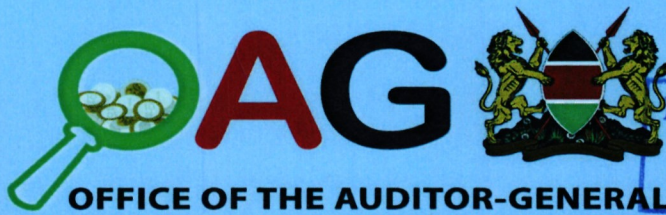


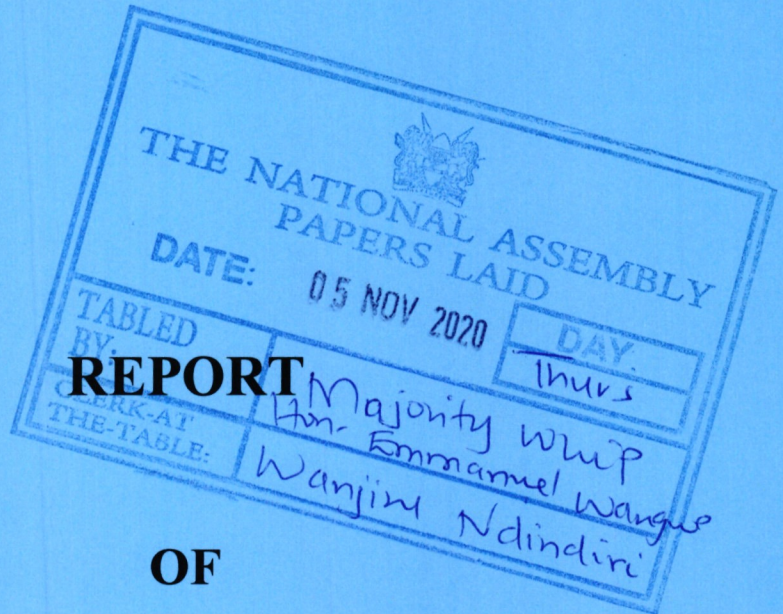
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**MINISTRY OF WATER AND SANITATION**

**FOR THE YEAR ENDED  
30 JUNE, 2019**



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**MINISTRY OF WATER AND SANITATION**

**REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2019**

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

**MINISTRY OF WATER AND SANITATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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## **(a) Background information**

The Ministry of Water and Sanitation (MWS) was established by the “Organization of the Government, Executive Order No. 1 of 2018 issued in June, 2018 by the presidency.

Its mandate is management and development of water resources, transboundary waters, water services and sanitation. In discharging its mandate, the Ministry is guided by key policies as provided by the Kenya Vision 2030, the Third Medium Term Plan (MTP III) 2018-2022, Big Four Agenda Plan, Constitution of Kenya 2010 and Sustainable Development Goals (SDGs). These policies emphasize the need for efficiency and better management in the utilization of natural resources to enable the government achieve its strategic goals of economic growth, poverty reduction and social stability.

The Ministry is headed by Principal Secretary. At cabinet level, the Ministry is represented by the Cabinet Secretary for Water and Sanitation, who is responsible for the general policy and strategic direction of the Ministry.

**The Ministry’s Vision is “Universal access to adequate, safe and sustainably managed water resources and sanitation.”**

**The Ministry’s Mission commits “To ensure good governance in the conservation, protection, harvesting and storage, management and development of water resources and sanitation infrastructure for national socio-economic development.”**

### **Principal Activities**

The Ministry’s day-to-day management is under the following key organs:

- i. General Administration and Planning
- ii. Water and Sanitation Services
- iii. Water Resources Management

The Ministry mandated to undertake protection, conservation and development of water resources for sustainable development through policy and strategy formulation as well as implementation of development programmes and projects in water resources, water services and sanitation irrigation,. In discharging its mandate, the Ministry is guided by key policies and Acts as provided by the Constitution of Kenya 2010, Water Act 2016, Big Four Agenda Plan and Third Medium Term Plan (MTP III) 2018-2022 of the Kenya Vision 2030. These policies emphasize the need for efficiency and better management in the utilization of available resources to enable the Ministry achieve its strategic goal of sustainable development of water resources and sanitation services.

**MINISTRY OF WATER AND SANITATION**  
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The full details of the mandate of the Ministry of Water and Irrigation are outlined in the Executive Order No. 1 of 2018 issued in June, 2018 and Assignment of Ministerial Functions. The functions of the Ministry are: Water Resources Management Policy, Water Catchment Area Conservation, Control and Protection, Water and Sewerage Services Management Policy, Waste Water Treatment and Disposal Policy, Water Quality and Pollution Control, Sanitation Management, Management Of Public Water Schemes and Community Water Projects, Water Harvesting and Storage for Domestic and Industrial Use and Flood Control Management

**Core Values:** The Ministry draws its values from the Constitution of Kenya, 2010, Article 10, which details the national values and principles of governance, which include the following:

- **Sustainable Development:** The Ministry shall carry out Environmental Impact Assessments (EIAs) on all projects as well as ensure conflict resolution in water resources use through Water Resources Users Associations (WRUAs).
- **Honesty and Integrity:** The ministry and its staff shall ascribe to high standards of personal ethics and integrity in the conduct of its affairs.
- **Human Dignity:** The Ministry is committed to uphold reasonable standards of sanitation for the citizens.
- **Teamwork and focus on results:** The Ministry will relentlessly pursue timely attainment of targeted results at all levels through high level coordination, networking and collaboration with all staff.
- **Innovativeness:** The Ministry is committed to innovativeness, creativeness, resourcefulness and focused planning and customer driven service delivery
- **Equity:** The Ministry shall promote at all times the virtues of equity and fair play for equitable sustainable development
- **Participatory Approach:** The Ministry is committed to consultations, joint and comprehensive partnership with all its stakeholders in all its undertakings.

**(b) Key Management**

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

- i. Directorate of water
  - Department of Water Services
  - Department of Water Resource
  - Department of Trans boundary Waters
  - Department of Shared Services
  
- ii. Directorate of shared services
  - Human Resource Management and Development Department
  - Planning (CPPMU) Department
  - Finance Department
  - Accounts Department
  - Supply Chain Management Department
  - Administration General Department
  - Records Management Department
  - ICT Department
  - Public Communication Department
  - Internal Audit Department

**(c) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2019 and who had direct fiduciary responsibility were:

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Cabinet Secretary, Ministry of Water & Sanitation	- Simon Chelugui
2.	Chief Administrative Officer, Ministry of Water & Sanitation	- Winnie Guchu
3.	Principal Secretary, Ministry of Water & Sanitation	- Joseph Irungu,CBS
4.	Water Secretary, Ministry of Water & Sanitation	- Eng. S.O.Alima
5.	Director, Department of Trans-boundary Waters	- Gladys Wekesa
6.	Director, Department Water Resources	- Chrispine Juma
7.	Director, Human Resource Management and Development Department	- Caroline Mugwe
8.	Director, Department of Infrastructure Development	- John Muiruri
9.	Chief Economist, Planning (CPPMU) Department	- Paul Asele
10.	Chief Finance Officer, Finance Department	- Joel Onchwati
11.	Head of Accounting Unit, Accounts Department	- Agnes Waweru
12.	Head, Supply Chain Management Department	- Julius Kieni
13.	Senior Director of Administration, Administration	- Joseph K. Keter
14.	Head, Audit	- Dr. Julius O. Akicho
15.	Head, ICT	- Charles Nyakeri

**MINISTRY OF WATER AND SANITATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

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- |                                |   |                 |
|--------------------------------|---|-----------------|
| 16. Head, Gender Mainstreaming | - | Dr.Sophia Opiyo |
| 17. Head, Legal                | - | Rose Nyakwana   |

**(d) Fiduciary Oversight Arrangements**

**i) Audit And Finance Committee Activities**

- Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, system of internal audit reports, assistance given by management and its staff to the auditors and any findings and actions to be taken.
- Reviewing any related party transactions that may arise within the State Department.
- Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
- Following up on recommendations of the Parliamentary Accounts Committee (PAC)

**ii) Parliamentary Committee Activities**

The parliamentary accounts committee as sole watchdog committee among others is responsible for:

- Receiving and discussing at the first instance reports from the Auditor General with a view of responding to them and making presentations to PAC in Parliament.
- Examine financial reports and accounts and Workings of the ministry
- Examine accounts showing appropriations by the national assembly to meet Ministry expenditure
- Examine whether the affairs of the ministry are managed with sound financial principles and prudent practices.

**iii) Development Partner Oversight Activities**

The oversight role is carried out by the establishment of a steering committee where all donors are members. This committee meets on a quarterly basis and all the donor representatives attend and have the following activities:

- Review development partners programs and activities through their missions
- Co-ordinate funding in the water sector
- Project completion review by the committee members

**iv) Budget Committee Activities**

This is the committee charged with the responsibility of implementation of the Ministry's budget and its prudent management. The duties of the committee include:

- To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Department.
- To participate in sector working groups
- To review and consider the cash flow plans
- To review the utilization of the cash limits and consider any changes as may be required;
- To review the utilization of the donor funds voted for the State Department.
- To advise the accounting officer on the challenges related to the budget implementation
- To review and recommend the reallocation of payments
- To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for the State Department and recommend actions to be taken.

**(e) Ministry of Water and Sanitation, Headquarters**

P.O. Box 49720-00100  
Maji House  
Ngong Road  
Nairobi, KENYA

**(f) Entity Contacts**

Telephone: (254) 020 - 2716103  
E-mail: [ps@water.go.ke](mailto:ps@water.go.ke)  
Website: [www.water.go.ke](http://www.water.go.ke)

**(g) Entity Bankers**

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

**(h) Independent Auditors**

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

**MINISTRY OF WATER AND SANITATION**  
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**(i) Principal Legal Adviser**

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

## **I. FORWARD BY THE CABINET SECRETARY**

The Ministry of Water and Sanitation was established by the Organization of Government, Executive Order No. 1 of 2018 (revised) issued in June 2018 with a mandate of development and management of Water resources, transboundary waters, water harvesting and storage services, and water services and sanitation.

**Functions and Mandate of the Ministry as outlined in Executive order No. 1 of 2018 are:**

1. Water Resources Management Policy.
2. Water Catchment Area Conservation, Control and Protection.
3. Water and Sewerage Service Management Policy.
4. Waste Water treatment and Disposal Policy
5. Water Quality and Pollution Control.
6. Sanitation Management.
7. Management of Public Water Schemes and Community Water Projects.
8. Water harvesting and Storage for domestic and Industrial use.
9. Flood Control Management.
10. Trans-boundary Water Policy

**Key achievements for the financial year 2018/2019 are:**

1. Policy and Legal frameworks-Through the Operationalization of Water Act 2016, a final transition plan was developed and public consultation undertaken. The Ministry also developed a final national water policy and a Cabinet Memo was forwarded to the Cabinet for approval. The Ministry initiated the preparation of three strategies namely: National Water Services and Sanitation Strategy, National Water Resources Management Strategy and National Water Harvesting and storage Strategy. In addition, the Ministry of Water and Sanitation Strategic Plan was finalized, signed and published. On the operationalization of the Hydrologists Act, all the board members of the hydrologist registration board were appointed and a Gazette notice prepared and forwarded to Attorney General (AG).
2. The Ministry implemented a number of projects and programmes during the financial year and improved access to clean and safe water from 60% in 2017/18 and to 62% in 2018/19 which translates to about 0.8 million additional people served. Non-Revenue Water reduced from 41% in 2017/18 to 37.6% in 2018/19. Nairobi Water Distribution Network Phase II and Baricho Works – Lot 3 were at 63.5% and 100% completion, respectively.
3. The access to improved urban sewerage services increased from 25% in 2017/18 to 26% in 2018/19 which translates to 0.4 million additional people connected to sewerage. This was done through expansion of sewerage schemes in urban areas. The national sanitation coverage increased by 2% from 68% in 2017/18 to 70% in 2018/19 with 0.8 million additional people served.

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4. Under water storage: Nairobi Northern Collector Tunnel cumulative progress was 10.2 Kms tunnel with progress of works for the project at 65%, Chemususu Water Distribution System was at 50% completion, Siyoi-Muruny dam and water supply project was at 60.5% and Thwake Multipurpose Water Development at 21.6% completion. 150 small dams/pans were constructed under National Water Harvesting and Ground water exploitation.
  
5. Under Water Resources: 17 automatic weather stations were installed, operational and transmitting data. Under Project on Sustainable Development of Lake Turkana and its River Basin: 8 automatic weather stations and 2 automatic water level recorders were procured and installed. Ground water mapping in Turkana, Marsabit and Wajir Counties was at 80% with revised zero draft reports submitted.

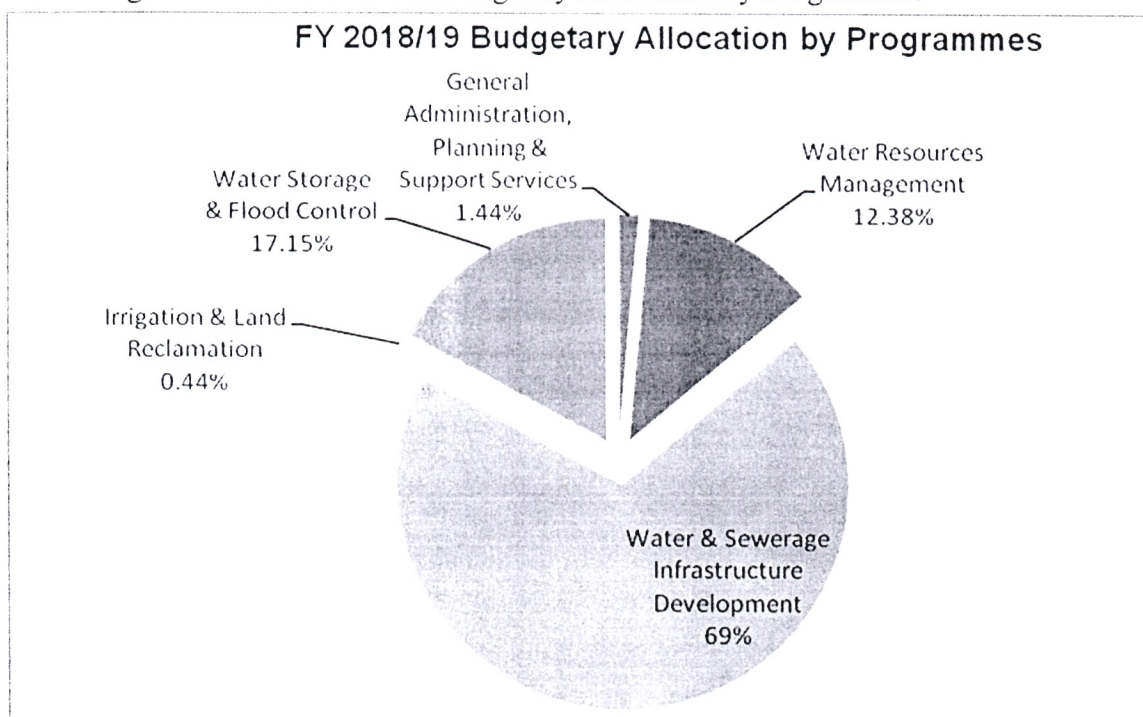
**BUDGET ALLOCATION**

In the financial year 2018/19 the Ministry of Water and Sanitation had a gross budgetary allocation of **KShs. 41,116,122,141** which comprised of **KShs. 5,310,367,925** and **KShs. 35,805,754,216** for recurrent and development vote 1107 respectively.

The Ministry was to expend the gross budget of **KShs. 41,116,122,141** under the following programmes:

- i. General Administration, Planning and Support Services Programme
- ii. Water Resources Management Programme
- iii. Water and Sewerage Infrastructure Development Programme
- iv. Irrigation and Land Reclamation Programme
- v. Water Storage and Flood Control Programme

Fig: FY 2018/2019 Gross Budgetary Allocation by Programmes



<b>Programme</b>	<b>Recurrent Budget 18/19</b>	<b>Development Budget 18/19</b>	<b>Total Budget</b>
General Administration, Planning & Support Services	555,129,167	34,994,714	590,123,881
Water Resources Management	1,457,742,546	3,633,500,000	5,091,242,546
Water & Sewerage Infrastructure Development	3,276,717,262	25,091,743,738	28,368,461,000
Irrigation & Land Reclamation	11,577,700	5,000,000	16,577,700
Water Storage & Flood Control	9,201,250	7,040,515,764	7,049,717,014
<b>Total</b>	<b>5,310,367,925</b>	<b>35,805,754,216</b>	<b>41,116,122,141</b>

**MINISTRY OF WATER AND SANITATION**  
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**1. General Administration, Planning and Support Services Programme**

The programme consists of one sub-programme, namely: Sub-programme 1.1: Water Policy Management  
The objective of this programme is to promote good governance in the management of water resources.  
The budgetary allocation for the programme was **KShs. 590,123,881** in FY 2018/19 representing 1.44% of the total budget. The programme represented an absorption rate of 67.53% with a corresponding actual expenditure of **Kshs. 398,501,267** during the financial year 2018/19.

**2. Water Resources Management Programme**

The programme consisted of two sub-programmes:

- a. Sub-programme 2.1: Water Resources Conservation and Protection
- b. Sub-programme 2.2: Trans-boundary Waters

The objective of this programme is to increase access and availability of safe, adequate and quality water resources. The budgetary allocation for the programme was **KShs. 5,091,242,546** in 2018/19 representing 12.38% of the total budget. The programme had absorption rate of 80.39% with an actual expenditure of **Kshs 4,092,622,012** during the financial year.

**3. Water & Sewerage Infrastructure Development**

The programme consists of one sub-programme, namely: Sub-programme 3.1 Sewerage and Infrastructure Development.

The objective of this programme is to enhance availability of Water and Sewerage services. The budgetary allocation for the programme was **KShs. 28,368,461,000** in 2018/19 representing 69% of the total budget. The programme had an absorption rate of 74.72% with an actual expenditure of **Kshs. 21,197,011,792** during the financial year.

**4. Irrigation & Land Reclamation**

The programme consists of one sub-programme, namely: Sub-programme 4.1 Land Reclamation.

The objective of this programme is to enhance utilization of land through land reclamation. The budgetary allocation for the programme was **KShs. 16,577,700** in 2018/19 representing 0.04% of the total budgetary allocation. The programme had an absorption rate of **99.20%** with an actual expenditure of **Kshs. 16,445,159** during the financial year.

## 5. Water Storage & Flood Control

The programme consisted of two sub-programmes:

- a. Sub-programme 5.1: Water Storage and flood control
- b. Sub-programme 5.2: Water Harvesting

The objective of this programme is to increase per capita water storage capacity for domestic, industrial and other uses. The budgetary allocation for the programme was KShs.7,049,717,014 in 2018/19 representing 17.15% of the total budget.. The programme had absorption rate of 84.74% with an actual expenditure of Kshs. 5,960,124,662.95 during the financial year.

Table: Summary of Budget Execution by Programmes

Programmes	2018/19 Budget Allocation	Amount in spending	Absorption Rate
General Administration, Planning & Support Services	590,123,881	398,501,267	67.53%
Water Resources Management	5,091,242,546	4,092,622,012.70	80.39%
Water & Sewerage Infrastructure Development	28,368,461,000	21,197,011,792	74.72%
Irrigation & Land Reclamation	16,577,700	16,445,159	99.20%
Water Storage & Flood Control	7,049,717,014	5,973,993,931.	84.74%
<b>Total</b>	<b>41,116,122,141</b>	<b>31,678,574,162.85</b>	<b>77.05%</b>

## Emerging Issues

### Emerging issues and challenges

- Budget cuts affected the implementation of projects and Programmes. The GOK funds reduced during supplementary II from Ksh.16.5 to Ksh.15.2billion. There was also a reduction in donor funds during the period.
- The delay in land acquisition for large infrastructural Projects affected the implementation of these projects e.g Vihiga Cluster Water project.
- Delay in land compensation for e.g Bosto Dam project and Thwake Multipurpose Water Development delayed projects progress
- Delay in approval and granting of VAT exemptions, lack of way-leaves and delayed payments affected progress of projects e.g Kiambu Sewerage Project and Limuru Sewerage Project.
- Effects of Climate change and associated extreme weather continues to impact negatively on water security and availability of water resources and demands resilient infrastructure. The drought experienced in most parts of the country and the resultant effect on availability of water resources points to the effects of climate change. On the flipside, the floods which the country experienced following the advent of the damaged water and sewerage infrastructure negating the gains made.

### Implementation Challenges

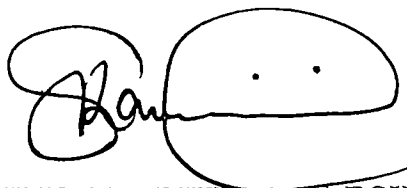
The Water Sub-Sector is faced with challenges which include:-

Interference by County Government in implementing water resources; increased competition/conflicts in utilization of water resources, low sewerage coverage; Pollution of main rivers Such as Tana, Nairobi, Athi, Nzoia, Nyando, Kuja and Sondu ;

poor solid waste, waste management, difficulty in Land acquisition to construct Water and Sewerage projects , degradation of Key water catchment areas , grabbed land for water installations especially in Nairobi Mombasa inadequate infrastructure development for water storage and water scarcity.

### Recommendations going forward:

- Continuous engagement with all Stakeholders through public participation
- assistance of National Land Commission
- Strengthened county engagement strategy to solve outstanding issues and enforce regulations for compliance
- Concerted multi-sectoral approach by involving other stakeholders such as KFS, KWS, WRA, NEMA, KWTA and Security agencies
- Initiate repossession of grabbed land for water installations with collaboration with respective County Governments through the assistance of National Land Commission
- Inter-agency approach including security agencies to control pollution of rivers.



SICILY K.KARIUKI (Mrs),EGH  
CABINET SECRETARY  
MINISTRY OF WATER, SANITATION AND IRRIGATION

## II. STATEMENT OF ENTITY MANAGEMENT RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2013 requires that, at the end of each financial year, the accounting officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

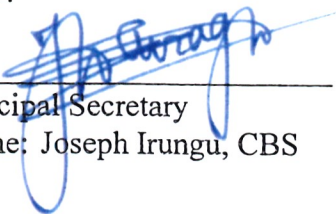
The Principal Secretary in charge of the Ministry of Water and Sanitation is responsible for the preparation and presentation of the Ministry's financial statements, which give a true and fair view of the state of affairs of the Ministry for and as at the end of the financial year ended on June 30, 2019. 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 Ministry; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Ministry; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

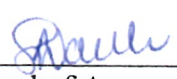
The Principal Secretary in charge of the Ministry of Water and Sanitation accepts responsibility for the Ministry's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards (IPSAS). The Principal Secretary is of the opinion that the Ministry's financial statements give a true and fair view of the state of Ministry's transactions during the financial year ended June 30, 2019, and of the Ministry's financial position as at that date. The Principal Secretary in charge of the Ministry of Water and Sanitation further confirms the completeness of the accounting records maintained for the Ministry, which have been relied upon in the preparation of the Ministry's financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary in charge of the Ministry of Water and Sanitation confirms that the Ministry has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the Ministry's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Principal Secretary confirms that the Ministry's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

### Approval of the financial statements

The Ministry's financial statements were approved and signed by the Accounting Officer on 22/09 2019.

  
Principal Secretary  
Name: Joseph Irungu, CBS

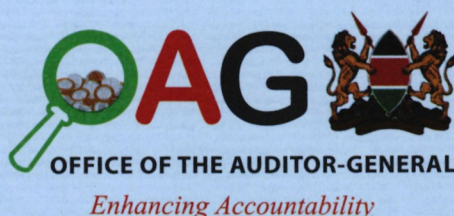
  
Head of Accounting Unit  
Name: Agnes W. Waweru  
ICPAK Member Number: 5514

**MINISTRY OF WATER AND SANITATION**  
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**For the year ended June 30, 2019**

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# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MINISTRY OF WATER AND SANITATION FOR THE YEAR ENDED 30 JUNE, 2019**

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of Ministry of Water and Sanitation set out on pages 1 to 38, which comprise the statement of assets and liabilities as at 30 June, 2019, the statement of receipts and payments, statement of cash flows, summary statements of appropriation - recurrent and development combined 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 effects 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 Ministry of Water and Sanitation as at 30 June, 2019, and of its financial performance and cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1. Unconfirmed Direct Payments**

The statement of receipts and payments reflects transfers to other government units amounting to Kshs.27,501,227,464 which as disclosed in Note 7 to the financial statements includes direct payments totaling Kshs.9,702,013,707 made on behalf of various self-reporting entities. However, corresponding confirmations of the payments by the beneficiary institutions were not provided for audit verification.

In the absence of the confirmations, it has not been possible to ascertain the completeness and accuracy of the reported direct payments figure of Kshs.9,702,013,707.

## 2. Variances Between Financial Statements and Confirmations from Other Government Agencies

Comparison of balances reported in the financial statements under transfers to other government agencies and acquisition of assets, and related confirmations from the respective agencies revealed unreconciled variances, as detailed in the table below:

Government Agency	Item	Financial Statements (Kshs.)	Amount Confirmed (Kshs.)	Variance (Kshs.)
Coastal Region Water Security and Climate Resilience Project	Transfers to Other Government Agencies	392,925,101	319,143,537	73,781,564
Kenya Water Security and Climate Resilience Project	Transfers to Other Government Agencies	1,570,895,644	1,585,314,732	(14,419,088)
Thwake Multipurpose Water Project	Acquisition of Assets	4,884,073,774	4,880,708,235	3,365,539

Management did not explain or reconcile the variances. It has, therefore, not been possible to ascertain the accuracy of the reported figure for transfers to other government agencies of Kshs.27,501,227,465 and acquisition of assets of Kshs.4,886,362,901 respectively. It was also not possible to confirm whether all the funds disbursed were received and properly accounted for by the agencies.

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

### Key Audit Matters

Key audit matters are those matters which, in my professional judgment, are of most significance in the audit of the financial statements. I have determined that there are no other key audit matters to communicate in my report.

### Other Matter

#### 1. Budgetary Performance

The summary statement of appropriation-recurrent and development combined reflects total budgeted receipts of Kshs.41,116,122,141 against actual receipts of Kshs.33,304,530,482 resulting into underfunding of Kshs.7,807,560,691 or 19%. Similarly, out of the budgeted expenditure of Kshs.41,116,122,141, the Ministry spent Kshs.33,272,819,842 resulting into a budgetary expenditure deficit of Kshs.7,843,302,299 or 19%. Management has attributed the underutilization to lack of Exchequer releases from The National Treasury and lengthy procurement process.

Consequently, the Ministry may not have implemented all planned activities and this may have negatively impacted service delivery to the public.

## **2. Pending Bills**

Note 16.1 to the financial statements reflects pending bills amounting to Kshs.56,362,558. The bills were not paid during the year but were instead carried forward to 2019/2020 financial year. Failure to settle bills in the year to which they relate adversely affects the subsequent year's provisions since the bills form the first charge to that year's budget provisions.

## **3. Delayed Completion of Ground Water Mapping and Assessment Project for Wajir County**

The Ministry engaged a local consulting firm to provide ground water mapping and assessment services for Wajir County at a cost of Kshs.85,205,000. The contract was signed on 6 April, 2018 and the expected completion date was 6 April, 2019 which was later extended to 5 October, 2019. However, as at the time of audit, the project had not been completed. The delayed completion of the project has denied the Ministry the benefits envisaged under the contract and could also lead to cost overruns.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Poor Management of Vehicles for Water Tribunal**

Review of the documents availed for audit by the Water Tribunal revealed that the Tribunal had been assigned eight (8) vehicles. However, the audit revealed that only four (4) vehicles were with the Tribunal in the year under review. Although Management explained that two (2) vehicles were transferred to the Ministry while two (2) vehicles were grounded after being involved in accidents, reports of handing over of the vehicles to the Ministry and the accident reports for the grounded vehicles were not provided for audit verification. Further, no evidence of insurance of the six (6) vehicles registered in the name of the Tribunal or evidence of compensation received for the two grounded accident vehicles was provided.

Under the circumstances, effectiveness in the management of the Tribunal's vehicles could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



**Nancy Gathungu**  
**AUDITOR-GENERAL**

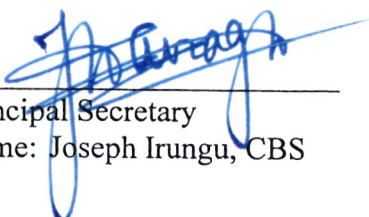
**Nairobi**

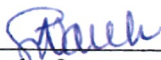
**07 October, 2020**

#### IV. STATEMENT OF RECEIPTS AND PAYMENTS

	Note	2018/2019 Kshs	2017/2018 Kshs
<b>RECEIPTS</b>			
Proceeds From Domestic and Foreign Grants	1	312,186,817	317,244,314
Transfers from National Treasury	2	17,833,419,829	16,620,310,434
Proceeds From Foreign Borrowings	3	13,459,523,910	12,039,615,619
Other Revenues	4	1,699,399,926	5,067,000
<b>TOTAL REVENUES</b>		<b>33,304,530,482</b>	<b>28,982,237,367</b>
<b>PAYMENTS</b>			
Compensation of Employees	5	570,594,989	526,850,610
Use of goods and services	6	314,634,487	153,735,441
Transfers to Other Government Units	7	27,501,227,465	27,482,449,643
Other grants and transfers	8	-	712,849,432
Acquisition of Assets	9	4,886,362,901	3,069,970
<b>TOTAL PAYMENTS</b>		<b>33,272,819,842</b>	<b>28,878,955,096</b>
<b>SURPLUS/DEFICIT</b>		<b>31,710,640</b>	<b>103,282,271</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 31/09 2019 and signed by:

  
 Principal Secretary  
 Name: Joseph Irungu, CBS

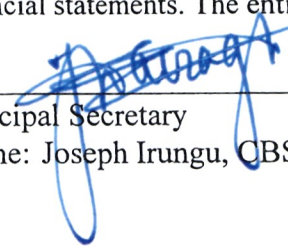
  
 Head of Accounting Unit  
 Name: Agnes W. Waweru  
 ICPAK Member Number: 5514


MINISTRY OF WATER AND SANITATION  
 Reports and Financial Statements  
 For the year ended June 30, 2019

V. STATEMENT OF ASSETS AND LIABILITIES

	Note	2018/2019 Kshs	2017/2018 Kshs
<b>FINANCIAL ASSETS</b>			
Cash and Cash Equivalents			
Bank Balances	10A	64,957,228	253,479,206
Cash Balances	10B	894,394	698,852
<b>Total Cash And Cash Equivalents</b>		<b>65,851,621</b>	<b>254,178,058</b>
Accounts Receivables - Outstanding Imprest and Clearance Accounts	11	-	2,743,466
<b>TOTAL FINANCIAL ASSETS</b>		<b>65,851,621</b>	<b>256,921,524</b>
<b>LESS: FINANCIAL LIABILITIES</b>			
Accounts Payables - Deposits	12	34,140,982	35,476,750
<b>NET FINANCIAL ASSETS</b>		<b>31,710,639</b>	<b>221,444,774</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	13	221,444,774	120,705,383
Prior year adjustments	14	(221,444,774)	(2,542,880)
Surplus/Deficit for the year		31,710,640	103,282,271
<b>NET FINANCIAL POSITION</b>		<b>31,710,640</b>	<b>221,444,774</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/9/2019 2019 and signed by:

  
 Principal Secretary  
 Name: Joseph Irungu, CBS

  
 Head of Accounting Unit  
 Name: Agnes W. Waweru  
 ICPAK Member Number: 5514

MINISTRY OF WATER AND SANITATION

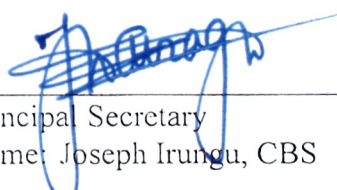
Reports and Financial Statements

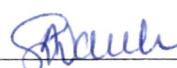
For the year ended June 30, 2019

VI. STATEMENT OF CASH FLOWS

	Note	2018/2019 Kshs	2017/2018 Kshs
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts for operating income</b>			
Proceeds From Domestic and Foreign Grants	1	312,186,817	317,244,314
Transfers from National Treasury	2	17,833,419,829	16,620,310,434
Other Revenues	4	1,699,399,926	5,067,000
		<b>19,845,006,572</b>	<b>16,942,621,748</b>
<b>Payments for operating expenses</b>			
Compensation of Employees	5	570,594,989	(526,850,610)
Use of goods and services	6	314,634,487	(153,735,441)
Transfers to Other Government Units	7	27,501,227,465	(27,482,449,643)
Other grants and transfers	8	-	(712,849,432)
<b>Adjusted for:</b>			
Changes in receivables		2,743,466	(200,586)
Changes in payables		(1,335,768)	1,507,340
Adjustments during the year	14	(221,444,774)	(2,542,880)
<b>Net cash flow from operating activities</b>		<b>(8,761,487,446)</b>	<b>(11,934,499,504)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	9	(4,886,362,901)	(3,069,970)
<b>Net cash flows from Investing Activities</b>		<b>(4,886,362,901)</b>	<b>(3,069,970)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds From Domestic and Foreign Grants	3	13,459,523,910	12,039,615,619
<b>Net cash flow from financing activities</b>		<b>13,459,523,910</b>	<b>12,039,615,619</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>		<b>(188,326,436)</b>	<b>102,046,145</b>
<b>Cash and cash equivalent at BEGINNING of the year</b>		<b>254,178,058</b>	<b>152,131,913</b>
<b>Cash and cash equivalent at END of the year</b>		<b>65,851,622</b>	<b>254,178,058</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30/09 20 19 and signed by:

  
 Principal Secretary  
 Name: Joseph Irungu, CBS

  
 Head of Accounting Unit  
 Name: Agnes W. Waweru  
 ICPAK Member Number: 5514

VII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT AND DEVELOPMENT COMBINED

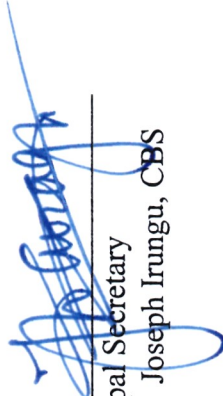
Revenue/Expense Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilisation Difference	% of Utilisation Difference to Final Budget
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>RECEIPTS</b>						
Proceeds From Foreign Borrowings	23,508,750,000	(9,192,921,992)	14,315,828,008	13,459,523,910	852,273,130	94%
Proceeds from Domestic and Foreign Grants	1,685,000,000	(980,000,000)	705,000,000.00	312,186,816.95	392,813,183	44%
Exchequer releases	25,377,702,474	(1,159,408,341)	24,218,294,133	17,833,419,829	6,384,874,304	74%
Other Receipts	285,500,000	1,591,500,000	1,877,000,000	1,699,399,926	177,600,074	91%
<b>Total Receipts</b>	<b>50,856,952,474</b>	<b>(9,740,830,333)</b>	<b>41,116,122,141</b>	<b>33,304,530,482</b>	<b>7,807,560,691</b>	<b>81%</b>
<b>Payments</b>						
Compensation of Employees	332,000,000	220,215,105	552,215,105	570,594,989.00	(18,379,884)	103%
Use of goods and services	296,731,806	37,439,678	334,171,483	314,634,487	19,536,996	94%
Transfers to Other Government Units	42,232,766,780	(7,641,648,004)	34,591,118,776	27,501,227,465	7,089,891,311	80%
Acquisition of Assets	7,995,453,889	(2,356,837,112)	5,638,616,777	4,886,362,901	752,253,876	87%
<b>Grand Total</b>	<b>50,856,952,474</b>	<b>(9,740,830,333)</b>	<b>41,116,122,141</b>	<b>33,272,819,842</b>	<b>7,843,302,299</b>	<b>81%</b>
<b>Surplus/Deficit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,710,640</b>	<b>(35,741,607)</b>	


**MINISTRY OF WATER AND SANITATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

**NOTES**

- i. The underutilization on proceeds from domestic and foreign grants of 56% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- ii. The under collection on Exchequer releases of 26% was as a result of lack of Exchequer funding from The National Treasury
- iii. The Overutilization of 3% on compensation of employees was due to budget reduction by the National Treasury.
- iv. The underutilization on transfer to other government units of 20% was as a result of Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- v. The underutilization on acquisition of assets by 13% was caused by lack of exchequer funding.

The Ministry's financial statements were approved on 30/09 2019 and signed by:

  
Principal Secretary  
Name: Joseph Irungu, CBS

  
Head of Accounting Unit  
Name: Agnes W. Waweru  
ICPAK Member Number: 5514

MINISTRY OF WATER AND SANITATION

Reports and Financial Statements

For the year ended June 30, 2019

VIII. SUMMARY STATEMENT OF APPROPRIATION: RECURRENT


Revenue/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=d-c	% of Utilisation Difference to Final Budget f=d/c %
Exchequer releases	1,800,062,474	1,633,305,451	3,433,367,925	3,428,981,994	4,385,931	100%
Other Receipts	285,500,000	1,591,500,000	1,877,000,000	1,699,399,926	177,600,074	91%
<b>Total Receipts</b>	<b>2,085,562,474</b>	<b>3,224,805,451</b>	<b>5,310,367,925</b>	<b>5,128,381,920</b>	<b>181,986,005</b>	<b>97%</b>
<b>PAYMENTS</b>						
Compensation of Employees	332,000,000	220,215,105	552,215,105	570,594,989	(18,379,884)	103%
Use of goods and services	91,731,806	87,439,678	179,171,483	159,634,488	19,536,995	89%
Transfers to Other Government Units	1,660,376,780	2,915,696,780	4,576,073,560	2,671,764,621	1,904,308,939	58%
Acquisition of Assets	1,453,889	1,453,889	2,907,777	2,289,127	618,650	79%
<b>Grand Total</b>	<b>2,085,562,474</b>	<b>3,224,805,451</b>	<b>5,310,367,925</b>	<b>3,404,283,225</b>	<b>1,906,084,700</b>	<b>64%</b>
<b>Surplus/Deficit</b>				<b>1,724,098,694</b>	<b>(1,724,098,694)</b>	


**MINISTRY OF WATER AND SANITATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

Notes

- i. The Overutilization of 3% on compensation of employees was due to budget reduction by the National Treasury.
- ii. The underutilization of 11% on use of goods and services was as a result of lengthy procurement process and lack of exchequer funding
- iii. The underutilization on transfer to other government units of 42% was as a result of Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- iv. The underutilization on acquisition of assets by 21% was caused by lack of exchequer funding.

The Ministry's financial statements were approved on 30/09 2019 and signed by:

  
Principal Secretary  
Name: Joseph Irungu, CBS

  
Head of Accounting Unit  
Name: Agnes W. Waweru  
ICPAK Member Number: 5514

MINISTRY OF WATER AND SANITATION

Reports and Financial Statements

For the year ended June 30, 2019

IX. SUMMARY STATEMENT OF APPROPRIATION: DEVELOPMENT

Revenue/Expense Item	Original Budget a.	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilisation Difference e=c-d	% of Utilisation f=d/c %
<b>RECEIPTS</b>						
Proceeds from Domestic and Foreign Grants	1,685,000,000	(980,000,000)	705,000,000	312,186,817	392,813,183	44%
Proceeds from Foreign Borrowings	23,508,750,000	(9,192,921,992)	14,315,828,008	13,463,554,878	852,273,130	94%
Exchequer releases	23,577,640,000	(2,792,713,792)	20,784,926,208	14,404,437,835	6,380,488,373	69%
<b>Total Receipts</b>	<b>48,771,390,000</b>	<b>(12,965,635,784)</b>	<b>35,805,754,216</b>	<b>28,180,179,530</b>	<b>7,625,574,686</b>	<b>79%</b>
<b>Payments</b>						
Use of goods and Services	205,000,000	(50,000,000)	155,000,000	155,000,000	-	100%
Transfers to Other Government Units	40,572,390,000	(10,557,344,784)	30,015,045,216	23,137,543,416	6,877,501,800	77%
Acquisition of Assets	7,994,000,000	(2,358,291,000)	5,635,709,000	4,884,073,774	751,635,226	87%
<b>Grand Total</b>	<b>48,771,390,000</b>	<b>(12,965,635,784)</b>	<b>35,805,754,216</b>	<b>28,176,617,190</b>	<b>7,629,137,026</b>	<b>79%</b>

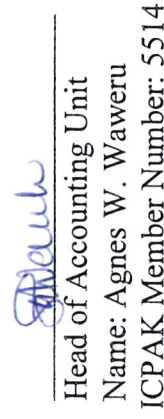
**MINISTRY OF WATER AND SANITATION**  
**Reports and Financial Statements**  
**For the year ended June 30, 2019**

NOTES

- i. The underutilization on proceeds from domestic and foreign grants by 56% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- ii. The under collection on Exchequer releases of 31% was as a result of lack of Exchequer funding from The National Treasury
- iii. The underutilization on transfers to other government units by 23% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- iv. The underutilization on acquisition of assets by 13% was caused by lack of exchequer funding

The Ministry's financial statements were approved on 30/09 2019 and signed by:

  
Principal Secretary  
Name: Joseph Irungu, CBS

  
Head of Accounting Unit  
Name: Agnes W. Waweru  
ICPAK Member Number: 5514

**MINISTRY OF WATER AND SANITATION**

**Reports and Financial Statements**

**For the year ended June 30, 2019**

**X. BUDGET EXECUTION BY PROGRAMMES AND SUB-PROGRAMMES**

General Administration, planning and support services	590,123,881	-	400,138,582	189,985,299	210,153,283
Water Policy Management	590,123,881	-	400,138,582	189,985,299	210,153,283
Water Resources Management	40,525,998,260	-	40,525,998,260	31,390,915,116	9,135,083,144
water Resources Conservation and Protection	40,525,998,260	-	40,525,998,260	31,390,915,116	9,135,083,144
<b>TOTAL</b>	<b>41,116,122,141</b>	<b>-</b>	<b>40,926,136,842</b>	<b>31,580,900,415</b>	<b>9,345,236,427</b>

(NB: This statement is a disclosure statement indicating the utilisation in the same format at the Entity's budgets which are programme based. Ensure that this document is completed to enable consolidation by the National Treasury)

## **XI. SIGNIFICANT ACCOUNTING POLICIES**

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

### **1. Statement of Compliance and Basis of Preparation**

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

The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

### **2. Reporting Entity**

The financial statements are for the State Department for Water Services . The financial statements encompass the reporting entity as specified under section 81 of the PFM Act 2012.

### **3. Reporting Currency**

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

### **4. Significant Accounting Policies**

The accounting policies set out in this section have been consistently applied by the Entity for all the years presented.

#### **a) Recognition of Receipts**

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

- **Tax Receipts**

Tax receipts are recognized in the books of accounts when cash is received. Cash is considered as received when notification of tax remittance is received

## **SIGNIFICANT ACCOUNTING POLICIES**

- **Transfers from the Exchequer**

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

- **External Assistance**

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

Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary.

In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment.

During the year ended 30<sup>th</sup> June 2019, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

- **Other receipts**

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

### **b) Recognition of payments**

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

- **Compensation of Employees**

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

- **Use of Goods and Services**

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

- **Interest on Borrowing**

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

## SIGNIFICANT ACCOUNTING POLICIES

- **Repayment of Borrowing (Principal Amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made.

- **Acquisition of Fixed Assets**

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

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

### 5. In-kind contributions

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

### 6. Third Party Payments

Included in the receipts and payments, are payments made on its behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings.

### 7. Cash and Cash Equivalents

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

#### Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation.

Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits. As at 30th June 2019, this amounted to Kshs. 34,14,982 compared to Kshs. 35,476,750 in prior period as indicated on note 10A.

There were no other restrictions on cash during the year.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **8. Accounts Receivable**

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

### **9. Accounts Payable**

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted by National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

### **10. Pending Bills**

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

### **11. Budget**

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits, which are accounted for on an accrual basis), the same accounts classification basis, and for the same period as the financial statements. The original budget was approved by Parliament on June 2018 for the period 1<sup>st</sup> July 2018 to 30<sup>th</sup> June 2019 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements.

Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

### **12. Comparative Figures**

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

## **SIGNIFICANT ACCOUNTING POLICIES**

### **13. 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 30<sup>th</sup> June 2019.

### **14. Errors**

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

During the year, errors that have been corrected are disclosed under note 14 explaining the nature and amounts.

### **15. Related Party Transactions**

Related party relationships are a normal feature of commerce. Specific information with regards to related party transactions is included in the disclosure notes.

**MINISTRY OF WATER AND SANITATION**  
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**XII. NOTES TO THE FINANCIAL STATEMENTS**

**1 PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS**

Description	2018-2019 Kshs	2017-2018 Kshs
Grants Received From Bilateral Donors (Foreign Governments)	312,186,817	54,056,990
Grants Received from Multilateral Donors (International Organizations)	-	263,187,324
<b>TOTAL</b>	<b>312,186,817</b>	<b>317,244,314</b>

The above grants were used in the implementation of development programs

**2 EXCHEQUER RELEASES**

Description	2018-2019 Kshs	2017-2018 Kshs
Total Exchequer Releases for quarter 1	1,321,343,169	1,570,370,772
Total Exchequer Releases for quarter 2	4,907,773,799	3,884,426,277
Total Exchequer Releases for quarter 3	3,573,990,131	5,964,376,296
Total Exchequer Releases for quarter 4	8,030,312,730	5,201,137,089
<b>TOTAL</b>	<b>17,833,419,829</b>	<b>16,620,310,434</b>

During the year the Ministry was to receive KShs. 41,116,122,141 but received Kshs. 17,833,419,829.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 PROCEEDS FROM FOREIGN BORROWINGS

PROCEEDS FROM FOREIGN BORROWINGS			2018-2019 Kshs	2017-2018 Kshs
Foreign Borrowing - Draw-downs Through Exchequer			782,434,124	812,826,464
Foreign Borrowing - Direct Payments			12,677,089,786	11,226,789,155
<b>TOTAL</b>			<b>13,459,523,910</b>	<b>12,039,615,619</b>

These represent borrowings that are received from development partners, the borrowings are used to fund development projects.

4 OTHER REVENUES

Description			2018-2019 Kshs	2017-2018 Kshs
Administrative Fees			3,312,530	4,056,000
Receipts from Administrative Fees and Charges - Collected as AIA from SAGAs			1,695,950,396	0
Receipts from Sale of Incidental Goods			137,000	1,011,000
<b>TOTAL</b>			<b>1,699,399,926</b>	<b>5,067,000</b>

5 COMPENSATION OF EMPLOYEES

Description			2018-2019 Kshs	2017-2018 Kshs
Basic salaries of permanent employees			333,222,280	333,793,524
Basic wages of temporary employees			7,250,517	193,057,086
Personal allowances paid as part of salary			230,122,193	-
<b>TOTAL</b>			<b>570,594,989</b>	<b>526,850,610</b>

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

**6 USE OF GOODS AND SERVICES**

Description	2018-2019 Kshs	2017-2018 Kshs
Utilities, supplies and services	11,476,837	6,064,249
Communication, supplies and services	3,412,782	2,086,199
Domestic travel and subsistence	38,338,802	33,509,290
Foreign travel and subsistence	5,549,866	4,791,036
Printing, advertising and information supplies & services	4,945,522	533,028
Rentals of produced assets	78,400	60,000
Training expenses	5,009,839	3,454,509
Hospitality supplies and services	6,301,337	799,451
Specialised materials and services	34,941,146	24,060,062
Office and general supplies and services	5,051,042	2,666,782
Other operating expenses	174,842,561	58,082,628
Fuel Oil and Lubricants	12,113,588	10,070,846
Routine maintenance – vehicles and other transport equipment	7,168,569	5,857,316
Routine maintenance – other assets	5,404,196	1,700,045
Fuel Oil and Lubricants	-	-
<b>TOTAL</b>	<b>314,634,487</b>	<b>153,735,441</b>

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

**7 GRANTS AND TRANSFERS TO OTHER GOVERNMENT ENTITIES**

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to National Government entities		
Capital Grants to Government Agencies- Current	4,367,715,017	1,710,065,071
Capital Grants to Government Agencies-Capital	23,133,512,447	25,772,384,572
<b>TOTAL</b>	<b>27,501,227,464</b>	<b>27,482,449,643</b>

The above transfers were made to the following self-reporting entities in the year:

Description	Recurrent Kshs	Development Kshs	A.I.A- Direct payments Kshs	Total Kshs
<b>Transfers to SAGAs and SCs</b>				
Lake Victoria South Water Services Board	69,840,000	464,700,000	589,754,507	1,124,294,507
Tanathi Water Services Board	57,230,000	406,450,000	980,954,205	1,444,634,205
Water Resource Management Authority	307,490,000	236,000,000		543,490,000
Athi Water Services Board	437,470,000	4,544,058,172	4,051,453,169	9,032,981,341
Northern Water Services Board	82,450,000	399,877,000	30,622,311	512,949,311
Rift Valley Water Services Board	184,300,000	1,768,450,000	1,528,313,642	3,481,063,642
Water Services Trust Fund	164,900,000	635,478,675	10,649,961	811,028,636
Nairobi water city and sewerage co.	-	163,484,730	-	163,484,730.45
Upper Tana Catchment Natural Resources Management Project	-	839,588,678	32,257,087	871,845,765
Kenya Water Security and Climate Resilience Project	-	737,429,500	833,466,144	1,570,895,644
National Water Conservation Pipeline Corporation	392,850,000	847,000,000	0	1,239,850,000
Kenya Water Institute	215,753,560	60,000,000	0	275,753,560
Water Services Regulatory Board	0	80,000,000	0	80,000,000
Coast Water Services Board	577,150,000	447,030,460	160,920,251	1,185,100,711
Tana Water Services Board	77,600,000	352,000,000	725,017,235	1,154,617,235
Lake Victoria North Water Services Board	67,900,000	304,362,958	338,504,191	710,767,149
Regional Centre on Ground Water Resource Education and Research	22,591,699	0		22,591,699
Coastal Region Water Security and Climate Resilience Project	-	392,925,101	71,556,473	464,481,574
A.I.A- Direct payments	1,695,950,395.85	0	0	1,695,950,396
Head Quarter Projects	14,239,362	721,663,466	0	735,902,828
KIDDP	-	31,000,000	0	31,000,000
Water Sector Development Programme	-		348,544,532	348,544,532
	<b>4,367,715,017</b>	<b>13,431,498,741</b>	<b>9,702,013,707</b>	<b>27,501,227,464</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER GRANTS AND TRANSFERS

Description	2018-2019 Kshs	2017-2018 Kshs
Membership dues and subscriptions to international organizations	-	4,445,496
Emergency relief and refugee assistance		708,403,936
<b>Total</b>	-	<b>712,849,432</b>

9 ACQUISITION OF ASSETS

Description	2018-2019 Kshs	2017-2018 Kshs
Refurbishment of Buildings	-	-
Construction and Civil Works	4,886,362,901	-
Overhaul of Vehicles and Other Transport Equipment		534,270
Purchase of Office Furniture and General Equipment	-	-
Purchase of Specialised Plant, Equipment and Machinery		2,535,700
Rehabilitation and Renovation of Plant, Machinery and Equip.	-	-
<b>Sub Total</b>	<b>4,886,362,901</b>	<b>3,069,970</b>
<b>Financial Assets</b>		
<b>TOTAL</b>	<b>4,886,362,901</b>	<b>3,069,970</b>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10A: Bank Accounts

Bank Accounts				
Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	2018-2019 Kshs	2017-2018 Kshs
Central Bank of Kenya, 1000384425, KShs	Ksh	Reccurent	28,871,735	21,355,104
Central Bank of Kenya, 1000384433, KShs	Ksh	Development	1,944,511	196,647,352
Central Bank of Kenya, 1000384441, KShs	Ksh	Deposit	34,140,982	35,476,750
<b>Total</b>			<b>64,957,228</b>	<b>253,479,206</b>

10B: CASH IN HAND

Cash in hand		
	2018-2019 Kshs	2017-2018 Kshs
Cash in Hand – Held in domestic currency	894,394	698,852
<b>TOTAL</b>	<b>894,394</b>	<b>698,852</b>

Cash in hand should also be analysed as follows:

Cash in hand should also be analysed as follows:		
	2018-2019 Kshs	2017-2018 Kshs
Headquarters, Maji House, Cashoffice	894,394	698,852
<b>TOTAL</b>	<b>894,394</b>	<b>698,852</b>

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

**11: ACCOUNTS RECEIVABLE - OUTSTANDING IMPRESTS**

<i>Description</i>	2018-2019 Kshs	2017-2018 Kshs
Government Imprests	-	1,984,926
Clearance accounts	-	758,540
<b>TOTAL</b>	-	<b>2,743,466</b>

**12. ACCOUNTS PAYABLE**

<i>Description</i>	2018-2019 Kshs	2017-2018 Kshs
Deposits	34,140,982	35,476,750
<b>TOTAL</b>	<b>34,140,982</b>	<b>35,476,750</b>

**13. FUND BALANCE BROUGHT FORWARD**

<i>Description</i>	2018-2019 Kshs	2017-2018 Kshs
Bank accounts	253,479,206	152,085,914
Cash in hand	698,852	45,999
Accounts Receivables	2,743,466	2,542,880
Accounts Payables	(35,476,750)	(33,969,410)
<b>TOTAL</b>	<b>221,444,774</b>	<b>120,705,383</b>

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

**14. PRIOR YEAR ADJUSTMENTS**

Description of the error	2018-2019 Kshs	2017-2018 Kshs
Adjustments on bank account balances	(218,002,456)	(2,542,880)
Cash in hand	(698,852)	-
Receivables - Outstanding Imprests	(2,743,466)	-
<b>TOTAL</b>	<b>(221,444,774)</b>	<b>(2,542,880.00)</b>

**15. RELATED PARTY DISCLOSURES**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS.

The following comprise of related parties to the Ministry of Water and Sanitation

- Key management personnel that include the Cabinet Secretaries and Accounting Officers
- Other Ministries Departments and Agencies and Development Projects;
- County Governments; and
- State Corporations and Semi-Autonomous Government Agencies.

**Related party transactions:**

Description	2018-2019 Kshs	2017-2018 Kshs
Transfers to other State Corporations and Semi-Autonomous Government Agencies	27,505,258,433	27,482,449,643

## 16. OTHER IMPORTANT DISCLOSURES

### 16.1: PENDING ACCOUNTS PAYABLE (See Annex 1)

	2018-2019 Kshs	2017-2018 Kshs
Supply of goods	56,362,558.00	17,791,735
Supply of services	-	988,806
<b>TOTAL</b>	<b>56,362,558.00</b>	<b>18,780,541</b>

### 16.2: OTHER PENDING PAYABLES (See Annex 2)

	2018-2019 Kshs	2017-2018 Kshs
Amounts due to third parties	34,140,982	35,476,750
<b>TOTAL</b>	<b>34,140,982</b>	<b>35,476,750</b>

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17. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

PROGRESS ON FOLLOW-UP OF AUDITOR RECOMMENDATIONS

No.	Reference No. On The External Audit Report	Issue/Observations from Auditor	Management Comments	Focal Point person to resolve the issue (Name and Designation)	Status: Resolved /Not Resolved	Timeframe: (Put a date when you expect the issue to be resolved)
1	Variances Between Financial Statements and Trial Balance	Financial statements balances provided differs with balances in IFMIS and Trial balances	Non reconciliation of balances in IFMIS and Financial Statements	HAU	Resolved	N/A
<b>Other Matter</b>						
2	Underfunding of the state department	According to the summary statement of appropriation for both Recurrent and Development Vote, the State Department had a total budget of Kshs.44,704,627, 545, from exchequer, foreign and domestic grants and borrowings. The Department	Non-receipt budgeted of exchequer from the National Treasury	HAU	Not-Resolved	

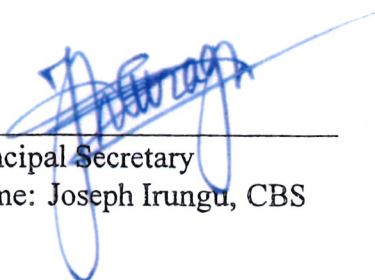
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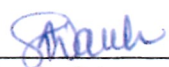
		however received Kshs.28,977,170, 367 from the three sources, resulting to an underfunding of Kshs.15,727,457, 178				
3	Motor vehicles Management	<p>A motor vehicle registration No.KCH 683T, which was allocated to a former Cabinet Secretary, was not handed over to the department when the officer was transferred to another State Department</p> <p>A review of the Ministry's vehicles ownership documents revealed that fifteen (15) vehicles have no ownership documents</p> <p>The State Department has 4 vehicles which previously belonged to Projects but reverted back to the State Department following completion and subsequent closure of the projects. However, these vehicles still bear</p>	<p>Motor vehicle registration is underway</p> <p>Motor vehicle registration is underway</p>	DA	Resolved	

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		private registration numbers and are yet to be changed to government registration numbers				
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Principal Secretary  
Name: Joseph Irungu, CBS

  
Head of Accounting Unit  
Name: Agnes W. Waweru  
ICPAK Member Number:5514

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**ANNEX 1 - ANALYSIS OF PENDING ACCOUNTS PAYABLE**

Supplier of goods and services	Original Amount	Date Contacted	Amount Paid to date	outstanding balance 30th June 2019	comments
ZIPJOE AGENCIES	5,298,593.00		0	5,298,593.00	
ANGANI TOURS	283,710.00	11/23/2018	0	283,710.00	
MS SAWELA LODGE LAKE NAIVASHA	360,000.00	10/18/2019	0	360,000.00	
CALSAMS AND GIDKEMTONS CONSULTANCY LIMITED	2,796,760.00		0	2,796,760.00	
MASADA HOTEL	189,000.00		0	189,000.00	
MS SPORTSMAN ARM HOTEL NANYUKI	196,000.00	11/11/2019	0	196,000.00	
TO GO KENYA TOURS & SAFARIS	53,320.00		0	53,320.00	
ROSMA TOURS AND TRAVEL	1,415,175.00		0	1,415,175.00	
STANDARD GROUP	1,615,288.00	4/7/2016	0	1,615,288.00	
ZAMARA ACTUARIES, ADMINISTRATORS CONSULTANTS	319,000.00		0	319,000.00	
LONGROCK	7,214,070.00	2/12/2018	0	7,214,070.00	
NYAMUSI GENERAL CONTRACTORS	353,013.00	6/6/2017	0	272,774.00	
RAMJI HARIBHAI DEVANI LIMITED	2,882,500.00	9/16/2015	0	2,882,500.00	

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	1,123,080.00				1,123,080.00
EUREKA HOLDINGS LIMITED	1,958,910.00		0		1,958,910.00
JOLIVE GENERAL CONTRACTORS CO.LIMITED	1,047,700.00		0		1,047,700.00
DUNNAMI SUPPLIES	1,337,800.00		0		1,337,800.00
ALIMBECK GENERAL SERVICES	744,300.00	5/3/2016	0		744,300.00
MAVUNO (K) AUTOMASTERS LIMITED	85,400.00	21/10/2016	0		85,400.00
SYLBACON ENTERPRISES	137,500.00	11/1/2017	0		137,500.00
PHELITE GENERAL	83,590.00	11/1/2017	0		83,590.00
ORANGE TYRES AUTOMART	369,500.00	11/1/2017	0		369,500.00
SSEFFER GENERAL SUPPLIES	472,060.00	11/1/2017	0		472,060.00
EPHITEX AGENCIES	219,898.00	1/11/2017	0		219,898.00
CYNE GENERAL ENTERPRISE LIMITED	653,750.00	1/12/2017	0		653,750.00
CRAMOTICH ENTERPRISES	421,950.00	1/11/2017	0		421,950.00
JOBERE AUTO GARAGE AND ACCESSORIES	365,925.00	10/1/2017	0		365,925.00
DILLIPACK GENERAL SUPPLIES	576,000.00	1/11/2017	0		576,000.00
FLATCOURSE	320,000.00	6/6/2017	0		320,000.00

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LIWAL ENTERPRISES	462,500.00	1/11/2017	0	462,500.00
BECHY TOURS AND TRAVEL LIMITED	7,698,830.00		0	7,698,830.00
RAKEMU BUSINESS SYSTEMS	116,889.00	3/10/2017	0	116,889.00
SILVER AFRICA AND SAFARIS	3,395,296.00		0	3,395,296.00
SETHSHEM LIMITED	218,000.00		0	218,000.00
CYNE GENERAL ENTERPRISE LIMITED	559,000.00	5/24/2016	0	559,000.00
SIGN CENTER INNOVATIONS	398,750.00		0	398,750.00
EPHITEX AGENCIES	168,759.00	4/8/2016	0	168,759.00
GITTS AUTO GARAGE	20,909.00	4/7/2016	0	20,909.00
WISEPRO OFFICE SOLUTIONS	357,000.00	1/4/2016	0	357,000.00
RAKEMU BUSINESS SYSTEMS	46,000.00	5/11/2016	0	46,000.00
WISEPRO OFFICE SOLUTIONS	137,500.00	13/04/2016	0	137,500.00
ASHPERA ENTERPRISES	388,000.00	5/5/2016	0	388,000.00
EVATECH COMMUNIUCATIONS	188,100.00		0	188,100.00
PILCOM ENTERPRISES	301,000.00	16/06/2016	0	301,000.00
PROJECT BUSINESS VENTURES LTD			0	

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	397,300.00				397,300.00
MBUKU NET MEDIA	180,000.00			0	180,000.00
JESSON'S OFFICE EQUIPMENTS	323,500.00	1/6/2015		0	323,500.00
JARUH SUPPLIERS	399,000.00	4/15/2016		0	399,000.00
AXION ENTERPRISES	330,700.00	6/24/2016		0	330,700.00
SIGN CENTER INNOVATIONS	398,750.00			0	398,750.00
SETHSHEM LIMITED	218,000.00			0	218,000.00
CHRISWORD TRADERS	461,488.00	4/1/2016		0	461,488.00
VENA MARIS INVEST	252,500.00			0	252,500.00
AJE ELEVATOR	69,600.00	9/7/2015		0	69,600.00
SKYPACK SECURITY	472,500.00	5/5/2016		0	472,500.00
JEXTREEM COMPANY LIMITED	144,097.00	5/31/2016		0	144,097.00
NATION NEWSPAPER	234,900.00	4/11/2016		0	234,900.00
BOSCH	368,010.00	4/7/2016		0	368,010.00
DANTECH MOTORS	127,658.00			0	127,658.00
CHAMWA MOTORS	139,548.00			0	139,548.00

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KABOLA WORKSHOPS LTD	285,012.00		0		285,012.00
PHELITE GENERAL	441,720.00	13/02/2015	0		441,720.00
PHELITE GENERAL	124,000.00	23/01/2015	0		124,000.00
STARJOY GENARAL SUPPLIES	390,000.00	3/9/2014	0		390,000.00
TANGO COMPANY LTD	330,000.00	28/11/14	0		330,000.00
JEFFLINE BUSINESS 495,000	495,000.00	3/13/2015	0		495,000.00
FELIMA OFFICE	494,000.00	6/10/2015	0		494,000.00
STEMAKO GENERAL AGENCIES LIMITED	495,000.00	6/4/2015	0		495,000.00
ETHIWA AGENCIES	450,000.00	16/02/2017	0		450,000.00
ETHIWA AGENCIES	47,630.00	11/9/2018	0		145,357.00
ETHIWA AGENCIES	56,635.00	10/16/2018	0		56,635.00
ETHIWA AGENCIES	386,285.00	11/26/2018	0		386,285.00
DAYERN ENTERPRISES	499,400.00	20/05/2014	0		499,400.00
<b>Total</b>	<b>56,362,558.00</b>		<b>0</b>		

ANNEX 2 - ANALYSIS DEPOSITS

DEPOSIT BALANCE ANALYSIS AS AT 30TH JUNE 2019	
DATE	
07/01/2015	LAKE VICTORIA SOUTH WB 100,000.00
07/01/2015	RIFT VALLEY SOUTH WB 100,000.00
07/01/2015	TANATHI SOUTH WB 100,000.00
07/01/2015	CASH BALANCE OF PREVIOUS YEAR 571.00
07/01/2015	BURHAM JIMALE FIRSI 5,000.00
07/01/2015	ANTHONY NJORGE 15,000.00
07/01/2015	MODERN OUTLET ENT. 5,000.00
07/01/2015	KAYA ENTERPRISES 5,000.00
07/01/2015	JULIUS CHEPKWONY 5,000.00
07/01/2015	LABAN ODUPA 5,000.00
07/01/2015	MICHAEL KIMTAI 10,000.00
07/01/2015	POSH SYSTEMS 5,000.00
07/01/2015	SHADRACK MUTHOKA 5,000.00
07/01/2015	STEPHEN PSENGU 5,000.00
07/01/2015	CHARISE MUTUKU 6,000.00
07/01/2015	CHARISE MUTUKU 15,000.00
07/01/2015	JACKSON K. KIHARA 4,000.00
07/01/2015	KAYA ENTERPRISES 8,000.00
07/01/2015	KAYA ENTERPRISES 25,000.00
27/04/2018	IMPREST RECOVERY(TOM EMODE) 87,523.00
29/06/2015	UNICEF 50.00
30/06/2016	P/S AGRICULTURE AND LIVESTOCK(SALARIES) 32,873,374.00
16/3/2016	P/S AGRICULTURE AND LIVESTOCK 644,464.00
30/06/2019	RD CHEQUE 112,000.00
	<b>TOTAL 34,140,982.00</b>

### ANNEX 3 – SUMMARY OF FIXED ASSET REGISTER

Asset class	Historical Cost b/f (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Historical Cost c/f (Kshs)
Buildings and structures		4,866,362,901	-	4,866,362,901
Transport equipment	534,270	0	-	534,270
Other Machinery and Equipment	2,535,700	0		2,535,700
<b>Total</b>	<b>3,069,970</b>	<b>4,886,362,901</b>	<b>-</b>	<b>4,889,432,871</b>

NB: The balance as at the end of the year is the cumulative cost of all assets bought and inherited by the Ministry, Department or Agency. Additions during the year should tie to note 18 on acquisition of assets during the year. Ensure this section is complete covering all the entities assets)

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**ANNEX 4 – LIST OF PROJECTS IMPLEMENTED BY THE MINISTRY OF WATER AND SANITATION**

Ref	Project Name	Principal Activity of the Project	Accounting Office	Project completion status
1	KENYA WATER SECURITY AND CLIMATE RESILIENCE PROJECT	Dam construction	PROJECT MANAGER	NO
2	UPPER TANA NATURAL RESOURCES MANAGEMENT PROJECT	Natural resource management	PROJECT MANAGER	NO
3.	COAST REGION WATER SECURITY AND CLIMATE RESILIENCE	Dam Construction	PROJECT MANAGER	NO
4	THWAKE MULTIPURPOSE PROJECT	Dam Construction	PROJECT MANAGER	NO
5.	WATER SECTOR DEVELOPMENT PROJECT (WSDP)	Improvement of Water Supply and Sanitation	PROJECT MANAGER	NO

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ANNEX 5 – LIST OF SCs, SAGAs AND PUBLIC FUNDS UNDER THE MINISTRY OF WATER AND SANITATION

Sl. No.	SC/SAGA or Public Fund Name	Principal activity of entity	Accounting Officer	Amount transferred during the year	Inter- entity reconciliations done? (Yes/No)
1	Lake Victoria South Water Services Board		CEO	1,124,294,507	YES
2	Tanathi Water Services Board		CEO	1,444,634,205	YES
3	Water Resource Management Authority		CEO	543,490,000	YES
4	Athi Water Services Board		CEO	9,037,012,272	YES
5	Northern Water Services Board		CEO	512,949,311	YES
6	Rift Valley Water Services Board		CEO	3,481,063,642	YES
7	Water Services Trust Fund		CEO	811,028,636	YES
8	Nairobi water city and sewerage co.		PROJECT MANAGER	163,484,730.45	YES
9	Upper Tana Catchment Natural Resources Management Project		PROJECT MANAGER	871,845,765	YES
10	Kenya Water Security and Climate Resilience Project		CEO	1,570,895,644	YES
11	National Water Conservation Pipeline Corporation		CEO	1,239,850,000	YES
12	Kenya Water Institute		CEO	275,753,560	YES
13	Water Services Regulatory Board		CEO	80,000,000	YES
14	Coast Water Services Board		CEO	1,185,100,711	YES
15	Tana Water Services Board		CEO	1,154,617,235	YES
16	Lake Victoria North Water Services Board		DIRECTOR	710,767,186	YES
17	Regional Centre on Ground Water Resource Education and Research		PROJECT MANAGER	22,591,699	YES
18	Coastal Region Water Security and Climate Resilience Project		PROJECT MANAGER	464,481,574	YES
19	A.I.A- Direct payments		PROJECT MANAGER	1,695,950,396	YES
20	Head Quarter Projects		PROJECT MANAGER	731,369,121	YES

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21	KIDDP			31,000,000	
22	Water Sector Development Programme			349,047,272	
	<b>TOTAL</b>			<b>27,501,227,465</b>	<b>YES</b>

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**ANNEX 6- REPORTS GENERATED FROM IFMIS**

The following financial Reports Generated from IFMIS should be generated and attached as appendices to these financial statements.

- i. GOK IFMIS Comparison Trial Balance
- ii. FO30 (Bank reconciliations) for all bank accounts
- iii. GOK IFMIS Receipts and Payments Statement
- iv. GOK IFMIS Statement of Financial Position
- v. GOK IFMIS Statement of Cash Flows
- vi. GOK IFMIS Notes to the Financial Statements
- vii. GOK IFMIS Statement of Budget Execution
- viii. GOK IFMIS Statement of Deposits
- ix. GOK IFMIS Budget Execution by Programme and Economic Classification
- x. GOK IFMIS Budget Execution by Heads and Programmes
- xi. GOK IFMIS Budget Execution by Programmes and Sub-programmes