

REPUBLIC OF KENYA



REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 FEB 2026	DAY: Tuesday
OF	Deputy Leader Majority Party
BY:	Hon. Owen Baya, MP
FOR:	Mr. Benson Inzafu

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**KENYA WATER, SANITATION AND HYGIENE
PROGRAM CREDIT NO. 7459 - KE
GRANT NO. E271 - KE**

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

**STATE DEPARTMENT FOR WATER AND
SANITATION**



Revised 30th June 2025



PROGRAM NAME: KENYA WATER, SANITATION AND HYGIENE
PROGRAM

IMPLEMENTING ENTITY: MINISTRY OF WATER, SANITATION AND
IRRIGATION

STATE DEPARTMENT FOR WATER AND SANITATION

PROGRAM GRANT/CREDIT NUMBER: E271 KE /7459 KE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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1. Acronyms and Definition of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MOWSI	Ministry of Water Sanitation & Irrigation
NT	National Treasury
PFM	Public Finance Management.
CT	County Treasury
PSASB	Public Sector Accounting Standards Board
WB	World Bank
K-WASH	Kenya Water, Sanitation and Hygiene Program
PCU	Project Coordination Unit
CPAK	Certified Public Accountant of Kenya
BSC	Bachelor of Science
NEMA	National Environment Authority
CSR	Corporate Social Responsibility
O & M	Operation & Management
ESMF	Environmental Social Management Framework
RPF	Resettlement Policy Framework
NEDI	North Eastern Development Initiative.
CIPS	Chartered Institute of Purchasing and Supplies
OD	Open Defecation
M & E	Monitoring and Evaluation
WSPs	Water Services Providers
HCFs	Health Care Facilities
CWS	Community-Wide Sanitation
CLTS	Community Led Total Sanitations
OCCR	Operational Cost Coverage Ratio
IPF	Investment Project Financing
E&S	Environmental and Social

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PIU	Program Implementation Unit
WASH	Water sanitation and Hygiene
WASREB	Water Services Regulatory Board
SC	State Corporations
SAGAs	Semi-Autonomous government Agency
IDA.	International Development Association
Comparative FY	Financial year preceding the current financial year.

2. Program Information and Overall Performance

2.1 Name and registered office

Name: The program's official name is: **Kenya Water, Sanitation and Hygiene (K-WASH) Program**. Objective to increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of Water Services Providers in selected Counties, including refugee-hosting Counties.

Address: The program's headquarters /offices are:

MAJI House
Nairobi,
Nairobi County, Kenya.

The address of its registered office is:

State Department for Water and Sanitation
Ministry of Water, Sanitation and Irrigation
P.O. Box 49720-00100
Nairobi.

Contacts: The following are the project contact:

Telegram: MAJI Nairobi.
Telephone: +254202716103
E-mail: ps@water.go.ke
Website: www.water.go.ke

Program Information and Overall Performance (continued)

2.2 Program Information

Program Start Date:	February, 2024
Program End Date:	June, 2030
Program Coordinator:	Eng. Jacob M. Mwakio
Project Sponsor:	Government of Kenya and World Bank (International Development Association)

2.3 Project Overview

S/No.	Item	Description
1.	Line Ministry/State Department of the Program	<ul style="list-style-type: none"> The project is under the supervision of the State Department for Water and Sanitation (SDWS), Ministry of Water, Sanitation and Irrigation (MoWSI)
2.	Program ID	<ul style="list-style-type: none"> P179012
3.	Genesis of the Program	<ul style="list-style-type: none"> Section 64(5) of the Water Act, 2016 requires MoWSI, in consultation with county governments and their WSPs, to develop a National Water and Sanitation Investment and Financing Plan (NAWASIP) aggregated from the county government plans which shall include, among other details, the time frames for the plans and an investment programme based on the investment plans. NAWASIP is based on the approved Water Supply and Sanitation (WSS) Investment Framework—it is the instrument that both levels of government will use towards universal WSS coverage. NAWASIP was developed and adopted on March 2023 by both levels of government having several components. K-WASH Program for Results (PforR) sets out to fund components under the National (NAWASIP) on Rural Water Supply and Sanitation Services and Support for Sector Efficiency Improvement and Policy Reforms.
4.	Programme Development Objective	To increase sustainable access to improved water and sanitation services, eliminate open defecation, and improve the financial performance of

*Kenya Water, Sanitation and Hygiene Program
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S/No.	Item	Description																											
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5.	Programme Components and Costs	<table border="1"> <thead> <tr> <th>Component</th> <th>Cost (USD Million)</th> </tr> </thead> <tbody> <tr> <td colspan="2">PforR Component</td> </tr> <tr> <td>Result Area 1- Increasing sustainable access to improved water services for households in climate-vulnerable rural areas</td> <td>71.8</td> </tr> <tr> <td>Result Area 2- Increasing sustainable access to improved sanitation services, and elimination of OD in climate-vulnerable rural areas</td> <td>69.4</td> </tr> <tr> <td>RA 3- Improving operational and financial performance of Water Service Providers in Participating Counties</td> <td>43.8</td> </tr> <tr> <td>RA 4- Improving Sector reforms, coordination, and M&E Capacity for integrated water management</td> <td>5</td> </tr> <tr> <td>RA 5 - Improving integrated WASH services for refugee hosting counties</td> <td>40</td> </tr> <tr> <td>IPF Component</td> <td>20</td> </tr> <tr> <td>Total for the K-WASH Program Period Only (2023-2030)</td> <td>250</td> </tr> </tbody> </table>	Component	Cost (USD Million)	PforR Component		Result Area 1- Increasing sustainable access to improved water services for households in climate-vulnerable rural areas	71.8	Result Area 2- Increasing sustainable access to improved sanitation services, and elimination of OD in climate-vulnerable rural areas	69.4	RA 3- Improving operational and financial performance of Water Service Providers in Participating Counties	43.8	RA 4- Improving Sector reforms, coordination, and M&E Capacity for integrated water management	5	RA 5 - Improving integrated WASH services for refugee hosting counties	40	IPF Component	20	Total for the K-WASH Program Period Only (2023-2030)	250									
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S/No.	Item	Description
7.	Results Indicators	<p>i. Outcome 1: Increased sustainable access to improved water services for rural households, in selected counties, including refugees hosting counties:</p> <p>People provided with sustainable access to water services (4 million, 50% female and 320,000 refugees)</p> <p>ii. Outcome 2: Increased sustainable access to improved sanitation services and elimination of open defecation in selected counties, including refugee-hosting counties</p> <p>People provided with sustainable access to improved sanitation services (4 million, 50% female and 320,000 refugees)</p> <p>Proportion of communities that eliminate open defecation (Percentage)</p> <p>iii. Outcome 3: Improved financial performance of Water Services Providers in participating counties:</p> <p>WSPs that achieve 100% of their Operating Cost Coverage Ratio (OCCR) target (Number) as per approved Performance Improvement Action Plans</p> <p>The estimated number of beneficiaries in the 19 counties under the Program is 4 million people, including 320,000 refugees and 400,000 host community members. This represents 33 percent of the population without access to improved water and sanitation services nationally.</p>
8.	Implementing and Executing Institutions	<p>i. State Department for Water and Sanitation</p> <p>ii. 19 Counties (Baringo ,Bomet, Garissa ,Kericho, Kirinyaga, Kitui, Kwale, Makueni, Mandera, Migori, Murang'a, Nandi, Narok, Samburu, Tana River, Tharaka Nithi, Turkana, Vihiga and West Pokot)</p> <p>iii. 33 WSPs within the 19 counties</p> <p>iv. Water Sector Trust Fund</p> <p>v. Water Services Regulatory Board</p> <p>vi. Department of Refugee Services</p> <p>vii. State Department for Devolution</p> <p>viii. State Department for Public Health and Professional Standards</p> <p>ix. State Department for Basic Education</p> <p>x. Northern and North Rift Water Works Development Agencies</p> <p>xi. Water and Sanitation Services Providers Association.</p>

S/No.	Item	Description
9.	Current Status	<ul style="list-style-type: none"> i. 18 Counties developed their County Water and Sanitation Strategies and Investment Plans (CWSSIPs) ii. 14 WSPs met governance requirements and developed approved Performance Improvement Action Plans (PIAPs). iii. More than 19,000 households have been reported to have gained access to improved water services, and over 8,900 households benefited from improved sanitation facilities. At the community level, more than 1,400 villages were declared Open Defecation Free (ODF), and 62 villages achieved Community-Wide Sanitation (CWS) status, reflecting strong commitment to sustained hygiene and sanitation standards with iv. A total expected disbursement of Kshs. 3,662 million (Approx. 28 Million USD) for results reported.
10.	Project duration	<ul style="list-style-type: none"> v. The project started in February 2024 and is expected to run until June 2030

Program Information and Overall Performance (Continued)

2.4 Bankers

The following are the bankers for the current year:

i) Special purpose accounts at Central Bank

Designated Account C (DA-C) MoWSI

Central Bank of Kenya

Nairobi.

ii) Commercial Banks

KENYA WATER SANITATION AND HYGIENE PROGRAM

Kenya Commercial Bank

High Court

iii) Central Bank

CENTRAL BANK OF KENYA

Nairobi

2.5 Independent Auditor

The Program is audited by the;

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084-00100

NAIROBI, KENYA

2.6 Roles and Responsibilities

The team is composed of the Project Coordinator, Accountant, Supply Chain Officer, M&E support person and supported by administrative staff.

Names	Title designation	Key qualification	Responsibilities
Julius Korir, CBS	Principal Secretary	BSc in Agriculture Economics.	Accounting Officer
Eng. Jacob Mwakio	Program Coordinator	BSc in Civil Engineering, MEng., MSc.	Coordinate implementation of approved program activities.
Humphrey Masai	Program Accountant	CPA(K)	Processing of payments and preparing financial reports.
Calvince Ouma	Procurement and logistic officer.	BSc. Procurement & Contract Management. -CIPS	Support procurement and logistic.

2.7 Funding summary

The Program is for a duration of 6 years from 2024 to 2030 with an approved budget of US\$ 458 Million (donor currency). This will include IDA US\$ 250 Million (*US\$ 200 Million Loan and US\$ 50 Million Grant*), US\$ 200 Million Government contribution and an additional US\$ 8 Million as commercial financing raised for/by participating Water Service Providers (WSPs) through development and preparation of bankable projects. Below is a highlight of the same;

Program Information and Overall Performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-			Amount received to date (30/06/2025)			Undrawn balance to date 30/06/2025		
	Donor currency		GOK	Donor currency		GOK	Donor currency		GOK
	EUROs	USD\$	Kshs.	EUROs	USD\$	Kshs.	EUROs	USD\$	Kshs.
(A)	(A')	(A'')	(B)	(B')	(B'')	(A)-(B)	(A')-(B')	(A'')-(B'')	
(i) Loan									
World Bank	187,600,000	-	25,839,993,600	735,000	-	99,610,508	186,865,000	-	25,740,383,092
(ii) Grant									
Grant	-	50,000,000	6,459,998,400	-	-	-	-	50,000,000	6,459,998,400
ii)Counterpart Funds									
Government of Kenya		200,000,000	25,839,993,600		272,224	35,171,368		199,727,776	25,804,822,232
Total	187,600,000	250,000,000	58,139,985,600	735,000	272,224	134,781,876	186,865,000	249,727,776	58,005,203,724

Program Information and Overall Performance (continued)

B. Application of Funds

B. Application of Funds	Amount received to date – (30th June 2025)			Cumulative Amount paid to date – (30th June 2025)			Unutilised balance to date 30/06/2025		
	Donor currency (EUROs)	Donor currency (USD)	Kshs	Donor currency (EUROs)	Donor currency (USD)	Kshs	Donor currency (EUROs)	Donor currency (USD)	Kshs
	(A)		(A')	(B)		(B')	(A)-(B)		(A')-(B')
(i) Loan									
Loan from World Bank	735,000		99,610,508	634,569		85,999,637	100,431		13,610,871
(ii) Counterpart funds									
Government of Kenya		272,224	35,171,368		272,224	35,171,368	-		-
Total	735,000	272,224	134,781,876	634,569	272,224	121,171,005	100,431		13,610,871

Program Information and Overall Performance (continued)

2.8 Summary of Overall Program Performance:

Budget performance against actual amounts for current year and for cumulative to-date,

Year	Budget Amount	Disbursed Amount	Absorption Rate%
2024/2025	135,680,000	121,171,005	89.31%
Cumulative to date	135,680,000	121,171,005	89.31%

i) Physical progress based on outputs, outcomes and impacts since program commencement,

Overall project progress stands at 2%. In Year One of the K-WASH Program, more than 19,000 households have been reported to have gained access to improved water services, and over 8,900 households benefited from improved sanitation facilities. At the community level, more than 1,400 villages were declared Open Defecation Free (ODF), and 62 villages achieved Community-Wide Sanitation (CWS) status, reflecting strong commitment to sustained hygiene and sanitation standards. However, the reported achievements will undergo verification by the Independent Verification Agent (IVA) through a combination of paper audits, physical inspections, and remote verification. The IVA will prepare a Results Verification Report (RVR), which will be shared with the SDWS and the World Bank to determine eligible disbursements based on verified results.

ii) Comment on value-for-money achievements,

The K-WASH Program has maintained strong value-for-money principles in its procurement and implementation processes, ensuring that contract amounts for goods, consultancies, and works remain within acceptable market ranges. Competitive bidding in line with World Bank procurement guidelines and the

Public Procurement and Asset Disposal Act, 2015 has promoted transparency, fairness, and cost efficiency.

Moreover, the program's investment in climate-resilient designs, energy-efficient technologies, and low-maintenance infrastructure is expected to generate long-term operational savings, enhancing lifecycle value. Strategic capacity-building of County teams and Water and Sanitation Service Providers (WSPs) ensures that assets are efficiently and effectively managed. These measures collectively ensure that every shilling spent delivers measurable and sustainable improvements in water and sanitation access, aligning cost with quality and long-term impact.

Indicate the absorption rate for each year since the commencement of the Program.

Financial Year	Budget Amount	Disbursed Amount	Absorption Rate
2023/2024	-	-	-
2024/2025	135,680,000	121,171,005	89.31%

iii) List the implementation challenges

- Reduction in budget allocations, which has significantly constrained the implementation of projects and activities.
- Lack of coordinated budgetary commitment for WASH services in refugee camps. Both national and county governments have not allocated adequate funds for WASH service delivery in refugee camps.
- Provision of water, sanitation, and hygiene services in public primary schools. Counties have not allocated resources for school WASH under K-WASH, citing it as a national government mandate, despite the program's expectation for county-level investment to qualify for results-based funding.

Way Forward

- Adequate sensitization on the Performance for Results (PforR) operation for county leadership, including Members of the County Assembly, is crucial for fostering understanding and program support.
- Accelerate capacity-building and technical assistance for WSPs and Counties in implementation of projects.

- Foster stronger coordination between counties, national government, and development partners.

2.9 Summary of Program Compliance:

In terms of financial compliance, the program is implemented and managed in accordance with the Financing Agreement, Financial Manual, Project Appraisal Document, Program Operations Manual, and the agreed Disbursement Linked Indicators (DLIs). Financial compliance is maintained through adherence to the Public Finance Management Act. The National and County Governments are tracking expenditures using the Integrated Financial Management Information System (IFMIS) and regularly submitting financial reports. World Bank procurement guidelines are strictly followed in the procurement of goods, consultancies, and works. In addition, program activities are subject to external audits by the Office of the Auditor-General to ensure transparency. Early implementation focuses on strengthening county procurement and financial reporting capacity to mitigate fiduciary risks, ensuring readiness for subsequent years' disbursements.

3. Statement of Performance against Program's Predetermined Objectives

Program Development Objective

The Program Development Objective (PDO) of the Kenya Water, Sanitation and Hygiene Program (K-WASH) is to increase sustainable access to improved water and sanitation services, eliminate open defecation, and strengthen the financial and operational performance of Water Service Providers (WSPs) in selected counties, including refugee-hosting areas. The Objectives are anchored in Kenya's Vision 2030, the Sustainable Development Goals (particularly SDG 6 on universal access to water and sanitation), and the National Water and Sanitation Investment Plan (NAWASIP). By combining infrastructure investments, sector reforms, and results-based financing, the program seeks to deliver equitable, climate-resilient, and inclusive services that address both rural and urban disparities, while integrating refugee populations into host community development. The overarching aim is to ensure that by 2030, millions of Kenyans—including vulnerable groups—benefit from reliable, affordable, and sustainable WASH services, contributing to improved health, dignity, and socio-economic development.

Progress on Program Development Objective

This section below highlights the performance under the five Results Areas and associated Disbursement Linked Indicators (DLIs).

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Result Area	Objectives	Outcome	Indicator	Target Year 1	Achievement	Remarks
RA 1	Increasing sustainable access to improved water services for households in climate-vulnerable rural areas	Increased sustainable access to improved water services for climate-vulnerable rural households	Households/people provided with sustainable access to improved climate-resilient water services (DLI 2); Counties with approved CWSSIPs (DLI 2); Functioning rural water schemes (DLI 3)	19 Counties with approved CWSSIPs. 40,000 Households/people provided with sustainable access to improved climate-resilient water services.	Over 15,000 households gained access to improved water services; 18 counties developed CWSSIPs; 9 sustainably functioning water schemes	Need to strengthen sustainability of schemes and expand reach to underserved areas
RA 2	Increased sustainable access to improved sanitation services, and elimination of OD in climate-vulnerable rural areas	Increased sustainable access to improved sanitation services and elimination of open defecation	Household sanitation facilities constructed (DLI 4) Villages verified ODF; community-wide sanitation status initiated (DLI 5)	40,000 households accessed improved sanitation; 1,000 villages declared ODF; 100 villages achieved CWS status	8,900 households accessed improved sanitation; 1,200 villages declared ODF; 62 villages achieved CWS status	Sustain CWS/CLTS outcomes; enhance institutional WASH facilities
RA 3	Improved financial performance of Water Services Providers in participating counties	Improved financial performance of Water Service Providers in participating counties	% of WSPs compliant with legal and regulatory requirements for governance and accountability (DLI 6). Number of WSPs with	10 WSPs have an approved PIAP. At least 33 WSPs compliant with governance and	14 WSPs met governance requirements and developed PIAPs	Need to intensify progress on OCCCR and leverage private financing

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Result Area	Objectives	Outcome	Indicator	Target Year 1	Achievement	Remarks
			approved PIAPs by their Boards (DLI 6).% of participating WSPs achieving 100% OCCR as per approved PIAPs (DLI 7)	achieving OCCR targets by 2030		
RA 4	Improving Sector reforms, coordination and M&E Capacity for integrated water management.	Improved sector reforms, coordination and M&E capacity for integrated water management	Approval of NAWASIP performance-based transfer mechanism (DLI 9.1); Annual joint M&E reports; WSIGCF operationalized (DLI 9.2)	National integrated WSS M&E system and intergovernmental coordination fully operational. Joint M&E report prepared	Water Sector Intergovernmental Coordination Framework implemented; Annual joint M&E report prepared	Continue strengthening intergovernmental coordination and joint reporting
RA 5	Improving integrated WASH services for refugee hosting counties	Improved integrated WASH services for refugee hosting counties	No. of refugees and host community members with improved WASH services (DLI 10/11/12)	Improved water access to 8,780 refugee/host households; 100villages declared ODF	Improved water access to 4,824refugee/host households; 222 villages declared ODF	Improved integrated WASH services for refugee hosting counties

The IPF supported initiatives that contributed to county-level results. This included dissemination of technical guidelines, E&S manuals and Program operational manuals. In addition, county capacity through training, sensitizations and technical assistance was enhanced to effectively implement the program. These efforts enabled counties to implement activities more effectively, report results which will ultimately enable them access performance-based disbursements under the Program-for-Results (PforR) component.

4. Environmental and Sustainability Reporting

Given the importance of water for life and society, it is natural that this is identified as a central issue for Water companies and to manage responsibly through their CSR practices to the benefit of local populations. This is happening in the projects being implemented even though slowly. Indeed, as we have seen that water is becoming increasingly focused as a global and local issue, it has also become more focused as a CSR issue by the water companies. We can conclude that there is a lot of remaining opportunity as the private sector is not engaged at a level proportional to the severity of the issue. This provides an opportunity for companies to do better for society in an area, which is critical to all their stakeholders resulting in significantly strengthened relations and brand visibility. However, this is not all. Given the criticality of water, there are also huge opportunities for Water companies to engage in a way that adds great value for society, while also being profitable and lowering their risk levels considerably.

With the recent announcement of the new Sustainable Development Goals and the recognition of the role of the private sector in achieving the goals, private sector leaders are aligning their strategies to support the implementation of Goal 6 – Ensure availability and sustainable management of water and sanitation for all. This initiative inspires Water companies and all players in the water sector to work actively with their own footprint, while engaging in transparency and collective action for more sustainable water management.

Water and Sanitation is being developed to increase water and sanitation coverage that will benefit 2 million Kenyan's in the target areas that will transform their living standards with reduced cases of waterborne diseases.

i. Sustainability strategy and profile

To ensure sustainability of the Program, focus is on ensuring that all water and sanitation infrastructure developed under the program remains functional, efficient, and resilient over the long term. Comprehensive financial and economic analyses have been undertaken to match projected operational costs with anticipated revenues and social benefits, ensuring that services remain affordable while maintaining high performance standards. At the design stage, the program prioritizes energy-efficient and climate-resilient solutions such as solar-powered pumping systems, durable piping, and flood- and drought-resistant infrastructure to reduce operational costs

and environmental impacts. The program also emphasizes building institutional capacity at both county and Water and Sanitation Service Provider (WSP) levels, enabling them to operate, maintain, and expand services sustainably. Through these combined measures, K-WASH aims to provide reliable, high-quality water and sanitation services that can adapt to future demands and environmental challenges, ultimately improving health outcomes and livelihoods in participating counties

ii. Environmental and Social performance

Implementation of the project activities strictly follows the provisions of the developed Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) and Environmental and social safeguards will be implemented in accordance with the Kenyan legislation. Environmental licenses are delivered by NEMA in due time prior to implementation of works.

iii. Employee Welfare

Capacity building for county and WSPs staff has been prioritized, with training on technical, fiduciary, environmental safeguards, monitoring and reporting. Gender-sensitive recruitment is being promoted to meet WASREB's requirement that no more than two-thirds of leadership positions be held by one gender, encouraging a more balanced and inclusive workforce. Assessment of the Program Management Unit and County PIUs and SPIUs is prioritized and their training needs to be incorporated in the annual work plans. During implementation the contractors comply with Occupational Safety and Health Act to ensure safety of the workers.

iv. Market place practices

The project strictly follows the banks procurement guidelines coupled with the provisions of the Public Procurement and Asset Disposal Act for all goods, works, and services. Procurement processes are transparent, competitive, and free from conflicts of interest. Local suppliers and contractors are actively engaged to stimulate local economies, while all implementing agencies commit to national anti-bribery and anti-corruption measures, ensuring integrity in transactions and contract management.

v. Community engagements

The project entails community participation for a more inclusive engagement in order to incorporate their comments during planning, design and implementation of the projects. Participatory planning sessions have allow communities to identify and prioritize WASH investments that address their needs through Public Participation Barazas at Ward level. In parallel, intensive hygiene behaviour change campaigns are conducted in villages, schools, and health facilities to ensure that infrastructure investments are matched with improved sanitation and hygiene practices, thereby maximizing the program's health and social benefits.

5. Statement of Project Management Responsibilities

K-WASH is managed through a multi-tiered governance system: national oversight is provided by MoWSI/SDWS through the PMU, intergovernmental coordination is ensured by the PSC and PTC, and decentralized execution is carried out by County PIUs and WSPs. Strong regulatory oversight by WASREB, financial tracking under PFM/IPSAS, facilitation of performance-based transfers and private sector financing by WSTF, and independent verification by the IVA collectively ensure accountability.

The Program Management Unit (PMU) is established at the Ministry of Water, Sanitation, and Irrigation (MoWSI) under the State Department for Water and Sanitation (SDWS). The PMU serves as the central coordination for K-WASH, with responsibility for overall program management, fiduciary oversight, reporting, and ensuring compliance with the Financing Agreement and Program Operations Manual (POM). The PMU is staffed with a Program Coordinator, procurement specialist, accountant, internal auditor, environmental and social specialists, and monitoring and evaluation experts. This team ensures that program activities are implemented efficiently, safeguards are adhered to, and results are reported in line with Disbursement-Linked Indicators (DLIs).

At the county level, each participating County Government establishes a Program Implementation Unit (PIU) and Special Program Implementation Units (SPIUs). These PIUs are responsible for day-to-day implementation of rural water and sanitation investments, including the preparation of County Water and Sanitation Strategies and Investment Plans (CWSSIPs), the rollout of rural water supply schemes, and sanitation initiatives such as Community-Led Total Sanitation (CLTS). The PIUs are staffed with multidisciplinary teams comprising technical officers, accountants from County Treasuries, public health officers, and environmental and social experts to ensure integrated delivery of WASH services.

The Program Steering Committee (PSC), chaired by the Principal Secretary of the SDWS, provides high-level policy guidance, inter-ministerial coordination, and oversight of program progress. The PSC brings together representatives from the National Treasury, relevant ministries (health, education, devolution, and refugee services), county governments, and development partners to ensure coherence across sectors. Complementing this is the Program Technical Committee (PTC), which serves as the technical arm of the PSC. The PTC deliberates on technical issues, reviews progress reports from the PMU, PIUs, and SPIUs, and makes recommendations for decision-making by the PSC.

This multi-tiered program management structure ensures that K-WASH balances National-level oversight and reforms with decentralized service delivery at the County. The PMU drives coordination and accountability, the PIUs anchor county-level execution, SPIUs provide sectoral technical support, and the PSC/PTC ensure alignment with policy priorities. Together, these structures foster a coordinated, accountable, and results-driven implementation of K-WASH, enhancing both service delivery and sector reforms.

The Principal Secretary for the State Department for Water and Sanitation and the Program Coordinator for Kenya Water, Sanitation and Hygiene Program are responsible for the preparation and presentation of the Program's financial statements, which give a true and fair view of the state of affairs of the Program for and as at the end of the financial period on June 30, 2025

This responsibility includes

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

The Principal Secretary for the State Department for Water and Sanitation and the Program Coordinator for Kenya Water, Sanitation and Hygiene Program accept responsibility for the Program's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the State Department for Water and Sanitation and the Program Coordinator for Kenya Water, Sanitation and Hygiene Program are of the opinion that the Program's financial statements give a true and fair view of the state of Program's transactions during the period ended June 30, 2025, and of the Program's financial position as at that date. The Principal Secretary for State Department for Water and Sanitation and the Program Coordinator for Kenya Water, Sanitation and Hygiene Program further confirm the completeness of the accounting records maintained for the Program, which have been relied upon in the preparation of the Program financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Water and Sanitation and Program Coordinator for Kenya Water, Sanitation and Hygiene Program confirm that the Program has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Program

*Kenya Water, Sanitation and Hygiene Program
Annual Report and Financial Statements for the period ended June 30, 2025*

funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

The Program financial statements were approved by the Principal Secretary for the State Department for Water and Sanitation and the Program Coordinator for Kenya Water, Sanitation and Hygiene Program on 14 OCTOBER 2025 and signed by:



Julius Korir
Principal Secretary



Eng. Jacob Mwakio
Program Coordinator



CPA. Humphrey I. Masai
Program Accountant
ICPACK Member NO. 31069

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

REPORT OF THE AUDITOR-GENERAL ON KENYA WATER, SANITATION AND HYGIENE PROGRAM CREDIT NO. 7459 - KE AND GRANT NO. E271 - KE FOR THE YEAR ENDED 30 JUNE, 2025 - STATE DEPARTMENT FOR WATER AND SANITATION.

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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying transitional IPSAS financial statements of Kenya Water Sanitation and Hygiene(K-WASH) program Credit No. 7459 - KE and Grant No.

Report of the Auditor-General on Kenya Water, Sanitation and Hygiene Program Credit No. 7459 - KE and Grant No. E271 - KE for the year ended 30 June, 2025 - State Department for Water and Sanitation.

E271 – KE - State Department for Water and Sanitation set out on pages 1 to 23, which comprise of the statement of financial position as at 30 June, and the statement of Financial performance for the year ended 30 June, 2025, statement of net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended 30 June, 2025 and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Kenya Water Sanitation and Hygiene(K-WASH) project Credit No:7459 - KE and Grant No. E271 - KE 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 (including the transitional provisions permitted under IPSAS 33) and comply with the Financing Agreement Credit No. 7459 - KE and Grant No. E271 - KE dated 28 February, 2024 between the Republic of Kenya and the International Development Association (IDA) and with Public Finance Management Act, 2012; and the National Treasury and Economic planning Circular No.3 of 14 April, 2025.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Water Sanitation and Hygiene (K-WASH) program 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 opinion.

Emphasis of Matter

1. Amount Withdrawn and Not Claimed

The Statement of Special (Designated) Account Reconciliation for the project reflects total amount advanced totaling to of EUR.2,225,600. This amount is equivalent to Kshs.301,623,327 as at 30 June, 2025. During the year, the project management withdrew EUR.735,005 equivalent to Kshs.99,611,185 however the expenditure returns for the amount withdrawn had not been submitted to the National Treasury by the close of the year.

2. Delayed Project Implementation

Review of the correspondences, activities and disbursement details reveals that the project is behind schedule with two (2%) progress rating and only one percent (1%) funding one year after the effective date, this disbursement was received in March, 2025.

Further, a critical milestone, creation of an intergovernmental participatory agreement with each participating county, which was supposed to be completed not later than three (3) months after the effective date had not been concluded as at the time of the audit in August, 2025. However, the reported achievement has not gone through verification by independent verification Agent (IVA) as per Financing Agreement Schedule 2E on independent verification agent.

This has hampered the disbursement of funds to the participating counties and could lead to further delays in the implementation of the program.

My opinion is not modified in respect to these matters.

Key Audit Matters

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

Other Information

The Management is responsible for the Other Information set out on page iii to xxv which comprise of Project Information and Overall Performance, Statement of performance against project's predetermined objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on Project 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 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 effects of the matter 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

Procurement of Specialized Materials

The statement of financial performance reflects use of goods and services figure of Kshs.90,109,860 as disclosed in Note 7 to the financial statements includes Kshs.557,977 for the supply of specialized materials -kitchen wares. However, the supplier were not in the list of prequalified suppliers.

In the circumstances, the Value for money of Kshs.557,977 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 effect(s) of the matter(s) 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

Inadequate controls in Imprest Management

The statement of financial performance reflects use of goods and services of Kshs.90,109,860 as disclosed in Note. 7 to the financial statements. Included in this balance is Kshs.66,434,320 for domestic travel and subsistence allowance which further includes payment of Kshs.3,587,400 to various officers during mainstreaming financial management in National Sanitation Investment and Financing Plan (NAWASIP). Examination of these transactions revealed that the imprest surrenders were delayed for twenty (20) days from the due date of 4 July, 2025 to 27 July, 2025 contrary to the requirements of Regulation 93(5) of the Public Finance Management National Government Regulations 2015.

In the circumstance, the Management is the breach of the law.

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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by Financing Agreement Credit Number 7459-KE and Grant Number E271-KE, I report, based on my audit, that:

- i. 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.
- ii. Adequate accounting records have been kept by the Program, so far as appears from the examination of those records; and,
- iii. The Program's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement Credit Number 7459 and Grant Number E271 – KE requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the program compliance with laws and regulations. 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 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 (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 Program'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 Management is responsible for overseeing the Program'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 Gatungu, SBS
AUDITOR-GENERAL

Nairobi


27 November, 2025


7. Statement of Financial Performance for the Year Ended 30th June 2025.

	Notes	June 2025
		Kshs
Revenue		
Revenue Transfers	6	134,781,876
Total revenue		134,781,876
Expenses		
Use of goods and services	7	90,109,860
Total expenses		90,109,860
Other gains/(losses)		
Gain/Loss on sale of assets		-
Surplus/(Deficit)		44,672,016

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


.....
Julius Korir
Principal Secretary


.....
Eng. Jacob Mwakio
Program Coordinator



.....
CPA. Humphrey I. Masai
Program Accountant
ICPAK Member No: 31069

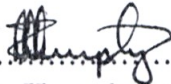
8. Statement of Financial Position as at 30th June 2025

	Note	2024-2025	Opening Statement as at 1st July, 2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	8A	13,610,871	-
Cash and Cash equivalents in the DA account	8B	202,012,820	
Total Current Assets		215,623,691	-
Non-Current Assets			
Property, Plant and Equipment	9	31,466,900	-
Total Assets (a)		247,090,591	-
Liabilities			
Current Liabilities			
Trade and Payables	10	405,755	-
Deferred Income	11	202,012,820	
Total Liabilities		202,418,575	-
Net Assets		44,672,016	-
Represented By:			
Fund balance b/forward		-	-
Prior year adjustment		-	-
Accumulated Surplus		44,672,016	-
Total Net Assets		44,672,016	-

The financial statements were approved on 14 OCT 2025 and signed by:


.....
Julius Korir
Principal Secretary


.....
Eng. Jacob Mwakio
Program Coordinator


.....
CPA. Humphrey I. Masai
Program Accountant
ICPAK Member No: 31069

9. Statement of Changes in Net Assets for the Year Ended June 30, 2025


Description	Accumulated Surplus 2024-2025
	Kshs
As at 30 th June 2024 (Cash Basis)	-
Adjustments:	
Asset Recognition	-
Liabilities recognition	-
As at 1 st July 2024	-
Surplus/(Deficit) for the year	44,672,016
As at 30 th June 2025	44,672,016

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

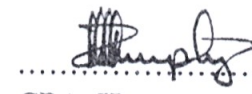
The financial statements were approved on 14 OCT 2025 and signed by:



 Julius Korir
 Principal Secretary



 Eng. Jacob Mwakio
 Program Coordinator



 CPA. Humphrey I. Masai
 Program Accountant
 ICPAK Member No: 31069

10. Statement of Cashflow for the year ended 30th June 2025

Description	Note	2024-2025 Kshs
Cashflow from operating activities		
Receipts		
Revenue Transfers	6	134,781,876
Total receipts		134,781,876
Payments		
Use of goods and services	7A	89,704,105
Total payments		89,704,105
Net cash flow from operating activities		45,077,771
Cashflow from investing activities		
Acquisition of non-financial assets	9	(31,466,900)
Net cash flows from investing activities		(31,466,900)
Total net asset		13,610,871
Cash flow from financing activities		
Net cash flow from financing activities		-
Net increase/Decrease in cash and cash equivalents	8A	13,610,871
Cash and cash equivalent at 1 st July 2024		-
Cash and cash equivalent at end June 2025		13,610,871

Kenya Water, Sanitation and Hygiene Program
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11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Budget Carry Overs from previous periods						
Receipts						
Revenue Transfers	540,000,000	(404,320,000)	135,680,000	134,781,876	898,124	99.34%
Total Revenue	540,000,000	(404,320,000)	135,680,000	134,781,876	898,124	99.34%
Payments						
Use of goods and services	431,466,500	-330,586,500	100,880,000	89,704,105	11,175,895	88.92%
Acquisition of Assets	108,533,500	-73,733,500	34,800,000	31,466,900	3,333,100	90.42%
Total Payments	540,000,000	-404,320,000	135,680,000	121,171,005	14,508,995	
Surplus				13,610,871	(13,610,871)	

Budget notes

1. There was an under-absorption of 11.1% for the Use of Goods and Services due to supplementary budget that was issued on 29th of June 2025
2. Budget was reduced by 74.8% due to delays in approvals, the program being at the initial stage and austerity measures for the Gok allocation

12. Notes to the Financial Statements

1. General Information

The National Water and Sanitation Investment and Financing Plan (NAWASIP) is established pursuant to Section 64(5) of the Water Act, 2016, which mandates the Ministry of Water, Sanitation and Irrigation (MoWSI), in consultation with county governments and their Water Service Providers (WSPs), to develop a consolidated national investment and financing plan aggregated from county government plans. NAWASIP is based on the approved Water Supply and Sanitation (WSS) Investment Framework and serves as the instrument through which both the national and county governments will work towards achieving universal WSS coverage.

NAWASIP, which was developed and formally adopted in March 2023 by both levels of government, includes key components such as timeframes for implementation and an investment programme aligned with county-level plans.

The Kenya WASH Program for Results (PforR) provides financing for three NAWASIP components, particularly in Rural Water Supply and Sanitation Services and Sector Efficiency Improvement and Policy Reforms.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on 18th August 2025

3. Adoption of New and Revised Standards

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st 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 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>

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Standard	Effective date and impact:
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, 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: 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><i>Applicable 1st January 2025</i></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><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

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 47- Revenue	<i>Applicable 1st January 2026</i> 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.
IPSAS 48- Transfer Expenses	<i>Applicable 1st January 2026</i> 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.
IPSAS 49- Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

iii) **Early adoption of standards**

IPSAS 1 that sets out the manner in which general-purpose Financial statements shall be prepared and IPSAS 33 which grants transitional exemptions to entities adopting accrual basis IPSASs for the first time.

Notes to the financial statements

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

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.

b) Budget information

The original budget for FY 2024/2025 was approved by the State department for Water and Sanitation on *July 1, 2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Kenya Water sanitation and Hygiene Program upon receiving the respective approvals to conclude the final budget. Accordingly, the Kenya Water sanitation and Hygiene Program recorded additional appropriations of *June 29, 2025* on the FY 2024/2025 budget following the State department for Water and Sanitation approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c) 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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

Notes to the financial statements

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.

d) Leases

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

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 development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

f) Research and development costs

The Kenya Water sanitation and Hygiene Program expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

Notes to the financial statements

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) Financial instruments

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

Financial assets

Classification

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

Subsequent measurement

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

Notes to the financial statements

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The Kenya Water Sanitation and Hygiene Program assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Kenya Water Sanitation and Hygiene Program recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

The Kenya Water Sanitation and Hygiene Program classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

Notes to the financial statements

h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Inventories

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Kenya Water Sanitation and Hygiene Program*.

i) Provisions

Provisions are recognized when the *Kenya Water Sanitation and Hygiene Program* 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 *Kenya Water Sanitation and Hygiene Program* 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.

Contingent liabilities

The *Kenya Water Sanitation and Hygiene Program* 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.

Notes to the financial statements

Contingent assets

The *Kenya Water Sanitation and Hygiene Program* 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 *Kenya Water Sanitation and Hygiene Program* 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

Kenya Water, Sanitation and Hygiene Program does not maintain any reserves.

k) Changes in accounting policies and estimates

The *Kenya Water, Sanitation and Hygiene Program* 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

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

m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates

Notes to the financial statements

different from those at which they were initially reported are recognized in surplus or deficit in the period.

n) Borrowing costs

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

o) Related parties

The *Kenya Water Sanitation and Hygiene Program* 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 directors, the Principal and senior managers.

p) Service concession arrangements

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

q) 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.

r) Subsequent events

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

Notes to the financial statements

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Kenya Water Sanitation and Hygiene Program* 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.

Estimates and assumptions.

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

Useful lives and residual values

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

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

Notes to the financial statements

6. Revenue Transfers

Description	2024/2025 KShs
Unconditional Transfers	
GoK Counter Part funding	35,171,368
Transfers from Development partners	99,610,508
Total Unconditional Transfers (a)	134,781,876
Conditional Transfers	
Transfers from Development partners 1	-
Total Conditional Transfers (b)	-
Total Transfers for the Year (a + b)	134,781,876

The funding was for the purpose of facilitating K- Wash Program Operations and Support of related parties

a) Details to Revenue Transfers

Name of The Entity Transferring	Amount recognized to Statement of Financial performance	Amount deferred under deferred income.	Amount moved to Capital fund	Total transfers (2024/2025)
	Kshs	Kshs	Kshs	Kshs
GOK Funding (Exchequer)	35,171,368	-	-	35,171,368
World Bank	99,610,508	-	-	99,610,508
Subtotal				
Deferred Income realized	-		-	-
Total	134,781,876	-	-	134,781,876

Notes to the financial statements

7. Use of Goods and Services

Description	2024/25 Kshs
Domestic travel and subsistence	66,434,320
Stationery, Printing, advertising, and information supplies	779,306
Hospitality supplies and services	14,447,468
General office supplies	5,544,200
Fuel and lubricants	2,290,699
Bank charges	55,890
Specialized materials and services	557,977
Total	90,109,860

7A. Use of Goods and Services (Adjustment for cashflow)

Description	2024/25 Kshs
Domestic travel and subsistence	66,434,320
Stationery, Printing, advertising, and information supplies	779,306
Hospitality supplies and services	14,447,468
General office supplies	5,544,200
Fuel and lubricants	2,290,699
Bank charges	55,890
Specialized materials and services	557,977
Adjustment for	
<i>Add-</i> Opening Balance (Payables)	-
<i>Less-</i> Closing Balance (Payables for the year)	(405,755)
Total	89,704,105

Hospitality amount has been adjusted downwards by Payable of Kshs. 405,755 since there was no cash outflow.

8. Cash and Cash Equivalents

Description	2024/2025	1 st July 2024
	Kshs	Kshs
Cash in Bank	215,623,691	
Total Cash and Cash Equivalents	<u>215,623,691</u>	-

Notes to the financial statements

8A. Cash & Cash equivalent - Program Bank Accounts-

Details	30 th June 2025	1 st July 2024
	Kshs	Kshs
Local Currency Accounts		
Kenya Commercial Bank A/c No...1334987718	13,610,871	-
Total local currency balances	<u>13,610,871</u>	"
Total bank account balances	<u>13,610,871</u>	"

8B. Cash & Cash equivalent – Designated Bank Accounts-

Details	30 th June 2025	1 st July 2024
	Kshs	Kshs
Foreign Currency Accounts		
Central Bank of Kenya DA [A/c No. 1000742127]	202,012,820	-
Total bank account balances	<u>202,012,820</u>	"

Being a Designated Account balance as at June, 30 2025 of euro 1,490,600 at a conversion rate of Ksh. 135.5245. This amount was yet to be received in the project account as at June, 30 2025.

*Kenya Water, Sanitation and Hygiene Program
Annual Report and Financial Statements for the Period Ended June 30, 2025*

Notes to the financial statements

9. Property, Plant and Equipment

Cost	Motor vehicles		Furniture and fittings		ICT Equipment		Other Assets (specify)		Capital Work in progress		Total	
	Kshs	25%	Kshs	10%	Kshs	25%	Kshs	%	Kshs	-	Kshs	Kshs
Depreciation rate		25%		10%		25%		%		-		
As At 1 July 2024 (opening balances)	-		-	-	-	-	-	-	-	-	31,466,900	
Additions	-		6,962,000		24,504,900					-		
Disposals	-		-		-					-		
Transfers/Adjustments	-		-		-					-		
As at 30 th June 2025	-		6,962,000		24,504,900					-	31,466,900	
Depreciation And Impairment												
As at 1 July 2025	-		-		-					-		
Depreciation charge for the year	-		-		-					-		
Impairment loss	-		-		-					-		
Transfers/ Adjustments	-		-		-					-		
As At 30 th June 2025	-		-		-					-		
Net Book Values												
As at 1 st July 2024	-		-		-					-		
As at 30 th June 2025	-		6,962,000		24,504,900					-	31,466,900	

Kenya Water, Sanitation and Hygiene Program
Annual Report and Financial Statements for the period ended June 30, 2025

Notes to the financial statements

10. Trade and Other Payables

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Trade payables	405,755		-	
Total trade and other payables	405,755		-	
Ageing analysis: (Trade and other payables)				
	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	405,755	100%	-	%
Total (tie to above total)	405,755		-	

11. Deferred Income

Description	2024/2025		1 st July 2024	
	Kshs		Kshs	
Designated A/C at Central Bank of Kenya [A/c No. 100742127]	202,012,820			
Total	<u>202,012,820</u>		-	

DA Account balance as at June, 30 2025 of euro 1,490,600 at a conversion rate of Ksh. 135.5245.

12. Special Deposit Accounts

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

Special Deposit Accounts Movement Schedule

Description	2024/2025		1 st July 2024	
	EUROS		EUROS	
(i) A/C Name A/c No. 1000742127				
Opening balance			-	
Total amount deposited in the account	2,225,600		-	
Total amount withdrawn	735,000		-	
Closing balance (as per SDA bank account reconciliation attached)	1,490,600		=	

The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix I to support these closing balance.

Notes to the financial statements

13. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Kenya Water sanitation and Hygiene Program* include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Kenya Water sanitation and Hygiene Program, holding 100% of the *Kenya Water sanitation and Hygiene Program* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Kenya Water sanitation and Hygiene Program, both domestic and external.

Other related parties include:

- i) The State Department for Water and Sanitation.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Board of Directors.

Notes to the financial statements

14. Events after the Reporting Period

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

15. Ultimate And Holding Entity

The Kenya Water sanitation and Hygiene Program is a program under the Ministry of Water Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

16. Currency

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

16. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



.....
Julius Korir
Principal Secretary/Chief Officer



.....
Eng. Jacob Mwakio
Program Coordinator



.....
CPA. Humphrey I. Masai
Program Accountant
ICPAK Member No: 31069

Kenya Water, Sanitation and Hygiene Program
Annual Report and Financial Statements for the period ended June 30, 2025

Annex 2: Accounts Payables

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2011/2022	Comments
	A	B	c	d=a-c	
Supply of services					
Hotel Nokras Silver Oak	405,755	16 Jan 2025		405,755	Invalid bank account
Total	405,755			405,755	

Annex 3: Fixed Asset Register

Asset class	Historical Cost y/y (Kshs)	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/out) during the year	Historical Cost of (Kshs) Current Year
	Previous Year				
Office equipment, furniture and fittings	-	6,962,000	-	-	6,962,000
ICT Equipment	-	24,504,900	-	-	24,504,900
Total		31,466,900			31,466,900

Annex 4: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2025 Board of Survey Report
- ii. Special Deposit Account(s) reconciliation statement(s)

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**KENYA WATER SANITATION AND HYGIENE PROGRAM
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO. 74590-KE

Bank Account No.: 1000742127 Held with CENTRAL BANK OF KENYA

		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			2,225,600.00
	Less:			
2	Total amount documented			-
3	Outstanding amount to be documented			2,225,600.00
	Represented by:			
4	Ending Special account Balance as as 30 June 2025			1,490,595.00
5	Amounts claimed but not credited as at 30 June 2025			
6	Amounts witdraen and not claimed			735,005.00
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
9	Total advance to Special Account Year ended 30 June 2025			2,225,600.00

Discrepancy between total appearing on line 3 and 9

-

Notes:


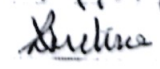
- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

Suthra

**AUTHORISED REPRESENTATIVE
RESOURCE MOBILISATION DEPARTMENT
THE NATIONAL TREASURY**

DATE: 05-08-2025

SPECIAL ACCOUNT STATEMENT

For period ending	30th JUNE, 2025
Account No.	1000742127
Depository Bank	CENTRAL BANK OF KENYA
Address	CBK
Related Loan	KENYA WATER SANITATION AND HYGIENE
Credit Agreement	
Currency	EUR
<u>Part A - Account Activity</u>	
Beginning balance of 1st July, 2024 as per C.B.K. Ledger Account	0.00
Add:	
Total Amount deposited by Donor	2,225,595.00
Total Interest earnings if deposited in account	
Total amount refunded to cover ineligible expenditure	
Deduct:	
Total amount withdrawn	735,000.00
Total service charges if not included above in amount withdrawn	
Ending balance on 30th June,2025	1,490,595.00
<u>AUTHORISED REPRESENTATIVE</u> <u>CENTRAL BANK OF KENYA</u>	SIGNATURE: 
	DATE: 14/07/2025
<u>AUTHORISED REPRESENTATIVE</u> <u>EXTERNAL RESOURCES</u> <u>DEPARTMENT-TREASURY</u>	SIGNATURE: 
	DATE: 05-08-2025

NOTE: The ending balance as per Central Bank of Kenya Ledger as at 30th June,2025 is attached.

Results 1 - 2 of 2

Run Date: 04/07/2025 Run Time: 09:37:03
 CENTRAL BANK OF KENYA
 BANKI KUU YA KENYA
 P.O.BOX 60006-0200
 NAIROBI

STATEMENT OF ACCOUNT
 ACCOUNT NUMBER : 1000742127

PAGE NO : 1

ACCOUNT TITLE : KENYA WATER SANITATION AND HYGIENE
 30/06/2025

STATEMENT PERIOD: From 01/07/2024 To

NO.	DATE	REFERENCE NO	DETAILS	DEBIT	CREDIT BALANCE
OPENING BAL :			0.00		
NO.	Value Date	Reference.No	Details	Debit	Credit
1	28/01/2025	FT250280VRT5:1	PROJECT FUNDING	0.00	2,225,595.00
2	18/02/2025	FT25049XWH9P,1	PA138331	-735,000.00	0.00

Balance
 2225595
 1490595

CLOSING BALANCE : 1490595

END OF ACCOUNT STATEMENT

Favorites TAM.E.STMT.OF.ACCT.EPRM [View Details](#)
[View Details](#)

Account 1000742127
 Statement From 20240701
 Statement To 20250830
 TAM.E.STMT.OF.ACCT.EPRM