

REPUBLIC OF KENYA



**REPORT**

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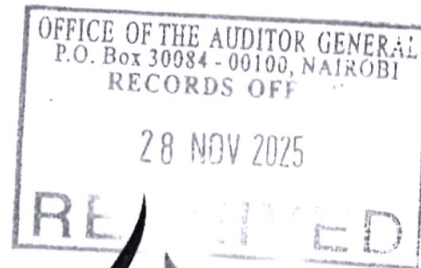
OF  
TABLED  
BY: Dep. Leader of the Opposition  
EDN. OWEN BATA MP  
CLERK AT  
THE TABLE: MERCY CHUMO

**THE AUDITOR-GENERAL**

**ON**

**WATER SERVICES  
REGULATORY BOARD**

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



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**WATER SERVICES REGULATORY BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR PERIOD ENDING 30<sup>TH</sup> JUNE 2025**

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

**Water Services Regulatory Board**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2025.**

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**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

CEO	Chief Executive Officer
WASREB	Water Services Regulatory Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
OAG	Office of the Auditor General
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
USAID	United States Agency for International Development
WSP	Water Service Provider
NRW	Non-Revenue Water
GIS	Georeferenced Information System
PPPs	Public Private Partnerships
PS	Principal Secretary
CS	Cabinet Secretary
CECM	County Executive Committee Member
WWDA	Water Works Development Agency
NCT	Northern Collector Tunnel
WIMIS	Water Integrated Management Information System
ISO	International Organization for Standardization
HSC	Head of State Commendation
WASH	Water Sanitation & Hygiene
P4R	Program for Results
SCAC	State Corporation Advisory Committee
MWSI	Ministry of Water Sanitation and Irrigation
KPI	Key Performance Indicators
CWIS	Citywide Inclusive Sanitation
NSS	National Sanitation Strategy
SDG	Sustainable Development Goals

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WASPA	Water Service Providers Association
UNICEF	United Nations International Children's Emergency Fund
SNV	SNV Netherlands Development Organisation
PFM	Public Finance Management
FY	Financial Year
KACRUWASCO	Kakamega Rural Water and Sanitation Company

**B: Definition of Key Terms**

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

**Comparative Year-** Means the prior period

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**2. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

Water Services Regulatory Board is a corporate body established under the provisions of the Water Act 2016 and operating under the provisions of the State Corporations Act, Cap 446 of the laws of Kenya and it is domiciled in Kenya.

**(b) Principal Activities**

The mandate of the institution is to oversee the implementation of policies and strategies relating to provision of water and sewerage services. WASREB sets rules and enforces standards that guide the sector towards ensuring that consumers are protected and have access to efficient, adequate, affordable and sustainable services.

The principal activities of the Water Services Regulatory Board according to the Water Act 2016 are as follows: -

- i)* Determine and prescribe national standards for the provision of water services and asset development for water services providers.
- ii)* Evaluate and recommend water and sewerage tariffs to the county water services providers and approve the imposition of such tariffs in line with consumer protection standards.
- iii)* Set licence conditions and accredit water services providers.
- iv)* Monitor and regulate licensees and enforce licence conditions.
- v)* Develop a model memorandum and articles of association to be used by all water companies applying to be licensed by the regulatory board to operate as water services providers.
- vi)* Monitor compliance with standards including the design, construction, operation and maintenance of facilities for the provision of water services by the water works development bodies and the water services providers.
- vii)* Advise the cabinet secretary on the nature, extent and conditions of financial support to be accorded to water services providers for providing water services.
- viii)* Monitor progress in the implementation of the water strategy and make appropriate recommendations.
- ix)* Maintain a national database and information system on water services.

**KEY ENTITY INFORMATION AND MANAGEMENT (CONTINUED)**

**Principal Activities (continued)**

- x) Develop guidelines on the establishment of consumer groups and facilitate their establishment.
- xi) Inspect water works and water services to ensure that such works and services meet the prescribed standards.
- xii) Report annually to the public on issues of water supply and sewerage services and the performance of relevant sectors and publish the reports in the gazette.
- xiii) Make regulations on water services and asset development which shall include business, investment and financing plans in order to ensure efficient and effective water services and progressive realization of the right to water services.
- xiv) Advise the cabinet secretary on any matter in connection with water services; and
- xv) Make recommendations on how to provide basic water services to marginalised areas.

**Vision**

The Vision of the Board is “A proactive and dynamic water services regulator”.

**Mission**

To provide a regulatory environment that facilitates efficiency, effectiveness and equity in the provision of water services in line with the human right to water and sanitation.

**Core Values**

**Accountability:** Responsible to the citizens in providing consumer protection and stability.

**Responsiveness:** Respond to our stakeholders’ needs and Actions in a timely and effective way.

**Innovation:** Seek out new possibilities and solutions to respond to regulatory challenges.

**Teamwork:** Work as a cohesive team and seek partnerships to achieve effective goals.

**Strategic Objectives**

The Board's five objectives are as follows: -

- i) Enhance consumer and other stakeholders’ confidence in water services regulation
- ii) Strengthen governance in water services provision,
- iii) Ensure a financially sustainable and socially responsive water services sector.
- iv) Enhance compliance with regulations.
- v) Strengthen institutional capacity.

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**(c) Key Management**

The Board/s day-to-day management is under the following organs:

Board of Directors/Ceo/Management and staff as listed below;

No.	Designation	Name
1	Board of Director (Chairperson)	<b>Mr. Job Chirchir</b>
2	Board of Director	<b>Mrs Rose Nyakwana</b>
3	Board of Director	<b>Ms Catherine Nzioki</b>
4	Board of Director	<b>Ms Irene Cheruiyot</b>
5	Board of Director	<b>Rev.(Dr) Stephen Kanyaru</b>
6	Board of Director	<b>Mr Peter Nduda Mutisya</b>
7	Board of Director	<b>Mr. Arnold W. Wasilwa</b>
8.	Ag Chief Executive Officer	<b>Richard K. Cheruiyot</b>
9.	Ag. Director Corporate Services	<b>Angela Kimani</b>
10	Director Licensing, standards advocacy & public education	<b>Eng. James Kigutu</b>
11	Manager finance and accounts	<b>David Leleito Kibai</b>
12	Manager Legal Services	<b>John Hosea Muruka</b>

**(d) Fiduciary Management.**

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

No.	Designation	Name
1.	Ag Chief Executive Officer	<b>Richard K. Cheruiyot</b>
2	Ag. Director Corporate Services	<b>Angela Kimani</b>

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No.	Designation	Name
3	Director Licensing, standards advocacy & public education	<b>Eng. James Kigutu</b>
4	Manager finance and accounts	<b>David Leleito Kibai</b>
5	Manager Legal Services	<b>John Hosea Muruka</b>

**(e) Fiduciary Oversight Arrangements**

The board has set up the following committees which meet under well-defined terms of reference set by the board. This is intended to facilitate efficient decision making of the board in discharging its duties and responsibilities.

**(i) Corporate Services Committee**

This Committee deals with strategic, financial, employment and administrative issues. Its responsibilities include: Performance contract negotiation; Reviewing of Annual Accounts; Reviewing Development and Recurrent Budgets; Recommendation of Board's Strategic Document, monitoring all human resources matters and monitoring the financial management of the corporation and matters of WASREB information, communication and media system and plans.

**(ii) Technical Services Committee**

There is a Technical Services Committee whose responsibilities include; Overseeing development and enforcement of regulations and laws; Approval of tariffs; Reviewing of water service standards and ensuring compliance; Approval of Service Provision Agreements; Recommending issuance of licenses to water service boards and making recommendations as regard setting and determination of fees, levies, premiums and other charges to be imposed for water services.

**(iii) Audit and Risk Management Committee**

As per the requirements of the Public Finance Management Act 2012, there is the audit and risk management committee. Its responsibilities include; examining and assessing the effectiveness of the internal control system; approving the Internal Audit programs; carry out special audits,

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Verifying Boards assets and liabilities and receiving reports from the Internal Auditor and to adopt a pro- active risk-based approach in the internal audit system.




- (f) **WASREB Headquarters**  
P.O. Box 41621 - 00100  
NHIF Building  
Ngong Road  
Nairobi, KENYA
- (g) **WASREB Contacts**  
TEL: +254 (0) 0202733561  
Email: [info@wasreb.go.ke](mailto:info@wasreb.go.ke)  
Website: [www.wasreb.go.ke](http://www.wasreb.go.ke)
- (h) **WASREB Bankers**
1. National Bank of Kenya  
Hill Branch  
P.O. Box 45219-00100  
NAIROBI, KENYA
  2. Kenya Commercial Bank  
Capital Hill-4025  
P.O. Box 69695-00400  
NAIROBI, KENYA
  3. Co-operative Bank of Kenya  
Upper hill Branch, Kuscco Centre  
P.O. Box 30415-00100  
NAIROBI, KENYA
- (i) **Independent Auditors**  
The Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
NAIROBI, KENYA.
- (j) **Principal Legal Advisor**  
The Attorney General  
State Law Office and Department of Justice  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
NAIROBI, KENYA

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**3. THE BOARD OF DIRECTORS**

Ref.	Directors	Details
1.	 <b>Mr. Job Chirchir</b> <b>Chairman</b>	<p>Job Chirchir born 1966, is the Chairperson of the Board of Directors of WASREB having been appointed on 13<sup>th</sup> October 2023 as an independent director. He is human resource management professional and has worked in various institutions as a board member, most recently as a board chairman at Kenya Forest Services. He is serving the board of Water Services Regulatory Board on a three-year term.</p>
2.	 <b>Mrs Rose Nyakwana</b> Alternate Member PS Ministry of Water, Sanitation and Irrigation	<p>Mrs Rose Nyakwana born 1970, is a Director of Sanitation Management in Ministry of Water, Sanitation and Irrigation. She was appointed to WASREB Board as an alternate, PS Ministry of Water, Sanitation and Irrigation. He holds Bachelor of Law. She has held senior positions in the Ministry.</p>
3.	 <b>Ms Catherine Nzioki</b> Alternate Member PS, The National Treasury	<p>Ms Catherine Nzioki born 1986 was appointed to WASREB Board as an alternate CS, The National Treasury. He holds a Bachelor of degree in business. She has over 8 years' experience in, Public Policy, Commercial Affairs and Financial Management.</p>

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4.	 <p><b>Ms. Irene Cheruiyot</b></p>	<p>Irene Cheruiyot born 1986, is a Procurement specialist. She was appointed to WASREB Board and is the Chair Corporate Services committee. She holds a Bachelor of Business Administration (Procurement option). She has been an elected member of Nakuru County Assembly for 10 years and having sat in different county assembly committees.</p>
5.	 <p><b>Rev.(Dr.) Stephen Kanyaru</b></p>	<p>Rev. (Dr.) Stephen Kanyaru born 1949, is an ordained Minister of the Methodist Church. He was appointed to WASREB Board and is also Chair Audit committee.</p> <p>He holds a Doctorate in Ministry, Masters in Theological Studies and Bachelor of Divinity. He has 17 years hands on Church Leadership and Management and 39 years on Christian living, Pastoral Ministry, Education, Governance, Prayer, Health and Wholeness</p>
6.	 <p><b>Mr. Peter Ndunda Mutisya</b></p>	<p>Mr. Peter Ndunda Mutisya born 1970, is a Managing Director in Agriculture sector. He was appointed to WASREB Board. He holds a Bachelor of Science in Agriculture and a Master of Science -Crop Production. He has over 30 years' experience in Agro business.</p>
		<p>Arnold Wamalwa Wasilwa born 1991, is a Technical Audit Engineer in Energy Sector. He was appointed as WASREB Board member and is the Chair Technical Services committee. He holds a Bachelor of Science in Electrical and Electronics</p>

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7.	 <p><b>Mr. Arnold W. Wasilwa</b></p>	<p>Engineering. He has over 7 years in design, construction of medium and low voltage power networks, sub-stations, metering, electrical installations internal audit risk and energy audit.</p>
8.	 <p><b>Richard K. Cheruiyot</b></p>	<p>Richard Cheruiyot is the Director Monitoring and Enforcement and currently the Ag. Chief Executive Officer from 1<sup>st</sup> September 2024. He holds a Bachelor of Science degree in Analytical Chemistry from the University of Nairobi. He is also a holder of two master’s degrees in environmental chemistry and business administration both from the University of Nairobi.</p> <p>Mr. Cheruiyot has over 23 years’ experience in management of water services both at policy levels, regulation and operations with a bias in regulation, with a specific focus on the development and monitoring of compliance to the regulatory framework. Prior to joining WASREB, he worked with the National Water Conservation and Pipeline Corporation as the Deputy Regional Manager in charge of Technical Services in the Western Region.</p>
9.	 <p><b>John Hosea Muruka</b></p>	<p>John Muruka is the Corporation Secretary &amp; Manager Legal Services, WASREB. He is a Certified Secretary and Advocate of the High Court of Kenya with 19 years’ experience in commercial and corporate practice, governance and policy advisory, corporate restructuring, project finance, governance audits and compliance. Part of his accomplishments in the water sector includes overseeing water sector governance reforms under the Water Act 2016, policy reforms to strengthen the legal and policy framework for water services within the devolved system of government in Kenya, leading regulatory compliance</p>

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		<p>to promote transparency in licensed utilities, and stakeholder engagement to support an inclusive reform agenda.</p> <p>He holds a Bachelor of Laws Degree from Makerere University and a Post Graduate Diploma in Law from the Kenya School of Law. He is currently undertaking a Master of Laws (LLM) in Corporate Governance and the Law at the University of Nairobi and is awaiting the defence of his thesis. Muruka holds an advanced certification in Public Utility Regulation from the University of Florida (PURC) and an Advanced Professional Certificate in Management of Water Institutions from the IHE Delft Institute for Water Education in the Netherlands.</p> <p>Muruka is a member of the Institute of Certified Secretaries of Kenya (ICS), the Law Society of Kenya (LSK), and the East Africa Law Society (EALS).</p>
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**4. MANAGEMENT TEAM**

Water Services Regulatory Board re-organized its Organization Structure effective 1<sup>st</sup> June 2020 as follows:

To effectively carry out its functions and fulfil its strategic objectives and mandate, WASREB is structured into three (3) Directorates and five (5) Departments reporting directly to the CEO as shown below:

**DIRECTORATES**


1. Licensing, Standards and Advocacy
2. Monitoring and Enforcement
3. Corporate Services

**DEPARTMENTS**



1. Corporation Secretary & Legal Services
2. Corporate Communication
3. Research, Planning and Quality Assurance
4. Supply Chain Management
5. Internal Audit

**Fiduciary Oversight Arrangements**

The board has set up the following committees which meet under well-defined terms of reference set by the board. This is intended to facilitate efficient decision making of the board in discharging its duties and responsibilities.

Reference	Management	Details
1.	 <b>Richard K. Cheruiyot</b>	<p>Richard Cheruiyot is the Director Monitoring and Enforcement and currently the Ag. Chief Executive Officer from 1<sup>st</sup> September 2024. He holds a Bachelor of Science degree in Analytical Chemistry from the University of Nairobi. He is also a holder of two master's degrees in environmental chemistry and business administration both from the University of Nairobi.</p> <p>Mr. Cheruiyot has over 23 years' experience in management of water services both at policy levels,</p>

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		<p>regulation and operations with a bias in regulation, with a specific focus on the development and monitoring of compliance to the regulatory framework. Prior to joining WASREB, he worked with the National Water Conservation and Pipeline Corporation as the Deputy Regional Manager in charge of Technical Services in the Western Region.</p>
2.	 <p><b>Eng. James Kigutu</b></p>	<p>Eng. James Kigutu is the Director Licensing, Standards, Advocacy and Public Education. He holds a BSc. Civil Engineering from the University of Nairobi; MSc. Water Resources Engineering and Management from University of Stuttgart, Germany; and Master of Business Administration (MBA) from United States International University-Africa. He is a Professional Engineer with Engineers Board of Kenya (EBK) and Corporate Member of the Institution of Engineers of Kenya (IEK).</p>
3.	 <p><b>David Leleito Kibai</b></p>	<p>David Leleito is the Manager Finance &amp; Accounts. He holds a B.Com (Finance) from Catholic University for Eastern Africa and an MBA (strategic management) from University of Nairobi. He is a Certified Public Accountant of Kenya, CPA (K). He has over 22 years' experience in Finance and Accounting. Mr Leleito is a member of the International Water Association (IWA).</p>

## 5. CHAIRMAN'S STATEMENT



The Financial Year 2024/2025 marked a period of strategic progress and continued alignment with WASREB's vision of ensuring sustainable and equitable water and sanitation service delivery across the country. Guided by the amended Water Act 2016, our Medium-Term Strategy, and strong institutional partnerships, WASREB embedded environmental sustainability and good governance at the heart of its regulatory functions.

We intensified our presence at key sector events—including the Kenya Sanitation Governance Conference and regional Agricultural events—where we promoted climate-smart and sustainable water management solutions. Our team actively engaged with stakeholders at the grassroots level, reinforcing the regulatory agenda and supporting initiatives that build sector resilience to climate change.

Institutionally, WASREB partnered with global and national actors, including the World Bank, USAID, and civil society networks, to conduct high-impact workshops and technical assistance programs aimed at strengthening water utility performance, enhancing sanitation governance, and promoting inclusive policy development. Our efforts toward improving creditworthiness, data-driven regulation, and the roll-out of the Performance Improvement Action Plan (PIAP) for 33 utilities underscore our commitment to financial sustainability and quality service provision. Through robust county engagements, we addressed systemic challenges in tariff adjustments, licensing, small-scale service delivery, and bulk water supply. These engagements were pivotal in fostering intergovernmental collaboration and in driving long-term reforms, including clustering, dispute resolution, and performance-based management. WASREB also reinforced its environmental stewardship through tree planting initiatives, World Water Day celebrations, and active participation in national reforestation campaigns. These efforts reflect our belief that sound water regulation and environmental protection are inherently linked.

During the period under review, the Board faced several operational and sectoral challenges that impacted the pace of regulatory progress. High Non-Revenue Water (NRW), as highlighted in the *Impact 17* report, remained a major concern, with several Water Service Providers recording elevated levels that continue to undermine service efficiency and sector sustainability. The tariff adjustment process also encountered significant stakeholder resistance, leading to delays in approval and implementation across various WSPs. Internally, inadequate office space limited

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staff expansion and constrained operational effectiveness and delayed levy remittances by some WSPs.

As we reflect on this year's achievements, we remain grateful to our stakeholders—national and county governments, development partners, utilities, and the public—for their trust and collaboration. We reaffirm our commitment to championing effective regulation, inclusive growth, and sustainability in Kenya's water and sanitation sector.



**MR. JOB CHIRICHIR**

**CHAIRMAN OF THE BOARD OF DIRECTORS**

## **6. REPORT OF THE CHIEF EXECUTIVE OFFICER**



In the Financial Year 2024/2025, WASREB implemented its regulatory mandate in alignment with the Water Act 2016 (as amended in 2024), the Medium-Term Strategic Plan, and the Performance Contract with the Government of Kenya. The Board focused on ensuring equitable, efficient, and sustainable water service delivery through strengthened oversight, institutional development, and stakeholder collaboration.

The year was marked by a continued drive to promote consumer protection, tariff regulation, and performance-based oversight, amid growing demands for accountability and service efficiency. The 17th edition of the Impact Report was published, assessing 95 WSPs and providing critical insights to guide regulatory action and sector investments.

We maintained prudent financial management, enabling the internal financing of development and operational activities, while ensuring a healthy cash flow.

Key strategic interventions included:

Addressing agitation over tariff adjustments by proposing structured, county-wide public participation models and enhancing engagement with County Assemblies and leadership.

Reviewing Public Participation Guidelines and initiating plans to reassign stakeholder engagement roles to strengthen consistency in tariff communication.

Investigating the impact of KES 500M in NRW investments, revealing minimal progress among large utilities. We are now adopting data verification mechanisms, including GIS-supported project tracking.

Advancing the licensing framework for PPPs while navigating challenges such as forex risk, license duration, and service overlap.

Tackling gaps in shared sewer management, especially on double billing and infrastructure responsibilities, with a scheduled review of handover instruments and revenue-sharing guidance.

Enforcing compliance with bulk water agreements, particularly among utilities served by Athi WWDA, to safeguard sustainability and revenue recovery.

We also made notable progress in other strategic areas:

Inspections and Tariff Implementation Reviews were conducted across multiple WSPs to ensure compliance with service standards.

A 100% resolution rate was recorded in consumer complaints, aligned with our service charter.

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Key advisories were issued to both national and county governments to improve governance in water services provision.

Engagements were held with counties like Nyeri, Machakos, and Murang'a to address financial sustainability, governance, and service coverage.

We enhanced consumer engagement through media campaigns, clinics in six counties, and targeted utility support workshops.

Regulatory oversight of Small-Scale Service Providers (SSSPs) was expanded through a national registration and licensing framework.

Internally, WASREB initiated a comprehensive Workload and Skills Gap Assessment, resulting in a revised staff establishment to deliver the Board's Mandate. A review of HR instruments is currently underway to align capacity with our evolving mandate.

I am pleased to report that as WASREB moves forward, our focus remains on strengthening regulation, improving stakeholder collaboration, and driving sustainable service delivery for all Kenyans. I sincerely thank our dedicated staff, Board members, and all stakeholders for their steadfast support and commitment, which have been pivotal to our success.



**Richard K. Cheruiyot**

**AG. CHIEF EXECUTIVE OFFICER**

## 7. STATEMENT OF WASREB'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

During the Financial Year 2024/2025, WASREB implemented its regulatory mandate in alignment with the Water Act 2016 (as amended in 2024), the Medium-Term Strategic Plan, and the Performance Contract with the Government of Kenya. The focus was to ensure equitable, efficient, and sustainable water service delivery through strengthened oversight, institutional development, and stakeholder collaboration.

During the period under review, the total revenue increased from Kshs. 494.6 million to Kshs 522 million. This facilitated the internal financing of development and operational expenditures. The approved budget for the period was strictly followed and this, coupled with cost control measures, ensured a healthy cash flow position during the year. Some strategic issues to realize its vision and achieve its purposes, were premised on:

### **1. Agitation for tariff reduction and implication to service delivery**

Reasons for agitation in tariff reduction is based on inadequate engagement with the county assembly and the entire leadership of the county government and inadequate outreach targeted strategy that would ensure majority of consumers are aware and understand the why WSP intends to adjust tariff and the benefits to accrue from such adjustment.

Engagement with county assemblies and county government should be enhanced to ensure a common understanding on mutual benefit of adjusting tariffs. There should be a change of strategy on public participation whereby the consultation can be staggered to take place for a week to ensure all wards in the service area of a WSP are covered. This will ensure consultation is brought close to the public where services are offered.

As evidenced from the previous consultation activities, WASREB has cascaded the process to be undertaken at the zonal level by the WSPs to ensure more consumers are reached. We are still mulling with the option of engaging the political class at the county level since our previous engagement process was with the County executive.

### **2. Strengthening Public Participation and Tariff Communication**

WASREB is to initiate a review of the Public Participation Guidelines to support Water Service Providers (WSPs) throughout all tariff review stages—from pre-application to post-implementation. The guideline's aim to clearly define stakeholder roles, modes of engagement, and appropriate levels of decentralization to promote inclusive and efficient participation.

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It is also to enhance awareness and stakeholder buy-in, a dedicated budget for tariff communication was proposed. This will facilitate the use of simplified and localized materials including translations, graphics, media engagements, posters, and animations. Internal communication capacity will be strengthened, with the option to outsource where necessary.

Additionally, responsibility for public participation needs to be realigned to the Advocacy team. Following technical review, the Advocacy team will have to coordinate the entire stakeholder engagement process, ensuring consistency, focused oversight, and continuous improvement.

### **3. Evaluating Investment Impact on Non-Revenue Water (NRW)**

Despite significant investment—over KES 500 million budgeted in tariffs over the past five years—very large utilities have recorded minimal progress in reducing Non-Revenue Water (NRW), with average levels remaining high at 44% against the sector benchmark of 20%. This inefficiency contributes to higher tariffs and limits utilities' capacity to meet service demand.

WASREB identified gaps in verifying NRW performance, as current systems rely on self-reported utility data. To address this, WASREB is strengthening oversight by initiating assessments to verify the effectiveness and implementation of NRW-related investments. Going forward, pre-tariff assessments, annual monitoring, and requirements for investment designs with GIS data will be adopted to ensure accountability and improved outcomes.

### **4. Licensing Public-Private Partnerships (PPPs) in the Water Sector**

In line with Section 85(1) of the Water Act 2016 and the PPP Act 2021, WASREB continues to develop regulatory frameworks to accommodate Public-Private Partnership (PPP) ventures aimed at bridging the sector's financing gap.

While PPPs present opportunities for accelerating universal access, challenges remain around license duration, tariff affordability, foreign exchange risks, and overlapping service areas with existing utilities. To address these, WASREB is reviewing licensing models, enhancing stakeholder engagement, and considering updates to its indexation framework to cater for forex-linked investments.

Engagement with the ministry and the consultant working on the partnership for Sabaki proposal is in progress. Existing Indexation model may be reviewed to cater for forex adjustments for this category of players.

## **5. Management of Shared Sewer Networks**

Clause 13 of the license mandates utilities to develop and maintain sewer infrastructure, with support through tariff provisions. However, gaps have emerged in the management of shared sewer networks, especially where one utility discharges effluent into another's system without a cost-sharing arrangement.

Instances such as in Kiamumbi, where both Nairobi and Kiambu Water Companies bill customers for sewer services, have led to double billing and confusion. The absence of clear guidance in the deed of handover and from WASREB has created loopholes in operations and revenue accountability.

To address this, WASREB plans to:

- Review the deed of handover to include guidance on shared sewer arrangements.
- Provide direction on revenue sharing during tariff determinations to prevent customer exploitation and ensure equitable cost recovery.

Management has scheduled the review of handover instruments in the first quarter to streamline operations and billing under shared sewer frameworks.

## **6. Compliance with Bulk Water Supply Agreements**

WASREB issued bulk supply licenses to Athi WWDA to supply water from Northern Collector Tunnel and Karimenu Dam to WSPs in Nairobi, Kiambu, and Murang'a counties. Although draft agreements were approved and bulk water supply commenced, none of the intended utilities—Ruiru-Juja, Nairobi, Gatanga, and Kiambu—have signed the agreements or submitted them to WASREB, hindering compliance monitoring.

Despite Athi WWDA revising bulk water prices to match utilities' gazetted production costs, the agreements remain unsigned. This noncompliance has affected revenue collection, undermining sustainability of the bulk systems. WASREB will enforce compliance and initiate regulatory action against non-signing WSPs to safeguard service continuity and cost recovery. Only Runda (NCT) has submitted an agreement for consideration; final approvals are pending full execution by all parties.

WASREB develops its annual work plan based on the 4 strategic pillars. assessment of the Board's performance against its annual workplan is done on quarterly basis. The Board achieved its performance targets set for the FY 2024/2025 for its 4 strategic pillars as indicated below: -

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**Compliance with License Conditions on Established Standards Monitored**

The Board carried out inspections on 38 WSPs for Water Quality Surveillance and Tariff Implementation Reviews done in 19 WSPs.

**Consumer Protection and Complaints Resolution**

Operationalized the consumer complaints handling system and recorded a resolution rate of 100% within charter timelines. Carried out public sensitization campaigns on consumer rights, complaint redress, and tariff justification through its media platforms.

**Advisories in Water Services Provision Provided to National and County Governments**

During the year, two advisories were issued:

- Advisory on Bulk water supply framework under the water act 2016 to all WWDAs
- Advisory on Eligibility Criteria for Board of Directors to all WSPs.

**County Engagement Strategy Implemented**

The Board engaged Nyeri, Machakos and Murang'a county on discussions that focused on improving financial sustainability, governance, and service coverage in the county. County senior officials were involved.

**Consumer Engagement in Water Services Delivery Facilitated**

WASREB facilitated Consumer Engagement in Water Service Delivery by:

- i) Enhancing capacity of utilities by doing compliance workshops to improve on their Governance, Human Resource Management, Tariff Management and Regulatory Compliance.
- ii) Having talk shows and panel discussions on tariff structures that balance cost recovery with affordability and equity and role of regulation in water access.
- iii) Enhancing consumer engagement through media and other communication channels.
- iv) Conducting consumer clinics across 6 Counties to educate consumers on their rights and obligations in water.

**Enhanced Regulation of Small-Scale Service Providers (SSSPs)**

Developed and implemented a national framework for the registration, licensing, and oversight of SSSPs. The Regulator is currently working with counties to map and regularize informal providers, improving consumer protection and access in underserved areas.

**Sector Performance Monitoring and Reporting**

Published the 17th edition of the Impact Report, evaluating 95 WSPs performance and sector trends for the year 2023/24 on 25<sup>th</sup> June 2025. The report assessed key sector performance indicators and

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emerging trends and provided evidence-based insights to inform regulatory actions, enhance public awareness, and support investment decision-making within the water and sanitation sector.

**Institutional Capacity and Governance**

Key Human Resource initiatives have been undertaken to strengthen institutional capacity and align with its expanded regulatory mandate:

**Workload Analysis:** A comprehensive workload assessment was conducted, resulting in a recommendation to review the staff establishment, in line with the broadened regulatory functions and service delivery demands.

**Skills Gap Assessment:** An institutional skills audit was carried out to identify existing competencies and critical gaps, providing a basis for targeted training, recruitment, and succession planning.

**HR Instruments Review:** The review and update of key Human Resource instruments (including the organization structure, job descriptions, and HR policy manuals) is currently underway to support the proposed establishment and ensure alignment with modern HR best practices.

**2023-2027 Strategic plan Achievement**

During the financial year 2024/2025, the board realized the following achievement of its strategic plan in line with its key result areas of Governance, Access to Water Services, Collaboration and Effective Regulator.

To Ensure the Realization of The Right to Water Services, the Board issued licenses for service provision, carried out capacity building workshops for WSPs and Counties on Corporate governance as well as disseminated the revised Corporate Governance Guidelines. In addition, the board determined and gazetted cost reflective tariffs to ensure that the WSPs were operating sustainably in order to ensure the sustainability of access to water services.

In streamlining Water Service Provision in Rural and Underserved areas, WASREB engaged key stakeholders in more than 50% of the Counties on governance, financing and regulatory compliance of rural water service provision. The Board collaborated with key stakeholders in these engagements.

To Ensure Compliance with Established standards, the Board carried out capacity building workshops across the whole country targeting the WSPs and their respective counties. In addition, the Board carried out inspections of Water service providers to enhance compliance with standards.

To Strengthen Public Accountability in Water Service Provision, WASREB conducted various consumer engagement activities through public hearings for licenses and tariffs and consumer clinics. The board also launched the annual Water sector Performance report IMPACT which contained the performance of all WSPs.

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To Enhance Operational Efficiency in Service Delivery, the Board upscaled the use of the WIMIS information system for internal and external processes, with key processes such as license applications, leave management and Internal Quality Audits among others being undertaken through this automated platform with all internal users on boarded. Further, the inspections process was re-engineered to reduce turnaround time by leveraging on the WIMIS online platform. This is a key process in WASREB for ensuring compliance with standards, thus the focus making it efficient and effective.

In ensuring quality of its services, the board's continued ISO 9001:2015 Certification during the period by the Kenya Bureau of Standards is a reflection of the Board's commitment to quality services. The Board's staff were trained in various areas to ensure the effectiveness of the regulator.

**Summary of the achievement of predetermined objectives**

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
1. Agitation for tariff reduction and implication to service delivery	To secure stakeholder understanding and acceptance of tariff adjustments through enhanced communication and inclusive public participation.	- Increased common understanding with County Governments. - Number of wards covered in consultations. - Stakeholder buy-in measured through reduced agitation.	- Enhance engagement with County Assemblies and County Governments. - Stagger public consultations over a week to cover all wards. - Engage the political class at the county level. - Allocate a dedicated budget for tariff communication	Cascaded consultation processes to the zonal level via WSPs.

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			(localized materials, media). - Realign public participation	
2. Strengthening Public Participation and Tariff Communication	To enhance the effectiveness, inclusivity, and clarity of public participation and communication throughout the tariff review process to secure stakeholder understanding and buy-in.	<ul style="list-style-type: none"> <li>- Revised Public Participation Guidelines finalized and disseminated.</li> <li>- Dedicated budget for tariff communication approved and utilized.</li> <li>- Range and number of simplified communication materials produced (e.g., translations, graphics, posters).</li> <li>- Stakeholder engagement process consistently coordinated by Advocacy team.</li> </ul>	<ul style="list-style-type: none"> <li>- Initiate a review of the Public Participation Guidelines for WSPs.</li> <li>- Define clear stakeholder roles, engagement modes, and levels of decentralization.</li> <li>- Propose and secure a dedicated budget for tariff communication.</li> <li>- Develop and deploy simplified, localized communication materials (translations, graphics, media, posters, animations).</li> <li>- Strengthen internal communication capacity and explore</li> </ul>	<ul style="list-style-type: none"> <li>- Conducted various consumer engagement activities through public hearings for licenses and tariffs and consumer clinics.</li> <li>- Held talk shows and panel discussions on tariff structures that balance cost recovery with affordability and equity on X space.</li> <li>- Enhanced consumer engagement through media and other</li> </ul>

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			outsourcing options. - Realign responsibility for public participation to the Advocacy team. -Empower the Advocacy team to coordinate the entire stakeholder engagement process for consistency and oversight.	communication channels. -Conducted consumer clinics across 6 Counties to educate consumers on their rights and obligations
3.Evaluating Investment Impact on Non-Revenue Water (NRW)	To verify the effectiveness of NRW investments, ensure accountability, and drive down water losses to improve sustainability.	- Reduction in average NRW levels. - Number of NRW verification assessments conducted. - Percentage of utilities submitting GIS-based investment designs.	- Initiate independent assessments to verify NRW investment effectiveness. - Implement pre-tariff assessments and annual monitoring for NRW. - Mandate investment designs include GIS data.	Identified as a critical issue; planned activities are ongoing.
4, Licensing Public-Private Partnerships	To develop regulatory frameworks for	-PPP regulatory framework	- Review licensing models and stakeholder	Framework development is in progress.

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(PPPs) in the Water Sector	PPPs to bridge the sector's financing gap while managing associated risks.	developed and implemented. - Number of PPP licenses issued. - Resolution of challenges (tariff affordability, forex risks).	engagement for PPPs. - Consider updates to the indexation framework to cater for forex-linked investments. - Engage with the ministry on specific PPP proposals (e.g., Sabaki).	
5. Management of Shared Sewer Networks	To establish clear guidelines and cost-sharing arrangements for the management of shared sewer networks to prevent customer exploitation.	- Revised deed of handover finalized. - Clear guidance on revenue sharing provided. - Resolution of double-billing instances.	- Review the deed of handover to include guidance on shared sewer arrangements. - Provide direction on revenue sharing during tariff determinations. - Schedule review of handover instruments.	Planned review of handover instruments in the first quarter
6. Compliance with Bulk Water Supply Agreements	To enforce the signing and adherence to bulk water supply agreements to ensure service continuity, cost	-100% of intended utilities sign bulk supply agreements. - Revenue collection for bulk systems improved.	- Enforce compliance and initiate regulatory action against non-signing WSPs. - Finalize approvals upon	- Runda (NCT) WSP submitted its bulk supply agreement for consideration. - Issued an Advisory on Bulk water

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	<p>recovery, and the financial sustainability of bulk water systems.</p>	<p>- Regulatory actions initiated against non-compliant WSPs.</p>	<p>full execution by all parties. - Engage with WSPs and Athi WWDA to resolve sticking points.</p>	<p>supply framework to all Water Works Development Agencies (WWDAs) - Carried out inspections and Tariff Implementation Reviews in 19 WSPs to ensure overall compliance, which includes financial sustainability linked to cost recovery from bulk supply.</p>
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## 8. CORPORATE GOVERNANCE STATEMENT

### Introduction

The Board of Directors acknowledge the need to conduct the business and operations of the Board with integrity and in accordance with generally accepted corporate practice and internationally developed principles of corporate governance. The Board recognize corporate governance as an essential element towards achieving the regulatory mandate provided in the Water Act 2016. The Board of Directors adhere to good corporate governance by embracing the following principles:

- i)* Observation of high standards of ethical and moral behaviour.
- ii)* Act in the best interests of WASREB.
- iii)* Ensure fair staff remuneration and promotion
- iv)* Promotion of legitimate interests of all stakeholders.
- v)* Ensure that the organization acts as a good corporate citizen.

The Board of Directors will continue to focus their attention on maintaining the highest standards of corporate governance and business ethics in WASREB's operations.

### Board Composition, Appointment and Size

The Board of Directors of WASREB, as provided under section 70(1) of the Water Act 2016, consists of the Chairman, four other members appointed by the Cabinet Secretary and the Chief Executive Officer. The Principal Secretary of the State Department of Water and Sanitation and the Principal Secretary of the National Treasury, or his representative, are members of the Board of Directors of WASREB by virtue of the provisions of the State Corporations Act.

The Chairman (Mr Job Chirchir, HSC) is non-executive. The Chairman's term and that of the other Board members is three years, renewable once for the same duration. The Cabinet Secretary appoints the Chief Executive Officer of the Board, on the Board's recommendations, for a term of three years, renewable once.

The appointment of Board members may be terminated in accordance with the provisions of the First Schedule of the Water Act, 2016, or by voluntary resignation.

### Independence and Separation of Roles and Responsibilities

The Board members exercise independent judgment in discharging their duties. The Board sets the organisation's strategic plan, oversees the implementation of policies, evaluates performance, and reports to stakeholders.

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The Chairman of the Board is primarily responsible for the Board's and its Committees' activities. The Chairman, in consultation with the Chief Executive Officer, sets the agenda for Board meetings, chairs the meetings and ensures effective communication to stakeholders. The Chief Executive Officer is responsible for the day-to-day management of the WASREB, subject to the Board's direction.

**Board Responsibilities**

The Board's responsibility is to promote the organisation's long-term success. The Board provides leadership, strategic direction and exercises effective control of the organisation. The Board members assume collective responsibilities, though their duties are discharged through the Board or its Committees.

**Board and Committee Meetings**

The Mwongozo Code of Governance for State Corporations provides that Board meetings will be held at least four times a year, and that no more than four months shall lapse between the date of one meeting and the next. The meeting dates are agreed upon by Board members and set out in the Board Work Plan. Notices of the location and the timing of meetings are issued fourteen days before the meetings. The Work Plan is adjusted when deemed necessary by the Board.

The Committees conduct their business in accordance with the rules and procedures set by the Board. The matters deliberated by the Committees are consequently presented to the Board by the respective Chairman during the next Board meeting for adoption.

The Committees are designed to ensure the Board runs efficiently and effectively, and in a manner that embraces corporate governance. The Committees enable the Board to effectively discharge its responsibility by delving into issues that require greater attention than would be possible during regular Board meetings. The Board has three Committees: Technical, Corporate Services and Audit and Risk.

**Corporate Services Committee**

The Corporate Services Committee is responsible for ensuring sound overall financial reporting, establishing an internal system of controls, and overseeing business plans and budgets, procurement, ICT, public relations, administration, and staff affairs. During the year, the Committee members were Ms Irene Chebichi Cheruiyot (Chair), Mr Peter Ndunda Mutisya, Ms Rose Ondenge Nyakwana and Ms Catherine Nzioki.

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**Technical Committee**

The Technical Committee's responsibilities are to provide technical and strategic direction to the Board and approve technical matters, including licensing, tariffs, enforcement measures, technical reports and budgets. During the year, the Committee members were Arnold Wasilwa Wamalwa (Chair), Ms Rose Nyakwana, Rev. Dr Stephen M. Kanyaru and Mr Peter N. Mutisya.

**Audit and Risk Committee**

The responsibilities of the Audit and Risk Committee are to: review the financial information of the Board; monitor the effectiveness of management information and internal control systems; deliberate on significant findings arising from both internal and external audits; and review the overall risks facing WASREB. During the year, the Committee members were Rev. Dr Stephen Kanyaru (Chair), Mr Arnold W. Wasilwa, and Ms Catherine Nzioki.

**Board Charter and Work Plan**

The Board has formulated a Charter that defines the Board's role and responsibilities in executing its strategic oversight of the organisation. The board members prepare an annual Work Plan. The Plan sets out the specific activities Board members must undertake to fulfil their mandate.

**Directors' Induction and Skills Development**

The Board provides new directors with an effective induction programme to familiarize them with their responsibilities as Board members and with general principles of corporate governance. The programme also provides members with an orientation to the organisation, its strategic plan, financial statements, policies, risk management, compliance programmes, and the Code of Conduct and Ethics. The Board ensures that a competence needs assessment is carried out periodically and an Annual Development Plan is prepared to address identified gaps. The Board ensures that its members are up to date with continuous professional development through their respective professional bodies.

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**Board Effectiveness and Evaluation**

The Board, its composition and performance evaluation are central to corporate governance. Further, Article 1.12 of Mwongozo requires Boards to undertake performance evaluation. In this regard, the Board, under the guidance of a representative of the State Corporation Advisory Committee (SCAC), conducts a Board performance evaluation.

The Board conducts an annual evaluation to appraise its performance. This evaluation is carried out in accordance with the Evaluation Tool. The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board also reviews the performance of each committee against the set Terms of Reference.

The Evaluation is undertaken at three levels: Peer Review, Self-evaluation, and Board evaluation. The results are analysed, and a mean score for each level is determined. Through this exercise, the Board identifies areas of strength and weakness and is committed to addressing the challenges identified. SCAC conducted the Board performance evaluation for the FY 2023/24. The overall rating was 94%, which was a good performance for the Board.

**Remuneration of the Board of Directors**

The remuneration of the Chairman and the other Board members is determined by SCAC as provided in the State Corporations Act. The members are paid a taxable sitting allowance. The Chairperson is paid a monthly fee and honoraria. The Board members are entitled to daily subsistence allowances while attending official duties. The members are reimbursed for their transport expenses at the prevailing AA rates. The Board members are also provided with outpatient and inpatient medical and personal accident covers.

**Ethical Leadership and Corporate Citizenship**

The Board members are required to act in the best interests of the organisation and to uphold their fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest, and favouring the interests of WASREB over other interests. The Directors, upon appointment, are sensitised to the requirements of the Mwongozo Code of Governance and have expressly committed to adhere to it.

Both the Board members and employees of the WASREB are expected to act honestly and in good faith to create a culture built on the principles of integrity, accountability, and transparency. The Board has developed a Code of Conduct and Ethics to guide Directors and employees in the performance of their duties. All Board members and employees sign a declaration of interest form,

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indicating that they will disclose any interest that may conflict with the organisation's interests. The Board members declare their interest at every Board or Committee meeting. The Board members and employees declare their wealth status in accordance with the Public Service Commission's requirements. The organisation maintains a Register of Gifts in accordance with the requirements of the Conflict-of-Interest Act, 2025, and this register is continuously updated.

### **Compliance with the Law**

The Board conducts its business affairs in compliance with all applicable laws, regulations, policies and accepted national and international standards. WASREB is in compliance with the Constitution, the Water Act 2016, the Leadership and Integrity Act, 2012, the Conflict-of-Interest Act 2025, the Public Procurement and Assets Disposals Act, 2015, the Public Finance Management Act, 2012, the Employment Act, among other legislation. The Board complies with the requirements of the Mwongozo Code of Governance and has developed a Board Charter that is based on the Mwongozo principles of good governance.

### **Delegation of Responsibilities**

The preparation of the Board's financial statements is a role delegated to management. These financial statements have been prepared in accordance with internationally accepted accounting principles based on appropriate accounting policies consistently applied and supported by reasonable judgment and estimates. Management ensures that adequate internal financial control systems are developed to provide reasonable certainty in respect of:

- i)* The completeness and accuracy of accounting records.
- ii)* The integrity and reliability of the Board's annual financial statements and
- iii)* The safeguarding of the Board's assets

Responsibility for the integrity, reliability and objectivity of the WASREB's financial statements lies with the Board. External auditors are responsible for independently examining and expressing an opinion on the reasonableness of the financial statements.

### **Statement of Risk Management and Internal Control**

The Board has recognized its responsibility to manage both internal and external risks as a key component of good corporate governance. It is committed to embedding risk management into the daily operations of the WASREB, from the setting of objectives and financial planning to achieve

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the set goals, through to departmental processes established to aid the Board's provision of services. It is believed that effective risk management will help the Board to achieve its corporate objectives and provide better services. WASREB has developed and is implementing an Institutional Risk Management Policy Framework (IRMPF).

**Responsibility**

Risk management is one of the most critical activities of WASREB. The Board, through the Audit and Risk Committee, has a responsibility for overseeing risk management within the organisation by ensuring that appropriate risk management strategies and policies are in place, and that processes established are adequate and effective. The Board defines the organisation's overall risk tolerance and ensures that sufficient tools and resources are in place to manage risks. The Board has assigned responsibility for risk management to the Chief Executive Officer; hence, management ensures that sound risk management processes are implemented and functioning effectively. The costs and resources employed in risk management are proportional to the obtainable benefits.

**Internal Controls**

Internal controls are designed to support the Board in achieving its objectives. The risks associated with achieving objectives need to be identified and evaluated to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in WASREB. The continuity of operations is ensured by safeguarding critical functions and essential resources.

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**Number of scheduled meetings and attendance**

The attendance at meetings during the year is summarised below:

<b>Board of Directors</b>	<b>Designation</b>	<b>Board Meeting Total Number of meetings (6)</b>	<b>Corporate Services Committee Total Number of Meetings (5)</b>	<b>Technical Services Committee Total Number of Meetings (6)</b>	<b>Audi and Risk Committee Total Number of meetings (...)</b>
Mr Job Chirchir, HSC	Chairman	6/6	N/A	N/A	N/A
Rev. Dr Stephen M. Kanyaru	Member	6/6	N/A	6/6	4/4
Mr Peter N. Mutisya	Member	6/6	5/5	6/6	N/A
Mr Arnold W. Wasilwa	Member	5/6	N/A	6/6	4/4
Ms Irene C. Cheruiyot	Member	6/6	5/5	6/6	N/A
Mr Antony Mwirigi	Former Member-Alt. PS, the National Treasury	4/6	3/5	4/6	3/4
Ms. Catherine Nzioki	Member-Alt. PS The National Treasury	2/6	2/5	N/A	1/4
Eng. SAO Alima	Former Member-Alt. PS MWSI	3/6	3/5	3/6	N/A

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<b>Board of Directors</b>	<b>Designation</b>	<b>Board Meeting Total Number of meetings (6)</b>	<b>Corporate Services Committee Total Number of Meetings (5)</b>	<b>Technical Services Committee Total Number of Meetings (6)</b>	<b>Audi and Risk Committee Total Number of meetings (...)</b>
Ms Rose O. Nyakwana	Member-Alt. PS MWSI	2/6	2/5	2/6	N/A
Dr Julius Itunga	Former Ag. CEO	2/6	2/5	2/6	N/A
Mr Richard Cheruiyot	Acting Chief Executive Officer	4/6	3/5	4/6	N/A

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

During the Financial Year 2024/2025, WASREB implemented its regulatory mandate in alignment with the Water Act 2016 (as amended in 2024), the Medium-Term Strategic Plan, and the Performance Contract with the Government of Kenya. The focus was to ensure equitable, efficient, and sustainable water service delivery through strengthened oversight, institutional development, and stakeholder collaboration.

The board total revenue increased from Kshs. 404 million to Kshs. 494.6 million to Kshs 522 million in the last three financial years respectively. This has facilitated the internal financing of development and operational expenditures. The approved budget for the respective periods was strictly followed and this, coupled with cost control measures, ensured a healthy cash flow position during the year. Some strategic issues to realize board vision and purposes, were premised on:

### **(i) Internal Controls**

WASREB has defined procedures and financial controls to ensure accurate reporting and safeguarding of resources. The system of internal control defines procedures to ensure that assets are safeguarded, transactions are authorized and recorded, and that material errors and irregularities are either prevented or detected within a reasonable period of time. The performance of WASREB is reported regularly to the Board of Directors through performance trends, forecasts, actual performance analysis and budgets. The Board reviews the effectiveness of internal control systems by assessing the work of both internal and external assurance providers. Internal assurance is carried out by the Internal Audit section, which reports to the Audit and Risk management Committee. The section provides confirmation that standards and policies are complied with. External assurance is provided by the Office of the Auditor General.

The Board is responsible for reviewing internal control systems. Over the period of reporting, the Board was satisfied that the system was effective. However, it is recognized that any system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss. Internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process.

### **(ii) Risk Assessment and Control Activities**

The risk assessment process related to financial reporting is conducted annually. The significant accounts in the financial statements are identified based on the evaluation of the impact and likelihood

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of the risks materializing. Internal audit ensures objective and independent assessment of the adequacy, efficacy and quality of internal controls.

Management is responsible for ensuring that internal control activities are performed and documented and is required to report to the Corporate Services Committee on compliance on a quarterly basis. In addition, WASREB has implemented a formal audit of the strategy, budget and financial performance. The monitoring of internal controls and risk management systems is performed at multiple levels such as periodical reviews of documentation. The audits are performed by the internal audit and monitored by the Audit Committee. The Audit Committee charter outlines its roles and responsibilities related to supervision and monitoring of internal control and risk management systems. The monitoring is performed on the basis of periodical reporting from Finance, Internal and External Audits.

**(iii) Challenges**

While it can be reported that the financial health of the institution was generally sound, challenges were encountered in the collection of the regulatory levy as most companies were unable to clear their arrears on time. In addition, water companies did not fully adhere to the tariff condition on the remission of levy provided in the approved tariff.

The Kenya Towns Sustainable Water Supply and Sanitation Program (KTSWSSP) is another key project being implemented with support from the African Development Bank. The project's main objective is to improve access, quality and availability of water supply in 19 towns and wastewater management services in 17 towns.

The Water and Sanitation Development Project (WSDP) being funded by the World Bank, is being implemented in six counties namely; Mombasa, Wajir, Garissa, Kwale, Kilifi and Taita Taveta.

**(iv) Build Resilience**

It is estimated that approximately 40% of the global population face water scarcity, while floods and other water-related disasters account for 70% of all deaths related to natural disasters. It is therefore evident that climate change will continue to have far reaching effects on drinking water supplies; ranging from quantity to quality aspects. As interventions are being put in place to mitigate the impacts of climate change, the sector should build resilience of the water supply systems. This will act as means of adaptation and hence minimize these impacts. The sector needs to review policies on water storage and flood control; manage water demand, among competing needs. There is need to improve operation and maintenance, to reduce wastage as an intervention to deal with the challenge.

**(v) Increase Investment**

It is appreciated that the gap between the available financial resources for the sector against the investment requirements remains huge. It is however noted that a majority of the investments lack the last mile infrastructure. This presents a challenge since investments on first mile without a supporting last mile, implies that consumers cannot receive the much-needed service. It is also noted that a number of players have a role in asset development and synergies need to be built to avoid duplication. Duplication makes the investments ineffective. To optimise on investments, the sector requires a coordinated approach. The Ministry of Water, Sanitation and Irrigation, is in the process of developing a national investment plan which will guide all investments in the sector.

**(vi) Sanitation**

It is estimated that 68% of the population is served through non-sewered sanitation system. This percentage is expected to increase as we move towards 2030. The establishment of a sanitation department at the policy level will go a long way in providing the much-needed policy guidance on NSS. The regulator has developed some standards both technical and operational on NSS. These however, may not realise much impact without a proper policy framework.

Going forward, a number of incentive mechanisms have been proposed to achieve this including:

- a. Monitoring and annual reporting on sewer and on-site sanitation
- b. Cost accounting for water and sewerage/sanitation services
- c. Tariff increases with improved sewer and on-site sanitation
- d. Ranking influenced by engagement in sewer and on-site sanitation
- e. Introduction of a sanitation development levy to support improvement in access to sanitation services
- f. Implementation of CWIS Services Assessment and Planning Tool.

The regulator is considering incorporating sanitation as a ranking KPI in the assessment of utilities in future.

**(vii) Reduction of Water Losses**

Non-Revenue Water (NRW) is at 45%. In financial terms and at the current average NRW of 45% and the sector turnover of KShs. 23.2 billion, against an acceptable sector benchmark of 20%, then conservatively, the sector is losing approximately KShs. 10.5 billion. These include:

- a. Incorporating in the license condition a requirement for a strategy to deal with NRW including having the requisite structure and staff

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- b. Revision of the NRW management standards to incorporate the lessons learnt in the last six years of implementation.
- c. Having NRW as a key component in assessing the potential of a utility to turn around.

**(viii) Enhance Inclusivity**

The present population served by the regulated WSPs is just about 53%, implying that the rest of the population is still reliant on services that are not regulated. The Guideline on Provision of Water Services in the Rural and other Underserved Areas aims at driving the objective of uniform standards under the rights to water and sanitation. The current report has provided a baseline of the type of water services that this segment of the population receives. Counties are expected to use the data collected to improve planning and management of water services in these areas. It is therefore incumbent upon the counties and WSPs to develop realistic roadmaps for the implementation of this Guideline. This is important to guarantee the health and safety of consumers by ensuring that operators adhere to standards in terms of quality, cost and customer service.

In furtherance of this obligation, the regulator in partnership with the counties will require all water system operators to register and obtain licenses for their operations. The initiative follows the successful registration of the same in Nairobi County.

**(ix) Improve Governance**

Inadequate governance continues to be an impediment to effective delivery of services by utilities. Preservation and enforcement of proper governance standards is crucial to the stability of the sector. Realizing this, however, takes time and utilities have to be continually engaged to drive this agenda. The regulator has continued to engage with key actors in this area including the top county management, the Boards of the utilities and the top management. A governance handbook is being prepared to assist counties in enforcing governance standards. Further, the regulator will continue to monitor utilities to ensure they adhere to prescribed service standards by means of a collaborative framework that facilitates transparency through proper reporting and makes the activities of each player predictable for a more robust sector.

## **10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

### ***i) Sustainability Strategy and Profile***

WASREB's sustainability strategy is anchored on its mandate to regulate water and sanitation services in Kenya while promoting efficiency, environmental responsibility, and long-term sector resilience. The strategy focuses on integrating sustainability into regulatory frameworks, operational procedures, and sectoral guidance to ensure that Water Service Providers (WSPs) deliver services that meet national and global sustainability standards.

- a) Regulation for Climate-Resilient Water Services:** Ensuring that WSPs adopt climate-smart infrastructure, reduce water losses, and integrate environmental safeguards in all operations. Eldoret, Nairobi, Runda WSPs are now using smart metering which has helped in reduction of NRW and accurate billing. Other WSPs are in progress in embracing smart metering.
- b) Strengthening Governance and Transparency:** Promoting accountability in service delivery, tariff setting, and customer engagement has enhanced financial and environmental sustainability. Tariff adjustments for several WSPs were adjusted having engaged the public to give their concerns before approval. Consumer clinics were done in six counties to create awareness on their right to water and obligation as consumers.
- c) Digital Transformation:** Leveraging technology has improved monitoring, reporting, and verification (MRV) of environmental performance across the water sector. This was done through WARIS where data from WSPs was used to report on their performance published on Impact 17 report.

### ***ii) Environmental Performance***

WASREB monitored environmental performance primarily through regulatory oversight, sector compliance supervision, and reporting by Water Service Providers. Environmental performance indicators focused on resource efficiency, conservation, and compliance with environmental standards.

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**Water Resource Efficiency and Non-Revenue Water (NRW) Reduction**

- Monitored NRW levels to ensure reduction of water losses and protect scarce water resources. Performance indicators were published on Impact 17 Report.
- Encouraged adoption of smart metering and digital monitoring tools which has been absorbed by few WSPs while others are in the process of absorption.

**Compliance with Environmental Regulations**

- Integrating environmental safeguards in licensing, tariff reviews, and performance monitoring. Licence renewal and tariff reviews were given having met the conditions set for renewals.

**Contribution to Reforestation and Catchment Protection**

WSPs Partnered with communities and institutions to plant and grow trees for long-term catchment protection where reports on these activities were shared. Over 200,000 tree seedlings were grown across the country.

**Corporate Social Responsibility (CSR)**

WASREB's CSR initiatives focused on environmental protection, community engagement, water conservation education, and strengthening consumer rights.

**Staff and Community engagement in reforestation**

WASREB staff demonstrated commitment by participating in tree planting exercise in collaboration with Back to Society and Kenyatta University Kiambu County on 1st Nov 2024. This was to raise awareness about the importance of trees in combating climate change and preserving our ecosystem. The regulator donated 2,000 tree seedlings towards the exercise in commitment to ensure sustainability of the environment for years to come.

WASREB staff demonstrated commitment by participating in World Water Day at, Laikipia County on 22nd March 2025. WASREB, Ministry of Water, Water Agencies and other stakeholders did the celebration at Thigiti High School. 15 water tanks were given out to the local community. WASREB donated 2 water tanks and planted 1000 tree seedlings.

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WASREB participated in a national tree-planting campaign organized by the Ministry of Water, Sanitation, and Irrigation at Tikondo Kimana Springs in Kajiado County. This exercise, saw the planting of 50,000 tree seedlings, was led by Eng. S.A.O. Alima, the Water Secretary, who represented the Cabinet Secretary.

**Consumer Education and Public Awareness**

WASREB in collaboration with various WSPs conducted a series of Consumer Clinics and stakeholder meetings in various regions between 2024 and 2025. These engagements offered a platform for consumers to raise concerns, seek redress, and interact directly with Water Service Providers (WSPs) and the regulator. They also learnt on their rights to water and obligation and water conservation. Areas where these consumers took place was Malindi, Kitui, Kisumu, Kakamega, Kiambu and Nairobi counties.

**Training on Water Utility Creditworthiness (April–June 2024)**

In collaboration with the World Bank, WASREB successfully concluded a comprehensive training program focused on Water Utility Creditworthiness from April to June 2024.

The training covered essential topics, including actions for enhancing water utilities' creditworthiness, types of government financial support, the importance of tariffs and Non-Revenue Water (NRW) management, investment planning, and economic analysis, steps for approaching commercial financiers, and credit enhancement tools.

Crucial personnel from WASREB, the Ministry of Water, Sanitation, and Irrigation (MWIS), the Water Sector Trust Fund (WSTF), the Kenya Water Institute (KEWI), and selected Water Service Providers (Kisumu, Muranga West, Kitui, Embu, Nithi, and Ruiru-Juja) participated in the program, achieving an outstanding pass rate of 100%.

This encourages strategic infrastructure planning that prioritizes eco-friendly technologies and resource efficiency.

**Participation in Kenya Sanitation Governance Conference 2024**

WASREB participated at the Kenya Sanitation Governance Conference and Exhibition 2024 that was officially opened by Water Secretary Eng. Samwel Alima on behalf of Water, Sanitation & Irrigation CS Hon. Zachariah Njeru.

Sanitation is recognized as a fundamental human right. #kenyasan2024 conference seeks to address challenges that cause low sanitation coverage. The 3-day Conference is themed Promoting Good

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Governance to Accelerate Safely Managed Sanitation. KenyaSan 2024 conference featured a series of insightful sessions, including plenaries, convener sessions, and breakout rooms. WASREB Ag. CEO Dr. Julius Itunga talked on importance of compliance to sanitation guidelines to enhance inclusivity, sustainability to utilities in provision of sanitation services and attainment of SDG 6 by 2030. WASREB contributed to governance discussions that influence how sanitation services can be sustainably scaled, especially in underserved areas.

**Participation in the Mombasa, Nyeri and Nairobi ASK Shows**

The theme was Promoting Climate Smart Agriculture and Trade Initiatives for Sustainable Economic Growth. WASREB team engaged consumers, WSPs, CECs, WWDAs and County Government on matters Water and its regulations. By aligning with the theme of climate-smart growth, WASREB reinforced its regulatory role in supporting water efficiency, resilience, and sustainability in Kenya's development agenda.

**Workshops**

On 31st July to 2nd August 2024. WASREB collaborated with USAID Western Kenya Project in a 3-day WSSP Institutional Capacity Assessment & Technical Assistance workshop. WASREB shared on utility mandates on sanitation and the proposed sanitation guidelines and also a deep dive on WASREB Monitoring & Evaluation systems.

WASREB received a delegation from Ethiopian Water Sector. The delegation visits' aim was at sharing best practices and knowledge exchange with a focus to understanding Kenya's Water Sector and its institutional framework.

In addition, was also to gain insights into WASREB's regulatory processes, the implementation of regulatory guidelines, and to understand the licensing and tariff structures for Water Service Providers (WSPs), consumer protection measures, and how Water Works Development Agencies establish infrastructure for WSPs. Present at the exchange program were WaterFund and the Athi Water Works Development Agency.

WASREB participated in an evaluation workshop on the technical, financial, and socio-economic viability of the proposed Isiolo Rural Water and Sanitation, Services Corporation, Isiolo County by Millenium Water Alliance and the RAPID+ Program on 02/10/24. Isiolo County Government having recognized the critical need to improve rural water access and service delivery, is in the process of establishing the Isiolo Rural Water and Sanitation Services Corporation. This initiative is a strategic response to longstanding challenges faced by community-managed water schemes.

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WASREB did a workshop in collaboration with WSUP with WSPs, ministry of Water, WASPA, County government participating on development of sanitation services performance indicator and associated frameworks for the Kenyan water services sector in Naivasha on 14th and 15th Oct 2024. USAID Western Kenya Water Project in collaboration with WASREB held a two-day workshop training on the Water Regulatory Information System (WARIS) for Homa Bay County Water and Sanitation Company (HOMAWASCO), to equip the WSP with essential knowledge about the importance of WARIS and improve service delivery, regulatory compliance, and operational efficiency. This system is a crucial tool for advancing sustainable water management and enhancing access to quality water services in the region.

WASREB conducted a WASH Sector Partners workshop aimed at enhancing collaboration for impactful outcomes, which is essential for advancing Kenya's water sector on 20th November at Weston Hotel. Ag. CEO Richard Cheruiyot emphasized the importance of aligning Water Service Providers with national frameworks. The participating partners highlighted the critical need to strengthen governance, which remains a significant challenge, and to prioritize capacity-building assessments. The partners in attendance included UNICEF, USAID, World Vision, SNV , USAID-WASH-FIN 2, USAID WKWP, USAID STAWI, WASPA, WSUP, WATSAN DPG, Millennium Water Alliance, Water Integrity Network and Gatsby Africa

WASREB conducted a two-day capacity-building workshop on 25th and 26th Nov in Kitui, aimed at County Officers and the County Management Teams (CMT) of Water Service Providers from Makueni, Kitui, Mandera, Marsabit, Machakos, Wajir, Tharaka Nithi, Garissa, and Samburu. Over 50 participants were trained on governance, licensing, tariff applications, and managing public participation. One of the key emphases was on the necessity of good governance and accountability in water service provision, which remains a significant challenge in the sector.

WASREB conducted a two-day capacity-building workshop on 17th and 18th Dec 2024 at Lake Naivasha Resort, Naivasha. The workshop focused on enhancing the understanding and implementation of key aspects of water service provision, including governance, the use of the Water Resources Information System (WARIS) and the Water Information Management System (WIMIS), and the licensing and tariff-setting frameworks. This step is crucial for ensuring the sustainable and regulated operation of water services. 16 WSPs attended and USAID STAWI.

In partnership with financial support from the World Bank, the Ministry, through WASREB's regulatory framework, is targeting 33 Water Service Providers (WSPs) to enhance their performance in provision of Water and sanitation services using the Performance Improvement Action Plan (PIAP).

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Performance Improvement Action Plan (PIAP) under K-WASH Program is to increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of water services providers. The PIAP tool ensure Improved operational and financial performance of Water Services Providers.

The tool benefits not only the utilities which will have a detailed and actionable action plan to improve their economic efficiency, but it will also benefit WASREB since it will be able to better track the implementation of interventions and progress of achievement of sector benchmark particularly Operational Cost Coverage Ratio (OCCR). This was held on 20th, 21st in Embu, 23rd, 24th in Naivasha and 28th, 29th, 30th Jan in Mombasa

WASREB held a strategic partnership meeting with Kenya Water and Sanitation Civil Society Network (KEWASNET) on 28th Feb at WASREB offices, to enhance collaboration in the water sector. The engagement aligns with WASREB's goal of strengthening public accountability in water service provision.

Discussions focused on cooperation to improve service delivery, governance, and accountability in the sector. Areas of collaboration were on bulk water supply, rural water services, consumer groups and public- private partnership.

WASREB did an assessment visit to Turkana on 3rd and 4th, to set the stage for a transformative approach to water service provision, focusing on the County Government's preparedness to integrate water services for both refugee and host communities. Stakeholders critically examined the current service model and explored practical pathways aligned with WASREB's delegated management frameworks under the KWASH P4R programme.

### **County engagements**

WASREB held a board induction from 13th – 15th August 2024. Facilitated by WKWP USAID DAI. The aim was to capacity build the Board of Directors and Management of KACRUWASCO (Kakamega Rural Water and Sanitation Company) on various topics including:

- i)* Regulation of water and Sanitation services in Kenya
- ii)* Management models for water services in rural and underserved areas
- iii)* Management models in place and what options would be viable for the company
- iv)* License obligations and enforcement measures
- v)* Areas of focus for the Board of directors with regards to the License document
- vi)* Obligations and penalties under the license
- vii)* Reporting requirements as per the license.

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- viii)* Effective Board practices
- ix)* Case study and discussion
- x)* Corporate Governance, Legal perspectives and respective duties and liabilities of the board, Chairperson, members and Managing Director.
- xi)* Unbundling strategy and oversight roles
- xii)* Compliance requirements under the constitution, leadership and integrity Act and Companies Act no 17 of 2015

WASREB facilitated an induction program for the Board of Directors of Garissa, Garissa Rural, Marsabit, Mandera, Wajir and Elwak WSPs in Wajir County. They were taken through an overview of the management models for water services in rural and underserved areas, license obligations and enforcement measures, governance framework, operations, budgets and KPIs in water sector. In attendance were CECM for Water Affairs, Wajir, Garissa and Mandela County.

WASREB participated in stakeholder engagement with Kiambu and Kiamumbi water service providers, as well as the Kiambu County government on 20th Sept at Kiamumbi playground to discuss on service delivery model aimed at improving water and sanitation services. As a result, the residents of Kiamumbi will benefit from an increased water supply provided by the water service providers.

WASREB participated in an evaluation workshop on the technical, financial, and socio-economic viability of the proposed Isiolo Rural Water and Sanitation, Services Corporation, Isiolo County by Millenium Water Alliance and the RAPID+ Program. The Isiolo County Government, recognizing the critical need to improve rural water access and service delivery, is in the process of establishing the Isiolo Rural Water and Sanitation Services Corporation. This initiative is a strategic response to longstanding challenges faced by community-managed water schemes.

WASREB did a 3-day engagement with the County leadership of Busia, Bungoma, Trans-Nzoia, and West Pokot to tackle water challenges across the counties on 14-16/10/24. The discussions focused on enhancing service delivery within registered WSP areas as well as underserved and unserved regions outside their service zones. Key priorities included developing sustainable frameworks for small-scale service providers in rural areas, ensuring compliance through licensing and tariff approvals, and improving overall utility performance.

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WASREB held a county engagement with the counties of Bomet and Kericho to address water supply challenges at WASREB offices on 22/11/24. The water supply in both counties has been strained due to reduced water supply from the Itare-Litein Water Supply Scheme, compounded by high levels of non-revenue water (NRW). Both counties have agreed to implement a neutral management approach for the Itare-Litein Water Supply Scheme to improve the water supply in Bomet and Kericho.

A pressing need also emerged for the sustainable management of small-scale water supply systems within the two counties to ensure efficient water delivery in rural areas, in accordance with the WASREB guidelines for providing water in underserved areas.

WASREB had a consultative meeting with Machakos County Government on 6th Feb to evaluate the proposed clustering models for water service provision. The objective of the engagement was to assess and provide guidance on the best clustering approach for water service provision in Machakos County. The focus was on enhancing financial viability, strengthening governance, and expanding service coverage.

The engagement provided valuable insights into the potential benefits and challenges of various clustering models. Collaboration and informed decision-making will be crucial in establishing a model that best serves the people of Machakos. In attendance was Deputy Governor Machakos County H.E Francis Mwangangi, County CECM Water Benedict Ngumbau, Tanathi Works Development Agency, and WASREB's management.

WASREB 11th February 2025, held a fruitful engagement with the Nyeri County Governor H.E Mutahi Kahiga EGH, and Management of the five Water Service Providers within the County: Nyeri, Othaya, Naromoru, Mathira and Tetu Water companies.

This marked the beginning of achieving an amicable solution to workable water tariffs which would achieve the balance between affordability and quality water service provision. WASREB is committed to ensure continuity of services and sustainability of WSPs during the review of the water tariffs.

WASREB held a dispute resolution meeting with the County Government of Murang'a mediated by Intergovernmental Relations Technical Committee at WASREB offices on 13th Feb 2025, to discuss issues of water tariffs for 3 WSPs: Gatanga, Murang'a West and Gatamathi Water companies. Discussion highlights were on the new tariff for the 3 WSPs in Murang'a county which addresses

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affordability without affecting the quality of service. This could be well achieved with the commensurate support of the County Government.

The meeting resolved to create time to go through the proposal and have a Way forward on 24th Feb 2025. In attendance was Governor of Murang'a County Hon. Irungu Kanga'ta, IGRTC team and WASREB team.

WASREB held a dispute resolution meeting with the County Government of Murang'a mediated by Intergovernmental Relations Technical Committee at WASREB offices on 24th Feb 2025. The Governor of Murang'a agreed that the county government will do a subsidy on the water tariffs to cushion the consumers. This will be effected once WASREB's Board approves.

WASREB participated at the Council of Governors' Environment, Forestry, Climate Change, and Water Committees meeting that was convened on 5th and 6th in Nanyuki to discuss key sector priorities, including sustainable financing for the water sector, intergovernmental coordination, and partnership opportunities.

Speaking during the meeting, WASREB's Ag. CEO Richard Cheruiyot highlighted the Accountability Framework for the water services sector and the Tariff Adjustment process for water service providers towards strengthening governance in the Sector. He emphasized the importance of County oversight in ensuring regulatory compliance, transparency and efficiency in service delivery by the WSPs.

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**11. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of Water Services Regulatory Board (WASREB) affairs.

**i. Principal activities**

The principal activity of WASREB is to protect the interests and rights of consumers in the provision of water services.

**ii. Results**

The results of the entity for the year ended June 30, 2025 are set out on page 1-6

**iii. Directors**

The members of the Board of Directors who served during the year are shown on page vii-x

**iv. Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per cent of its surplus funds reported in the audited financial statements after the end of each financial year. WASREB declared a surplus of **Kshs. 57,160,691** during the FY 2024/2025 and hence will remit **Kshs. 46,555,706.70** to The National Treasury after adjustment for capital expenditure incurred on purchase of property, plant and equipment (PPE) worth **Kshs. 5,432,128**.

**v. Auditors**

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

By Order of the Board



.....  
**JOHN HOSEA MURUKA  
CORPORATE SECRETARY/SECRETARY TO THE BOARD**

## **12. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, water Act 2016*), require the Directors to prepare financial statements in respect of WASREB, which give a true and fair view of the state of affairs of WASREB at the end of the financial year/period and the operating results of WASREB for the year ended 30 June 2025. The Directors are also required to ensure that WASREB keeps proper accounting records which disclose with reasonable accuracy the financial position of WASREB. The Directors are also responsible for safeguarding the assets of the WASREB.

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

The Directors accept responsibility for WASREB'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), *Water Act 2016*. The Directors are of the opinion that WASREB's financial statements give a true and fair view of the state of WASREB's transactions during the financial year ended June 30, 2025, and of WASREB's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for WASREB, which have been relied upon in the preparation of WASREB's financial statements as well as the adequacy of the systems of internal financial control.

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

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**Approval of the financial statements**

The Fund's financial statements were approved by the Board and signed on its behalf by:



**JOB CHIRCHIR**

**Chairperson of the Board**



**RICHARD CHERUIYOT**

**Accounting Officer**

# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON WATER SERVICES REGULATORY BOARD FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Water Services Regulatory Board set out on pages 1 to 30, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and 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 Water Services Regulatory Board as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

## **Basis for Qualified Opinion**

### **1. Licenses, Fees and Permits**

The statement of financial performance reflects licenses, fees and permits amount of Kshs.502,184,061 as disclosed in Note 7 to the financial statements. However, review of revenue documents revealed the following anomalies:

#### **1.1 Variance Between the Water Regulation Information System and the Financial Statements**

Review of the WARIS system financial year report revealed that the Water Service Providers paid regulatory levy amounting to Kshs.477,008,723 while the financial statements reflect Kshs.481,104,329 in respect to regulatory levy resulting in unreconciled variance of Kshs.4,095,606.

#### **1.2 Non-Compliance with Revenue Recognition Policy**

Review of the supporting documents for the regulatory levy and enquiry from Management revealed that the Board through a Board meeting held on 20 January, 2020 made a decision for license operation fee to be recognized once they are collected as opposed to when they are earned contrary to IPSAS 23.

In the circumstances, the accuracy and completeness of the licenses, fees and permits amount of Kshs.502,184,061 could not be confirmed.

### **2. Long Outstanding Accounts Receivables**

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.22,719,465 as disclosed in Note 18 to the financial statements. However, the receivables have been outstanding for more than one year and have attracted penalties amounting to Kshs.640,000. In addition, Management did not provide measures put in place to collect the debts.

In the circumstances, the accuracy and recoverability of long outstanding receivables balance of Kshs.22,719,465 could not be confirmed.

### **3. Failure to Revalue Fully Depreciated Assets**

The statement of financial position reflects net book value of Kshs.25,951,597 in respect to property, plant and equipment as disclosed in Note 20 to the financial statements. Review of the assets register and the financial statement revealed that assets costing Kshs.41,460,530 had been fully depreciated as at the beginning of the year under review. However, the assets had not been revalued despite them being used to generate economic benefits to the entity.

In the circumstances, the accuracy and valuation of property, plant and equipment balance of Kshs.25,951,597 could not be confirmed.

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

#### **Emphasis of Matter**

##### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final budgeted receipts of Kshs.664,691,565 and actual on comparable basis of Kshs.522,677,358 resulting in underfunding of Kshs.142,014,207 or approximately 21% of the budget. Similarly, the Board expended Kshs.365,516,667 against actual receipts of Kshs.522,677,358 resulting to under absorption of Kshs.157,160,691 or approximately 30% of actual receipts.

The underfunding and under absorption affected planned activities and may have impacted negatively on service delivery.

My opinion is not modified in respect of this matter.

#### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

#### **Other Matter**

##### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in use of Public Resources. However, Management has not resolved issues as summarized below:

## **Summary of Issues**

- i. Recognition of Revenue Criteria.
- ii. Undisclosed Regulatory Levy.
- iii. Employees Earning Below One Third of Their Basic Salaries.

## **Other Information**

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

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **1. Officers Acting for More than Six (6) Months**

The statement of financial performance and as disclosed in Note 11 to the financial statements reflect employee costs of Kshs.166,119,230. Review, of Management personnel files revealed that two (2) staff members have been in acting position as Director Corporate Services and Chief Executive Officer for more than six (6) months. This was contrary to Section 34(3) of the Public Service Commission Act, 2017 which

requires that an Officer may be appointed in an acting capacity for a period of at least thirty (30) days but not exceeding a period of six (6) months.

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

## **2. Non-Compliance with One-Third of Basic Salary Rule**

During the year ended 30 June, 2025, six (6) employees earned net salaries of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016.

In the circumstances, Management contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 which may expose the staff to pecuniary embarrassment.

## **3. Irregularities in Recruitment Process**

Review of records on recruitment revealed that the Board did an advertisement on My Gov on 27 February, 2024 for vacant positions. Among the positions for recruitment was a Managerial position for Corporate Communication. However, review of the personal file of the Officer who was recruited revealed that the Officer did not possess a Master's degree which was a mandatory requirement for the position.

In the circumstances, the regularity of the recruitment process could not be confirmed.

## **4. Award of Tender to an Ineligible Bidder for Supply of Laptops**

Review of procurement documents revealed that a supplier was awarded a contract for supply of ten (10) laptops at a contract sum of Kshs.2,459,200. One of the mandatory requirements was to have a valid tax compliance certificate. However, the suppliers tax compliance certificate Ref No. KRAEON1381137224 had a manipulated expiry date of 07 March, 2025 since the actual expiry was 12 February, 2025. Further, the Lenovo dealership certificate submitted by the supplier had expired on 31 December, 2024 while the request for quotations was done on 13 February, 2025.

In the circumstances, the regularity of the procurement process and award of contract for the supply of laptops could not be confirmed.

## **5. Unprocedural Engagement of a Service Provider**

Included in the Board expenses of Kshs.22,566,200 as disclosed in Note 12 to the financial statements is Kshs.1,686,400 paid to the Institute of Corporate Governance during leadership and governance training held on 02 - 07 February, 2025 and 19<sup>th</sup> to 23<sup>rd</sup> May, 2025 in Mombasa and Naivasha respectively. However, review of the supporting documents revealed that there was no formal procurement process followed to identify the Institute.

In the circumstances, the regularity of the process of identifying the service provider could not be confirmed.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Qualification for Board of Management**

Review of the profiles of the Board members as captured in the financial statements and respective files for each Member revealed that the membership did not comply with the requirement of the provisions of Parameter 1.1(6) of Mwongozo Code of Governance of State Corporations which require the Board to have at least one Member who is a financial expert with necessary qualifications and expertise in financial management or accounting and membership of a professional body regulating the Accountancy profession.

In the circumstances, the capacity of the Board of Management to effectively deliberate and make decisions on Financial Management matters could not be confirmed.

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

### **Responsibilities of the Management and 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 controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

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

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

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

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**


**19 December, 2025**

**Water Services Regulatory Board  
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**14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE  
2025**

	Notes	2024/2025 Kshs	2023-2024 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from other government Agencies	6	14,691,565	81,999,739
Licenses, Fees & Permits	7	502,184,061	409,867,876
		<b>516,875,626</b>	<b>491,867,615</b>
<b>Revenue exchange transactions</b>			
Sale of goods	8	3,500	555,000
Finance income	9	1,465,189	33,930
<b>Total revenue</b>		<b>518,344,315</b>	<b>492,456,545</b>
<b>Expenses</b>			
Employee costs	11	166,119,230	156,701,853
Board expenses	12	22,566,200	17,632,844
Use of goods and services	13	162,666,171	215,599,502
Depreciation	14	11,915,245	11,960,390
Repairs and maintenance	15	2,249,821	2,349,885
<b>Total expenses</b>		<b>365,516,667</b>	<b>404,244,474</b>
<b>Other Gains/(Losses)</b>	10	4,333,043	2,211,080
<b>Surplus/(Deficit) for the period</b>		<b>157,160,691</b>	<b>90,423,151</b>
Transfer to Mortgage facility	16	100,000,000	50,000,000
Remission to National Treasury	30	46,555,706	34,707,160
<b>Net Surplus for the year</b>		<b><u>10,604,985</u></b>	<b><u>5,715,991</u></b>

The notes set out on pages 7 to 33 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:

  
RICHARD CHERUIYOT  
AG. CHIEF EXECUTIVE OFFICER

  
CPA DAVID LELEITO  
MANAGER FINANCE & ACCOUNTS, CHAIRMAN  
ICPAK NO 7983

  
JOB CHIRCHIR

DATE: 28/11/2025

DATE: 28/11/2025

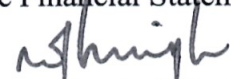
DATE: 28/11/2025

**Water Services Regulatory Board**  
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**15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025**

	Notes	2024/2025 Kshs	2023-2024 Ksh
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	498,870,667	431,676,301
Receivables from Non- Exchange Transactions	18	22,719,465	32,231,083
Other current assets	19	13,103,339	10,099,161
<b>Total Current Assets</b>		<b>534,693,471</b>	<b>474,006,545</b>
<b>Non-current assets</b>			
Property, Plant and Equipment	20	25,951,597	30,964,717
Car loan facility	19b	6,365,290	2,619,091
<b>Total Non- Current Assets</b>		<b>32,316,887</b>	<b>33,583,808</b>
<b>Total Assets</b>		<b>567,010,358</b>	<b>507,590,353</b>
<b>Liabilities</b>			
Trade and Other Payables	21	149,844,419	94,520,974
Refundable Deposits from Customers	23	220,629,553	216,696,536
Deferred Income	24	-	11,911,439
<b>Total Liabilities</b>		<b>370,473,972</b>	<b>323,128,949</b>
<b>Net Assets</b>			
Capital Fund	25	47,967,577	47,967,577
Revaluation Reserve	26	-	120,000
Accumulated Surplus	27	148,568,809	136,373,827
<b>Total Net assets</b>		<b><u>196,536,386</u></b>	<b><u>184,461,404</u></b>
<b>Total Net Assets and Liabilities</b>		<b><u>567,010,358</u></b>	<b><u>507,590,353</u></b>

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Directors by:



**RICHARD CHERUIYOT**

**AG. CHIEF EXECUTIVE OFFICER**

**DATE: 28/11/2025**



**CPA DAVID LELEITO**

**MANAGER FINANCE & ACCOUNTS,**

**ICPAK NO 7983**

**DATE: 28/11/2025**



**JOB CHIRCHIR**

**CHAIRMAN**

**DATE: 28/11/2025**

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**16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025**

	Capital Fund	Accumulated Surplus	Revaluation Reserve	Total
	Kshs	Kshs	Kshs	Kshs
<b>Balance as at 1<sup>st</sup> July 2022</b>	<b>36,487,577</b>	<b>241,384,969</b>	<b>2,460,000</b>	<b>280,332,546</b>
Capital Fund -in -Kind	11,480,000	-	-	11,480,000
Amortisation of revalued assets	-	-	(1,170,000)	(1,170,000)
Remission to NT	-	(17,733,794.20)	-	(17,733,794.20)
Surplus/ (Deficit) for the year	-	21,697,306.00	-	21,697,306.00
Remission to The National Treasury (Note 32) 2022/23	-	(14,691,305)	-	(14,691,305)
Transfer to Mortgage Fund	-	(99,999,340)	-	(99,999,340)
<b>Balance as at 30<sup>th</sup> June 2023</b>	<b><u>47,967,577</u></b>	<b><u>130,657,835.80</u></b>	<b><u>1,290,000.00</u></b>	<b><u>179,915,412.80</u></b>
Surplus/ (Deficit) for the year	-	90,423,151	-	90,423,151
Amortisation of revalued assets	-	-	(1,170,000)	(1,170,000)
Transfer to Mortgage Fund	-	(50,000,000)	-	(50,000,000)
Remission to The National Treasury (Note 30) 2023/24	-	(34,707,160)	-	(34,707,160)
<b>Balance as at 30<sup>th</sup> June 2024</b>	<b><u>47,967,577</u></b>	<b><u>136,373,826.8</u></b>	<b><u>120,000</u></b>	<b><u>184,461,403.8</u></b>
Surplus/ (Deficit) for the year	-	157,160,691	-	157,160,691
Prior year adjustment on accumulated dep on Motor vehicle	-	1,589,997	-	1,589,997
Amortisation of revalued assets	-	-	(120,000)	(120,000)
Transfer to Mortgage Fund	-	(100,000,000)	-	(100,000,000)
Remission to The National Treasury (Note 30) 2024/25	-	(46,555,706)	-	(46,555,706)
<b>Balance as at 30<sup>th</sup> June 2025</b>	<b><u>47,967,577</u></b>	<b><u>148,568,808.80</u></b>	<b><u>≡</u></b>	<b><u>196,536,385.80</u></b>

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2024 – 2025	2023 – 2024
<b>Cash flows from operating activities</b>		Kshs.	Kshs.
<b>Receipts</b>			
Transfers from other government entities	6b	2,780,126.00	81,999,739
Levies, fees and penalties	7b	514,506,644.00	409,867,876
Sale of goods	8	3,500.00	555,000
Interest income	9		33,930
Other income (Refundable Deposits from Customers)	23	5,597,371.00	2,211,080
<b>Total Receipts</b>		<b>522,887,641</b>	<b>494,667,625</b>
<b>Payments</b>			
Use of goods and services	13b	162,202,171	215,599,502
Employee costs	11b	163,178,124.95	156,701,853
Board Expenses	12	22,566,199.90	17,632,844
Repairs and Maintenance	15	2,249,821.00	2,349,885
Transfer to Mortgage facility	16b	50,000,000.00	50,000,000
Total Payment for payables		12,899,788.60	
Remission to treasury	30	30,082,442.00	30,082,442
<b>Total Payments</b>		<b>443,178,547.45</b>	<b>472,366,526</b>
Increase/Decrease in Receivables & other current assets			(7,099,606)
Increase/Decrease in Payables			63,981,224
Increase/Decrease in Deferred Income			1,989,315
<b>Net Cash Flows from (used in) Operating Activities</b>		<b>79,709,093.55</b>	<b>81,172,032</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of PPE and Intangible Assets		(5,432,128.00)	(1,859,640)
Proceeds from Sale of PPE		1,267,400.00	-
<b>Net Cash Flows from (used in) Investing Activities</b>		<b>(4,164,728.00)</b>	<b>79,312,392</b>
<b>Cash Flows from Financing Activities</b>			
Borrowings (Car loans)		(8,350,000.00)	-
Repayments of Borrowings		-	-
<b>Net Cash Flows from Financing Activities</b>		<b>(8,350,000.00)</b>	<b>-</b>

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<b>Net Increase/ Decrease in Cash</b>		<b>67,194,365.55</b>	<b>79,312,392</b>
<b>Cash and Cash Equivalents at 1 July</b>		<b>431,676,301.00</b>	<b>352,363,909</b>
<b>Cash and Cash Equivalents at 30th June 2025</b>		<b>498,870,667.00</b>	<b>431,676,301</b>

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**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE  
FYR 2024-2025**

	Original Budget (Kshs)	Adjustments (Kshs)	Final Budget (Kshs)	Actual on comparable basis (Kshs)	Performance difference (Kshs)	% of utilization	
	A	B	C=(A+B)	D	E=(C-D)	F=D/C	
<b>Revenue</b>	<b>2024/2025</b>		<b>2024/2025</b>	<b>2024/2025</b>	<b>2024/2025</b>		
License, Fees and Permits	645,000,000		645,000,000	502,184,061	142,815,939	78%	On the regulatory fees/levies we were short of the target by 22% due to the declined performance of the WSPs during the FY who are our only source of our institutional revenue.
Deferred Income	0	11,911,439	11,911,439	11,911,439	-	100%	The Deferred Income relates to donations unutilized the FY whose conditions were met.
Esawas Grant		2,780,126	2,780,126	2,780,126	-	100%	Grant received during the current financial year
Miscellaneous Income	5,000,000		5,000,000	1,468,689	3,531,311	29%	This was Miscellaneous income from profit on disposal of motor vehicle and interest on car loan during the FY.
Other gains/(losses)	0	-	0	4,333,043	-4,333,043		This is the reduction in provisions for trade debtors/Receivables.
<b>Total income</b>	<b>650,000,000</b>	<b>14,691,565</b>	<b>664,691,565</b>	<b>522,677,358</b>	<b>142,014,207</b>	<b>79%</b>	
<b>Expenses</b>							
Employee costs	295,592,365	83,826,340	211,766,025	166,119,230	45,646,795	78%	On the compensations of employees. the underutilization was by 22%. Due to freeze of employment by government during the FY 2024/25.
Use of goods and services	316,757,635	112,573,660	204,183,975	162,666,171	41,517,804	80%	On use of goods and services. The underutilization of the budget by 20% was due austerity measures put in place during the FY 2024/25.
Board Expenses	22,750,000	0	22,750,000	22,566,200	183,800	99%	The board expenses were underutilised by 1%. This is within the set limit.
Other payments – Depreciation & Repair & maintenance	14,900,000	1,400,000	16,300,000	14,165,066	2,134,934	87%	The underutilization of the budget by 13% was due austerity measures put in place during the FY 2024/25.
<b>Total expenditure</b>	<b>650,000,000</b>	<b>195,000,000</b>	<b>455,000,000</b>	<b>365,516,667</b>	<b>89,483,333</b>	<b>80%</b>	

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Surplus for the period	0	0	195,000,000	157,160,691	37,839,309		
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**Notes on the statement of Comparison of Budget and Actual Amounts as at 30<sup>th</sup> June 2025**

**Performance difference**

**1. License, Fees and Permits**

2. On the regulatory fees/levies we were short of the target by 22% due to the declined performance of the WSPs during the FY who are our only source of our institutional revenue.

**3. Deferred Income**

The Deferred Income relates to donations unutilized from last FY

**4. Miscellaneous Income**

These relates to profit on disposal of motor vehicle and interest on car loan during the FY.

**5. Other gains/(losses)**

- This is the reduction in provisions for trade debtors/Receivables.

**6. Employee costs**

On the compensations of employees. the underutilization was by 22%. Due to freeze of employment by government during the FY 2024/25.

**7. Use of goods and services**

On use of goods and services. The underutilization of the budget by 20% was due austerity measures put in place during the FY 2024/25.

**8. Board Expenses**

The board expenses were underutilised by 1%. This is within the set limit.

**9. Other payments – Depreciation & Repair & maintenance**

The underutilization of the budget by 13% was due austerity measures put in place during the FY 2024/25.

**18. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

Water Services Regulatory Board (WASREB) is established by and derives its authority and accountability from Water Act 2016. WASREB is wholly owned by the Government of Kenya and is domiciled in Kenya. WASREB’s principal activity is to protect the interests and rights of consumers in the provision of water services.

**2. Statement of Compliance and Basis of Preparation**

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

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

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

**3. Application of New and Revised International Financial Reporting Standards**

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

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that</p>

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Standard	Effective date and impact:
	<p>faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> </ul>

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Standard	Effective date and impact:
	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non-exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement Benefit Plans	<p><i>Applicable 1<sup>st</sup> January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IFRS 18 Presentation and Disclosure in Financial statements	<p><i>Applicable 1<sup>st</sup> January 2027</i></p> <p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p>

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Standard	Effective date and impact:
IFRS 19 Subsidiaries without Public Accountability	<i>Applicable 1<sup>st</sup> January 2027</i> IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19

*iii Early adoption of standards*

WASREB did not early – adopt any new or amended standards in year 2024/2025.

**4. Summary of Significant Accounting Policies**

**(a) Revenue recognition**

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

**Levies, fines and penalties**

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

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Miscellaneous income**

These include penalties charged, sale of tender and interest income which is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

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

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**(b) Budget information**

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

**(c) Taxes**

**Current income tax**

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

**(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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation is calculated on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

<b>Per Annum</b>		<b>%</b>
Motor Vehicle	-	20
Furniture, Fittings and Office Equipment	-	15
Computers, software	-	33.33

**(e) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized

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development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

**(f) Research and development costs**

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**(g) Provisions**

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

**(h) Contingent liabilities**

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

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**(i) Contingent assets**

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

**(j) Nature and purpose of reserves**

WASREB creates and maintains reserves in terms of specific requirements. WASREB maintains both capital and revenue reserves.

**(k) Changes in accounting policies and estimates**

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

**(l) Employee benefits**

**Retirement benefit plans**

WASREB provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays 20% fixed contributions based on the employees' basic salaries and the employee contributes 10% of their basic salaries into a separate 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.

**(m) Related parties**

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

**(n) Cash and cash equivalents**

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

commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term deposits, cash and cash at bank.

**(o) Comparative figures**

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

**(p) 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 30th June 2025.

**5. Significant judgments and sources of estimation uncertainty**

The preparation of WASREB'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.

**a) Provisions for bad debts**

Trade receivables are recognized and carried at original amount less any unrecoverable amount and the general provision for bad debts at 10% of the amount outstanding and specific provision at 50%.

**b) Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**c) Useful lives and residual value**

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**6. Transfers from Other Government Entities**

Description	2024/2025 Kshs	2023/2024 Kshs
ESAWAS Grants	14,691,565	21,218,351
AWWDA Grants	-	5,699,400
UNICEF Grants	-	3,356,094
WSDP Grants	-	51,725,894
	<b><u>14,691,565</u></b>	<b><u>81,999,739</u></b>

**6b. Transfers from Other Government Entities**

Description	2024/2025 Kshs	2023/2024 Kshs
ESAWAS Grants	2,780,126	25,041,103
AWWDA Grants	-	5,699,400
UNICEF Grants	-	2,676,400
WSDP Grants	-	51,725,894
	<b><u>2,780,126</u></b>	<b><u>85,142,797</u></b>

**7. Levies, Fines and Penalties**

Description	2024/2025 Kshs	2023/2024 Kshs
Regulatory Levy	481,104,329	388,624,343
License Application fees	1,800,000	1,624,820
License Fees	2,327,732	3,829,117
Penalties	16,952,000	15,789,596
<b>Total</b>	<b><u>502,184,061</u></b>	<b><u>409,867,876</u></b>

**7b. Levies, Fines and Penalties**

Description	2024/2025 Kshs	2023/2024 Kshs
Regulatory Levy	490,450,413.50	393,046,504.33
License Application fees	1,800,000	1,624,820
License Fees	2,327,732	3,829,117
Penalties	14,712,000	-
Trade receivable paid	5,216,498	-
<b>Total</b>	<b><u>514,506,643.50</u></b>	<b><u>398,500,441.33</u></b>

**8. Sale of goods**

Description	2024/2025 Kshs	2023/2024 Kshs
Profit on disposal	3,500	555,000
<b>Total</b>	<b><u>3,500</u></b>	<b><u>555,000</u></b>

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**9. Finance income**

Description	2024/2025 Kshs	2023/2024 Kshs
Insurance Compensation	1,267,400	-
Interest Income	197,789	33,930
<b>Total</b>	<b>1,465,189</b>	<b>33,930</b>

**10. Other Gains/Losses**

Description	2024/2025 Kshs	2023/2024 Kshs
Reduction in provision of debtors	4,333,043	2,211,080
<b>Total Other Gains / (Losses)</b>	<b><u>4,333,043</u></b>	<b><u>2,211,080</u></b>

**11. Employee costs**

Description	2024/2025 Kshs	2023/2024 Kshs
Salaries and wages	92,396,101	87,846,636
Housing benefits and allowances	24,090,493	22,931,667
Performance and other bonuses	3,535,778	3,139,604
Other employee related costs	9,396,609	8,541,743
Travel, motor car allowances	10,024,336	9,547,000
	<b>139,443,317</b>	<b>132,006,650</b>
Contributions to pensions	16,433,073	14,569,161
Gratuity	3,139,599	3,166,910
Leave Allowance	7,103,241	6,959,132
<b>Employee costs</b>	<b><u>166,119,230</u></b>	<b><u>156,701,853</u></b>
<b>No of employees</b>	<b>50</b>	<b>47</b>

**11b. Employee cost**

Description	2024/2025 Kshs	2023/2024 Kshs
Employee cost	166,119,230	156,701,853
Salary advances recoveries	(2,941,105)	(184,797)
<b>Total Board remuneration</b>	<b><u>163,178,124.95</u></b>	<b><u>156,517,056</u></b>

**12. Board expenses**

Description	2024/2025 Kshs	2023/2024 Kshs
Chairpersons Honoraria	1,020,000	1,019,999
Sitting & Accommodation Allowances	18,403,344	16,612,845

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Conference	1,686,400	-
Training	900,000	-
Insurance	556,456	-
<b>Total Board remuneration</b>	<b><u>22,566,200</u></b>	<b><u>17,632,844</u></b>

**13. Use of Goods and services**

Description	2024/2025 Kshs	2023/2024 Kshs
Advertising & Publicity	15,649,398	18,381,826
Audit fees	464,000	464,000
Conferences expenses	8,336,391	14,918,935
Consulting fees	19,695,500	55,929,948
Computer Expense	1,723,765	3,496,967
Insurance expenses	18,763,138	20,125,411
Internet expenses	5,083,818	2,771,938
Printing expenses	1,750,705	900,468
Rental expenses	18,006,077	18,160,647
Bank Charges	228,519	254,741
Telecommunication expenses	253,628	145,753
Capacity building expenses	9,540,263	8,213,081
Domestic travel and subsistence allowances	41,611,836	46,219,844
Foreign travel and subsistence allowances	8,582,935	12,875,282
Fuel and oil expenses	3,620,228	3,855,388
Subscription expenses	3,101,736	3,627,798
Office running Expenses	4,915,234	4,052,475
Staff Welfare	1,195,000	1,205,000
Corporate social responsibility	144,000	-
<b>Total Use of Goods and services</b>	<b><u>162,666,171</u></b>	<b><u>215,599,502</u></b>

**13b Use of Goods & Services**

Description	2024/2025 Kshs	2023/2024 Kshs
Use of goods & services	162,666,171	215,599,502
Un paid provisions	(464,000)	(2,437,905)
<b>Total Use of goods &amp; Services</b>	<b><u>162,202,171</u></b>	<b><u>213,161,597</u></b>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14. Depreciation**

Description	2024/2025 Kshs	2023/2024 Kshs
Furniture and Fittings	321,021	345,201
Computer and Equipment	3,960,290	3,641,255
Motor vehicles	7,633,934	7,973,934
<b>Total</b>	<b><u>11,915,245</u></b>	<b><u>11,960,390</u></b>

**15. Repairs and Maintenance**

Description	2024/2025 Kshs	2023/2024 Kshs
Motor vehicle maintenance	2,249,821	2,349,885

**16. Transfer to Mortgage Facility**

Description	2024/2025 Kshs	2023/2024 Kshs
Transfer to Mortgage Facility	100,000,000	50,000,000

**16 B. Transfer to Mortgage Facility**

Description	2024/2025 Kshs	2023/2024 Kshs
Transfer to Mortgage Facility	50,000,000	-

**17. Cash and cash equivalents**

Description	2024/2025 Kshs	2023/2024 Kshs
National Bank of Kenya (Account No 7700009872)	391,020,642	327,065,010
National Bank of Kenya (Account No 01001032110301)	755,978	755,978
National Bank of Kenya (Account No 01071032110300)	0	0
Kenya Commercial Bank (Account No 1117496953)	65,252,086	62,005,296
Cooperative Bank of Kenya (Account No 01136160928601)	37,618,316	37,621,932
Cooperative Bank of Kenya (Account No 01136160928600)	4,223,645	4,228,085
<b>Total cash and cash equivalents</b>	<b><u>498,870,667</u></b>	<b><u>431,676,301</u></b>

**18. Receivables from non-exchange transactions**

Description	2024/2025 Kshs	2023/2024 Kshs
Trade debtors	44,838,929	54,185,014
<b>Less: impairment allowance</b>	<b><u>(22,759,464)</u></b>	<b><u>(27,092,507)</u></b>
<b>Total current receivables</b>	<b><u>22,079,465</u></b>	<b><u>27,092,507</u></b>
Penalties charged	640,000	5,138,576
<b>Total current receivables</b>	<b><u>22,719,465</u></b>	<b><u>32,231,083</u></b>

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Description	Motor Vehicles	Furniture & Fittings	Computer & Equipment	Work-In-Progress	Total
As at 30th June 2024	49,809,671	11,341,332	45,204,547	-	106,355,550
Additions	-	237,621	5,194,507	-	5,432,128
Prior year adjustments	(11,640,001)	-	-	-	(11,640,001)
<b>As at 30th June 2025</b>	<b>38,169,670</b>	<b>11,578,953</b>	<b>50,399,054</b>	<b>-</b>	<b>100,147,677</b>
<b>Depreciation and impairment</b>					
As at 30th June 2023	(17,777,932)	(9,775,198)	(34,707,313)	Nil	(62,260,443)
Charge for the year	(7,973,934)	(345,201)	(3,641,255)	Nil	(11,960,390)
Amortization	(1,170,000)	Nil	Nil	Nil	(1,170,000)
As at 30th June 2024	(26,921,866)	(10,120,399)	(38,348,568)	Nil	(75,390,833)
Charge for the year	(7,633,934)	(321,021)	(3,960,290)	Nil	(11,915,245)
Amortization	(120,000)	Nil	Nil	Nil	(120,000)
Prior year adjustments	13,229,998	-	-	-	13,229,998
<b>As at 30th June 2025</b>	<b>(21,445,802)</b>	<b>(10,441,420)</b>	<b>(42,308,858)</b>	<b>-</b>	<b>(74,196,080)</b>
<b>Net book Values</b>					
As at 30th June 2025	<b>16,723,868</b>	<b>1,137,533</b>	<b>8,090,196</b>	<b>-</b>	<b>25,951,597</b>
As at 30th June 2024	<b>22,887,805</b>	<b>1,220,933</b>	<b>6,855,979</b>	<b>-</b>	<b>30,964,717</b>

20. (b) Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal Annual Depreciation charge
Motor vehicles	35,156,048	-
Computers and related equipment	31,700,607	-
Office equipment, furniture and fittings	9,277,611	-
<b>Total</b>	<b>76,134,266</b>	<b>-</b>

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The Deferred income Movement is as follows:

Description	Public Contributions and Donations	
	2024/2025 Kshs	2023/2024 Kshs
Balance brought Forward	11,911,439	9,922,124.00
Additions (UNICEF, WSDP and ESAWAS)	2,780,126	79,443,396.50
<b>(a) Sub-Total-Receipts</b>	<b>14,691,565</b>	<b>89,365,520.50</b>
Transfers to Income Statement-UNICEF		3,356,094.30
Transfers to Income Statement-WSDP		51,725,894.00
Transfers to Income Statement-ESAWAS	14,691,565	21,218,351.00
<b>(b) Sub-Total-Transfers</b>	<b>14,691,565</b>	<b>76,300,339.30</b>
(c) Other Transfers	=	1,153,742.70
<b>(d) Balance Carried Forward (a-b-c)</b>	<b>=</b>	<b><u>11,911,438.50</u></b>

**25. Capital Fund**

Description	2024/2025 Kshs	2023/2024 Kshs
Brought Forward	47,967,577	47,967,577
Motor Vehicle A/C	-	-
<b>Carried Forward</b>	<b><u>47,967,577</u></b>	<b><u>47,967,577</u></b>

**26. Revaluation Reserve**

Description	2024/2025 Kshs	2023/2024 Kshs
<b>Opening Balance</b>	120,000	1,290,000
Amortization in the year	(120,000)	(1,170,000)
<b>Balance Carried Forward</b>	<b>=</b>	<b><u>120,000</u></b>

**27. Accumulated Surplus**

Description	2024/2025 Kshs	2023/2024 Kshs
Accumulated Surplus B/F	136,373,827.20	130,657,836.20
Deficit /Surplus for the year	157,160,691.00	90,423,151.00
Remission to NT	-	-
<b>Total</b>	<b>293,534,518.20</b>	<b>221,080,987.20</b>
Remission to The National Treasury (Note 30) 2023/24/25	(46,555,706)	(34,707,160)
Transfer to Mortgage Fund	(100,000,000)	(50,000,000)
Prior year adjustment on accumulated motor vehicle depreciation	1,589,997.00	-
<b>Accumulated Surplus C/F</b>	<b><u>148,568,809.20</u></b>	<b><u>136,373,827.20</u></b>

**Surplus Remission Payable**

	2024/2025	2023/2024
	Kshs	Kshs
Payable at the beginning of the year	32,813,440	14,691,305
Charge for the year (24/25) based on 1 <sup>st</sup> draft of the FS 2024/25	46,555,706	34,707,160
Paid during the year	30,082,442	16,585,024
<b>Payable at end of the year</b>	<b>49,286,704</b>	<b>32,813,440</b>

**31. Financial Risk Management**

WASREB's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board'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 Board 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 Board's financial risk management objectives and policies are detailed below:

**a) Liquidity risk management**

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
Provisions	-	116,000	348,000	464,000
Employee benefit obligation	-	-	93,251	93,251
<b>Total</b>	<b>-</b>	<b>116,000</b>	<b>441,251</b>	<b>557,251</b>
<b>As at 30 June 2024</b>				
Provisions	-	464,000	464,464	464,464
Employee benefit obligation	-	-	11,243,070	11,243,070

**19. APPENDICES**

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

<b>S/ No</b>	<b>Query</b>	<b>Details/Issue</b>	<b>Management response</b>	<b>Status resolved</b>	<b>Time frame</b>
1	Recognition of Revenue Criteria	The statement of financial performance reports an amount of Kshs.404,729,300 being licences, fees & permits, included in the figure is Kshs.388,624,343 in respect of regulatory levies as disclosed under note 7 to the financial statement. Review of the supporting documentation for the regulatory levy and upon enquiring from the management it was noted that the board through a board meeting held on 20th January 2020 made a decision to that licence fee should be recognized once they are collected as opposed to accrual. This is contrary to IPSAS Accrual 23 which requires revenue to be recognised when earned as opposed to when received. In the circumstance we could not confirm the accuracy and completeness of the revenue reported.	IPSAS 23 specifies that revenue from non-exchange transactions, such as taxes, grants, or donations, is recognized when an entity gains control of resources and can reliably measure them, and it is probable that benefits will flow. Conditional transfers are deferred until conditions are met.Regulatory fees like taxes is recognized when the entity gain control of the asset which is when money is received.Water service providers bills their customers and upon receiving money from them , then they pay wasreb and we then recognize upon receipt of funds.	unresolved	
2	Undisclosed Regulatory Levy	The statement of financial performance reports an amount of Kshs.404,729,300 being revenue from licences, fees & permits, included in the figure is Kshs.388,624,343 in respect of regulatory levies as disclosed under note 7 to the financial statement. However, review of the entity's WARIS system report for the year under audit revealed that regulatory levy payable by Water Service Providers amounted to Kshs.1,121,157,410 leading to an undisclosed regulatory levy of Kshs.732,533,067.	Wasreb recognizes an asset(receivables) arising from a non-exchange transaction when it gains control of the resource that meets the definition of an asset and satisfy the recognition criteria. An inflow of resources from a non-exchange transaction, other than services in-kind, that meets the definition of an asset shall be recognized as an asset when, and only when:  The fair value of the asset can be measured reliably. Therefore, the board only gains control of the asset when we receive the funds from wsp. The Board is	unresolved	

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		202101	Mutai Kipyegon Robert		238,132		76,498	79,3
		202201	Nyangweso Were Elly		197,495		60,699	5,8
6	Long Outstanding Unsettled Imprests.	Note 19 to the financial statement reports other current assets of Kshs.12,718,252 included under this is Kshs.1,198,885 in respect of staff debtors which is made up of salary advances of Kshs.676,100 and outstanding imprests of Kshs.522,785 as per the ledger. Review of the outstanding imprest revealed that they are long outstanding and ought to have been recovered from the holders.		The outstanding staff imprest as at 30 <sup>th</sup> June 2024 was recognize as staff debtors and some of the staff affected has since paid and the remaining outstanding amounts to be recovered immediately through the payroll.		resolved	June 2025	
7	Comingling of Project Account Funds	The statement of financial position reflects cash and cash equivalents of Kshs.431,676,301 which included a nil balance in National Bank of Kenya A/C 01071032110300 as per note 17 to the financial statements which was designated account for WSDP grants. However, review of the bank statement revealed that Kshs. 51,725,894 was received in the account during the FY2023/2024 and transferred to WASREB operations account instead of spending from the designated account.		The board is using the EFT mode of payment to its various clients and the bank had only provided our main operations account as the only account in making the eft payments hence all payments relating to wsdp was paid via eft and hence the transfers from wsdp account to wasreb main operation account. All Project funds were utilized for the intended purpose		resolved	feb 2025	
8	Non-Compliance with Climate Action Requirements	The assessment revealed that while WASREB provided evidence of participation in addressing climate change activities, significant gaps were identified. These include the absence of a designated coordination unit with sufficient resources and a senior officer to oversee climate-related functions; ineffective monitoring and review mechanisms to track the performance of climate action initiatives; failure to submit accurate and comprehensive annual progress reports on climate-related duties. These deficiencies represent a critical failure to meet statutory obligations and pose a significant challenge to the effectiveness of national climate action efforts.		The board has established a well-resourced coordination unit with a senior officer to oversee and integrate climate change activities across all functions.  And develop and implemented a robust monitoring and reporting mechanisms to ensure timely and accurate tracking of progress on climate-related duties.		resolved	June 2025	

**Water Services Regulatory Board  
Annual Reports and Financial Statements  
For the year ended June 30, 2025**

**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>ENTITY NAME:</b>		<b>WATER SERVICES REGULATORY BOARD</b>		
<b>BREAK DOWN OF TRANSFERS FROM THE MINISTRY OF WATER &amp; SANITATION</b>				
		<b>Bank Statement Date</b>	<b>2024/2025</b>	<b>2023/2024</b>
			Kshs	Kshs
Ministry of Water and Sanitation- WSDP			-	51,725,852
ESAWAS		24 <sup>th</sup> January 2025	2,780,126	21,218,351
Athi Water			-	5,699,400
UNICEF			-	3,356,094
		<b>Total</b>	<b>2,780,126</b>	<b>81,999,739</b>