allocated funds, Covid-19 containment measures and challenges in acquisition of land easements from Nyayo Tea Zone, Kenya Forest Service and Kenya Wildlife Services.

### **SUCCESS**

1. The Agency has good working relationship with Key Stakeholders including Government Institutions and Agencies.
2. Successfully transitioning to ISO 9001:2015 and maintaining of the ISO 9001:2015 is a testimony that TWWDA has continued to embrace international best practices for efficiency in service delivery and customer satisfaction through provision of quality services and continual improvement.
3. The Agency has been rated very good in timely implementation of projects

### **CHALLENGES**

The main challenges that the Agency experienced include;

1. Inadequate funding – the total proposed budget for FY 2020/2021 was KES 5.716 billion against an allocation of KES 2.002 billion
2. Delays in disbursement of the allocated funds leading to delay in honoring commitments and obligations which leads to the public losing confidence in the Agency.
3. Lack of storage structures (Dams) to sustain existing utilities
4. Inadequate synergy particularly when it comes to authorizations/easements from Key State Agencies eg. KFS/Roads Agencies (KENHA, KERRA & KURA)
5. High cost of land, wayleaves acquisition and crop compensation
6. Understaffing in the Technical Department
7. Ageing workforce.
8. COVID -19 challenges which includes;
  - WSPs are losing revenue following directive not to disconnect water
  - There is loss of working hours as a result of staff working from home.
  - Challenge of staff wellness arising from the unexpected.

The Agency shall continue engaging the Ministry of Water, Sanitation and Irrigation and other relevant stakeholders in addressing these challenges.

### **FUTURE OUTLOOK**

There are on-going efforts to (re)align laws and policies within the Agency to be in line with the Constitution of Kenya order and the Water Act 2016. While there is a general process of implementation of the devolved system of government, there will be a sector-specific approach to the implementation process. In the water and sanitation sector, the pre-2010 sector reforms form the basis of the implementation of devolved system of Government.

In managing its operations, the Agency uses quantified performance measures and indicators that reflect the critical success factors in its operations. These are monitored on a continuous basis and results achieved are used to assess progress attained against stated objectives and to inform required action in order to improve future performance.

The Agency will strive to save the benefits harnessed from earlier sector reforms while conforming to the current Constitutional requirements relevant to the sector.

The Agency shall emphasize on policy options to mitigate the effects of the pandemic in the short, medium, and long terms. The Agency has Post COVID-19 strategies which includes; to continue rehabilitating and expansion of community water projects, real time provision of water services in order to promote high level of hygiene and sensitize and communicate to the community on hygiene measures geared towards mitigating causes of COVID -19.

  
.....  
**Eng. Phillip Gichuki**  
**CHIEF EXECUTIVE OFFICER**

DATE: .....17/08/2021.....

## VI. STATEMENTS OF THE AGENCY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the National Government entity's performance against predetermined objectives.

TWWDA has four (4) strategic pillars and objectives within its Strategic Plan for the FY 2018- 2022. These strategic pillars are as follows:-

Pillar 1: Development

Pillar 2: Resources and Finance

Pillar 3: Innovation and Technology

Pillar 4: Promoting Sustainability

TWWDA develops its annual work plans based on the above four (4) pillars. Assessment of the Agency's performance against its annual work plan is carried on a quarterly basis. The Agency achieved its performance targets set for the FY 2020/2021 period for its four (4) strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Development	<ol style="list-style-type: none"> <li>Increase percentage of urban population with access to safe water from 76% to 85%.</li> <li>Increase Percentage of rural population with access to safe water from 54% to 70%.</li> </ol>	<ul style="list-style-type: none"> <li>Percentage increase of population accessing safe water</li> <li>Number of people served</li> </ul>	<ul style="list-style-type: none"> <li>Construction of two (2) No. dams</li> <li>Construction of four (4) No. Water Supply Projects.</li> <li>Implementation of 15 projects under the Kenya Towns Sustainable Water Supply and Sanitation Programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Two (2) No. dams constructed with a storage capacity of 65,000m<sup>3</sup></li> <li>Four (4) Water Supply Projects constructed</li> <li>Ongoing implementation of fifteen (15) projects for TWWDA and NWWDA.</li> </ul>

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<ul style="list-style-type: none"> <li>Ongoing Cross County Water, Water for Schools and National Water Harvesting and Groundwater Storage Programmes</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing Cross County Water, Water for Schools and National Water Harvesting and Groundwater Storage Programmes consisting of 103 projects</li> <li>119,500 people served.</li> </ul>
Pillar 2: Resources and Finance	To initiate resource mobilization strategies to generate Kshs 8.089 Billion for financing water and sanitation infrastructure development by 2022.	Amount of money mobilized	<ul style="list-style-type: none"> <li>Sourcing of funds from Government of Kenya (GoK)</li> <li>Sourcing of funds external resources (Development Partners).</li> </ul>	<ul style="list-style-type: none"> <li>Received Ksh. 645,000,000 from GoK</li> <li>Received Kshs 1,625,497,856 from ADB</li> </ul>
Pillar 3: Innovation and Technology	<ul style="list-style-type: none"> <li>To promote research, development and adoption of appropriate technology.</li> <li>To pursue water and sanitation infrastructure development while ensuring human resources and</li> </ul>	No. of research outputs/ Technologies adopted	<ul style="list-style-type: none"> <li>Develop and adopt appropriate water and sanitation Innovations</li> <li>Improve data collection and information management for effective planning and decision making</li> </ul>	<ul style="list-style-type: none"> <li>Implementing the ERP system.</li> </ul>

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
	financial		through acquisition of appropriate software.	
Pillar 4: Promoting Sustainability	Promote environment sustainability within Agency area.	<ul style="list-style-type: none"> <li>• No of tree seedlings planted.</li> <li>• Tree cover in acreage</li> </ul>	Planting indigenous tree seedling	<ul style="list-style-type: none"> <li>• Planted 21,300 indigenous tree seedlings</li> <li>• Increased tree cover by 32.87 acres (13.4 hectares)</li> </ul>

## **VII. CORPORATE GOVERNANCE STATEMENT**

### **BOARD MEETINGS AND ATTENDANCE**

The Board and Committee meetings are guided by the Board Almanac. The Board Almanac was prepared at the beginning of the FY 2020/2021, and forwarded The Ministry of Water, Sanitation and Irrigation on 25<sup>th</sup> June 2020 for forwarding to State Corporation Advisory Committee. The Board meets quarterly or when necessary to consider matters relating to the overall control of the Agency business.

The Board held four (4) Finance and Administration Committee meetings, two (2) Finance and Administration Special committee meetings, four (4) Technical, Planning and Strategy Committee meetings, one (1) special Technical, Planning and Strategy Committee meetings, four (4) Audit, Risk and Compliance Committee meetings, five (5) full board meetings, eleven (11) special full board meetings and a workshop for validation of TWWDA 2018-2022 Strategic Plan.

Board meetings for the 1<sup>st</sup> quarter 2020/2021 were conducted virtually with only the chair attending physically due to COVID-19 restrictions.

A detail analysis of the Board meeting attendance is shown in Table 1 below.

*Table 1: Analysis of Board meeting attendance*

	Board Member	Board Training	Finance & Admin	Technical, Planning & Strategy	Audit, Risk & Compliance	Special Finance & Admin	Special Technical, Planning & Strategy	Full Board	Special Full Board	Workshop for validation of draft Strategic plan
1.	Hon Joseph M' Eruaki	-	-	-	-	-	-	5	11	1
2.	Ms. Winfred Mwai	1	-	4	4	-	1	5	11	1
3.	Mr. John Ndambiri	1	4	4	-	2	1	5	11	1
4.	Mr. David Njagi Ngonde	1	1	4	3	-	1	5	11	1
5.	Dr. Muthoni Nkoroi	1	3	-	1	2	-	5	11	1
6.	Late Dr. Patricia Njuki	-	-	-	3	-	-	3	8	1
7.	CPA Wamwea Edward representative of CS - National Treasury	1	4	-	4	2	-	5	10	1
8.	Eng John Muiruri Representative of PS - Ministry of Water, Sanitation and Irrigation	1	4	4	-	1	1	5	10	1
9.	Peter Mwangi Nyutu Inspectorate General (IG-Rep)	1	3	3	1	1	1	5	10	1

## **SUCCESSION PLAN**

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

## **BOARD CHARTER**

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

## **APPOINTMENT AND REMOVAL OF BOARD MEMBERS**

In accordance with section 66 (1) of the Water Act, 2016 the Cabinet Secretary Ministry of Water, Sanitation and Irrigation shall appoint the Chairman of the Board Members. A Board Member's term can be terminated if;

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

## **ROLE AND FUNCTION OF THE BOARD**

The functions of the Board are to:

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

## **INDUCTION AND TRAINING**

The Agency has an induction programme for newly appointed Board members. When appointed, Board members are provided with an effective induction programme in order to familiarize them with their responsibilities as Board members, general principles of governance and Board practices. The induction programme also provide the Board member with an orientation of the Agency, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics and applicable policies. The induction shall entail meetings with senior management and visits to TWWDA'S water infrastructure facilities. There was a Board tour of the Agency's water and sewerage infrastructure from 3<sup>rd</sup> to 8<sup>th</sup> January 2021 and from 23<sup>rd</sup> to 26<sup>th</sup> May 2021. There was a Board training from 13<sup>th</sup> to 17<sup>th</sup> June 2021 at Neptune Paradise Hotel, South Coast.

## **BOARD AND MEMBER PERFORMANCE**

The Mwongozo code of Governance requires the performance of Board Members of State Corporations to be evaluated by SCAC at the end of every year of service. The Agency complies with this requirement and a performance evaluation is carried out in conjunction with SCAC for the Board, individual Board Member, Chairperson and CEO. The Agency conducted Board self-evaluation for all Board members and the CEO for FY 2019/2020 on 10<sup>th</sup> September 2020. The Agency has scheduled to undertake a self-evaluation for the Board Members and CEO for FY 2020/2021 9<sup>th</sup> September 2021.

## **CONFLICT OF INTEREST**

Board members are required to avoid conflict of interest between their private activities and their part as Board Members in the conduct of the business of the Agency as specifically provided in the Code of Conduct and Ethics and the Mwongozo Code of Governance. In this regard, the Agency maintains conflict of interest registers which Board Members declare any conflict of interest before commencement of all meetings.

## **BOARD REMUNERATION**

The remunerations of Board Members are based on circulars issued by the State Corporation Advisory Committee from time to time. The remuneration include; sitting allowance, accommodation allowance, lunch allowance, mileage allowance, chairman honoraria and airtime allowance. The allowances are subject to the applicable income tax laws. In addition, the independent Board Members have an insurance cover which include Medical cover, Group Personal Accident and Last Expense

### **ETHICS AND CONDUCT**

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

### **GOVERNANCE AUDIT**

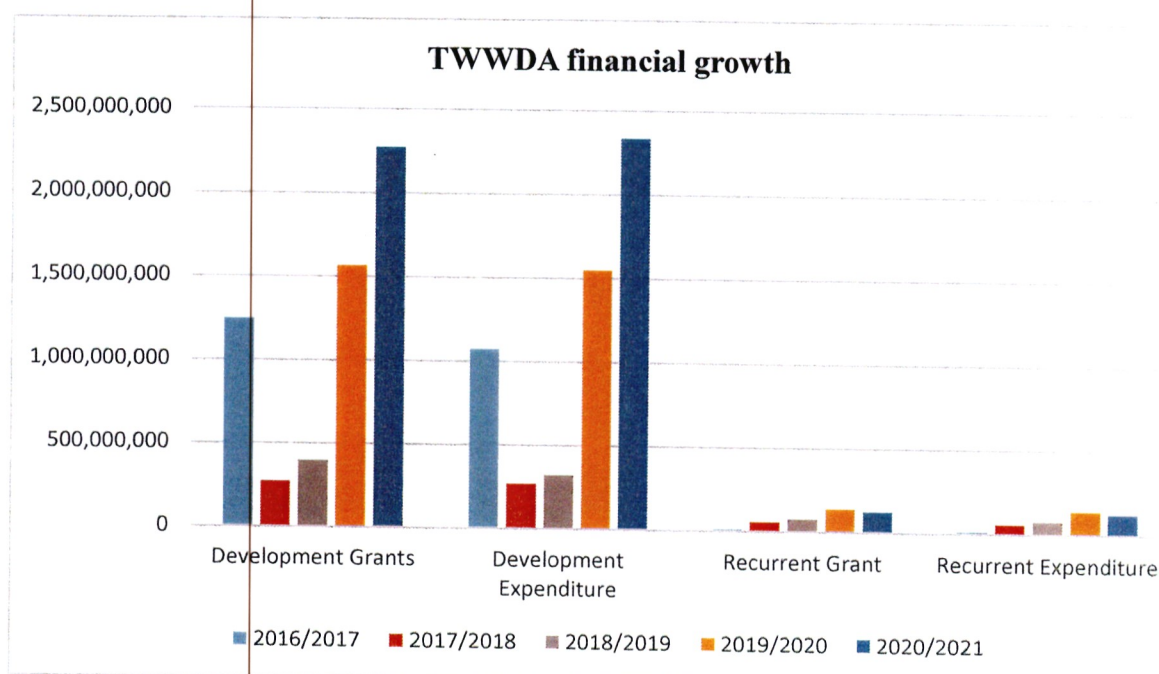
The Mwongozo code of Governance requires SCAC in conjunction with the Institute of Certified Secretaries (ICS) to conduct Governance Audit on an annual basis. The Agency has complied with the provision of the Mwongozo Code of Governance for State Corporations.

## VIII. MANAGEMENT DISCUSSION AND ANALYSIS

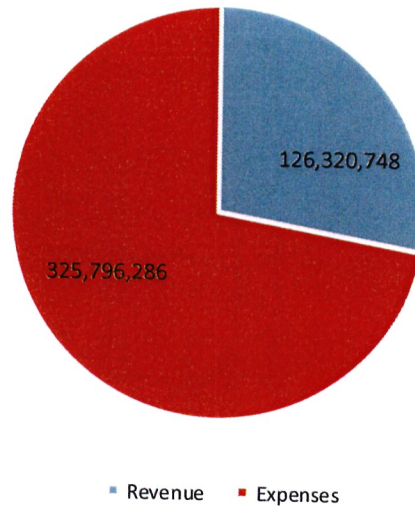
### The Agency's Operational and Financial Performance

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

In addition, during 2020/2021 financial year, the Agency has continued to maintain constructive engagements with Development Partners and Stakeholders to support the rehabilitation and augmentation of the existing water and Sewerage services infrastructure and to initiate new schemes to increase coverage in line with Vision 2030.

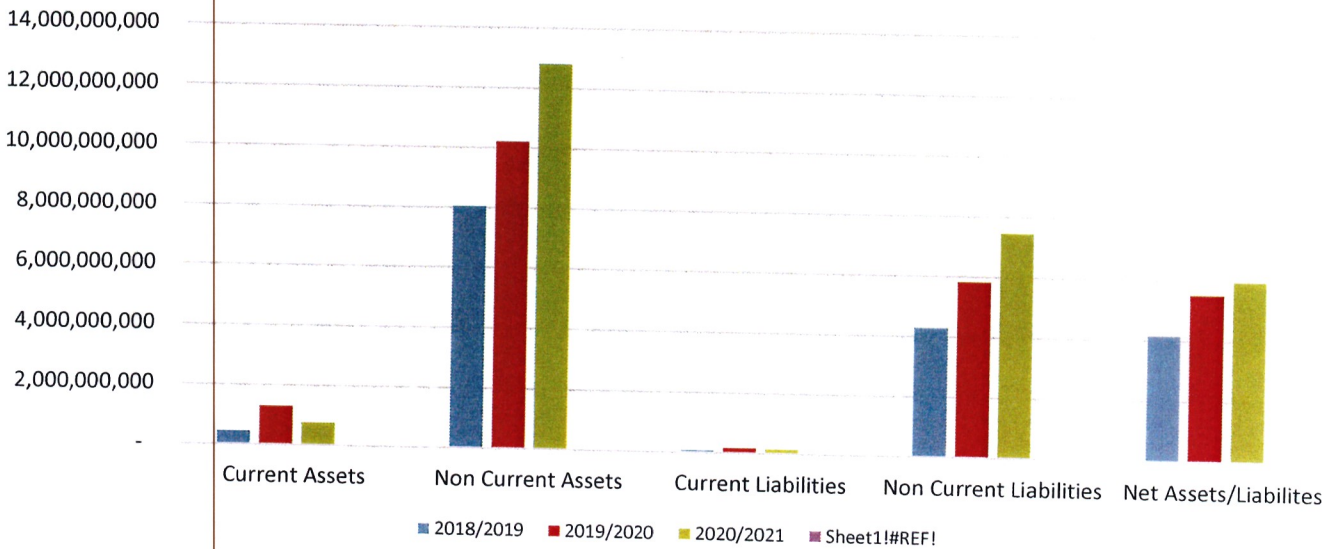


Revenue Vs Expenditure 2020/2021



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

Asset growth for TWWDA



### **Key projects and investment decisions TWWDA implemented and ongoing**

Tana Water Works Development Agency, guided by its Strategic Plan 2018-2022, has prioritize areas that require intervention, improvement and expansion of existing water and Sanitation infrastructure.

In the Financial Year 2020/2021 the Agency maintained active engagement with the already established alliances with development partners to enhance resource mobilization for expanding the water and sanitation infrastructure to the un-served areas.

The Agency has continued with the implementation of Kerugoya-Kutus Water and Sewerage Infrastructure, Chuka Water Supply and Sewerage Infrastructure, Chogoria Water and Sewerage Infrastructure, Meru Sewerage Infrastructure, Murang'a South Water Supply and Sewerage Infrastructure, Murang'a Urban Water Supply and Sewerage Infrastructure and Othaya Sewerage Infrastructure.

Additionally, TWWDA in conjunction with NWWDA is implementing Marsabit Water Supply and Sanitation Infrastructure, Mandera Water Supply and Sanitation Infrastructure, Garissa Town Water Supply and Sewerage Infrastructure and Isiolo Town Water Supply and Sewerage Infrastructure.

In the Financial Year 2020/2021, the National Government has provided budgetary allocations to support construction of the following programmes and projects;

- Cross County Water Programme
- National Water Harvesting and Ground Exploitation Programme
- Water for Schools Programme
- Universal Health Coverage Programme
- Construction of Thambo and Kanjogu Dams

### **The Agency's compliance with statutory requirements**

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

### **Major risks facing TWWDA**

In undertaking its activities, TWWDA is exposed to risks in terms of threats and potential loss of opportunities which can affect its operations. Several risks were identified and their mitigation measures considered. The Agency maintains risk registers which are monitored and reviewed from time to time.

The Agency's risk management strategy recognizes the various risks the Agency is exposed to including operational risk, credit risk, liquidity risk and political risk. This is based on a clear understanding of the risk and the continuous risk assessment, measurement and monitoring.

### ***Operational Risk***

Operational risk is the exposure to the Agency that could arise as a result of failure or deficiencies related to system, process and people. To mitigate the operational risk the Agency has strengthened the internal systems and processes, strengthen staff capacity, insurance against the risks and has disaster management plan.

### ***Credit Risk***

Credit risk is the risk that the borrower is unable to meet his financial obligations to the lender. The Agency's credit risk is attributable to its cash and cash equivalent and trade receivable.

### ***Liquidity Risk***

Prudent liquidity risk management includes maintaining sufficient cash to meet the Agency's obligations. The Agency manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk

### **Material arrears in statutory/financial obligations**

The Agency had no pending bills as at the end of financial year 2020/2021.

### **The Agency's financial probity and serious governance issues**

There were no financial improbity and governance issues reported during the financial year 2020/2021.

### **The review of the economy and the water sector**

To ensure the full realization of the right to water and **sanitation** and that every **Kenyan** is reached, weighty investments must be committed into the Water and Sanitation Sector. The budget provision required for universal access to **water and sanitation** by 2030 is Ksh1.764 trillion, which translates into annual requirements of Ksh100 billion, of which only about Ksh80 billion is availed.

The COVID-19 pandemic has presented Kenya with unprecedented challenges. It is first and foremost a human crisis, increasing pressure on health systems, hampering socioeconomic development, and creating further challenges to achieving the Sustainable Development Goals Particularly Goal 6 on clean water and sanitation. The immediate impacts include: increased cases of gender-based violence; loss of employment and livelihoods that has put further strain on families; a threat to the right to education for many children, particularly girls; and increased inequalities in access to water, adequate housing and health services. The COVID-19 global pandemic is expected to have a large medium-term negative impact on the Kenyan economy. IMF estimates indicate that economic growth could slow to 1.0% in 2020 before rebounding to 6.1% in 2021. To put this estimate into context, Kenya's economic growth in 2008 was 0.2% as a result of post-election violence, drought and the global financial crisis. The COVID-19 crisis is inflicting heavy damage on otherwise healthy firms through four channels: Falling demand and revenues, reduced input supply, tightening of credit conditions, and increased uncertainty.

### **Future Developments**

Tana Water Works Development Agency, guided by its Strategic Plan 2018-2022 and annual budgets has prioritized areas that require intervention, improvement and expansion of existing water and Sanitation infrastructure. The following projects are planned for implementation before the end of the Strategic Plan 2018-2022

1. Dedan Kimathi University of Technology (DeKUT) and Environs Sewerage Project;
2. Gakurungu Water Supply Project;
3. Kirinyaga South East Bulk Water Supply and Sanitation Project;
4. Nkubu Water and Sewerage Project;
5. Runyenjes Water Supply and Sewerage Project;
6. Timau Water and Sewerage Project;
7. Naromoru Water Supply and Sewerage Project
8. Extension of Mwiyo Water Supply; and
9. Construction of the following eleven (11) Small Dams.
  - Subuiga Dam
  - Mporoko Dam
  - Maitaka Dam
  - Ngathu Dam
  - Muminji Dam
  - Kaiboche Dam
  - Gachuragua Dam
  - Ngathu Earth Dam
  - Bulu 2 (Miariki) Earth Dam
  - Maragima Tagwa Dam
  - Mukuru Gathagana Dam



## IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Tana Water Works Development Agency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Agency's policies and activities that promote sustainability. brief highlight of our achievements in each pillar

### i) Sustainability strategy and profile

Kenya's economic freedom score is 54.9, making its economy the 138<sup>th</sup> freest in the 2021 Index. Its overall score has decreased by 0.4 point, primarily because of a decline in judicial effectiveness. TWWDA is cognizant of the fact that developing strong relationships with suppliers helps ensure that they are operating sustainably, that contracts are fair and that the business it conducts with them is mutually beneficial. The Agency is funding the drilling and equipping of boreholes, procurement and distribution of plastic storage tanks, pump installation, laying pipes and construction of communal water kiosks and water points. The Agency believes that reforestation will play a crucial role in reducing our carbon footprint and in curbing air pollution. We have therefore made a strategic decision to become a major partner in the afforestation and reforestation programmes in Kenya

Kenya's political situation has relatively remained stable thus allowing the Agency to continue implementing the government's "Big Four Agenda" that aims to provide Universal Healthcare and affordable housing, increase manufacturing and improved food security. The projects involved development of water and sewerage infrastructure. The Agency acknowledges its responsibility to society in its capacity as a corporate citizen. Consequently, it endeavours to play an active role in national and regional matters as per its mandate besides contributing to various worthy causes. In the financial year under review, the Agency continued to offer technical support and capacity building to different stakeholders in the water sector, particularly the county governments to facilitate access to safe and clean water in adequate quantities. The Agency has utilized criteria of good practices fulfilling human rights obligations related to access to safe drinking water and sanitation mandated by the Human Rights Council. The criterion includes availability, accessibility, Quality/safety, participation and accountability.

### ii) Environmental performance

Towards environmental conservation, we have planted and nurtured a total of 21,300 indigenous tree seedlings. 10,800 indigenous tree seedlings were planted in Kabarú Forest Station area in Nyeri County, 5,000 at Kibirichia Boys Secondary School in Meru County and 4,500 tree seedlings in Murinduko Hill in Mt Kenya Ecosystem in Kirinyaga County. This increased the tree cover by 32.87 Acres (13.4 Hectares) and ensured sustainable source of water for the projects being implemented in Kirinyaga and Nyeri Counties. Our environmental sustainability programmes address local water challenges through increased water and energy efficiency. The

Agency has put in place climate change adaptation initiatives such as renewable energy (solar) for back washing. Through a combination of employee engagement, operational efficiencies and creative engineering projects, the Agency works throughout its sites to improve water and energy efficiency. Rain water harvesting structures and interventions on reducing waste in the Agency have been put in place.

**iii) Employee welfare**

To effectively continue delivering on its mandate the Agency continues to implement its human resource strategies to develop its staff. This entailed: staff training, team building, improving working environment, decongesting the offices, enhancing performance management, succession management and enhancing knowledge management. The Agency has ensured a gender ratio of 1:2 for female to male. The Agency is firmly committed to ensuring the occupational health, safety and well-being of our employees, contractors and visitors. Our commitment to occupational health and safety is underpinned by our core values: "Good governance", and "customer-focus".

**iv) Market place practices-**

The Agency outlined its efforts to:-

**a) Responsible competition practice**

The Agency is committed to promoting and adhering to the highest standards of probity and accountability in the use of its funding and takes a zero-tolerance stance towards cases of fraud and corruption in its activities and operations, both within the institution and under its projects and programmes. To this end the Agency has developed and implemented four anti-corruption policies and continues to train staff both at the Agency and Water Service Providers

**b) Responsible supply chain and supplier relations**

The Agency commits to ensure ease of doing business by promptly making payments to its suppliers thus improving its Agency-Supplier relationship.

**c) Responsible marketing and advertisement**

The Agency complies with all laws and regulations dealing with marketing practices. All advertisements for tenders and jobs undergo internal review for accuracy and compliance. Advertising is set apart from entertainment and news and the line is clear. The Agency also ensures privacy of customer and consumer information and data protection.

**d) Product stewardship**

The Agency educates its stakeholders and makes them aware of their responsibilities and rights. Consumers must work united, to promote and protect their own interest. As the Agency designs and implements its water and sanitation infrastructure projects, it ensures that there is minimal impact on the environment. Environmental Social Impact Assessment is undertaken in all projects before implementation takes place.

The operating environment was affected by increase in inflation that affected our project funding

v) **Corporate Social Responsibility/Community Engagements-**

The Agency believes that its operations can only thrive in a healthy community environment. Our success is therefore, reliant on sustainable growth and development of our local communities. Mathira Community Water Project benefiting 17,000 people was implemented. A total of 2,723 men, 4,084 women and 6,807 youth members were hired from Mathira community for the construction of Kairia 5, Kairia Rural, Iriaini and Chehe projects. The project is labour only. Thus, the community was fully involved and they participate in the implementation of the project.

Working with our partners, local stakeholders and the communities themselves, the Agency contributes to community sustainability by providing local jobs in our projects, fostering an enterprise culture throughout our value chain, sourcing from local businesses (promoting local content in procurement) where feasible and addressing local concerns through community investment programs. We undertake this through our stakeholder engagement framework that supports a wider, holistic approach to local economic development driven by the following focus areas; Water access: Water is life.

There are many communities in the Agency area of jurisdiction that have no access to clean and safe water. This is due to reasons such as lack of rainfall and poor infrastructure. In response to this, the Agency has continuously partnered with various agencies in the provision of safe, reliable and sustainable water supply to communities living in water-stressed areas. We continue to invest heavily in water projects that have positive and long-term impact on thousands of people by: reducing the incidence of water-borne diseases and by releasing time otherwise spent by women and children in search of water for alternative income generating activities. The Agency promotes healthcare through provision of safe and clean water and enhanced sanitation that ensures reduction in water borne diseases. The Agency's legal and constitutional mandate is development and maintenance of national water and sanitation works.

Forty one (41) Boreholes have been drilled out of which thirty two (32) have been equipped within the Agency area as measures of providing water during this pandemic.

## **X. REPORT OF THE BOARD MEMBERS**

The Board Members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the Agency's affairs.

### **(i) Principal activities**

The principal activities of the Agency continue to be:-

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

### **(ii) Results**

The results of the Agency for the year ended June 30, 2021 are set out on page 1.

### **(iii) Board Members**

The members of the Board who served during the year are on page vii to x. During the Financial Year, the term of the Board Chair was terminate0.d with effect from 21<sup>st</sup> May 2021 vide Kenya Gazette Notice No. 5093. In addition, one independent Board Member passed on on 14<sup>th</sup> March 2021.


### **(iv) . Surplus remission**

TWWDA is a non-commercial semi-autonomous government entity and therefore did not make any surplus during the FY 2020/2021 hence there was no remittance to the Consolidated Fund

**Auditors**

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

**By Order of the Board**



**Eng. Philip Gichuki**  
**Chief Executive Officer**

**Date:**.....17/06/2021.....

## **XI. STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES**

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

The Board Members are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2021. This responsibility includes:

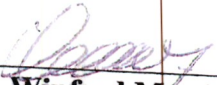
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Agency;
- (iii) Designing, implementing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

The Board Members accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and the State Corporations Act. The Board Members are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2021, and of the Agency's financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

**Approval of the financial statements**

The Agency's financial statements were approved by the Board on 17<sup>th</sup> August 2021 and signed on its behalf by:



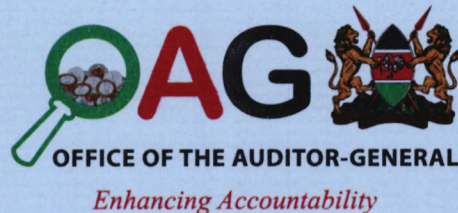
**Ms. Winfred Mwai**  
Session Chair



**Eng. Philip Gichuki**  
Chief Executive Officer

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON TANA WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2021

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### 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, gazetted 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

#### Qualified Opinion

I have audited the accompanying financial statements of Tana Water Works Development Agency set out on pages 1 to 43, which comprise of the statement of financial position

as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Tana Water Works Development Agency as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Water Act, 2016.

### **Basis for Qualified Opinion**

#### **1. Property, Plant and Equipment**

The statement of financial position reflects a balance of Kshs.7,361,135,356 in respect the property, plant and equipment as at 30 June, 2021 which, as disclosed at Note 21A to the financial statements, includes an amount of Kshs.4,923,107 in respect of motor vehicles. However, review of the asset register and records of motor vehicles owned by the Agency, revealed that, eight (8) motor vehicles with an unknown value had not been recorded in the assets register. Further, water boozers and several water tanks received from the parent Ministry were not included in the assets register.

The financial statements also includes an amount of Kshs.4,202,829 for Kiawaiguru water tank project which was constructed in the financial year 2015/2016 and capitalized in the year 2017/2018. The land upon which the water tank is built was provided voluntarily to Tana Water Works Development Agency. However, the ownership documents including title deed were not provided.

Further, the Agency inherited several non-current assets from the Ministry of Water, Irrigation, National Water Conservation, and Pipeline Corporation, which have not been incorporated in the Agency's financial statements for the year ended 30 June, 2021. These assets include land and building (Maji House Nyeri), Water and Sewerage infrastructure assets of unknown value spread within its jurisdiction and fifteen motor vehicles remain unrecorded.

In addition, the property, plant and equipment balance include an amount of Kshs.26,252,205 in respect of Kiambere-Mwingi Water Supply Project which is under the jurisdiction of Tanathi Water Works Development Agency but whose initial development cost was borne by Tana Water Services Board. Although the Board does not draw any benefits from Kiambere-Mwingi Water Project, the Agency continues to reflect as assets the cost of these assets in its books and charge annual depreciation on the assets.

In the circumstances, the accuracy and completeness property plant and equipment balance of Kshs.7,361,135,356 as at 30 June, 2021 could not be confirmed.

## **2. Long Outstanding Borrowings**

The statement of financial position reflects a balance of Kshs.7,445,263,587 in respect of long outstanding borrowings as at 30 June, 2021 which, as disclosed at Note 24(a) and 24(b) to the financial statements, includes an amount of Kshs.942,390,591 on loan repayment arrears. Further, the loans repayment arrears have remained outstanding for 72 months as at 30 June 2021.

In the circumstances, failure to repay outstanding loans arrears when due exposes the Agency to penalties on unremitted loan repayment arrears.

## **3. Long Outstanding Trade Debtors**

The statement of financial position reflects a balance of Kshs.340,121,185 in respect of receivables as at 30 June, 2021 which, as disclosed at Note 18 to the financial statements, includes an amount of Kshs.335,289,957 in respect to trade debtors. The trade debtors are due from various Water Service Providers dating back to 2016. Accumulation of such receivables denies the Agency much needed revenue to run its activities and recoverability may be in doubt.

In the circumstances, accuracy and recoverability of the receivables could not be confirmed.

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

### **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**

#### **1. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.192,472,000 and Kshs.127,981,748 respectively resulting to an under-funding of Kshs.64,490,252 or 34% of the budget. The Project expenditure was limited to the amount realised.

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

## **2. Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2021. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June, 2019.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

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

#### **Basis for Conclusion**

##### **1. Delayed Projects Implementation**

Review of the financial records including payment vouchers revealed that, the Agency implemented thirteen (13) projects at a contract sum of Kshs.800,616,032. However, audit verification of five projects with an amount Kshs.368,681,560 in the month of November 2022 revealed that, two (2) projects whose contracts were signed in September 2020 had not started. One drilled and complete borehole was dry with no water. Further, two other projects with installed pipes from the water intakes had very little amounts of water. The Management has not explained the reason for non delivery of service by the contractors even though full payments were made.

In the circumstances, the public may not have obtained the value for money.

##### **2. Non-compliance with National Cohesion and Integration Act, 2008**

A review of human resource records revealed that during the year under audit, the Agency had sixty-eight (68) employees out of which fifty-four (54) or 79% were from the dominant community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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 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. I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

### **Responsibilities of Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain 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 Agency or cease operations.

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

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

The Board of Directors is responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and

systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

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 Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease sustaining 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 Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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**

**15 July, 2022**

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021**

Revenue from non-exchange transactions	Notes	2020/2021	2019/2020
		KES	KES
Government Recurrent Grants	6(a)	125,186,503	145,740,775
Board's Administrative Cost fee	7	5,945	74,960
		<b>125,192,448</b>	<b>145,815,735</b>
<b>Revenue from exchange transactions (A-in-A)</b>			
Rendering of Services	8	112,000	774,800
Sale of Goods	9	1,013,300	435,000
Other Income	10	3,000	67,775
		<b>1,128,300</b>	<b>1,277,575</b>
<b>Total revenue</b>		<b>126,320,748</b>	<b>147,093,310</b>
<b>Expenses</b>			
Use of Goods & Services	11	63,475,278	81,196,121
Employee Costs	12	104,378,016	87,753,135
Remuneration of Directors	13	24,203,224	10,929,258
Depreciation and Amortization expense	14	177,606,137	178,910,706
Repairs and Maintenance	15	1,503,950	2,229,434
Contracted Services	16	785,742	5,997,518
<b>Total expenses</b>		<b>371,952,347</b>	<b>367,016,172</b>
<b>Surplus/(deficit) for the period - Note 4 (h)</b>		<b>(245,631,599)</b>	<b>(219,922,862)</b>
Attributable to			
Surplus/(deficit) attributable to owners of the controlling entity	29	(245,631,599)	(219,922,862)
		<b>(245,631,599)</b>	<b>(219,922,862)</b>

The notes set out on pages 1 to 36 form an integral part of these Financial Statements

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Board Members by:

.....  
Chief Executive Officer  
Name: Eng. Philip Gichuki

.....  
Head of Finance & RM  
Name : CPA. Nicholas M. Kanyeke  
ICPAK Member Number: 4164

.....  
Session Chair  
Name: Ms. Winfred Mwai

Date..... 17/06/2021.....

Date..... 17/06/2021.....

Date..... 17/06/2021.....

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021**

<b>Assets</b>		<b>2020/2021</b>	<b>2019/2020</b>
<b>Current assets</b>			
Cash and Cash Equivalents	Notes	<b>KES</b>	<b>KES</b>
Receivables from Non-Exchange Transactions	17	405,588,469	943,981,708
Inventories	18	340,121,185	341,176,040
Prepayments	19	369,998	426,130
	20	5,215,603	4,568,508
		<b>751,295,255</b>	<b>1,290,152,386</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	21A	7,361,135,356	7,149,683,408
Work In Progress	22	5,379,223,106	3,045,094,920
		<b>12,740,358,462</b>	<b>10,194,778,328</b>
<b>Total Assets</b>		<b>13,491,653,717</b>	<b>11,484,930,714</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	23	146,611,554	163,948,382
		<b>146,611,554</b>	<b>163,948,382</b>
<b>Non-Current liabilities</b>			
Borrowings - ADF Loan	24(a)	3,373,390,407	3,373,390,407
Borrowings - ADB Loan	24(b)	4,071,873,180	2,446,375,324
		<b>7,445,263,587</b>	<b>5,819,765,731</b>
<b>Total Liabilities</b>		<b>7,591,875,141</b>	<b>5,983,714,113</b>
<b>Net Assets</b>			
Reserves	26	5,899,778,576	5,501,216,601
Accumulated Fund	27	7,381,385,113	6,736,385,113
ADB Loan repayment Fund	28	(1,484,126,067)	(1,237,689,107)
<b>Total Net Assets and Liabilities</b>		<b>5,899,778,576</b>	<b>5,501,216,601</b>

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Board Members by:

.....  
Chief Executive Officer  
Name: Eng. Philip Gichuki

.....  
Head of Finance & RM  
Name : CPA. Nicholas M. Kanyeke  
ICPAK Member Number: 4164

.....  
Session Chair  
Name: Ms. Winfred Mwai

Date.....

Date.....

Date.....

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30TH JUNE 2021**

	Notes	Accumulated Fund KES	Capital Reserves KES	ADB Loan Repayment Fund KES	Total KES
<b>At July 1, 2019</b>		<b>(1,018,391,056)</b>	<b>5,168,385,113</b>	<b>2,352,340</b>	<b>4,152,346,397</b>
Surplus/(deficit) for the period		(219,922,862)			(219,922,862)
Transfers to/from accumulated surplus - Gratuity		4,980,690	-	-	4,980,690
ADB (WSBSP) Loan		-	-	168,255	168,255
Payment during the year - Gratuity		(4,355,879)	-	-	(4,355,879)
Capital Reserves		-	1,568,000,000	-	1,568,000,000
<b>At June 30, 2020</b>		<b>(1,237,689,107)</b>	<b>6,736,385,113</b>	<b>2,520,595</b>	<b>5,501,216,601</b>
Surplus/(deficit) for the period	29	(245,631,599)			(245,631,599)
Transfers to/from accumulated surplus - Gratuity		4,080,425	-	-	4,080,425
ADB (WSBSP) Loan	28	-	-	(1,065)	(1,065)
Payment during the year - Gratuity		(4,885,786)	-	-	(4,885,786)
Capital Reserves	26	-	645,000,000	-	645,000,000
<b>At June 30, 2021</b>		<b>(1,484,126,067)</b>	<b>7,381,385,113</b>	<b>2,519,530</b>	<b>5,899,778,576</b>

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2020/2021	2019/2020
		KES	KES
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Government Grants			
Board's Administrative Costs Fee	6(a)	125,186,503	145,740,775
Rendering of Services	7	5,945	74,960
Sale of Goods	8	112,000	774,800
Other Income	9	1,013,300	435,000
<b>Total Receipts</b>	10	3,000	67,775
<b>Payments</b>		<b>126,320,748</b>	<b>147,093,310</b>
Use of Goods and Services			
Employee Costs	11	63,475,278	81,196,121
Remuneration to Directors	12	104,378,016	87,753,135
Depreciation and Amortization Expense	13	24,203,224	10,929,258
Repairs and Maintenance	14	177,606,137	178,910,706
Contracted Services	15	1,503,950	2,229,434
<b>Total Payments</b>	16	785,742	5,997,518
<b>Surplus/ (Deficit) for the year</b>		<b>371,952,347</b>	<b>367,016,172</b>
		<b>(245,631,599)</b>	<b>(219,922,862)</b>
<b>Net Cash Flows from Operating Activities</b>	25	<b>(84,898,398)</b>	<b>55,461,736</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of Property, Plant, Equipment and Intangible Assets	21A	(389,058,085)	(749,897,811)
Work In Progress	22	(2,334,128,186)	(1,576,287,418)
<b>Net Cash Flows used in Investing Activities</b>		<b>(2,723,186,271)</b>	<b>(2,326,185,229)</b>
<b>Cash Flows from Financing Activities</b>			
Loan- ADB Kenya Towns Sustainable WS & SP	24	1,625,497,856	1,547,984,593
ADB (WSBSP) Loan Account receipts	28	(1,065)	168,255
Gratuity	27	(805,361)	624,811
Capital Reserves	26	645,000,000	1,568,000,000
<b>Net Cash Flows used in Financing Activities</b>		<b>2,269,691,430</b>	<b>3,116,777,659</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>(538,393,239)</b>	<b>846,054,166</b>
<b>Cash and Cash Equivalents at 1 July 2020</b>	17	943,981,708	97,927,542
<b>Cash and Cash Equivalents at 30 June 2021</b>	17	<b>405,588,469</b>	<b>943,981,708</b>

The Financial Statements set out on pages 1 to 36 were signed on behalf of the Board Members by:



.....  
**Chief Executive Officer**  
Name: Eng. Philip Gichuki

Date..... 17/08/2021.....



.....  
**Head of Finance & RM**  
Name : CPA. Nicholas M. Kanyeke  
ICPAK Member Number: 4164

Date..... 17/08/2021.....



.....  
**Session Chair**  
Name: Ms. Winfred Mwai

Date.. 17/08/2021.....

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Performance difference %	Performance difference Notes
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021			
Revenue	KES	KES	KES	KES	KES	KES	KES	KES	KES			
Government Recurrent Grants	191,200,000	-	-	-	191,200,000	125,186,503	(66,013,497)	-35%	Note 1			
Board's Administrative Cost fee	-	-	-	-	-	1,666,945	1,666,945	0%				
Other Income	1,272,000	-	-	-	1,272,000	1,128,300	(143,700)	-11%	Note 2			
<b>Total Income</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>127,981,748</b>	<b>(64,490,252)</b>						
<b>Expenses</b>												
Use of Goods & Services	59,472,000	-	-	-	59,472,000	63,641,378	(4,169,378)	-7%	Note 3			
Employee costs	106,100,000	-	-	-	106,100,000	104,378,016	1,721,984	2%				
Board Expenses	24,500,000	-	-	-	24,500,000	24,203,224	296,776	1%				
Repairs and Maintenance	1,600,000	-	-	-	1,600,000	1,503,950	96,050	6%				
Contracted Professional Services	800,000	-	-	-	800,000	785,742	14,258	2%				
Provision for Bad & Doubtful Debts	-	-	-	-	-	(166,100)	166,100	0%	Note 4			
<b>Total Expenditure</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>192,472,000</b>	<b>194,346,210</b>	<b>(1,874,210)</b>						
<b>Surplus/Deficit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(66,364,462)</b>	<b>-</b>						

**Explanation of Performance Difference Notes**

Note 1: The performance difference of (-) 35% is due to less Recurrent Grants received than budgeted.

Note 2: The performance difference of (-) 11% is due to decrease in other incomes due to decreased revenue received from tender sales and Exhauster Service Charges

Note 3: The performance difference of (-) 7% is due to insurance prepayemnts balance brought forward of KES 4,568,508 which is treated as an expenditure during the reporting period

Note 4: Provision for bad & doubtful debts relates to 10% General provision for bad and doubtful debts of KES 166,100

## NOTES TO THE FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

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

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

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Agency.

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

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

### 3. ADOPTION OF NEW AND REVISED STANDARDS

i. The Agency did not adopt revised/new/amendments standards effective for the year ended 30 June 2021 this was because the changes to the standard will have no impact on the Agency's operation

#### ii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in financial year 2020/2021.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Revenue recognition

##### i) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Agency and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:-

- **Grants**

Recurrent grants are recognized in the statement of comprehensive income. Development Grants from Government and Development partners are recognized as capital reserves in the statement of comprehensive income over the useful life of the asset that has been acquired using such funds.

- **Board Administrative Costs Fees**

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

##### Rendering of services

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

##### Sale of goods

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

##### Interest income

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

##### ii) Revenue from exchange transactions

##### b) Budget information

The original budget for FY 2020/2021 was approved by the Board Members on 26<sup>th</sup> January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification

based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. In comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, differences, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

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

#### **c) Taxation**

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

#### **d) Property, plant and equipment**

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

#### **e) Research and development costs**

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

- The technical feasibility of completing the asset will be available for use
- Its intention to complete and its ability to use the asset
- the asset will generate future economic benefits or service potential

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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

#### **f) Financial liabilities**

##### **Initial recognition and measurement**

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

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

##### **g) Inventories**

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

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

##### **h) Provisions**

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

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

##### **Contingent liabilities**

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

##### **Contingent assets**

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

the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**i) Nature and purpose of reserves**

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

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

**j) Changes in accounting policies and estimates**

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

**k) Employee benefits**

**Retirement benefit plans**

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agency pays fixed contributions into a separate Agency (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.

**Gratuity Fund**– This is a sinking fund set for the purposes of payment of senior management staff upon expiry of their employment contract. This is calculated at 31% of their basic salary as per their employment contracts.

**l) Foreign currency transactions**

The accounting records are maintained in Kenya Shillings which is the functional currency of the primary economic environment in which the Programme operates. Transactions in foreign currencies during the year/period are converted into the functional currency using the following:

- Goods and Works – exchange rates as provided in the individual contracts.
- Services – exchange rate prevailing during tender evaluation.

**m) Borrowing costs**

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



**n) Related parties**

The Agency regards the following as related parties:

- Government – The Agency gets Grants from the Government. During the Financial year the Agency received Recurrent Grants amounting to KES 125,186,503 and Development Grants amounting to KES 645,000,000
- Water Companies under the Agency's jurisdiction who remit Board Administrative Costs Fee. During the reporting period the Board Administrative Cost Fee was KES. 5,945.
- Board Members – During the financial year the Board expenses amounted to KES 24,203,224.
- Management -- The Agency's management comprises of the Chief Executive Officer and Senior Managers. During the financial year the Management salaries amounted to KES 46,977,365.

**o) Cash and cash equivalents**

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

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

**p) Comparative figures**

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

**q) 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, 2021.

## 5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

### Property, Plant and Equipment

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

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

### Amortization for Capital Grants

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

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

### Estimates and assumptions

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



***Useful lives and residual values***

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

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

***Provisions***

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The management made the following provisions in FY 2020/2021;

- General provision for bad and doubtful debts at 10%



**6(a) Transfers from other Governments**

Description	2020/2021	2019/2020
	KES	KES
<b>Unconditional Grants</b>		
GoK Recurrent Grants - Received by TWWDA	124,666,663	139,999,999
GoK Grants - Salaries paid to Seconded Staff*	519,840	5,740,776
<b>Total Government Grants and Subsidies</b>	<b>125,186,503</b>	<b>145,740,775</b>

\* The decrease is due to absorption of 20 No. seconded staff into TWWDA staff establishment.

**6(b). Transfers from Ministry**

Name of the Entity Sending the Grant	Amount Recognized in Statement of Comprehensive Income	Amount Recognized in Capital Reserve Fund	Total grant income during the year
	KES	KES	KES
Ministry of Water, Sanitation and Irrigation	124,666,663	645,000,000	769,666,663
<b>Total</b>	<b>124,666,663</b>	<b>645,000,000</b>	<b>769,666,663</b>

**7. Board Administrative Costs fee**

Description	2020/2021	2019/2020
	KES	KES
Board Administrative Costs fee* - Annex I	5,945	74,960
<b>Total</b>	<b>5,945</b>	<b>74,960</b>

\* Board Administrative Cost Fees relates to revenue collected from Muthambi 4K Water Company

**8. Rendering of Services (A-in-A)**

Description	2020/2021	2019/2020
	KES	KES
Exhauster Services Income*	112,000	774,800
<b>Total Rendering of Services</b>	<b>112,000</b>	<b>774,800</b>

\*The decrease in Exhauster Services Income is as a result of transfer of the exhauster trucks to WSPs during the year.



**9. Sale of Goods (A-in-A)**

Description	2020/2021	2019/2020
	KES	KES
Water Boozer Income*	1,013,300	435,000
<b>Total Sale of Goods</b>	<b>1,013,300</b>	<b>435,000</b>

*\*The increase is due to increased demand for clean water by stakeholders*

**10. Other Income (A-in-A)**

Description	2020/2021	2019/2020
	KES	KES
Sale of Tenders*	3,000	46,000
Sale of old tyres	-	21,775
<b>Total Other Income</b>	<b>3,000</b>	<b>67,775</b>

*\* The decrease in Sale of Tender Documents was a result of the Agency uploading the tenders to the Agency website therefore many bidders opted to download the tender documents from the Agency website.*

### 11. Use of Goods and Services

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

Description	2020/2021	2019/2020
	KES	KES
Electricity*	1,107,499	948,729
Water**	206,311	55,118
Security***	1,853,102	1,721,780
Professional and Subscription fees	280,110	222,650
Advertising & Publicity	1,130,586	1,550,811
ASK Show Costs	-	1,043,800
Audit fees	580,000	580,000
Conferences and Meetings	1,348,030	1,727,100
Consumables - Office & House Keeping	1,904,419	1,833,313
Fuel and lubricants	1,585,872	5,752,860
Staff Insurances - Medical & Group Life****	17,754,197	14,947,216
Work Injury and Staff GPA	381,811	449,628
Property Insurance	47,800	70,258
Motor Vehicle Insurances	1,666,174	2,116,425
Travelling & Subsistence	3,984,938	16,721,306
Foreign Travel	-	636,714
Postage and Courier	337,157	264,604
Publishing, Printing and stationery	1,232,498	6,704,312
Cleaning costs and Ground Maintenance	808,489	974,300
Telecommunication/Telephone	1,740,244	1,872,122
Training*****	1,874,161	706,873
Internet and Networking*****	872,850	497,548
Computer Stationery and Accessories	2,508,131	4,959,639
<b>Sub Total</b>	<b>43,204,379</b>	<b>66,357,106</b>

\*During FY 2019/2020 part of electricity cost was paid by Nyeri County Government (Department of Water)

\*\*The increase in water cost is due to cost incurred in connecting water in Kamakwa Offices in addition during FY 2019/2020 part of water cost was paid by Nyeri County Government (Department of Water)

\*\*\*The increase in security is due to additional guards placed at Kamakwa Offices

\*\*\*\*The increase in Medical Insurance is due to enhancement of insurance cover to cater for Covid-19 related treatments

\*\*\*\*\*The increase in Training cost is due to increased number of staff sensitization activities and trainings during the reporting period

\*\*\*\*\*The increase in Internet and Networking is due to enhancement of internet tariff from 45Mbps to 100Mbps to support virtual meetings.

Description	2020/2021	2019/2020
	KES	KES
Library	392,580	268,800
Catering Services	1,675,725	2,715,548
Staff Welfare*	5,676,450	1,584,376
Workshop & Seminars	1,937,703	4,376,500
Staff Uniforms**	496,550	-
Laboratory Materials & Equipments	101,616	85,608
Exhauster Services Costs	1,329,977	1,494,480
Water Boozer Costs	870,902	587,066
ISO 9001:2015 QMS***	2,734,928	1,372,419
ADB GoK Counterpart Expenses - Murang'a Bulk****	661,838	-
Computer Software licences & Maintenance	997,196	1,003,357
General Prov. Bad and Doubtful debts	(166,100)	(414,595)
KWSP Expenses	-	51,760
Corporate Social Responsibility	184,600	151,200
Strategic Plan*****	3,105,276	1,384,000
Bank Charges*****	271,658	178,496
<b>Sub Total</b>	<b>20,270,899</b>	<b>14,839,015</b>
<b>Use of Goods &amp; Services</b>	<b>63,475,278</b>	<b>81,196,121</b>

\*The increase in Staff Welfare cost is due to costs incurred during staff team building held at Kenya School of Adventure & Leadership during the reporting period

\*\*This relates to the cost making Corporate shirts, blouses and caps for TWWDA Staff and Board Members

\*\*\*The increase in ISO 9001:2015 QMS is due to costs incurred during review of QMS documentation for ISO recertification, workshops held for TWWDA staff and Recertification audit by KEBS costs.

\*\*\*\* This relates to the cost of compensation for destruction of property during implementation of Kandara Bulk Water Project

\*\*\*\*\*This increase in strategic plan cost is due to cost incurred during review, printing and launching of TWWDA Strategic Plan 2018-2022

\*\*\*\*\*The increase in bank charges is due to increase in projects being implemented by the Agency resulting to increase in charges incurred while making payments to contractors via RTGS and paying for TWWDA data safe custody charges arrears.

## 12. Employee Costs

Description	2020/2021	2019/2020
	KES	KES
Salaries and Wages*	68,008,118	54,053,317
Contributions to Pension**	6,442,234	3,701,001
Commuter Allowances*	5,851,058	4,205,500
Housing Allowances*	16,688,558	12,135,590
NSSF-Employer Contribution***	29,800	36,200
Gratuity****	4,448,937	4,980,690
Leave Allowance	2,706,299	4,367,534
Salary Top Ups*****	203,012	4,273,303
<b>Employee Costs</b>	<b>104,378,016</b>	<b>87,753,135</b>
<b>Staff Establishments</b>	<b>68</b>	<b>69</b>

\* Increase in Salaries and wages, commuter allowance and house allowances is attributed to;

(i) Staff annual Salary increments

(ii) Employment of new Staff into TWWDA staff establishment during the reporting period

\*\* Increase in Contributions to pension is attributed to;

(i) Staff annual salary increment thereby increasing WSI pension contribution

(ii) Absorption of two (2) staff who were on 3 year contracts to permanent & pensionable terms of employment during the reporting period

(iii) The increase in pension is due to absorption of 20 No. seconded staff into TWWDA staff establishment with effect from 1st January 2020.

\*\*\* Decrease in NSSF is due to Absorption of two (2) staff who were on 3 year contract to permanent & pensionable terms of employment during the reporting period.

\*\*\*\* Decrease in Gratuity is due to Absorption of two (2) staff who were on 3 year contract to permanent & pensionable terms of employment during the reporting period

\*\*\*\*\* The decrease in salary top ups is due to absorption of 20 No. seconded staff into TWWDA staff establishment with effect from 1st January 2020.

The Employee Costs includes salaries of three (3) seconded staff amounting to KES 519,840 paid by the Ministry of Water, Sanitation and Irrigation for the of months of April 2019 to June 2021.

### 13. Remuneration of Directors

Description	2020/2021	2019/2020
	KES	KES
Chairman's Honoraria	851,613	960,000
Sitting Allowances*	8,040,000	2,960,000
Directors Medical & GPA Insurance**	1,037,218	829,668
Induction and Training	1,745,290	2,055,649
Travel and Accommodation*	11,861,103	3,685,941
Other Allowances*	668,000	438,000
<b>Total Board Expense</b>	<b>24,203,224</b>	<b>10,929,258</b>

\* The increase in Sitting Allowances, Travel & Accommodation and other allowances is due to increased board activities due to the following:

- (i) Shortlisting and Interview for the Post of Chief Executive Officer
- (ii) Interviews for the Posts of Chief Manager Technical Services and Manager Engineering Water & Sanitation Infrastructure
- (iii) Validation of TWWDA Strategic Plan 2018-2022
- (iv) Launching of TWWDA Strategic Plan 2018-2022 and Revamped Website
- (v) Farewell party for the former Chief Executive Officer

\*\*This relates to medical and GPA insurance premiums for Board members during the reporting period.

### 14. Depreciation and Amortization Expense

Description	2020/2021	2019/2020
	KES	KES
Property, Plant and Equipment	177,606,137	178,910,706
<b>Total Depreciation and Amortization</b>	<b>177,606,137</b>	<b>178,910,706</b>

### 15. Repairs and Maintenance

Description	2020/2021	2019/2020
	KES	KES
Property	250,290	356,280
Computer	352,415	638,900
Vehicles	901,245	1,234,254
<b>Total Repairs and Maintenance</b>	<b>1,503,950</b>	<b>2,229,434</b>

**16. Contracted Services**

Description	2020/2021	2019/2020
	<b>KES</b>	<b>KES</b>
Consultancy	785,742	5,997,518
<b>Total Contracted Services*</b>	<b>785,742</b>	<b>5,997,518</b>

*\*There is pending legal fees of KES 15,512,525 which relates to contingent liabilities for litigations which were continuing and had not yet been concluded and determined as at 30th June 2021*

### 17(a) Cash and Cash Equivalents

Description	2020/2021	2019/2020
	<b>KES</b>	<b>KES</b>
Current Account	405,571,156	943,918,390
Others	17,313	63,318
<b>Total Cash and Cash equivalents</b>	<b>405,588,469</b>	<b>943,981,708</b>

### 17(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2020/2021	2019/2020
<b>a) Current Account</b>			
Kenya Commercial Bank - Nyeri Branch	1101-992-220 GOK Recurrent	229,289	20,592,705
	1101-996-188-Gratuity	3,074,693	3,816,541
	1101-998-733 -Development Account	399,682,241	916,970,128
	1127-326-287- Exhauster Services	65,403	18,421
	1208-789-120 ADB (WSBSP) Loan	2,519,530	2,520,595.00
<b>Sub Total</b>		<b>405,571,156</b>	<b>943,918,390</b>
<b>b) Others</b>			
Cash in Hand			
<b>Sub Total</b>		<b>17,313</b>	<b>63,318</b>
<b>Total</b>		<b>405,588,469</b>	<b>943,981,708</b>

### 18. Receivables

Current Receivables	2020/2021	2019/2020
	<b>KES</b>	<b>KES</b>
Trade debtors - Annex II (a)	335,289,957	336,784,857
Exhauster & WaterBowser Debtors - Annex II (b)	3,187,693	3,187,693
Payroll debtors - Salary Surcharge - Annex III	267,979	-
Payroll debtors - Salary Advances - Annex IV	7,066	85,000
Deposits	18,490	18,490
Gatamathi Water Company	350,000	100,000
Deposit - Fuel Cards*	1,000,000	1,000,000
<b>Total Current Receivables</b>	<b>340,121,185</b>	<b>341,176,040</b>

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

### 19. Inventories

Description	2020/2021	2019/2020
	<b>KES</b>	<b>KES</b>
Office Stationeries	369,998	426,130
<b>Total inventories at the lower of cost and net</b>	<b>369,998</b>	<b>426,130</b>

There were water meters of KES 14,266,627 in store as at 30th June 2021 awaiting issuance to Water Service Providers.

**20. Prepayments**

Description	2020/2021	2019/2020
	KES	KES
Directors Medical & GPA Insurances	276,467	197,760
Staff Insurances - Medical & Group Life	4,594,968	3,969,294
Motor Vehicles Insurance	274,240	321,482
Work Injury and Staff GPA	62,528	69,170
Property Insurance	7,400	10,802
<b>Total Prepayments</b>	<b>5,215,603</b>	<b>4,568,508</b>

**A. Property, Plant and Equipment**

	Land	ADB Project	Water Infrastructure	Kahuti Scheme	Motor Vehicles	Furniture and Fittings	Plant and Equipment	Computers and Printers	Total
	KES	KES	KES	KES	KES	KES	KES	KES	KES
Cost									
At 1 July 2019	85,238,332	3,720,307,400	3,566,218,963	17,770,088	90,540,030	5,592,134	10,287,572	37,837,615	7,533,792,134
Additions	245,111,611	-	498,477,496	-	-	266,585	-	6,042,119	-
Disposals/adjustment	-	-	-	-	-	-	-	-	749,897,811
At 30 June 2020	330,349,943	3,720,307,400	4,064,696,459	17,770,088	90,540,030	5,858,719	10,287,572	43,879,734	8,283,689,945
Additions	317,687,190	-	63,732,808	-	-	1,361,445	-	6,276,642	-
Disposals/adjustment	-	-	-	-	-	-	-	-	389,058,085
At 30 June 2021	648,037,133	3,720,307,400	4,128,429,267	17,770,088	90,540,030	7,220,164	10,287,572	50,156,376	8,672,748,030
Depreciation and impairment									
At 1 July 2019	-	440,729,723	380,284,741	4,983,648	81,787,839	3,855,677	8,788,643	34,665,560	955,095,831
Depreciation	-	81,989,442	92,110,293	319,661	2,188,048	226,773	299,786	1,776,703	178,910,706
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2020	-	522,719,165	472,395,034	5,303,309	83,975,887	4,082,450	9,088,429	36,442,263	1,134,006,537
Depreciation	-	79,939,706	91,400,856	311,670	1,641,036	287,360	239,829	3,785,680	177,606,137
Disposals/adjustment	-	-	-	-	-	-	-	-	-
At 30 June 2021	-	602,658,871	563,795,890	5,614,979	85,616,923	4,369,810	9,328,258	40,227,943	1,311,612,674
Net book values									
At 30 June 2021	648,037,133	3,117,648,529	3,564,633,377	12,155,109	4,923,107	2,850,354	959,314	9,928,433	7,361,135,356
At 30 June 2020	330,349,943	3,197,588,235	3,592,301,425	12,466,779	6,564,143	1,776,269	1,199,143	7,437,471	7,149,683,408

**21 B. Amortization of Capital Grant**

Cost	Motor Vehicles	Furniture and Fittings	Computers and Accessories	Total
At 1 July 2019	KES 9,506,000	KES 984,960	KES 2,769,822	KES 13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
<b>At 30 June 2020</b>	-	-	-	-
Additions	9,506,000	984,960	2,769,822	13,260,782
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
<b>At 30 June 2019</b>	-	-	-	-
<b>Amortization</b>	9,506,000	984,960	2,769,822	13,260,782
At 1 July 2019	9,336,623	839,285	2,760,286	12,936,194
Amortization	42,344	18,209	3,175	63,728
Impairment	-	-	-	-
<b>At 30 June 2020</b>	9,378,967	857,494	2,763,461	12,999,922
Amortization	31,758	15,933	2,118	49,809
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
<b>At 30 June 2021</b>	9,410,725	873,427	2,765,579	13,049,731
<b>Net book values</b>	-	-	-	-
At 30 June 2021	95,275	111,533	4,243	211,051
At 30 June 2020	127,033	127,466	6,361	260,860

**22. Work In Progress**

**22 (a) GoK Funded Projects**

Description	2020/2021	2019/2020
	KES	KES
Refurbishment of Maji House	14,922,979	7,979,709
Mathira Community Water Projects	338,042,672	292,534,523
Ndia Karuiru Water Project	1,600,000	1,200,000
Kamumu Dam	6,518,287	6,518,287
Rupingazi Dam	1,115,516	1,115,516
Thambana Dam	1,115,514	1,115,514
Imenti Central Water Project	1,422,500	1,422,500
Iraru Dam	29,500	29,500
Kathita Dam	2,054,637	2,054,637
Mariara Dam	514,420	514,420
Marania Dam	821,400	821,400
Mukurwe-ini Water Project	20,033,041	17,969,075
National Water Harvesting and Ground Exploitation	217,252,856	65,678,183
Water for Schools	109,939,216	43,610,999
Cross County Water Projects	295,407,857	19,718,516
Embu Water Projects	9,951,017	2,796,589
Wahundura - Iruri Water Project	2,000,000	2,000,000
Small and Medium Sized - Maara Dams	103,206,662	11,603,669
Feasibility Study	7,078,250	1,339,150
Drought Mitigation Intervention	46,750,456	37,159,766
Sagana Restoration Project expenses	585,750	585,750
World Water Day	7,364,067	5,830,227
COVID -19	11,913,097	5,038,024
Water Meters	10,228,000	10,228,000
Dedan Kimathi University Sewerage Project	2,089,640	-
Universal Health Coverage Program	3,023,631	-
Mwiyogo Water Project	2,346,478	-
Naromoru Water Project	7,909,595	-
Iruma Magutuini	3,001,950	-
Mporoko and Mweroianda Dams	3,044,200	-
Bisirigichia Dam	195,908	-
Githanga Borehole	3,722,219	-
Kanjuki Boreholes	3,333,956	-
Mathira Youth Empowerment	53,920	-
Kieni Borehole	53,920	-
Kagurumo Borehole	2,400,200	-
Othaya	2,276,040	-
<b>Sub-total</b>	<b>1,243,319,351</b>	<b>538,863,954</b>

**22 (b) ADB Loan - Kenya Towns Sustainable  
Water Supply & Sanitation Projects**

**1. Tana Water Works Development Agency**

Description	2020/2021	2019/2020
	KES	KES
Consultancy Services	223,247,595	178,029,829
Works	1,720,524,564	959,122,208
Goods	38,144,827	-
ADB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	58,386,866	54,211,933
<b>Sub Total</b>	<b>2,040,303,852</b>	<b>1,191,363,970</b>

**2. Northern Water Works Development Agency**

Description	2020/2021	2019/2020
	KES	KES
Consultancy Services	159,026,723	133,982,474
Works	1,892,784,644	1,175,240,813
Goods	38,144,827	-
ADB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	5,643,709	5,643,709
<b>Sub Total</b>	<b>2,095,599,903</b>	<b>1,314,866,996</b>
<b>Total ADB -Kenya Towns</b>		
<b>Total Work In Progress</b>	<b>4,135,903,755</b>	<b>2,506,230,966</b>
	<b>5,379,223,106</b>	<b>3,045,094,920</b>

*Payments for ADB Funded Projects land acquisitions are included in Note 21 A - Property, Plant & Land additions.*

**23. Trade and Other Payables from Exchange Transactions**

Description	2020/2021	2019/2020
	KES	KES
Trade payables - Annex IV	146,611,554	163,948,382
<b>Total Trade and Other Payables</b>	<b>146,611,554</b>	<b>163,948,382</b>

## 24. Borrowings

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

### 1. ADF Loan - Water Services Board Support Projects

Description	2019/2020	2020/2021
(i) Loan Revenue - Special Account	KES	KES
(ii) Direct Payments	15,903,200	15,903,200
External borrowings during the year	1,436,972,129	1,436,972,129
Repayment of external borrowings during the year	-	-
<b>Balance at the end of the period</b>	<b>1,452,875,329</b>	<b>1,452,875,329</b>

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

### Debt portfolio for Water Service Board Support Projects

#### Murang'a County

S/No	Water Service Providers	Loan Amount KES	Arrears of Loan Repayment KES
1	Murang'a South Water and Sanitation Company	607,180,337	170,524,008
2	Murang'a Water and Sanitation Company	533,302,882	149,775,841
3	Kahuti Water and Sanitation Company	13,852,023	3,890,282
	<b>Sub Total</b>	<b>1,154,335,242</b>	<b>324,190,131</b>

NB. The WSPs are in areas for 72 Months as at 30th June 2021.

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

Description	2020/2021	2019/2020
Balance at the beginning of the period;	KES	KES
(i) Loan Revenue - Special Account		
(ii) Direct Payments	24,710,700	24,710,700
External borrowings during the year	1,895,804,378	1,895,804,378
Repayment of external borrowings during the year	-	-
<b>Balance at the end of the period</b>	<b>1,920,515,078</b>	<b>1,920,515,078</b>
<b>Total ADF Loan</b>	<b>3,373,390,407</b>	<b>3,373,390,407</b>

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

### Debt portfolio for Water Service Board Support Projects

#### 1. Nyeri County

S/No	Water Service Providers	Loan Amount KES	Arrears of Loan Repayment KES
1	Othaya Mukurwe-ini Water and Sanitation Company	607,180,337	270,896,831
	<b>Sub Total</b>	<b>607,180,337</b>	<b>270,896,831</b>

#### Meru County

S/No	Water Service Providers	Loan Amount KES	Arrears of Loan Repayment KES
1	IMETHA Water and Sanitation Company	295,475,242	76,406,798
	<b>Sub Total</b>	<b>295,475,242</b>	<b>76,406,798</b>

<b>TOTAL</b>		<b>902,655,579</b>	<b>347,303,629</b>
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NB. The WSPs are in areas for 66 Months as at 30th June 2021.

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

1. Tana Water Works Development Agency

Description	2020/2021	2019/2020
	KES	KES
Balance at the beginning of the period;		
External borrowings during the year	1,137,152,037	223,091,679
Repayment of external borrowings during the year	844,764,949	914,060,358
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
	<b>1,981,916,986</b>	<b>1,137,152,037</b>

2. Northern Water Works Development Agency

Description	2020/2021	2019/2020
	KES	KES
Balance at the beginning of the period;		
External borrowings during the year	1,309,223,287	675,299,052
Repayment of external borrowings during the year	780,732,907	633,924,235
<b>Balance at the end of the period</b>	<b>-</b>	<b>-</b>
	<b>2,089,956,194</b>	<b>1,309,223,287</b>
<b>Total ADB Loan</b>		
	<b>4,071,873,180</b>	<b>2,446,375,324</b>
<b>Less: Total Current Portion of Bank Loans</b>		
	<b>-</b>	<b>-</b>
<b>Total Non-Current Borrowings (ADF loan + ADB Loan)</b>	<b>7,445,263,587</b>	<b>5,819,765,731</b>

25. Cash Generated from Operations

Description	2020/2021	2019/2020
	KES	KES
<b>Surplus for the year before tax</b>		
Adjusted for:	(245,631,599)	(219,922,862)
Depreciation		
<b>Working capital adjustments:</b>	<b>177,606,137</b>	<b>178,910,706</b>
Decrease in inventory		
Decrease in receivables	56,132	(248,906)
Decrease in payables	1,054,855	3,406,441
Increase in Prepayments	(17,336,828)	94,657,826
<b>Net cash flows from operating activities</b>	<b>(647,095)</b>	<b>(1,341,469)</b>
	<b>(84,898,398)</b>	<b>55,461,736</b>

**26. Capital Reserves**

Description	2020/2021	2019/2020
Balance b/f	KES	KES
GoK Development Grants	6,736,385,113	5,168,385,113
Water for Schools <sup>Note 1</sup>	-	61,250,000
Drought Mitigation	16,000,000	27,000,000
Cross County Water Projects	-	26,000,000
National Water Harvesting and Ground Exploitation <sup>Note 2</sup>	-	232,500,000
Maua Water Supply, Sewerage and Drainage <sup>Note 3</sup>	130,000,000	132,500,000
Mathira Water Project <sup>Note 4</sup>	125,000,000	375,000,000
ADB GoK Counterpart - Kenya Towns WSSP <sup>Note 5</sup>	44,000,000	33,750,000
Maara Dams <sup>Note 6</sup>	175,000,000	300,000,000
Water Meters	125,000,000	375,000,000
Mwiyogo Water Project <sup>Note 7</sup>	-	5,000,000
Naromoru Water Project <sup>Note 8</sup>	20,000,000	-
	10,000,000	-
	<b>7,381,385,113</b>	<b>6,736,385,113</b>

Note 1- This relates to Water for Schools Grants for FY 2019/2020 which was received on 8th July 2020.

Note 2 - National Water Harvesting and Ground Exploitation Grants includes of KES 70,000,000 for FY 2019/2020 which was received on 8th July 2020.

Note 3- This relates to Maua Water Supply, Sewerage and Drainage Grants for FY 2019/2020 which was received on 8th July 2020.

Note 4 - Mathira Water Project Grants includes of KES 11,250,000 for FY 2019/2020 which was received on 8th July 2020.

Note 5- ADB GoK Counterpart - Kenya Towns WSSP Grants includes of KES 100,000,000 for FY 2019/2020 which was received on 8th July 2020.

Note 6- This relates to Maara Dams Grants for FY 2019/2020 which was received on 8th July 2020.

Note 7- This relates to Mwiyogo Water Project Grants for FY 2019/2020 which was received on 8th July 2020.

Note 8- This relates to Naromoru Water Project Grants for FY 2019/2020 which was received on 8th July 2020.

**27. Accumulated Fund**

Description	2020/2021	2019/2020
	KES	KES
Balance Brought Forward		
Surplus/Deficit for the Period	(1,237,689,107)	(1,018,391,056)
Amortisation of capital grant	(245,631,599)	(219,922,862)
Capital Grant b/f	49,809	63,728
Gratuity Fund	(260,860)	(324,588)
Capital Grant	(805,361)	624,811
	211,051	260,860
	<b>(1,484,126,067)</b>	<b>(1,237,689,107)</b>

**28. ADB Loan Repayment Fund**

Description	2020/2021	2019/2020
	KES	KES
Balance Brought Forward		
Kahuti Water	2,520,595	2,352,340
Bank charges	-	169,320
	(1,065)	(1,065)
	<b>2,519,530</b>	<b>2,520,595</b>

**29. Deficit Analysis**

Description	2020/2021	2019/2020
	KES	KES
Depreciation for the period*		
Specific Provision	177,606,137	178,910,706
General Provision (Decrease)*	-	-
	(166,100)	(414,595)
Expensed Project Administrative Expenses/Costs**	<b>177,440,037</b>	<b>178,496,111</b>
Board Administrative Cost Fee Arrears***	66,530,562	93,317,909
	1,661,000	4,145,944
	<b>245,631,599</b>	<b>275,959,964</b>

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

\*\* This relates to project administrative expenditures incurred and expensed during the reporting period

\*\*\*These relate to expenses paid from arrears collected from WSPs during the reporting period and utilized to finance FY 2020/2021 expenditures. This income was accounted for in the previous accounting periods.

### 30. FINANCIAL RISK MANAGEMENT

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

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

#### (i) Credit risk

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

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

		Total Amount (KES)	Fully Performing (KES)	Past Due (KES)	Impaired (KES)
<b>At 30 June 2021</b>					
Receivables from Non Exchange Transactions		340,121,185	-	340,121,185	-
Bank balances		405,588,469	405,588,469	-	-
<b>Total</b>		<b>745,709,654</b>	<b>405,588,469</b>	<b>340,121,185</b>	-
<b>At 30 June 2020</b>					
Receivables from Non Exchange Transactions		341,176,040	-	341,176,040	-
Bank balances		943,981,708	943,981,708	-	-
<b>Total</b>		<b>1,285,157,748</b>	<b>943,981,708</b>	<b>341,176,040</b>	-

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

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

**(ii) Liquidity risk management**

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KES	KES	KES	KES
<b>At 30 June 2021</b>				
Trade payables	1,706,366	142,303,298	19,938,718	163,948,382
<b>Total</b>				
<b>At 30 June 2020</b>				
Trade payables	4,226,624	131,391,572	10,993,358	146,611,554
<b>Total</b>	<b>5,932,990</b>	<b>273,694,870</b>	<b>30,930,076</b>	<b>310,559,936</b>

**(iii) Market risk**

The Agency has put in place an Internal Audit Function to assist it in assessing the risk faced by TWWDA on an on-going 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 Agency's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Governance Committee.

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

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

**iv) Capital Risk Management**

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

	2020-2021	2019-2020
	KES	KES
Accumulated Fund	(1,484,126,067)	(1,237,689,107)
Capital Reserve	7,381,385,113	6,736,385,113
ADB Loan Repayment Fund	2,519,530	2,520,595
<b>Total funds</b>	<b>5,899,778,576</b>	<b>5,501,216,601</b>
<b>Total Borrowings</b>	<b>7,591,875,141</b>	<b>5,983,714,113</b>
Less: cash and bank balances	405,588,469	943,981,708
Net debt/(excess cash and cash equivalents)	7,186,286,672	5,039,732,405
<b>Gearing</b>	<b>121.8%</b>	<b>91.6%</b>

**31. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

The Government of Kenya is the Principal shareholder of TWWDA, holding 100% of the Agency equity interest. The Government of Kenya has provided guarantees to current long term loan. Other related parties include:

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

### Transactions with related parties

Particulars	2021	2020
	KES	KES
<b>A. Purchase from Related Parties</b>		
Purchase of Electricity from KPLC	1,107,499	948,729
<b>Total</b>	<b>1,107,499</b>	<b>948,729</b>
<b>B. Grants from Government</b>		
GoK Development Grants	645,000,000	1,568,000,000
GoK Recurrent Grants	125,186,503	145,740,775
GoK Development Grants	645,000,000	1,568,000,000
<b>Total</b>	<b>770,186,503</b>	<b>1,713,740,775</b>
<b>C. Key Management Compensation</b>		
Board Members Allowances	24,203,224	10,929,258
Compensation to the CEO	7,853,280	8,485,200
Compensation to the Key Management	39,124,085	30,943,450
<b>Total</b>	<b>71,180,589</b>	<b>50,357,908</b>

### 32. CONTINGENT LIABILITIES

Contingent Liabilities	2020-2021	2019-2020
	KES	KES
Legal Fees	15,512,525	2,260,965
<b>Total</b>	<b>15,512,525</b>	<b>2,260,965</b>

This relates to pending legal fees for litigations which were continuing and had not yet been concluded and determined as at 30<sup>th</sup> June 2021.

**32. Events after the reporting period**

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

**33. Ultimate and Holding Entity**

The entity is a State Corporation under the Ministry of Water, Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

**34. Currency**

The Financial Statements are presented in Kenya Shillings (KES)



**APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

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

Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p><b>1. Property, Plant and Equipment</b></p> <p><b>1.1 Work in Progress</b> The statement financial position as at 30<sup>th</sup> June 2020 reflected work in progress balance of Kshs 3,045,094,920. However the balance includes Kshs 19,549,962 of recurrent nature but was capitalized.</p>	<p>IPSAS 17 section 30 (b) states that the cost of property, plant and equipment comprises of any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. This expenditure of KES 19,549,962 relates to assets and since the programmes are ongoing the expenditure was posted under work in progress and will be capitalized once they are complete. The amount spent from development funds was for developing the asset and amount spent from recurrent funds was for supervision during implementation.</p>	Eng. Philip Gichuki - Chief Executive Officer		
	<p><b>1.2 Failure to separate Value of Land and Building</b> Disclosed under property, plant and equipment in Note 22 A to the financial statements is land and buildings valued at Kshs. 330,349,943 as at 30<sup>th</sup> June, 2020. However, a review of asset register and other records revealed that the Agency did not disclose separate</p>	<p>A lot of work will be involved in the valuation of the land and building as the Agency covers five (5) Counties. The management commits to embark on the exercise to ensure that land and</p>	Eng. Philip Gichuki - Chief Executive Officer	Separation of land and buildings is in progress	Immediately the separation exercise is complete

Tana Water Works Development Agency  
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Reference No the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	values of land and building contrary to paragraph 74 of IPSAS 17 which requires land and building to be reported separately and that buildings be depreciated	buildings are separated in the next Financial Year			
	<b>2. Inventories</b> The statement of financial position as at 30 June, 2020 reflects inventories totalling to Kshs 426,130 as disclosed in Note 19 to the financial statements excludes water meters valued at Kshs 28,,554,463 held by the Agency awaiting issuance to Water Service Providers.	The value of Water meters in store as at 30 <sup>th</sup> June 2020 have now been disclosed in the financial statements. In addition, the management has embarked on issue of the meters t WSPs	Eng. Philip Gichuki - Chief Executive Officer	Water meters are being issued to WSPs	Issuing of water meters to WSPs is ongoing
	<b>3. Outstanding Board Administrative Fees</b> Disclosed in Note 18 to the Financial Statements under receivables is a balance of Kshs 341,176,040 which includes an amount of Kshs 336,784,857 relating to outstanding Board administrative fees from various Water Service Providers. These receivables date back to 2016	The challenge in recoverability of Trade Receivables is as a result of Water Service Providers failure to remit Board Administrative cost Fee following directives from respective County Governments not to remit any money to the Agency since provision of water services is a devolved function.	Eng Philip Gichuki - Chief Executive Officer	Follow up on recoverability of outstanding Board administrative fee is progress	
	<b>4. Borrowings – Loan and interest Repayment Arrears</b> Note 24 (a) to the financial statements indicate borrowings totalling Kshs 3,373,390,407 comprised of Kshs 1,452,875,329 and Kshs 1,920,515,078 on ADF Loan. Schedule of loan provided by the Agency reflected borrowings amounting to Kshs 2,497,404,523.	The schedule was prepared when applying for the loan and is the schedule in the Loan Agreement. Figures in note 24 A in the Financial Statements is the actual cash disbursed to the Agency for implementation of the Projects.			

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Reference No the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p><b>5. Contingent Liabilities</b> Disclosed in Note 32 to financial statements is contingent liabilities balance Kshs 2,260,965 as at 30 June 2020. However, the amount was adjusted from Kshs 2,961,365 reflected in the initial financial statements submitted for audit reflected Kshs 3,965.874 as at 30 June, 2020</p>	<p>The correct contingent liabilities balance is KES 2,260,965 as disclosed in Note 32 of the Financial Statements</p>			
	<p><b>6. Cash Flows Generated from Operating Activities</b> The statement of cash flows reflects net cash flows from operating activities of Kshs 55,461,736 for the year ended 30 June 2020. However, note 25 to the financial; statement reflects statements reflects net cashflow from operating activities of a negative balance of Kshs 4,719,181 resulting in a difference of Kshs 60,180,917.</p>	<p>Deficit balance was erroneously captured under note 25 and have now been corrected to reflect the correct net cash flows from operating activities of KES 55,461,736</p>			
	<p><b>7. Total Net Assets and Liabilities</b> Th statement of financial position reflects total assets of Kshs 11,484,930,714 total liabilities of Kshs. 5,983,714,113 and total net assets of Kshs 5,501,216,601 as at 30 June 2020. The total net assets and liabilities balance of Kshs 5,501,216,601 instead of Kshs 11,484,930,714.</p>	<p>The statement of financial position was prepared as per the Treasury Revised Template of 30<sup>th</sup> June 2020 page 2. Net assets of KES 5,501,216,601 is arrived at after deducting Total Liabilities from Total Assets (KES 11,484,930,714 - 5,983,714,113 and therefore the Statement of Financial Position is correct.</p>			
	<p><b>8. Outstanding Prior Year Audit Issues</b> <b>8.1 Inherited Assets</b> The statement of financial position reflects non-current assets balance of Kshs 10,194,778,328 as at 30 June 2020. However, as previously stated the Board inherited several non current assets from</p>	<p>TWWDA is a waiting for official communication from MWS&amp;I on the implementation of the transfer plan.</p>	<p>Eng Philip Gichuki - Chief Executiv</p>	<p>TWWDA is a waiting for official communication from</p>	<p>Immediately once the communication from the parent</p>

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Reference No the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>the Ministry of Water and Irrigation and National Water Conservation and Pipeline Corporation ]which have not been incorporated in the Agency financial statements for the year ended 30 June 2020</p> <p><b>8.2 Grounded Motor Vehicles</b> The motor vehicle net book value balance of Kshs 6,564,143 as at 30 June 2020 excludes seven grounded vehicles of unknown values and which have been used by the Agency for several years.</p> <p><b>8.4 Failure to obtain Title Deed for Kiawaiguru Water Project</b> Capitalized during the year 2017/2018 as earlier reported and part of the assets under Note 21A is an amount of Kshs.4,202,829 paid to M/S Geocats Agencies Limited for construction of Kiawaiguru water tank project in the 2015/2016 financial year. Though the land upon which water tank was built was voluntarily given to TWWDA ownership documents in the name of the Agency are yet to be obtained.</p>	<p>GK registered Motor Vehicles will immediately be entered in the asset register once the communication of the value from the parent Ministry is received.</p> <p>The issue of land ownership is being followed up with the owner and the local Administration in view of obtaining the Title Deed.</p>	<p>Chief Executive Officer</p> <p>Eng Philip Gichuki - Chief Executive Officer</p> <p>Eng Philip Gichuki - Chief Executive Officer</p>	<p>MWS on the implementation of the transfer plan.</p> <p>TWWDA is waiting for official communication from MWS on the value of GK registered vehicle</p> <p>Follow-up is being made to ensure that documentation of the Land is being acquired</p>	<p>Ministry on the implementation of transfer plan is received</p> <p>GK registered Motor Vehicles will immediately be entered in the asset register once the communication of the value from the parent Ministry is received.</p> <p>The issue of land ownership is being followed up with the owner and the local Administration in view of getting the documentation for the land.</p>
<b>1. Budget Performance</b>					
<b>1.1 Unauthorized Re allocation of Funds</b>		In the FY 2019/2020 TWWDA was allocated KES 900,000,000 GOK			

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Reference No of the external auditor report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>According to the MW&amp;S budget was approved Kshs 1,700,000,000 donor component for KTSWA&amp;SP Kshs 900,000,000 on GoK component, revealed an allocation of Kshs 500,000,000 for Maua Water &amp; Drainage Project. However, the Agency final budget indicate that Kshs 500,000,000 each was allocated to Maara Dams &amp; Maua Dam.</p>	<p>Counterpart funding out of which KES 400,000,000 related to acquisition of land, way leave, crop compensations and administrative cost while KES 500,000,000 related to construction of Small and Medium Sized Dams for water storage to supplement ADB funded projects in the area. It is important to note that this was a condition given by Water Resource Authority before issue of water abstraction permit for Chogoia Water and Sewerage Project. The KES 500,000,000 is being accounted for under GoK grant for development in the main account:</p> <ul style="list-style-type: none"> <li>• Communication from Water Resource Authority;</li> <li>• Minutes of Consultative meeting held on 22nd January 2020;</li> <li>• The Agency request to the PS, Ministry of Water, Sanitation and Irrigation to implement Kanjogu and Thambo dams – Maara Sub county, Tharaka Nithi County;</li> <li>• Contract for Construction of Kanjogu dam;</li> <li>• Contract for Construction of Thambo dam;</li> <li>• Contract for consultancy</li> </ul>			

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Reference No in the Annual Report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p><b>1.2 Expenses charged on both Development and Recurrent Votes</b> Drought Mitigation, World Water Day and Covid 19 expenditures were charged both to Development and recurrent vote.</p> <p><b>1.3 Budget Overexpenditure</b> The statement of comparative budget and actual amounts for the year ended 30 June 2020 reflects a final budget of Kshs 1,000,000 under contracted professional services against actual expenditure of Kshs.5,997,518 resulting in over expenditure of Kshs 4,997,518.</p>	<p>services for Kanjogu and Thambo dams; and</p> <ul style="list-style-type: none"> <li>• Environmental &amp; Social Impact Assessment Report.</li> </ul> <p>Expenses charged in Development Vote are capital in nature and expenses charged in Recurrent Vote are recurrent in nature.</p> <p>The Contingent liabilities relates to legal fees for FY 2018/2019 which judgement was issued during FY 2019/2020 in favour of the plaintiff. Following the Government policy to clear all pending bills this expenditure of KES 4,997,518 was paid using the savings arising from Employee Costs and Board Expenses hence there was no over expenditure on the overall budget.</p>			
	<p><b>1. Covid 19 Expenditure</b> Covid 19 expenditure total was Kshs 5,038,024 out of which Kshs 222,379 was charged to recurrent account and Kshs 4,810,645 charged to development account. No budget or workplan were prepared before the expenditure was incurred.</p>	<p>Covid 19 was emergency which arose during the Financial Year and the management revised FY 2019/2020 budget to cater for emerging issues as directed by the Government and this was presented to the Agency Board on 25<sup>th</sup> June for approval</p>	<p>Eng Philip Gichuki - Chief Executive Officer</p>	<p>The process will be an ongoing process</p>	<p>When recruitment arises</p>

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Reference No on the ternal audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p><b>2. Non-Compliance with National Cohesion and Integration Act, 2008</b> A review of human resource records revealed that during the year under audit, the Agency has 77 employees out of which 27 employees were on secondment from MW&amp;S &amp; County Government of Nyeri. The Agency had 68 employees out of which 49 are from the dominant community which translate to 72% of the employees of the Agency were from one ethnic community contrary to NC&amp;IAct section 7(2)</p> <p><b>3. Performance Information</b> A review of performance information included in the financial statements revealed significant information not included in the review of performance information, but instead disclosed under the Chief Executive Officer report. The information forms significant part of the development strategic pillar and objectives of the Agency would be included in performance information section.</p>	<p>The Management is working towards compliance on ethnicity while undertaking future recruitments.</p> <p>Information reflected in in review of TWWDA's performance for FY 2019/2020 page xviii has now been reconciled with information in the report of the Chief Executive Officer page xv</p>			

.....  
**Chief Executive Officer  
Eng. Philip Gichuki**

Date.....

.....  
**Board Member**

Date.....

**APPENDIX II : PROJECTS IMPLEMENTED BY TANA WATER WORKS DEVELOPMENT AGENCY**

**Projects implemented by the Agency funded by development partners**

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

### Status of Projects Completion

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Fund
<b>A.</b>	<b>Kenya Towns Sustainable Water Supply and Sanitation</b>						
1	Kerugoya Kutus water Supply Project	1,301,651,496	402,088,924	20%	192,891,000	107,005,204	ADB
2	Kerugoya Kutus Sewerage Project	544,099,510	204,208,646	42%	83,173,000	79,295,756	ADB
3	Chuka Water Supply Project	606,550,711	140,193,773	7%	80,988,000	129,988,899	ADB
4	Chuka Sewerage Project	472,960,411	225,142,587	42%	76,393,000	114,252,855	ADB
5	Chogoria Water Supply Project	645,288,468	313,957,365	50%	95,509,000	138,736,154	ADB
6	Chogoria Sewerage Project	449,442,491	143,755,231	46%	62,295,000	50,765,747	ADB
7	Meru sewerage Project	1,138,500,000	316,444,567	40%	145,430,000	99,853,404	ADB
8	Mandera Water Supply Project	1,752,581,600	806,220,752	58%	236,170,000	331,433,979	ADB
9	Mandera Sewerage Project	978,871,630	383,338,752	31%	172,854,000	161,111,954	ADB
10	Marsabit Water Supply Project	740,006,322	374,642,966	59%	120,182,000	72,032,347	ADB
11	Marsabit Sewerage Project	1,270,403,927	492,421,181	76%	136,469,000	157,872,632	ADB
12	Murang'a Urban Water Supply	57,500,000	43,164,399	100%	4,466,000	37,655,782	ADB
13	Murang'a South Water Supply	34,500,000	27,305,005	76%	9,161,000	24,619,751	ADB
14	Othaya Water Supply	69,000,000	17,898,456	91%	10,099,000	17,898,456	ADB
15	Isiolo Town Water Supply	115,000,000	49,683,749	94%	12,179,000	17,502,017	ADB
16	Garisa Town Water Supply	230,000,000	45,933,909	58%	31,841,000	-	ADB
17	Institution Support	410,300,000	-		29,900,000	-	ADB
18	Climate Change Adaptation	181,500,000	-		-	-	ADB
19	ERP	-	9,183,264	70%	-	9,183,264	ADB
20	Exhauster	-	76,289,654	100%	-	76,289,654	ADB
	<b>Total</b>	<b>10,998,156,567</b>	<b>4,071,873,181</b>		<b>1,500,000,000</b>	<b>1,625,497,856</b>	

APPENDIX III : INTER – ENTITY TRANSFERS

ENTITY NAME		TANA WATER WORKS DEVELOPMENT AGENCY		
Break down of Transfers from the Ministry of Water, Sanitation and Irrigation				
FY 2020/2021				
<b>a.</b>	<b>Recurrent Grants</b>			
		<b>Bank Statement Date</b>	<b>Amount (KES)</b>	<b>FY to which the amounts relate</b>
	(i)	08-09-2020	11,333,333	FY 2020/2021
	(ii)	08-09-2020	11,333,333	FY 2020/2021
	(iii)	05-10-2020	11,333,333	FY 2020/2021
	(iv)	06-11-2020	11,333,333	FY 2020/2021
	(v)	07-12-2020	11,333,333	FY 2020/2021
	(vi)	19-01-2020	11,333,333	FY 2020/2021
	(vii)	05-02-2021	11,333,333	FY 2020/2021
	(viii)	04-03-2021	11,333,333	FY 2020/2021
	(ix)	09-04-2021	11,333,333	FY 2020/2021
	(x)	12-05-2021	11,333,333	FY 2020/2021
	(xi)	23-06-2021	11,333,333	FY 2020/2021
		<b>Total</b>	<b>124,666,663</b>	
<b>b.</b>	<b>Development Grants</b>			
		<b>Bank Statement Date</b>	<b>Amount (KES)</b>	<b>FY to which the amounts relate</b>
(i)	Water for Schools	08-07-2020	16,000,000	FY 2019/2020
		<b>Total</b>	<b>16,000,000</b>	
(ii)	National Water Harvesting and Ground Exploitation			
	(a)	08-07-2020	70,000,000	FY 2019/2020
	(b)	21-12-2020	60,000,000	FY 2020/2021
		<b>Total</b>	<b>130,000,000</b>	
		<b>Bank Statement Date</b>	<b>Amount (KES)</b>	<b>FY to which the amounts relate</b>
(vii)	Maua Water Distribution and Sewerage Water Supply Project	08-07-2020	125,000,000	FY 2019/2020
		<b>Total</b>	<b>125,000,000</b>	
(iv)	ADB GoK Counterpart - Kenya Towns WSSP			
	(a)	08-07-2020	100,000,000	FY 2019/2020
	(b)	17-09-2020	75,000,000	FY 2020/2021
		<b>Total</b>	<b>175,000,000</b>	

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(v)	Maara Dams	08-07-2020	125,000,000	FY 2019/2020
		<b>Total</b>	<b>125,000,000</b>	
(vi)	Mathira Water Project	08-07-2020	11,250,000	FY 2019/2020
	Mathira Water Project	17-09-2020	32,750,000	FY 2020/2021
		<b>Total</b>	<b>44,000,000</b>	
(vii)	Mwiyogo Water Project	08-07-2020	20,000,000	FY 2019/2020
		<b>Total</b>	<b>20,000,000</b>	
(viii)	Naromoru Water Project	08-07-2020	10,000,000	FY 2019/2020
		<b>Total</b>	<b>10,000,000</b>	
		<b>Date Disbursement Request Submitted to MWS&amp;I</b>	<b>Amount (KES)</b>	<b>FY to which the amounts relate</b>
e.	<b>Direct Payments</b>			
	<b>Works</b>			
	57	10 <sup>th</sup> December 2020		
	58	8 <sup>th</sup> December 2020	25,811,060	FY 2020/2021
	67	26 <sup>th</sup> November 2020	25,811,060	FY 2020/2021
	68	25 <sup>th</sup> September 2020	17,898,456	FY 2020/2021
	69	16 <sup>th</sup> November 2020	116,904,456	FY 2020/2021
	70	19 <sup>th</sup> November 2020	16,633,347	FY 2020/2021
	71	15 <sup>th</sup> December 2020	16,633,346	FY 2020/2021
	73	16 <sup>th</sup> November 2020	3,981,406	FY 2020/2021
	74	18 <sup>th</sup> November 2020	18,386,640	FY 2020/2021
	75	18 <sup>th</sup> November 2020	18,386,640	FY 2020/2021
	76	23 <sup>rd</sup> November 2020	33,087,390	FY 2020/2021
	77	24 <sup>th</sup> November 2020	5,386,319	FY 2020/2021
	78	3 <sup>rd</sup> February 2021	3,803,166	FY 2020/2021
	79	10 <sup>th</sup> December 2020	834,841	FY 2020/2021
	80	10 <sup>th</sup> December 2020	12,435,292	FY 2020/2021
	81	10 <sup>th</sup> December 2020	2,729,698	FY 2020/2021
	82	24 <sup>th</sup> November 2020	124,838,038	FY 2020/2021
	83	8 <sup>th</sup> December 2020	31,357,813	FY 2020/2021
	84	9 <sup>th</sup> December 2020	31,357,813	FY 2020/2021
	85	15 <sup>th</sup> April 2021	16,881,249	FY 2020/2021
	86	31 <sup>st</sup> March 2021	3,705,640	FY 2020/2021
	87	17 <sup>th</sup> February 2021	28,978,159	FY 2020/2021
	88	18 <sup>th</sup> February 2021	4,717,375	FY 2020/2021
	89	17 <sup>th</sup> February 2021	24,457,450	FY 2020/2021
	90	23 <sup>rd</sup> February 2021	6,114,362	FY 2020/2021
	91	22 <sup>nd</sup> February 2021	22,891,694	FY 2020/2021
	92	24 <sup>th</sup> February 2021	5,722,924	FY 2020/2021
	93	27 <sup>th</sup> April 2021	31,603,390	FY 2020/2021
	94	28 <sup>th</sup> April 2021	47,405,086	FY 2020/2021
	95	24 <sup>th</sup> April 2021	63,436,605	FY 2020/2021
		25 <sup>th</sup> February 2021	15,859,151	FY 2020/2021



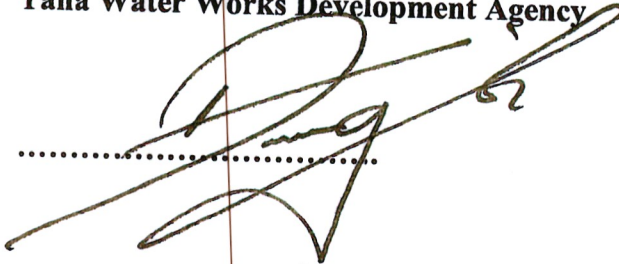
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		Date Disbursement Request Submitted to MWS&I	Amount (KES)	FY to which the amounts relate
	<b>Works</b>			
	96	22 <sup>nd</sup> February 2021		
	97	20 <sup>th</sup> May 2021	13,450,936	FY 2020/2021
	101	29 <sup>th</sup> March 2021	17,502,017	FY 2020/2021
	102	31 <sup>st</sup> March 2021	100,500,886	FY 2020/2021
	111	25 <sup>th</sup> May 2021	25,125,221	FY 2020/2021
	105	21 <sup>st</sup> June 2021	67,282,386	FY 2020/2021
	106	23 <sup>rd</sup> June 2021	7,837,656	FY 2020/2021
	108	23 <sup>rd</sup> June 2021	1,720,461	FY 2020/2021
	115	7 <sup>th</sup> June 2021	32,101,561	FY 2020/2021
	116	26 <sup>st</sup> June 2021	5,095,463	FY 2020/2021
	117	23 <sup>rd</sup> June 2021	14,230,669	FY 2020/2021
	121	4 <sup>th</sup> June 2021	3,557,667	FY 2020/2021
	122	7 <sup>th</sup> June 2021	42,773,901	FY 2020/2021
	123	30 <sup>th</sup> June 2021	10,693,476	FY 2020/2021
	124	23 <sup>th</sup> June 2021	1,226,775	FY 2020/2021
	119	25 <sup>th</sup> June 2021	269,292	FY 2020/2021
	120	26 <sup>th</sup> June 2021	54,744,917	FY 2020/2021
	98	30 <sup>th</sup> June 2021	54,744,917	FY 2020/2021
	99	30 <sup>th</sup> June 2021	29,192,000	FY 2020/2021
	107	30 <sup>th</sup> June 2021	29,191,727	FY 2020/2021
	109	30 <sup>th</sup> June 2021	74,903,643	FY 2020/2021
	110	30 <sup>th</sup> June 2021	28,526,835	FY 2020/2021
	112	30 <sup>th</sup> June 2021	4,643,903	FY 2020/2021
	113	30 <sup>th</sup> June 2021	19,382,827	FY 2020/2021
	114	30 <sup>th</sup> June 2021	19,382,827	FY 2020/2021
	126	30 <sup>th</sup> June 2021	20,381,855	FY 2020/2021
	127	30 <sup>th</sup> June 2021	24,968,707	FY 2020/2021
	128	30 <sup>th</sup> June 2021	4,064,674	FY 2020/2021
	129	30 <sup>th</sup> June 2021	1,128,896	FY 2020/2021
	132	30 <sup>th</sup> June 2021	247,806	FY 2020/2021
	133	30 <sup>th</sup> June 2021	7,752,904	FY 2020/2021
			1,701,857	FY 2020/2021
		<b>Sub Total</b>	<b>1,496,378,528</b>	
	<b>Consultancy</b>			
	62	30 <sup>th</sup> June 2020		
	103	31 <sup>st</sup> March 2021	373,554	FY 2020/2021
	104	9 <sup>th</sup> April 2021	15,196,171	FY 2020/2021
	72	30 <sup>th</sup> June 2021	2,255,000	FY 2020/2021
	125	30 <sup>th</sup> June 2021	4,976,757	FY 2020/2021
			20,844,928	FY 2020/2021
		<b>Sub Total</b>	<b>43,646,410</b>	

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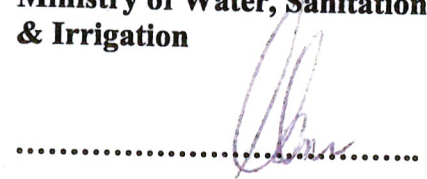
		<b>Date Disbursement Request Submitted to MWS&amp;I</b>	<b>Amount (KES)</b>	<b>FY to which the amounts relate</b>
<b>GOODS &amp; SERVICES</b>				
	100	22 <sup>nd</sup> April 2021	6,548,114	FY 2020/2021
	126	30 <sup>th</sup> June 2021	2,635,150	FY 2020/2021
	130	30 <sup>th</sup> June 2021	38,144,827	FY 2020/2021
	131	30 <sup>th</sup> June 2021	38,144,827	FY 2020/2021
		<b>Sub Total</b>	<b>85,472,918</b>	
		<b>Grand Total</b>	<b>1,625,497,856</b>	

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



.....

**Head of Accounting Unit  
Ministry of Water, Sanitation  
& Irrigation**



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**ANNEX I**

**(A) Agency Administrative Cost Fee Earned During The Reporting Period**

WSP Company	2020/2021	2019/2020
	Amount (KES)	Amount (KES)
Muthambi 4 K		
<b>Sub Total</b>	5,945	74,960
	5,945	74,960

**(B) Agency Administrative Cost Fee Arrears collected During The Reporting Period**

WSP Company	2020/2021	2019/2020
	Amount (KES)	Amount (KES)
Embe		
Gatamathi	-	250,000
Kahuti	-	750,200
Murang'a South	1,000,000	900,000
Muthambi 4 K	-	350,000
Nginda Ngandori	76,000	-
Nithi	-	-
Othaya Mukurwe-ini	300,000	536,624
Tetu-Aberdare	-	124,120
Tuuru	285,000	1,140,000
Naromoru	-	50,000
<b>Sub Total</b>	-	45,000
<b>Grand Total</b>	<b>1,661,000</b>	<b>4,145,944</b>
	<b>1,666,945</b>	<b>4,220,904</b>



ANNEX II

(A) Trade Debtors as at 30 June 2021

WSP Company	2020/2021 AMOUNT (KES)	2019/2020 AMOUNT (KES)
Embe	772,885	772,885
Embu	73,169,455	73,169,455
Gatamathi	6,395,840	6,395,840
Imetha	7,962,466	7,962,466
Kahuti	6,790,232	7,790,232
Kathita Gatunga	934	934
Kirinyaga	16,743,785	16,743,785
Mathira	34,116,395	34,116,395
Meru	51,135,957	51,135,957
Murang'a	49,922,918	49,922,918
Muthambi 4K	-	76,000
Murang'a South	23,549,784	23,549,784
Ngandori Nginda	14,641,753	14,641,753
Nithi	204,886	504,886
Nyeri	52,929,735	52,929,735
Othaya Mukurwe-ini	23,975,157	23,975,157
Ruiru Thau	409,839	409,839
Tetu Aberdare	2,494,433	2,779,433
Tuuru	5,955,379	5,955,379
Naromoru	1,372,564	1,372,564
<b>Sub Total</b>	<b>372,544,397</b>	<b>374,205,397</b>
<b>LESS: 10% General Provision for Bad and Doubtful Debts</b>	<b>(37,254,440)</b>	<b>(37,420,539.70)</b>
<b>Net Trade Debtors</b>	<b>335,289,957</b>	<b>336,784,857</b>

(B) Exhauster & Water Bowser Debtors as at 30 June 2021.

Nyeri Water Company	17,000	17,000
Nyeri County Government	71,000	71,000
Tharaka Nithi County	600,000	600,000
Othaya Mukurwe-ini Water Company	7,000	7,000
Murang'a Water Company	2,404,693	2,404,693
Mukurwe-ini Sub County Dispensary	28,000	28,000
Embu	60,000	60,000
<b>Sub Total</b>	<b>3,187,693</b>	<b>3,187,693</b>
<b>Grand Total</b>	<b>338,477,650</b>	<b>339,972,550</b>

**Tana Water Works Development Agency  
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For the Year Ended June 30, 2021**

**Annex III**

**Employee Costs (Salary Surcharge) as at 30th June 2021**

			<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Name of Officer</b>	<b>P/No</b>	<b>Amount KES</b>	<b>Amount KES</b>	<b>Amount KES</b>
Michael Mabumba		112,924		-
Josephat Onserio		155,055		-
<b>SUB TOTAL</b>		<b>267,979</b>		<b>-</b>

**Tana Water Works Development Agency  
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**Annex IV**

**Employee Costs ( Salary Advance) as at 30th June 2021**

			<b>FY 2020/2021</b>	<b>FY 2019/2020</b>
<b>Name of Officer</b>	<b>P/No</b>		<b>Amount KES</b>	<b>Amount KES</b>
Agnes Ndegwa			-	50,000
Virginiah Wangechi			-	35,000
Michael Mwangi			7,066	-
<b>SUB TOTAL</b>			<b>7,066</b>	<b>85,000</b>



ANNEX V

(A) LIST OF CREDITORS AS AT 30 JUNE 2021

	FY 2020/2021	FY 2019/2020
Details	Amount KES	Amount KES
<b>A. RECURRENT</b>		
Kenya National Audit Office	1,740,000	1,160,000
Massatech Ltd	520,000	136,000
G-Net Technologies	324,220	-
Total Kenya	-	108,153
Wells Fargo	-	9,512
Sterling Grand Services Limited	93,571	-
Payroll Liabilities	2,708,833	-
<b>Sub Total</b>	<b>5,386,624</b>	<b>1,413,665</b>
<b>B. DEVELOPMENT</b>		
Ranju Ltd	4,080,017	4,080,017
Libex Construction Company Ltd	-	2,845,946
AMG Sagrin Ltd	2,913,530	5,774,769
Kabco Contractors Ltd	-	3,066,324
Octagon Builders & General Supplies Ltd	-	1,209,976
Mazingira & Engineering Consultants Ltd	267,120	267,120
Mjengo & Allied	-	1,986,256
Global View Associate	128,310	128,310
Mithega K & Advocates	1,830,164	1,830,164
Gichuhi Mwangi	614,217	614,217
Land*	131,391,572	139,858,917
Total Kenya	-	388,951
Silvespread Hardware	-	483,750
<b>Sub Total</b>	<b>141,224,930</b>	<b>162,534,717</b>
<b>Grand Total</b>	<b>146,611,554</b>	<b>163,948,382</b>

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

**A. Chuka Sewerage Infrastructure**

Date	Particulars	Amount KES
27/May/20	Henry Kithinji - Land LR. Karingani/Ndagani/1938	323,485
27/May/20	Jediline Muthoni - Land LR. Karingani/Ndagani/1938	228,457
27/May/20	Eliphira Kanyua - Land LR. Karingani/Ndagani/1938	180,127
27/May/20	Janet Mwendu - Land LR. Karingani/Ndagani/1938	180,127

27/May/20	Purity Murugi - Land LR. Karingani/Ndagani/1938	180,127
11/Jun/20	Julius Mbabu Findenzio- Land LR. Karingani/Ndagani/11546	392,897
27/May/20	Mary Njeri - Land LR. Karingani/Ndagani/1938	108,608
	<b>Total</b>	<b>1,593,828</b>

#### B. Chogoria Sewerage Infrastructure

Date	Particulars	Amount KES
17/Mar/20	Ashford Miti Mjuriangi - Land LR. WIMBI/KIRARO/665	533,747
31/Mar/20	Esther Ntagana Mutua - Land LR. MWIMBI /KIRARO/556	1,601,243
7/Apr/20	Maingi Chambari - Land LR. WIMBI/KIRARO 657	1,067,495
7/Apr/20	Japhet Mwambia Mukinda - Land LR. WIMBI/KIRARO/732	1,467,806
7/Apr/20	Julian Riungu - Land LR. WIMBI/KIRARO/599	2,935,612
7/Apr/20	Beatrice Nkuene - Land LR. WIMBI/KIRARO/655	800,621
7/Apr/20	Wilfred Kathenya - Land LR. WIMBI/KIRARO/656	934,058
14/Sep/20	Hellen Kaburi Kairenya -L.R No Mwimbi/KIRARO/147	600,000
14/Sep/20	Wilfed Micheni Kiaranya -L.R No 147	299,465
14/Sep/20	Nicholas Riungu Kairanya -L.R No Mwimbi/KIRARO/147	299,465
14/Sep/20	Japhet Kariuki Kairanya -L.R No Mwimbi/KIRARO/147	299,465
14/Sep/20	James Kairanya -L.R No Mwimbi/KIRARO/147	899,465
14/Sep/20	Caroline Wanja Nkonge -L.R No Mwimbi/KIRARO/276	30,000
14/Sep/20	Wilson Mutembei Nkiria -L.R No Mwimbi/KIRARO/652	344,267
14/Sep/20	Frank Kirugara S Kathimbu -L.R No Mwimbi/KIRARO/273	884,687
14/Sep/20	Timothy Mugendi Kathenya - L.R No Mwimbi/KIRARO/744	278,930
14/Sep/20	Andeline Nkuruni Rucha - L.R No Mwimbi/KIRARO/555	1,601,244
14/Sep/20	Ndumbai Mwangangia - L.R No Mwimbi/KIRARO/555	1,601,244
14/Sep/20	Calumen Kangai Kaithenya - L.R No Mwimbi/KIRARO/744	120,000
14/Sep/20	Kimathi Kathenya - L.R No Mwimbi/KIRARO/744	278,930
	<b>Total</b>	<b>16,877,744</b>

#### C. Chogoria Water Project

Date	Particulars	Amount KES
9/Jun/20	Jackchin Kithuci LR MWIMBI/MURUGI/2320	1,725,000.00
	<b>Total</b>	<b>1,725,000</b>

#### D. Marsabit Sewerage Infrastructure

Date	Particulars	Amount KES
13/Mar/20	Saleh Salim M Addulla- Land LR. Marsabit/Mountain/538	37,065,000
13/Mar/20	Hassan Salim Mohamed- Land LR. Marsabit/Mountain/56	37,065,000
8/Apr/20	Yusuf Ote Soke- Land LR. Marsabit/Mountain/55	37,065,000
	<b>Total</b>	<b>111,195,000</b>
	<b>Grand Total</b>	<b>131,391,572</b>

Agency

