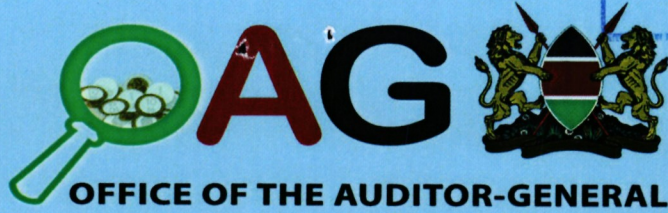


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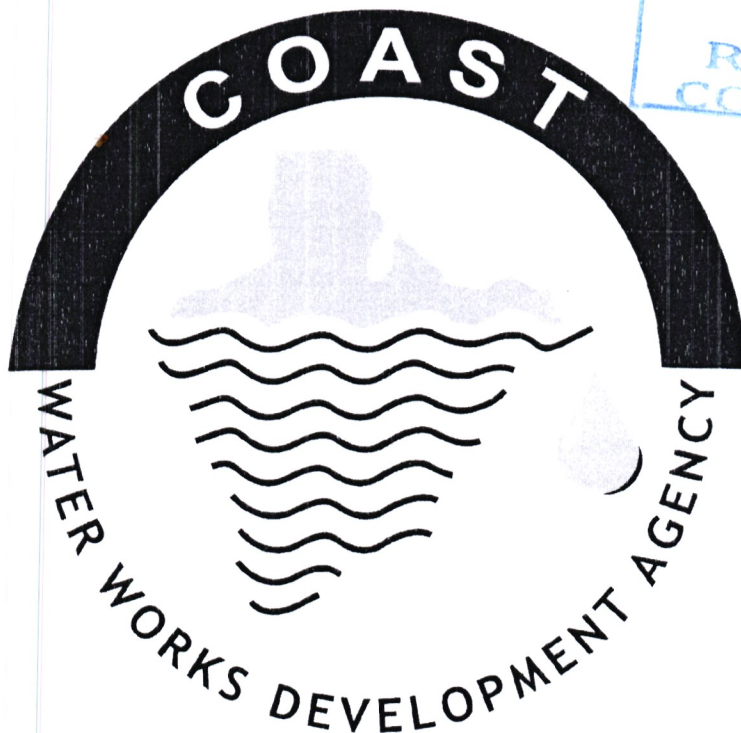
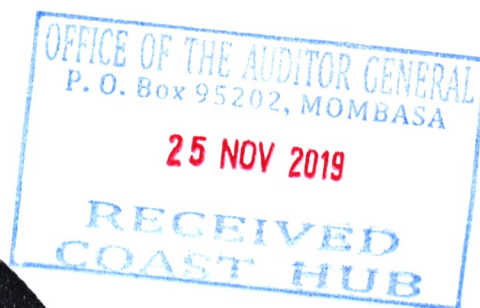
**COAST WATER WORKS
DEVELOPMENT AGENCY**

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

| | |
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COAST WATER WORKS DEVELOPMENT AGENCY



**ANNUAL REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED**

30.6.2019

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



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

The Coast Water Services Board (CWSB) now referred to as Coast Water Works Development Agency (CWWDA) is corporate body established under the Provisions of the Water Act 2002 of the laws of Kenya and it is domiciled in Kenya. When it became operational, under the water Act 2002, the agency was known as Coast water services board (CWSB) and it has been operating with that name up to 3rd May 2019. Through legal notice Number 27 of 26th April 2019, and with reference to water Act 2016, Cabinet Secretary for water and sanitation established eight entities and named them ‘Water works development agencies’ among them CWWDA and appointed 3rd May 2019 as the commencement date for this change.

(b) Principle Activities

Our mandate is guided by the following core functions for water works development agencies:

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

Vision

To be a world class water and sanitation infrastructure development agency

Mission

To develop quality water and sanitation infrastructure and offer bulk water services for a sustainable economy and social growth.



COAST WATER WORKS DEVELOPMENT AGENCY
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Core Values

The core values of CWWDA are as follows

Teamwork

To fully subscribe to the principles of teamwork as a key attribute in executing our mandate

Integrity

To uphold a high degree of honesty and integrity in dealing with stakeholders

Professionalism

To offer our services in a professional manner and with expertise

Customer focused

To be committed in exceeding the expectations of our stakeholders through continuous improvement of our services and effective communication with all stakeholders.

Accountability

To exercise prudence in use of public resource entrusted to us

Transparency

To always be open to our stakeholders in our actions, decisions and policies.

MOTTO

The Coast Water Services Board motto is **“Water for Generations”**

Principal Activities

The principal activities of the agency is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Mombasa County, Kilifi County Lamu, Kwale, Taita Taveta and Tana River County.

The key responsibilities of CWWDA therefore include:

- i) Ownership and holding of water and sewerage assets/infrastructure on behalf of the National Government.
- ii) Planning, development and expansion of water and sewerage infrastructure on behalf of the National Government.
- iii) Assisting the County Governments within its jurisdiction, during the transition period, in contracting out water and sewerage services provision to Water Services Providers (WSPs) and in the monitoring of water and sewerage services provision.



COAST WATER WORKS DEVELOPMENT AGENCY
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Strategic direction.

Strategic Themes

To be able to undertake its mandate effectively, CWWDA has identified the following as the main operational themes.

- i. Human resource
- ii. Infrastructure development and bulk water operations
- iii. Resource mobilization
- iv. Governance and corporate communication

Strategic Objectives

Based on the identified strategic themes, CWWDA has resolved to focus on the accomplishment of various strategic objectives over a five-year period from June 2018 to June 2023. The strategic objectives reflect the key result areas that will respond to particular sets of strategic theme and challenges facing the agency.

The following are the strategic objectives: -

- i. To recruit and retain at least 80% highly qualified staff by 2023
- ii. To increase water production to 90% and water coverage by 80% by 2023
- iii. To improve ICT infrastructure and services from 40% to 80% by 2023
- iv. To improve water coverage from 56% to 80% by 2023
- v. To improve revenue collection from 60% to 90% by 2023
- vi. To reduce operation cost from 18% to 15% by 2023
- vii. To create alternative source of funds by 2023
- viii. To solicit for financial support from GOK through budget allocation by 2023
- ix. To adhere to legal, ethical and effective communication standards by 2023

(c) Fiduciary Management

CWWDA day to day management is under the following key departments and the key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibility were:

Chief Executive Officer
Head of Technical Services
Head of Corporate Services
Head of Finance
Head of Procurement
Head of Internal audit.

(d) Fiduciary Oversight Arrangements

The ultimate oversight authority of CWWDA is exercised by the Board of Directors. To ensure that good corporate governance and that effectiveness is enhanced in this process, the Board of Directors have established three committees:

- (i) Finance and administration Committee
- (ii) Audit, Risk and Governance Committee
- (iii) Technical, Planning and Development Committee



COAST WATER WORKS DEVELOPMENT AGENCY
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(e) Entity Headquarters

Coast Water Works Development Agency
Mikindani Street
Off Nkrumah Road
P.O Box 90417-80100
MOMBASA

(f) Entity Contacts

TEL: 041-2315230
FAX: 041-2316471
EMAIL: info@cwsb.go.ke

(g) Entity Bankers

KCB Bank
Treasury Square
P.O. Box 90254, 80100
MOMBASA

Co-operative Bank
Digo Road
P.O. Box
MOMBASA

Consolidated Bank of Kenya
Nkrumah Road
P.O Box
MOMBASA

(h) Independent Auditors

Auditor General
Anniversary Towers
University Way
P.O. Box 30084-00100 GPO
NAIROBI

(i) Principal Legal Advisor

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



COAST WATER WORKS DEVELOPMENT AGENCY
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THE BOARD OF DIRECTORS




The following Directors were in office as at 30th June 2019 when the financial year under review.

| | NAME | POSITION | OPERATIONS |
|----|--|---------------------------|-------------------|
| 1 | PS NATIONAL TREASURY | Director | Non-Executive |
| 2 | PS MINISTRY OF WATER AND SANITATION -. DANIEL KIHARA | Director | Non-Executive |
| 3 | HON. MUSTAFA SALIM IDD | Chairman From 8.2.2019 | Non-Executive |
| 4 | JILLO ALEX KASSE | Director From 8.2.2019 | Non-Executive |
| 5 | SIMON MWACHIA | Director From 8.2.2019 | Non-Executive |
| 6 | AMINA MNYAZI | Director From 8.2.2019 | Non-Executive |
| 7 | MWALIMU DIGORE KITAMBI | Director From 8.2.2019 | Non-Executive |
| 8 | HIDAYA KASSIM MBWANA | Director From 8.2.2019 | Non-Executive |
| 9 | JACOB TORUTT | Chief Executive Officer | Executive |
| 10 | ALEX MASAKE | | Company Secretary |



COAST WATER WORKS DEVELOPMENT AGENCY
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The following directors were partly in office during the year under review.

| Name of Director | Position | Profile |
|--|---|---|
|  <p>Mrs. Sureya Roble P. O. Box 95614-80100 <u>MOMBASA</u></p> | <p><u>Acting Chairperson</u></p> <p>UP to 2.12.2018</p> | <p>Master's in Business Administration BA degree in Political Science & Public Administration Diploma in Management of NGO's</p> <p>National Vice Chairperson of Maendeleo ya Wanawake Organisation Executive Director at Advocacy for women in peace & security - Africa</p> |
|  <p>Dr. Mathias Kai P.O. Box 296-80200 <u>MALINDI</u></p> | <p><u>Member</u></p> <p>Up to 2.12.2018</p> | <p>Bachelor of Medicine</p> <p>Bachelor of Surgery</p> <p>Certificate in Public Health Administration</p> |
|  <p>Dr. Fatma Mohamed Haji P.O. Box 8 <u>MSAMBWENI</u></p> | <p><u>Member</u></p> <p>Up to 7.2.2019</p> | <p>Doctor of Medicine (M.D) degree Certificate in Community Lead Total Sanitation</p> <p>Certificate in Integrated Disease Surveillance & Response</p> <p>Certificate in Malaria in Pregnancy Pursuing Environmental Impact Assessment Audit</p> |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Key Management team

During the 2018-2019 financial period, the following officers held key management positions

| NO | Name of Staff | Responsibility |
|-----------|----------------------|---------------------------------|
| 1 | Mr. Jacob Torutt | Chief Executive Officer |
| 2 | Mr. Martin Tsuma | Technical Manager |
| 3 | Ms. Harriet Ngeera | Finance Manager |
| 4 | Mr. Simon Charo | Human Resource Manager |
| 5 | Mr. Alex Masake | Company Secretary |
| 6 | Ms. Fatma Gakuria | Corporate Communication Manager |



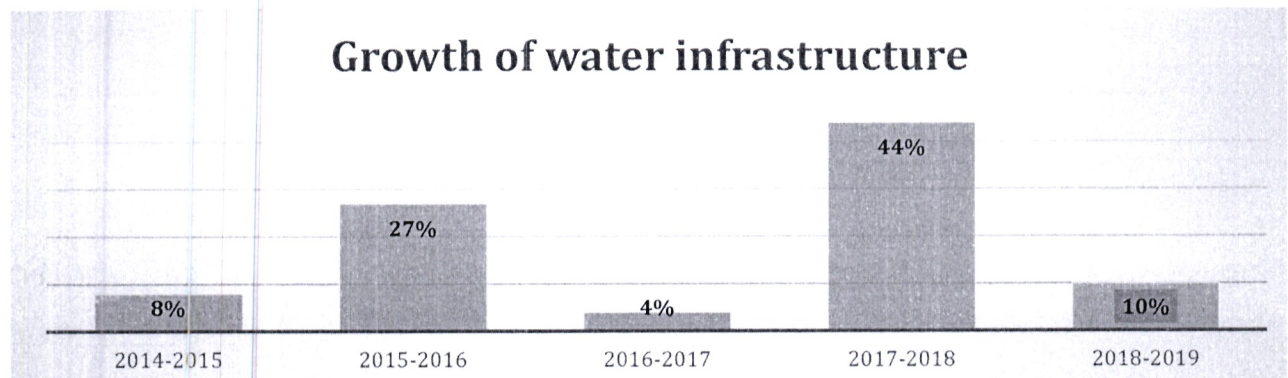
COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT BY THE CHAIRMAN

I am delighted to report the performance of CWWDA in the annual reports and Financial Statements for the year ended 30th June, 2019.

Water assets and infrastructure

Under its core mandate of infrastructure development, CWWDA has been recording an upward movement with the water infrastructure under development increasing year by year from the preceding period in the last 5 years as shown below.



During the year under review the water assets under development increased by 10% from Ksh 7,446,600,926 in the previous year to Kshs 8,182,203,862 with most projects having a completion date of 2021/2022. As the water and sanitation water projects come to an end in December 2019, CWWDA is going to continue with more projects as the funding by Water and Sanitation Development programs (WSDP) kick off. The WSDP are expected to end in the year 2020-2023.

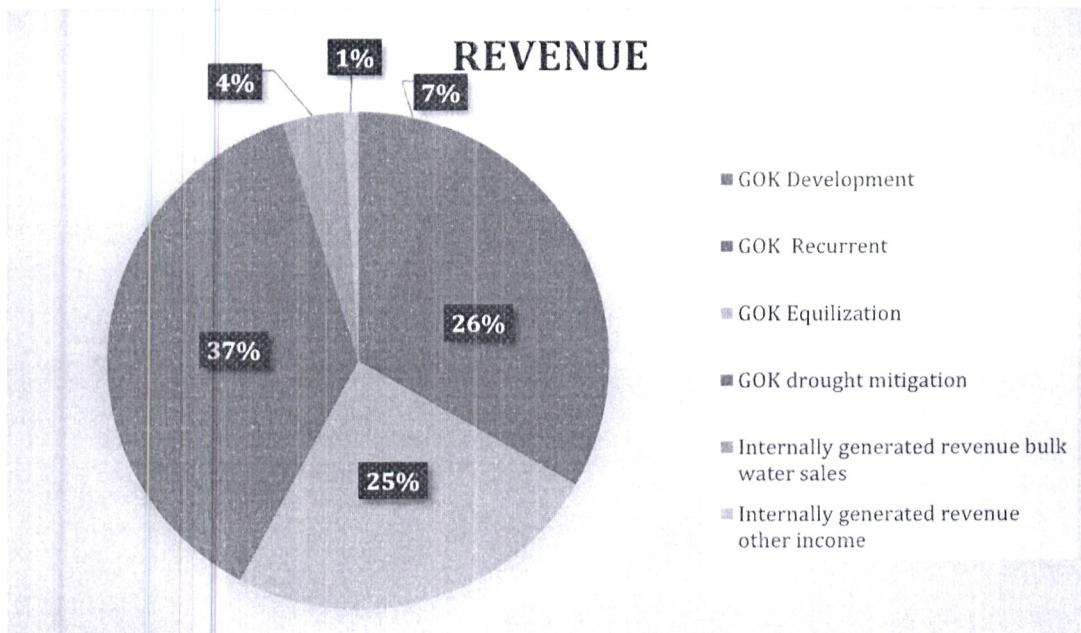
Revenue

The year under review also recorded a huge increase in total revenue from Kshs 1,580,462,821 in 2017-2018 to 2,177,287,915 in 2018-2019 as indicated by the Table 1 below. This growth has enabled CWWDA to undertake more projects within the period under review.

Table 1 Revenue Streams

| S.NO | Nature | Amount Kshs |
|--------------|---|-------------------------|
| 1 | Gok Development | 142,500,000.00 |
| 2 | Gok Recurrent | 577,150,000.00 |
| 3 | Gok Equalization | 551,632,347.00 |
| 4 | Gok Drought mitigation | 61,000,000.00 |
| 5 | Internally generated revenue bulk water sales | 835,219,773.00 |
| 6 | Internally generated revenue other income | 9,785,796.00 |
| TOTAL | | 2,177,287,915.00 |





Compliance

On compliance the agency complied with all guidelines and laws applicable within its mandate and other applicable laws including deducting and remitting of all statutory deductions as well as preparing financial statements to the relevant agencies. In addition, CWWDA also complied with other guidelines from state agencies and circulars on the same.

Water Sector Review

Following the enactment of water act 2016, several changes have taken place within the sector and this has affected water sector and the core mandate of the institutions within the sector. CWWDA is aware of its roles within the reforms and is well prepared to undertake these roles. In particular, the agency has to play a vital role in assisting the County to achieve its goals in line with Kenya vision 2030 and strategic development goal No.6 of water and sanitation and hygiene for all.

Key Regulatory Highlights

The regulatory environment remains an area of significance to our operations. The Government enacted the Water Act 2016 with a focus on improving water storage, strengthening regulation, creating viable water utilities and improving sector planning. Under the Act, sector coordination between the National Government and the County Governments under devolved water services provision will be enhanced

Performance

Under its mandate, CWWDA covers six coast counties with an estimate area of 83,630 km² and with it an estimated current population for the region being 4.4 million. Water demand has continued to rise with the current demand for the region estimated at 329,306 m³/day. With the current water production from all sources being 180,000m³/day the gap is evidence and this a daily concern to us as the agency serviced with the mandate of ensuring adequate water infrastructure in the region. In consultation with other stakeholders the agency also has to strategize on providing



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

infrastructure for piped water considering that currently the total population that is served with piped water is approximately 55% or 2.405 Million

Corporate Governance:

The Board's corporate governance structure and practices are in line with the guidelines issued by Mwongozo and other applicable regulations. At a board level CWWDA has non-executive Chairman and the Director's except the CEO who is in charge of day to day management of the agency. The key role of the board is to give direction and address policy issues. This clarity ensures the Board and management perform their roles within specific parameters.

All the members of the Board have committed themselves to observing ethical behavior and practices in all the Board's business. In addition, all the members of the Board have undergone through various Governance board training to enable them undertake their roles and mandate with information.

The Board has constituted appropriate Board committees which are the Human resource and Administration, Technical and asset development and the Audit and Risk Committee. All the Board meetings are scheduled and are held on quarterly basis. Ad hoc board meetings are also held whenever necessary and with specific agenda.

Stakeholder Management

CWWDA has various types of stakeholders who perform different roles complimentary to it. Some of these are: the various water institutions like WASREB, WARA, Water Appeals Board, Water Services Providers, Water Services Trust Fund, Community Based Organizations (CBO) the hospitality Industry players among others. During the year, the agency engaged them various ways including stakeholder participation, Water Distribution, procurements and debt collection among other engagements.

Corporate Social Responsibility (CSR)

The agency considers CSR as an integral part of its Business and is concerned about the welfare of its staff, the communities around it and is sensitive to the environment within which it operates. In order to enhance environmental conservation, the agency has a unit dedicated in dealing with environment issues and resettlement for those affected in one way or another by infrastructure development.

The Agency allocates some resources in its budget each year for various CSR initiatives, aimed at impacting positively on the lives of respective communities and stakeholders. These activities focus on education, free water during drought and other distress periods, participating in charitable activities, free technical advice for projects being undertaken within the region among other activities.

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Risk Management

As an agency, sound assessment of risk will enable us to anticipate and respond to changes in our business environment, as well as make informed decisions under conditions of uncertainty. The agency has developed a risk management strategy and is committed to a process of risk management that is aligned to the principles of best practice and corporate governance. The agency has developed a five-year business strategy covering the period June 2018 to June 2023 and in implementing this strategy all applicable risks will have to be assessed and mitigation measures taken as to address them.

Future Outlook

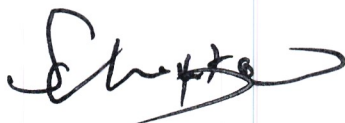
With the water demand increasing continuously for the last five years and the focus on big 4 agenda, the agency expects to play a key role in its mandate in developing sustainable infrastructure and maintaining those already developed. As an organization, we are aware and appreciate the stakeholders who have related roles in ensuring water is available for all. To this end, the agency will continue to offer its internal expertise and also offer capacity building in order to support all players in the sector. CWWDA will also continue investing in its human capital to ensure business continuity and efficiency. The agency will also engage development partners to develop and increase water and sewerage services.

Appreciation

In conclusion, I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership since I took over the leadership of the agency as the Chairman. Their commitment contributed immensely to our performance and being able to focus for the future together.

I also commend management and staff for working tirelessly to achieve the level of business growth that we have witnessed. I am confident that they will continually spare no effort to attain and surpass the targets set for the new financial year. I recognize the support from the community at large and all other stakeholders for supporting and doing business with us.

I also wish to thank our Government and development Partners for their continued support in building this agency and in the process impacting positively on lives and communities in our country.



HON. MUSTAFA SALIM IDD
CHAIRMAN

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
STATEMENT BY THE CHIEF EXECUTIVE OFFICER

Execution of our mandate

CWWDA mandate is implemented principally through two avenues which are to develop and maintain and water infrastructure and management of the Bulk Water Supply unit which produces water for sale to the Water Services Providers namely Mombasa, Kilifi-Mariakani, Malindi, Kwale and Tavevo Water Companies.

The asset development is under the technical unit which plays its role in various ways including

- a) Operations and maintenance of Bulk Water Systems in the Region.
- b) Overall Planning Design and Construction for capital improvement projects, facility improvements and replacements for existing systems.
- c) Preparation of Terms of Reference, RfP's and Tender Documents.
- d) Projects' Supervision and reporting
- e) Provision of Technical Assistance to the CS, other departments, WSPs and Counties.

The Bulk Unit (established under the technical department) is responsible for the operation and maintenance of the bulk system which comprises of Baricho, Marere, Tiwi and Mzima schemes. Currently the Bulk Unit is semi-autonomous with offices at Mazeras and headed by acting Managing Director. The bulk unit is budgetary supported by CWWDA.

The Operation and Maintenance (O & M) of the Bulk Water Supply Unit (BWSU) involves patrolling of the system's pipelines, attending to leaks and bursts, servicing and repair of electrical installations, bulk meter reading and bulk water billing, servicing and repair of bulk water meters. In undertaking these activities, BWSU is able to effectively serve the Water Service Providers (WSPs) as well as the Community Based Organizations. (CBOs)

There are four major water schemes under the jurisdiction of CWWDA providing approximately 50% of the water demand in the region. These schemes are

- a) Marere Water Supply pipeline, a **40km** gravity system, was constructed in **1923**. The water source is the Marere springs and the scheme supplies bulk water to **two** main WSPs namely; KAWASCO and MOWASCO.
- b) Mzima Waterworks and pipeline including main storage and distribution tanks at Mazeras. This was constructed in **1953** and is a **220km gravity system**. This scheme supplies bulk water to **four** main WSPs namely; TAVEVO, KAWASCO, KIMAWASCO and MOWASCO.
- c) Tiwi well field was developed in the 1970's. This scheme supplies bulk water to **two** main WSPs namely; KAWASCO and MOWASCO.
- d) Baricho Water Works and pipeline, a **104km** pumping system was constructed in 1980 with Sabaki River as the source, and in 1990 Sabaki well field was developed. This scheme supplies bulk water to **three** main WSPs namely; MOWASCO, KIMAWASCO and MOWASCO

The water production under the below schemes has increased by a good margin since 2005 as shown by table 2 below.

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Table No 2. Production of water by different schemes

| S/No. | Bulk Water source | Water Production – 2005 (M3/day) | Water Production- 2019 (M3/day) | Additional Population Served @100L per person per day |
|---------------|--------------------|----------------------------------|---------------------------------|---|
| 1. | Mzima springs | 35,000 | 40,000 | 60,000 |
| 2. | Marere Springs | 7,000 | 15,000 | 70,000 |
| 3. | Baricho Well Field | 45,000 | 90,000 | 590,000 |
| 4. | Tiwi Boreholes | 7,200 | 12,000 | 68,000 |
| Totals | | 94,200 | 157,000 | 788,000 |

The demand for water in the coast region is yet to be met despite the increase of Water production from these schemes. Some of the reasons that contribute to this scenario include aged infrastructure that requires frequent repairs and maintenance non -revenue water as well as the length of time that it takes to complete project when compared to the rise in demand for water.

Revenue collection

Coast Water Works Development agency has had challenges with collection of its revenue that emanates from the bills generated and delivered to the WSPs. There has been a reluctance by these WSPs to pay in full their bills. For a very long time the efficiency level has been way below the standard set by WASREB of 90% and above. In addition the WSPs have not paid the administration charges causing the agency a lot of concerns due to the high operational costs which constitute over 96% of the revenue collected. Other costs for bulk water production are left with funding gap. Efforts to involve the Counties have yielded minimal results. The table below shows the revenue collection efficiency over the years.

Table 3 Revenue collection trend

| | Billed (Excl. Lease fees)Kshs | Collected (Kshs) | Collection Efficiency (%) |
|------------|-------------------------------|------------------|---------------------------|
| 2018-2019 | 697,863,700.00 | 580,415,945.85 | 83% |
| 2017- 2018 | 715,296,860.00 | 627,900,869.69 | 88% |
| 2016-2017 | 918,687,205.00 | 540,604,224.00 | 59% |
| 2015-2016 | 880,163,226.00 | 679,797,375.00 | 77% |
| 2014 2015 | 845,834,810.00 | 613,562,151.49 | 73% |
| 2013-2014 | 837,150,767.00 | 687,479,470.10 | 82% |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Government funded Projects

Drought Mitigation

Water insecurity can be worsened by drought. More people are affected by drought than any other disaster type. In 2016, 411 million people worldwide were affected by disasters and 94% of those were drought affected. In Kenya Drought affects almost 40% of the population and area. The Government has perennially funded drought mitigation projects countrywide to the tune of Kshs.6 billion. During the financial year under review, CWWDA received Ksh 61, million for this purpose and these funds were allocated to various programames geared towards drought mitigation in all counties in the region.

Equalization Fund Projects

The Kenya Constitution 2010 created this fund to narrow the gap between counties that are known to have economic and social development levels way above the others. In 2016-2017 financial period, CWWDA was allocated Kshs 1,244,517,859.00 as summarized by table 2 below. Projects have been undertaken progressively since that year with various projects being completed.

Table 3 Equalization funds allocation Kshs

| County | A | B |
|-----------|---------------|---------------------------|
| | Budget | value of awarded contacts |
| Kilifi | 354,017,859 | 322,248,788 |
| Taita | 165,500,000 | 105,447,617 |
| Kwale | 190,000,000 | 175,694,372 |
| TanaRlver | 220,000,000 | 210,028,098 |
| Lamu | 315,000,000 | 302,476,906 |
| Total | 1,244,517,859 | 1,115,895,780 |

During the year under review, CWWDA received Ksh 551,632,347.00 from the National treasury through the ministry of water for paying certificates for the completed projects. These funds were utilized on various projects within specific counties as summarized by table 3 below.



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Table 4 Utilization of equalization funds during the year.

| County | Amount (Kshs) |
|---------------|----------------------|
| Lamu | 158,283,985 |
| Tana River | 72,588,947 |
| Kilifi | 182,552,016 |
| Kwale | 109,851,125 |
| Taita Taveta | 28,361,364 |
| Total | 551,637,437 |

Donor Funded Projects

To respond to the immediate water and sanitation challenges, CWWDA is currently undertaking the Water and Sanitation Services Improvement Project – Additional Financing (WaSSIP-AF) which is jointly financed by the WB and GoK. Through this project, an additional 22,000m³/d is expected to be produced from the Baricho well field by drilling 3No additional boreholes. Furthermore, the separation of Mombasa and Kilifi transmission pipelines will ensure increased flows to Mombasa. Rehabilitation of network reticulation in Mombasa together with improvement of supply to Mombasa and Malindi informal settlements are also being undertaken.

Other key projects under WaSSIP-AF include Waste Water Master Plan, Water Distribution Master Plan and Drought Mitigation Measures for CWSB and NWSB regions.

The project also offers institutional support in terms of capacity building and technical assistance for design and supervision of works.

Further to the ongoing immediate measures under WaSSIP-AF, the Board has engaged the World Bank under the proposed Water and Sanitation Development Project (WSDP) to finance activities that can bring immediate impact in terms of water and sanitation service provision. There is a budget allocation under the WSDP to be used to improve Bulk Water Services. In addition, CWWDA is expecting more funding under the African Development Bank (AfDB) funding under the Small Towns Water Supply and Sanitation Programme – Phase II currently under preparation. The targeted projects under the AfDB programme are the rehabilitation of the 2,500m³/day Pemba Dam and the rehabilitation of Changamwe Repooling secondary sewer network which have already been contracted for.

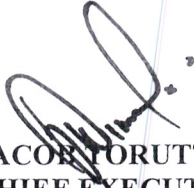
Working with Stakeholders

Stakeholders play an important role in our ability to deliver on our strategy and meet our customer expectations. We continue to engage with them, and are committed to developing and maintaining healthy relationships. This includes various ministries in the government, Counties, various government agencies, private organizations, media houses, financial institutions, suppliers and the general public. CWWDA has maintained good working relationships with all stakeholders and will endeavor to do so in future.

COAST WATER WORKS DEVELOPMENT AGENCY
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Appreciation

In conclusion, I thank the Government of Kenya for its confidence in our ability to execute our strategy to ensure efficient and economical provision of water and sewerage services within our area of jurisdiction. I also thank the board and the employees for their commitment and dedication in delivering on our mandate and our development partners who have continued to support our expansion of water and sanitation infrastructure.



JACOB TORUTT
CHIEF EXECUTIVE OFFICER



COAST WATER WORKS DEVELOPMENT AGENCY
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CORPORATE GOVERNANCE STATEMENT

Introduction

The agency is committed to maximizing business performance, generating appropriate levels of stakeholder's value and financial returns, and sustaining the growth and success of CWWDA. Effective governance is achieved through a combination of strong process and structures, underpinned by the right values and culture. The principles of corporate governance are contained in the Constitution and The Public Officer Ethics Act, 2003 among other guidelines. CWWDA is in compliance with the governance tenets of the recently developed "Code of Governance for Government Owned Entities", Mwongozo. CWWDA is committed to ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory Corporate Governance requirements.

In conducting business in accordance with these objectives, the Agency seeks to ensure that CWWDA is properly managed to protect and enhance stakeholder interests, and that CWWDA, its Directors, officers and employees operate in an appropriate environment of corporate governance.

The Board has in place a framework for governing CWWDA which includes adopting internal controls, risk management processes and corporate governance policies and practices, designed to promote responsible management and ethical conduct.

Roles and responsibilities of the Board and management

The Board provides overall strategic guidance for CWWDA and effective oversight of management. Responsibility for the governance of CWWDA, including establishing and monitoring key performance goals, rests with the Board. The Board monitors the operational performance and financial position of the agency through management reports, performance contracts procurement plans as well as the audited financial reports.

The Board Charter articulates the Board's roles and responsibilities, its membership and operation clearly stating which responsibilities may be delegated to committees or to management. Specific responsibilities have been reserved by the Board in key areas of strategy, governance, executive appointments and financial approvals. The Board has established three standing committees to assist in performing its responsibilities by discussing in detail particular issues and making recommendations to the Board and these committees operate under specific terms of reference.

The CEO has the responsibility of managing the day-to-day affairs of CWWDA in line with the Board-approved corporate plan, the corporate strategy and policies.

Board Size, Composition and Appointment

The structure of CWWDA Board starts with the Board of Directors who are all independent except the CEO. The Cabinet Secretaries in both the National Treasury and the Ministry of water and sanitation are represented in the Board by their dully appointed nominees. The state Corporation Advisory Committee (SCAC) is also represented in the board.



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The Board is well composed in terms of range and diversity of skills, knowledge, and experience in various sectors which makes it effective in providing an appropriate balance for the oversight of the Board's mandate.

Separation of Roles and Responsibilities

The roles and responsibilities of the Chairman of the Board, the Chief Executive Officer and non-executive directors remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment. SCAC is responsible for reporting to the Board on the evaluation of the performance of the Chairman, Board and committees.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective board and sets the board agenda in consultation with the Chief Executive Officer and ensures effective communication to stakeholders.

The Board does not consider the Chief Executive Officer to be independent as this is an executive role. All Directors are non-executive and are independent of management. Their roles include appointing the CEO and establishing a framework for the delegation of authority and ensure succession planning for the CEO and the senior management. Their main role is therefore to give oversight and strategy direction and monitor the progress of strategy implementation ensuring it is done within the risk appetite and control framework that is set out by the Board.

The CEO is responsible to the Board and takes the overall responsibility for the management of the affairs of CWWDA. The CEO recommends the strategy to the Board and implements it and makes operational decisions. The CEO further ensures appropriate and timely information flows within the Board, its committees and management.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers and authorities. Each Committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board.

The Committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience. The Chairman of the Board, management and external parties/advisors are required to attend the committee meetings only by invitation. The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. Matters deliberated by the Committees are presented to the Board by the respective chairman during the next Board meeting. CWWDA has in place Technical, Human resource and administration and also Audit Risk committee.



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Conflict of Interest, Code of Conduct and Ethics

The Directors and employees of CWWDA have a fiduciary duty to act honestly and in the best interest of the Agency. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board has put various measures in place to ensure that there is no conflict of interest amongst its directors and staff. The Board has put in place corruption prevention plan and Code of Conduct & Ethics Policies that binds both the directors and the employees. A declaration of interest is signed by board members before deliberating on various matters.

During the year, under review CWWDA conducted various training to Directors and staff on ethics and integrity.

Accountability & Audit /Control Environment Management

Internal Auditors

CWWDA has an internal audit function which has the role of providing independent and objective assurance to the Audit and Risk committee on the adequacy and effectiveness of the risk management framework, financial reporting processes, internal control systems and compliance

The annual internal audit plan, which is approved by the committee of the board is developed using a risk-based approach and is driven by the risk framework, risk profile and governance principles. The head of the internal audit function reports directly to the committee Chairman, with an administrative reporting line to the Chief Executive Officer. This ensures that internal audit is given the independence that is required.

The Manager, Internal Audit & Risk reports to the committee meeting on progress against the annual internal audit plan, audit findings and recommendations and the status of management actions. The Board has qualified staff who carry out the internal audit function and present reports on compliance. The Audit and Risk Committee is composed of non-executive directors.

Internal Controls and Risk Management

The Board has the responsibility of identifying internal risk exposures and developing measures to mitigate against the identified risks. The Board reviews and monitors the development and implementation of internal control systems and risk management systems using various approach including through policies and manuals.



COAST WATER WORKS DEVELOPMENT AGENCY
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Relationship with Stakeholders

As an organization, CWWDA appreciates that stakeholder perception affects the organizations reputation and may affect its ability to effectively undertake its mandate. Therefore the Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making.

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns while taking into consideration legal and strategic considerations.

CWWDA has developed a Corporate Communications Strategy which encompasses internal & external communication, customer service and public relations. The main avenues for communication are through press releases, stakeholder forums and publications in print and social media, and annual reports and financial statements. The Board has continued to encourage electronic communication through publishing documents in the corporate website and has endeavored to ensure that the website is highly interactive and contains all the relevant information.

Additionally, the Board has dedicated staff to deal with complaints and public relations efficiently and effectively. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders. The Board submits quarterly reports to the Commission of Administrative Justice on the complaints handling and management.

Annual Report and Accounts

The financial reports for CWWDA accounts are audited by the Auditor-General whose role and responsibilities are defined under the Constitution of Kenya. CWWDA has in the past prepared and submitted its annual reports and financial statements to the auditor general for review as required. In addition, quarterly reports are prepared and submitted to the relevant agencies as per existing guidelines.



JACOB KORUTT
CHIEF EXECUTIVE OFFICER



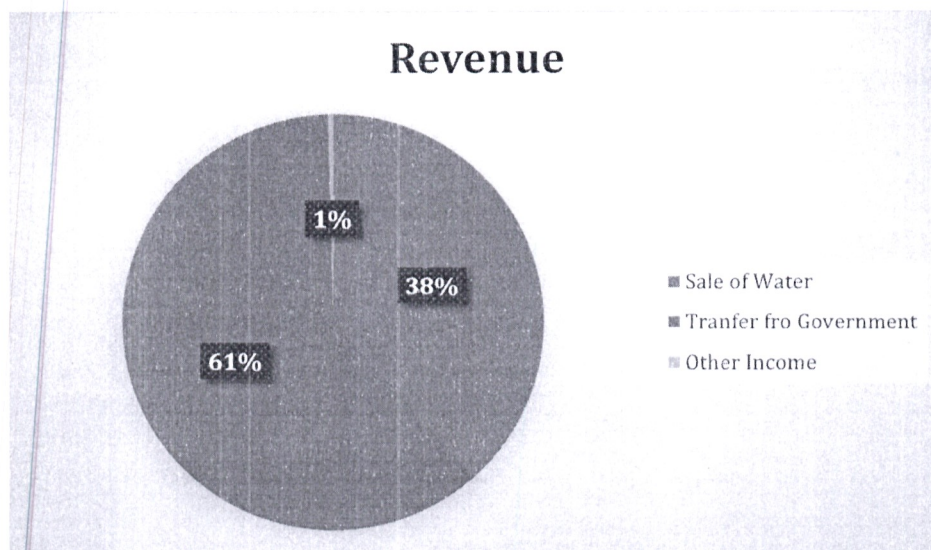
COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the financial year ending 30th June 2019, CWWDA generated total revenue amounting to Ksh. 2,177,287,915 against an expenditure of Ksh. 1,939,803,481.

| Revenue | Kshs. | % |
|---------------------------|----------------------|----------|
| Sale of Water | 835,219,773 | 38.36 |
| Transfer from Governments | 1,332,282,346 | 61.19 |
| Other Income | 9,785,796 | 0.45 |
| Total | 2,177,287,915 | |



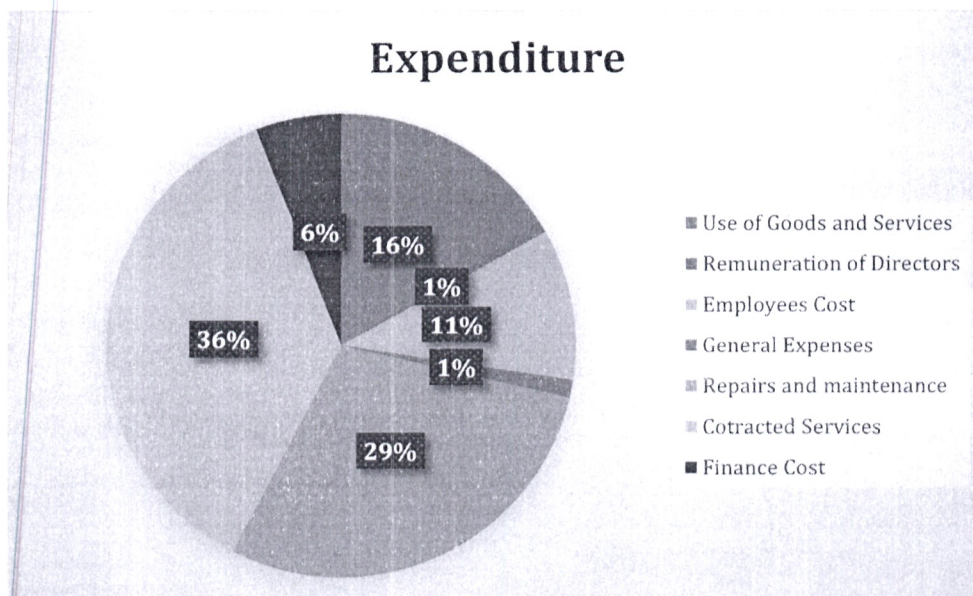


COAST WATER WORKS DEVELOPMENT AGENCY
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Expenditure

The total expenditure for year under review was kshs. 1,939,803,480 with bulk of the same being utilized for operational Expenses and Projects among others as indicated below

| Expenditure | Kshs. | % |
|---------------------------|----------------------|----------|
| Use of Goods and Services | 311,041,172 | 16.03 |
| Remuneration of Directors | 15,392,600 | 0.79 |
| Employees Costs | 205,116,602 | 10.57 |
| General Expenses | 24,286,985 | 1.25 |
| Repairs and Maintenance | 561,685,846 | 28.96 |
| Contracted Services | 707,945,235 | 36.50 |
| Finance Cost | 114,335,040 | 5.89 |
| Total | 1,939,803,480 | |





COAST WATER WORKS DEVELOPMENT AGENCY
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Detailed Utilization of revenue

Contracted Services

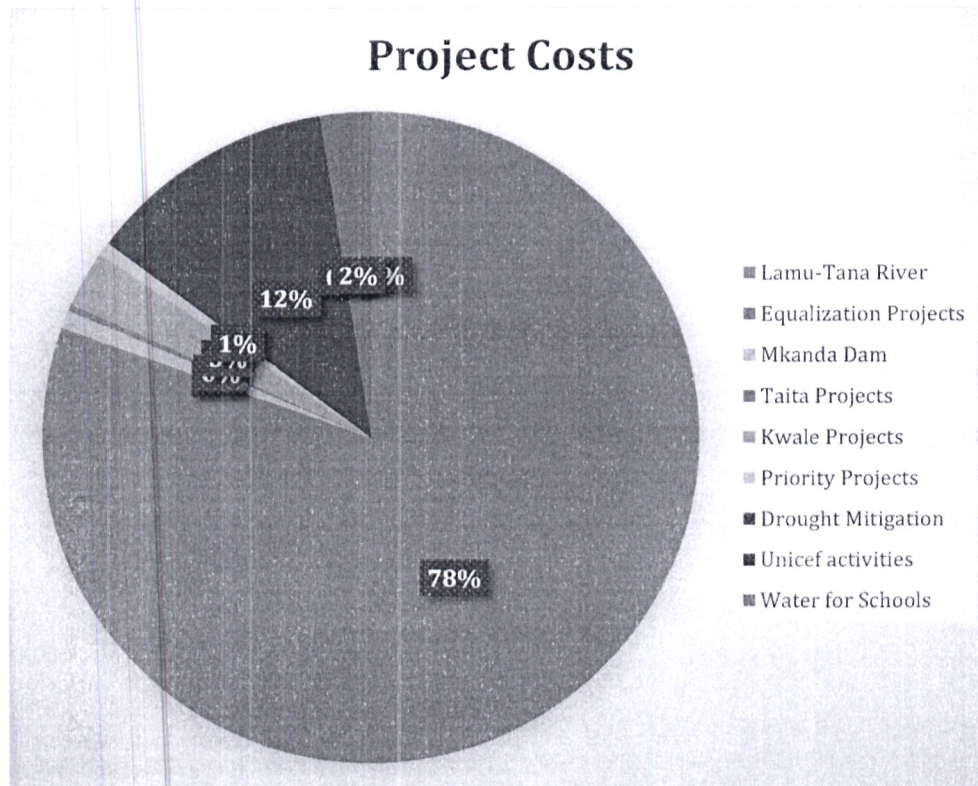
During the year under review the CWWDA undertook several projects under its Master plan as well as other projects that became necessary during period. In determining g the projects to undertake, stakeholders are consulted in the spirit of public participation. And to ensure equitable distribution of the available resources.

The project that were undertaken and were under different categories depending on the source of funds as well as the key purpose of the project. Some projects were factored in the budget while others were continuing project from the previous period. Some of the projects were completed while others are ongoing and will be completed in the coming financial periods.

The table below shows the project expenditure as per each category respectively

| Contracted Services | Kshs. | % |
|----------------------------|-----------------------|----------|
| Lamu-Tana River | 18,571,758.00 | 2.62 |
| Equalization Projects | 551,073,055.00 | 77.84 |
| Mkanda Dam | 6,351,895.00 | 0.90 |
| Taita Projects | 2,463,600.00 | 0.35 |
| Kwale Projects | 19,885,250.00 | 2.81 |
| Priority Projects | 4,632,832.00 | 0.65 |
| Drought Mitigation | 86,948,547.00 | 12.28 |
| Unicef activities | 122,105.00 | 0.02 |
| Water for Schools | 17,896,192.00 | 2.53 |
| Total | 707,945,234.00 | |





Rapid initiative projects

CWWDA was also allocated funds to undertake rapid initiative projects in various learning institutions under the “water for schools” programme. Some of those projects are ongoing and others have been completed. The “water for schools” program was one of the programmes that had immediate impact in the affected learning institutions. This is due to the short period that was taken to complete the projects with most of the projects completed within the financial period. Out of the 14 projects that were planned under this category, 8 (57%) were completed by 30th June 2019



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Water for school projects

| | COUNTY | Cost incurred Kshs | Status |
|--|---------------|-------------------------------|---------------|
| Kizingitini Sec Sch Water Project | Lamu | 2,343,734 | Completed |
| Faza Girls Pri Sch | Lamu | 2,218,156 | Completed |
| Portreiz Special School | Mombasa | 2,728,337 | Completed |
| Ahmed Shahame Mwidani Technical Training Institute | Mombasa | 2,986,279 | Completed |
| Chaani Sec School | Mombasa | 2,835,452 | Completed |
| Mwalukombe Girls Sec Sch | Kwale | 718,794 | Completed |
| Matuga Girls High Sch | Kwale | 2,750,000 | Completed |
| Kirewe Sec Sch | kwale | 1,315,440 | Completed |
| Mwangoni Pri Sch | kwale | 0 | on going |
| | TOTAL | 17,896,192 | |

Projects under equalization fund.

All the counties in the coast region except Mombasa benefited from the completed projects under this category. Many of the projects funded by equalization fund were at the grass root level with direct impact to the community.

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Drought Mitigation

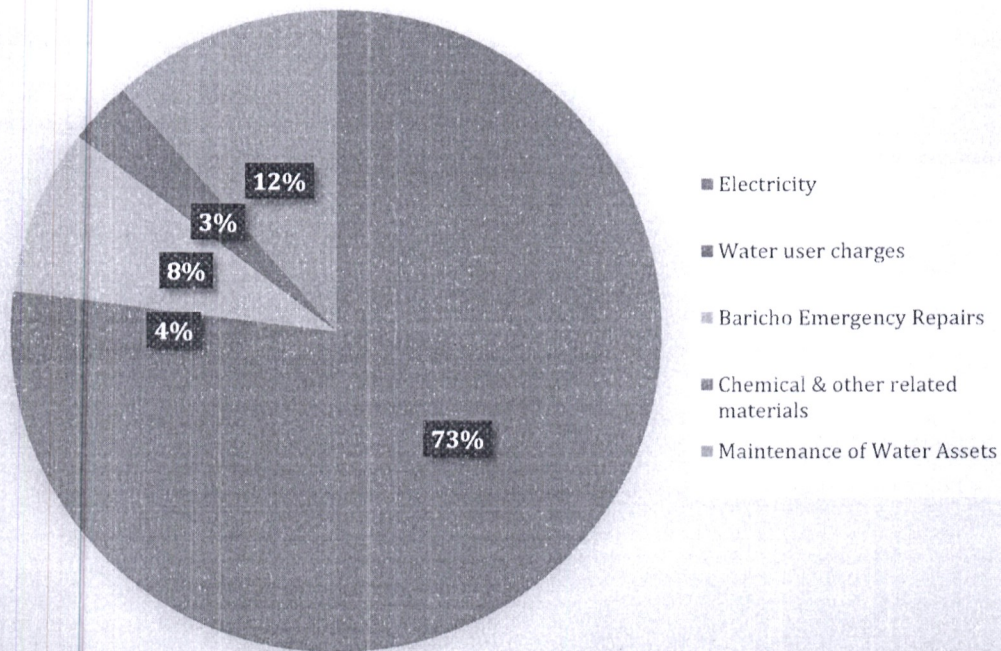
Drought mitigation projects are not normally budgeted but they are undertaken when need arises. During the year under review, CWWDA incurred a cost of Ksh 82,655,887 under this category, this being 11.74%% of the total project costs. All the counties in the coast region benefited from these projects. Most of the fund were for medium term projects like boreholes, tanks and water pans.

Repairs and Maintenance

This is one of the major expenditure that the board incurred during the financial period with the main expenditure under this category being the electricity bills for Baricho pumping station.

| Repairs and maintainance | Kshs. | % |
|------------------------------------|-----------------------|----------|
| Electricity | 411,494,182.00 | 73.26 |
| Water user charges | 21,122,838.00 | 3.76 |
| Baricho Emergency Repairs | 47,010,707.00 | 8.37 |
| Chemical & other related materials | 17,804,442.00 | 3.17 |
| Maintenance of Water Assets | 64,253,678.00 | 11.44 |
| Total | 561,685,847.00 | |

Operationa Expenses



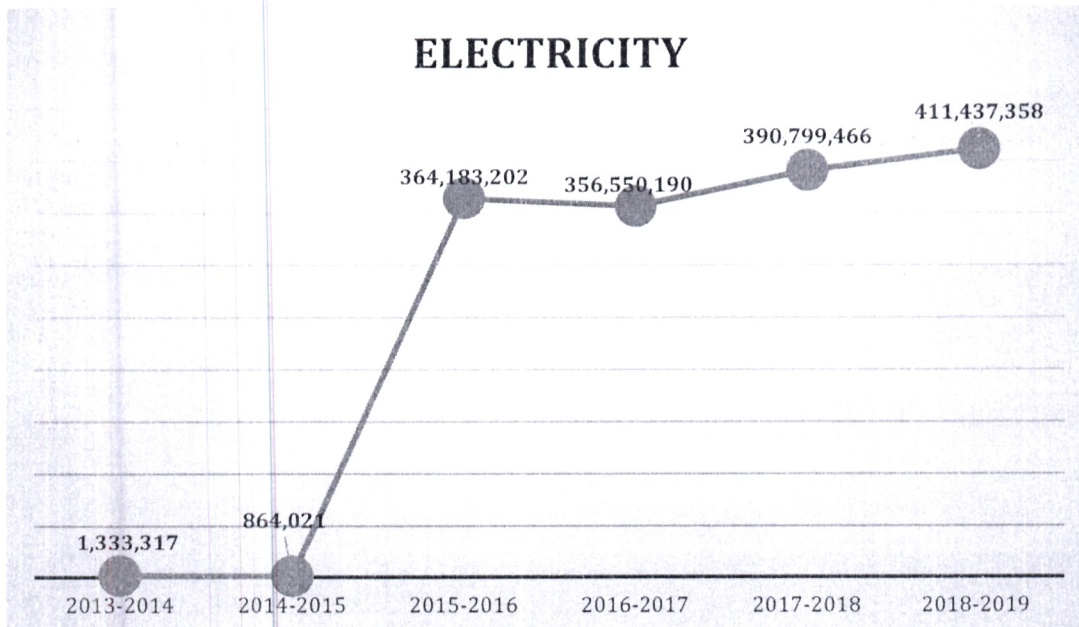
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Under operating expenses it is important to point out that the cost of power has been rising over the period with the main challenge being that power is charged to us using commercial rates and yet since water is zero rated, the agency cannot pass the same to the consumers hence CWWDA has to absorb the total cost of power. Table 9 show the trend of power bill over the last six years which shows progressive increase in the trend with the last four years indicating a stability of the bill at an average of Kshs 380,742,554 per year.

Cost of power bill for the last six years.

| Year | Amount |
|-----------|-------------|
| 2013-2014 | 1,333,317 |
| 2014-2015 | 864,021 |
| 2015-2016 | 364,183,202 |
| 2016-2017 | 356,550,190 |
| 2017-2018 | 390,799,466 |
| 2018-2019 | 411,437,358 |



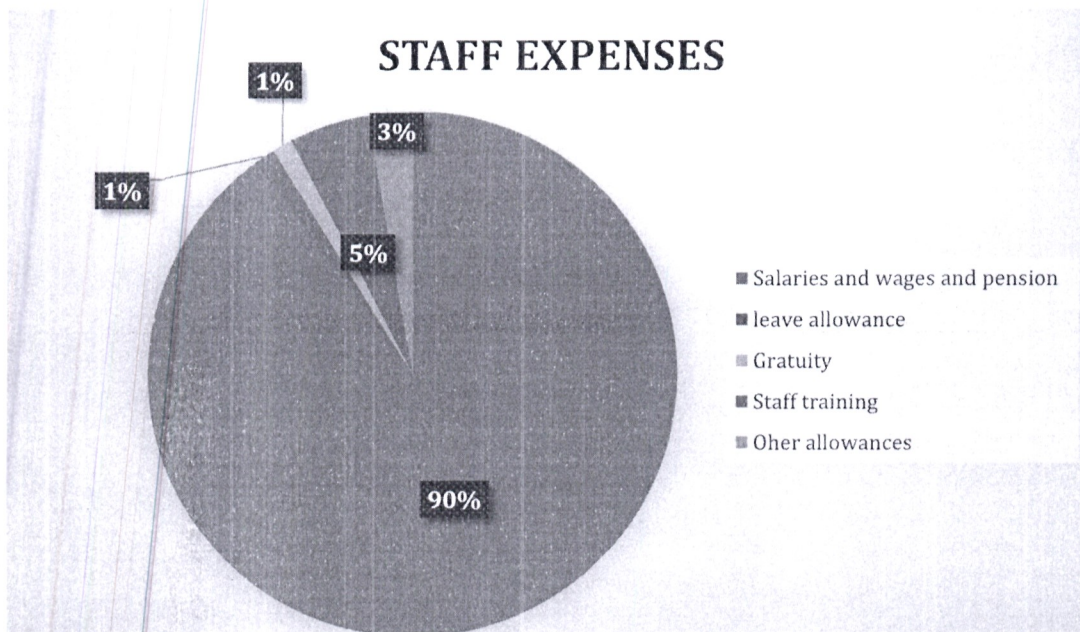
Employees Costs

This cost has remained almost constant varying in small margins. This is attributable to a low rate of employment compared to the number of staff retiring each year. Out of the total cost of Ksh 205,116,602.00 most of the staff cost was attributable to basic salaries, and pension c taking 89.8% of the total staff costs followed by staff training among others. The summary of staff expenses is given by table 8 and figure 7 below which shows that gratuity and leave allowance were the lowest expenses under this category.

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Employees Costs

| Year | Amount in Ksh | % |
|-----------------------------|--------------------|------|
| Salaries, wages and pension | 184,311,124 | 89.9 |
| leave allowance | 2,656,757 | 1.3 |
| Gratuity | 2,563,935 | 1.2 |
| Staff training | 9,920,777 | 4.8 |
| Oher allowances | 5,664,009 | 2.8 |
| Total | 205,116,602 | |



BALANCE SHEET

Assets and liabilities

The net balance of CWWDA has continued to grow over the years as CWWDA continue to endeavor to meet the ever rising demand for water. The bulk of the non-current assets constitute the water infrastructure while the receivables constitute the biggest percentage of the current assets.

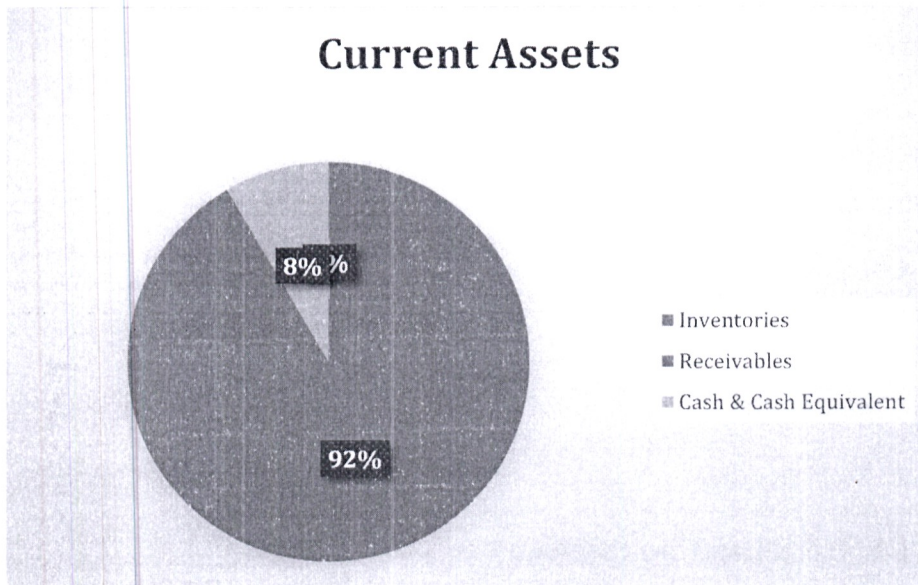
Current assets

Under current assets, the receivables take the highest percentage (92%) of the assets as shown by table 9 below. Under inventories machinery, pipes and fittings are held for continuous repair for our assets, some of which are old and require constant repair.



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| Current Assets | Kshs. | % |
|------------------------|-------------------------|----------|
| Inventories | 2,978,192.00 | 0.08 |
| Receivables | 3,621,629,912.00 | 91.48 |
| Cash & Cash Equivalent | 334,303,388.00 | 8.44 |
| Total | 3,958,911,492.00 | |





COAST WATER WORKS DEVELOPMENT AGENCY

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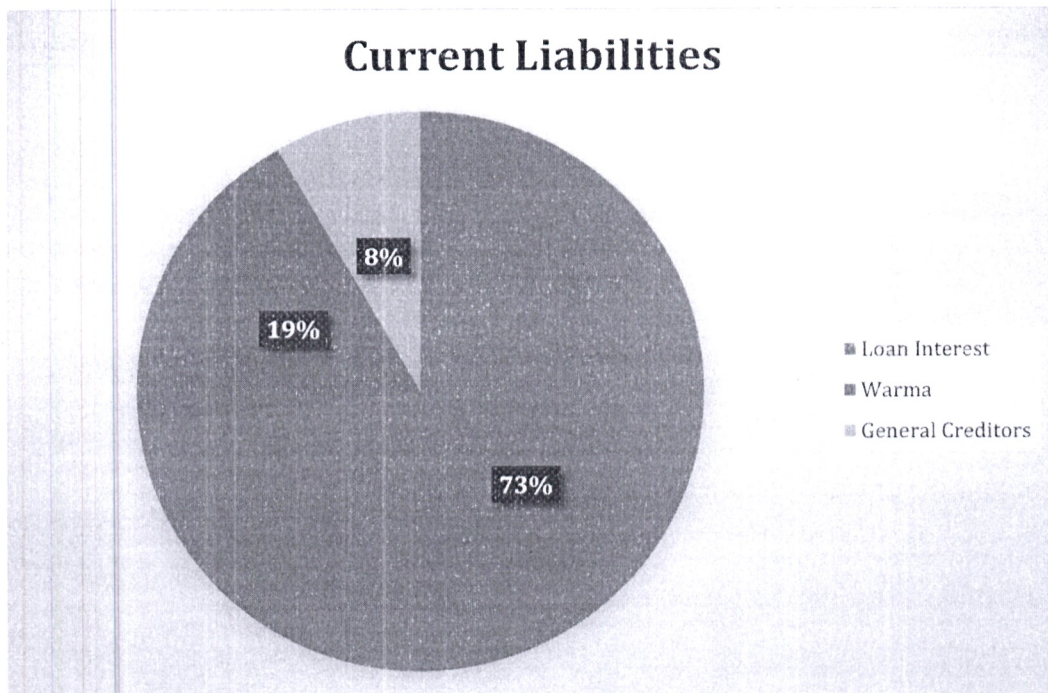
Non-current assets

In this category Work In Progress (WIP) takes 76% of the total with property, plant and equipment taking the balance of 24%. The WIP is attributable to various projects that are on-going at different stages. During the year under review WIP increased by 10% from the previous period implying a net intake of new projects during the period since WIP is continuously adjusted to factor in new projects and deduct those which have been completed. It is important to point out that some of the projects are handed over to the community or the relevant beneficiaries hence they are not reflected in our books. As such, reduction in WIP may not necessary reflect an increase in the value of the assets in our books. For short term community projects, the cost is absorbed at the implementation stage.

Current liabilities

Under this category Accumulated loan interest and outstanding water Use charges are the main components as at 30th June 2019. CWWDA has not paid any interest for any of its loans. This is attributable to the failure by WSPs to pay for their bulk water bills and administration fees in full. A summary of the current liabilities is given by table below

| Current Liabilities | Kshs | % |
|---------------------|-------------------------|-------|
| Loan Interest | 983,350,781.00 | 73.20 |
| Warma | 247,448,065.00 | 18.42 |
| General Creditors | 112,530,213.00 | 8.38 |
| Totals | 1,343,329,059.00 | |



COAST WATER WORKS DEVELOPMENT AGENCY

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Non -Current liabilities

CWWDA has one major non-current liability, which is the World Bank (WB) loan, the agency does not have any other long term liabilities.

Solvency, going concern and liquidity

As at 30th June 2019, CWWDA had a strong solvency base with assets valued at Kshs 14,705,973,284 and liabilities with value of 12,826,058,897 hence a net assets worth of Kshs 1,879,914,387 and this gives a good indication of a going concern status for the agency

The current ratio (2.94) is equally very strong as current assets cover the current liabilities above the minimum professional requirement of 2. However, in practice, liquidity has been a challenge due to the huge pending bills from WSPs which are not performing. It is therefore our expectations that our stakeholders, who have supported us over the years will continue to support us even as we put various mechanisms in place to recover the outstanding debts.

Quality assurance and value for money

High quality standards are taken very seriously even as CWWDA undertakes its mandate. All effort is made to ensure the projects are designed, implemented and maintained by applying strict standards that are applicable in all aspects. Inspection teams composed of officers with relevant skills and experience are constituted and inspection criteria developed at all stages of the projects. This ensures that there is value for money for the resources that are assigned to different task.

For the bulk unit, laboratory tests are conducted regularly to ensure the water that is released to the consumers is safe. In addition, CWWDA also ensures that chlorine and other chemicals that are required are procured and tested within the applicable standards. As an agency, we do also appreciate the fact that not all consumers rely entirely on our water and in this regard, CWWDA offers laboratory services to the members of the public who would wish to check the status of the water they are consuming. CWWDA has a monitoring and evaluation team that regularly visits the WSPs to establish their compliance with the laid down procedures and standards. To maintain the water quality standards, CWWDA also issues chlorine to WSPs to enhance the chlorination process at the consumer level.

COAST WATER WORKS DEVELOPMENT AGENCY

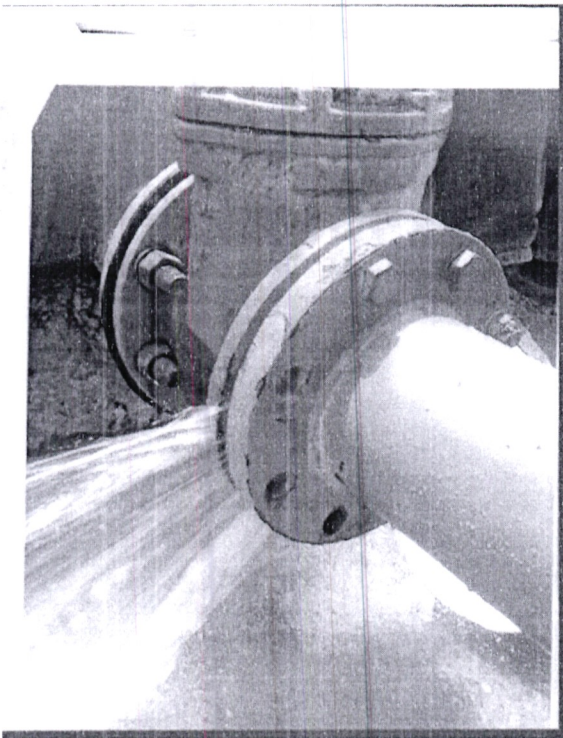
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Non-revenue water

The problem of Non-Revenue Water (NRW) is evidence both at the bulk levels as well as at distribution level by WSPs. The monitoring and evaluation team has continuously pointed at this problem during their various visits to the WSPs.

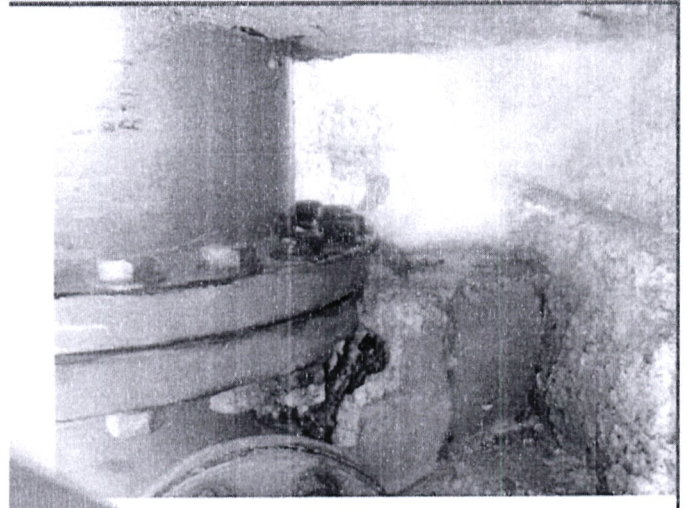
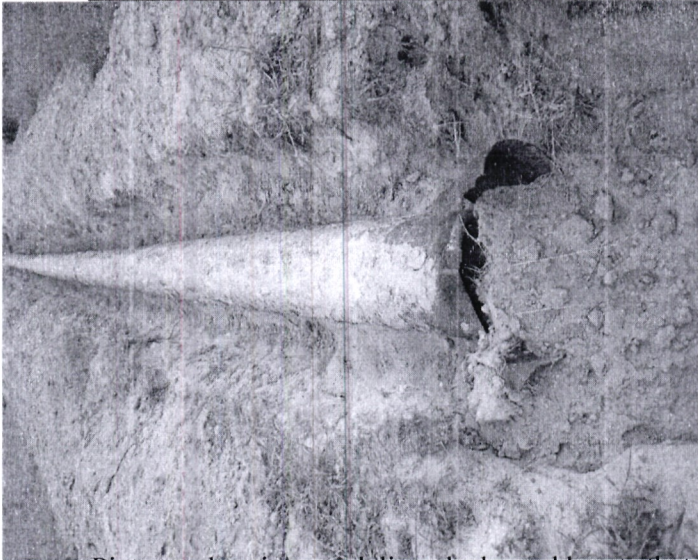
At the agency level the main causes of NRW is the frequent bursts, vandalism of water assets and occasionally by illegal connections. Water infrastructure assets are always under threat of vandalism while the aging pipelines and in particular the Mzima spring are prone to frequent bursts and leaks.

During the financial year under review, CWWDA spent over Ksh 20 million to fix bursts and leaks. This is a huge amount considering that it cost an average of Ksh 3.5 million to provide water to a learning institution. The agency is in consultation with various stakeholders on how to address this concern.





COAST WATER WORKS DEVELOPMENT AGENCY
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Pictures showing vandalism, leaks and bursts that



happen along our various water assets.



COAST WATER WORKS DEVELOPMENT AGENCY

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Compliance with statutory requirements:

During the financial year under review CWWDA complied with all the statutory requirements that as applicable. This includes deducting and submitting all taxes to Kenya Revenue Authority (KRA), NSSF deductions, NHIF and pension deductions among others. In addition CWWDA prepared and submitted the quarterly financial statements to the relevance agencies as provided for in the guidelines.



CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY REPORTING

Introduction

Sustainable development is all about ensuring a better quality of life for everyone, now and for generations to come. This can be achieved through the three strands of social equity which recognizes the needs of everyone, maintenance of stable levels of economic growth and employment, and using natural resources prudently, whilst protecting, and if possible enhancing, the environment. Sustainable or ecological development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with the future as well as present needs.

Sustainability requires continuous technological, economical the social progress of continuous improvement that respects the limits of the Earth's ecosystems, and meets the needs and aspirations of everyone for a better quality of life, now and for future generations to come.

As an agency, CWWDA is committed to meeting our stakeholder's present and future requirements through a collaborative culture which provides the capability to provide services and knowledge allowing systematic change to take place whilst reinforcing mutually desired social, economic and environmental outcomes. CWWDA recognizes the importance of conducting operations in a manner that meets existing needs without compromising the ability of the future generation to meet their needs; therefore it carries out its operations in a manner that ensures the economic life of the community in which it operates. It remains the policy of the agency to ensure that activities meet and exceed the social, economic and environmental expectations of stakeholders.

The agency considers key aspects to be able to achieve its goal on the above. This is

- (a) Our people, values and processes;
- (b) Stakeholder engagement;
- (c) Protecting the environment; and
- (d) Corporate Social Responsibility and Investment.

Our People, Values and Processes

The staff of CWWDA are the primary asset of the agency. CWWDA therefore recruits, retains and invests in the best talent in the market and also gives opportunity for new comers through internships and attachments.

Diversity and Equal Opportunity

The agency endeavors to preserve gender and cultural diversity in our employee mix and takes pride as an equal opportunity employer for all qualified persons.



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COAST WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Our Culture and Values

Our vision of “To be a world class water and sanitation infrastructure development agency.

This describes who we are, what we stand for and what makes our culture distinctive. The staff and Directors are committed in upholding our core values in the discharge of our mandate.

Employee Welfare

The agency takes every effort to ensure that employees’ well-being is considered as this affects them both at home and at work.

The Board has continued to ensure that all cross cutting issues have been addressed; in particular the policies and work plans for HIV/AIDs, Persons with Disability and Gender have been developed and are being implemented.

Staff Training and Development

To ensure that CWWDA not only attracts but also retains the best talent, the agency aims to nurture people’s careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions or specialism. Staff training and development are a prerequisite for employees’ growth. In FY 2017/2018, training continued to focus on departmental technical competencies and people management skills at all levels.

The Board also provides opportunities for groups of existing and future senior leaders to benchmark with best practices on management. Capacity building will remain a key objective for the agency.

Occupational Health and Safety

Good health and safety standards are ideal and remain an individual and corporate responsibility for the staff and the agency. The agency is committed to proactively managing all health and safety risks associated with its mandates.

The Board has a comprehensive medical scheme for its staff and directors. The policies are reviewed annually to ensure that the CWWDA maintains a healthy workforce and safe environment.

Zero Tolerance to Corruption

CWWDA has a zero tolerance policy towards corruption. During the year the agency carried out corruption risk assessment and mitigation measures. In order to enhance integrity in public procurement, CWDA posted all advertisements and awards to the public notice board at the gate of the head quart officers. Advertised open tenders in the papers for everybody to participate.

Corporate Social Responsibility and Investment

Through stakeholder engagement, we have listened to and talked with our employees, customers, investors, regulators, suppliers, Non-governmental Organizations (NGOs) and community representatives, who have helped us to develop our water master plan.

Towards this, the Board continues to pay school fees for best performing student at Baricho primary school.



Environmental Sustainability Report

Environmental Sustainability refers to concerted efforts to mitigate against environmental degradation. It is the maintenance of the factors and practices that contribute to the quality of environment on a long term basis. It involves making decisions and taking action that are in the interests of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. CWWDA is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environments.

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

Approach

CWWDA environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya; and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act and guidelines by National Environment Management Authority (NEMA). During the year under review CWWDA undertook the following activities in compliance with the guidelines:

Environmental sustainability planning

CWSB developed an integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of CWSB employees and communities, and ensure safe development of water and sanitation infrastructure.

This policy statement provides a framework for developing environmental objectives, targets and programs. The organizational service charter also include the environmental considerations such as the enforcement of water quality monitoring

Some of the environmental and social impact assessment reports licensed by NEMA are for the following projects among others:

Rehabilitation of Mzima pipeline, rehabilitation of Marere pipeline, rehabilitation of Baricho Wellfields and rehabilitation of Tiwi Boreholes

CWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination Act, (EMCA), 1999 in order to identify both potential positive and negative impacts. This process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended June 30, 2019 which show the state of CWWDA

Principal activities

The principal activity of the Board is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in its area of jurisdiction.

The main functions of CWWDA

- i) Ownership and holding of water and sewerage assets/Infrastructure on behalf of the National Government in the Coast Region.
- ii) Planning, development and expansion of water and sewerage services Infrastructure on behalf of the National Government in the Coast Region.
- iii) Provision of Bulk water services in the Coast region.

Results

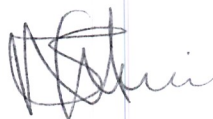
The results of the entity for the year ended 30th June, 2019 are set out on page 1-4

Auditors

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

By Order of the Board

For and on its behalf



Corporation Secretary

Date 29/8/2019



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

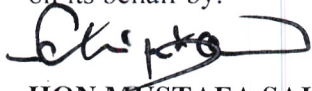
The Directors are responsible for the preparation and presentation of the CWWDA's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the agency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the agency (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for CWWDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, CAP 446. The Directors are of the opinion that CWWDA's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2019, and of the agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the agency, which have been relied upon in the preparation of the agency's financial statements as well as the adequacy of the internal control systems.

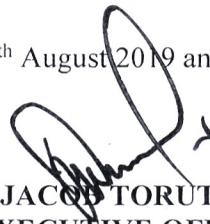
Nothing has come to the attention of the Directors to indicate that CWWDA will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The agency's financial statements were approved by the Board on 29th August 2019 and signed on its behalf by:



HON. MUSTAFA SALIM IDD
CHAIRPERSON

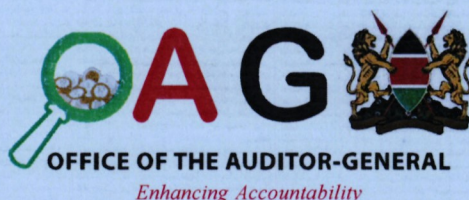


MR. JACOB TORUTT
CHIEF EXECUTIVE OFFICER



REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COAST WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Coast Water Works Development Agency set out on pages 1 to 35, which comprise the statement of financial position at 30 June, 2019 and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Coast Water Works Development Agency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Water Act, 2016 .

Basis for Qualified Opinion

1.0 Presentation of Financial statements

The statement of financial performance does not separately disclose revenue from exchange and non-exchange transactions as required by the reporting format prescribed by the Public Sector Accounting Standards Board. Further, Notes 6, 7, 11, 12, 13, 14, 15, 17, 18 and 19 are not presented sequentially, whereas Note 9 in the statement of financial performance is redundant since it makes reference to total revenues which should not have a Note.

In addition, although the statement of cash flows was prepared using the direct method, it reflects an adjustment for depreciation amounting to Kshs.143,580,866, whose use however, the template issued by the Public Sector Accounting Standards Board only recommends when the indirect method is used.

Consequently, the financial statements do not conform to International Public Sector Accounting Standard No.1 on presentation of financial statements and the format prescribed by the Public Sector Accounting Standards Board.

2.0 Inaccuracies in the Financial Statements

A recast of the balances that comprise the assets balance totalling Kshs.14,705,873,284 reflected in the statement of financial position as at 30 June, 2019 yielded Kshs.14,705,973,284, resulting to an unexplained variance of Kshs.100,000.

Further, the net assets balance totalling Kshs.1,879,914,387 reflected in the statement of financial position as at 30 June, 2019 differs by Kshs.100,000 with the re-cast total amounting to Kshs.1,879,814,387.

In addition, Note 20 to the financial statements reflects additions to assets during the year totalling Kshs.6,256,669. However a recast of the items included in the balance yields a sum of Kshs.6,265,669, resulting to a variance of Kshs.9,000 which has not been explained.

In the circumstances, the accuracy and completeness of the statement of financial position as at 30 June, 2019 could not be confirmed.

3.0 Variances Between Financial Statement Figures and Supporting Schedules

The monitoring and evaluation and maintenance of water assets expenditure balances reflected in the financial statements differ with the amounts reflected in the respective supporting schedules as follows:

| Account Name | | Note | Financial Statement Amount (Kshs.) | Schedule Amount (Kshs.) | Variance (Kshs.) |
|--------------|-----------------------------|------|------------------------------------|-------------------------|------------------|
| 1. | Monitoring & Evaluation | 10 | 18,673,558 | 18,673,198 | 360 |
| 2. | Maintenance of Water Assets | 13 | 64,253,678 | 62,653,152 | 1,600,526 |
| Total | | | 82,927,236 | 81,326,350 | 1,600,886 |

Consequently, the accuracy and completeness of the financial statements could not be confirmed.

4.0 Unconfirmed Balances

As explained in the following paragraphs, several balances reflected in the financial statements did not have sufficient supporting records, or were not fairly stated:

4.0.1 Property, Plant and Equipment

As similarly reported in the previous year, the property, plant and equipment balance totalling Kshs.2,564,857,929 as at 30 June, 2019 does not include assets of undetermined value transferred to the Agency from the Ministry of Water and Irrigation, and the defunct National Water Conservation and Pipeline Corporation pursuant to Legal Notice No.101 of 12 August, 2005. No satisfactory explanation was provided by Management for exclusion of the assets from these financial statements.

Further, assets, including lands and office buildings acquired while undertaking various works under the Water and Sanitation Services Improvement Project (WaSSIP) and the Agency's projects such as Mkanda Dam in Kwale County, have similarly not been included in these financial statements and the Agency's fixed assets register as at 30 June, 2019. Records provided for audit indicated that the lands measured at least 53.79 hectares and were acquired at a total cost of Kshs.10,832,423.

In addition, a report by Management on the status of the plots of land owned by the Agency revealed that at least one-third of the lands as at 30 June, 2019 had been encroached upon by private developers. These included 22 acres of land with staff houses in Shanzu, Mombasa, which were irregularly apportioned into 42 plots and the respective title deeds issued to private developers. Therefore, the Agency's assets have not been properly safeguarded as required by Section 72(1)(a)(b) of Public Finance Management Act, 2012.

Additionally, examination of motor vehicle records indicated that only fifty-three (53) out of 89 of the Agency's motor vehicles and eighty-nine (89) out of one hundred and twenty eight motor cycles were recorded in the assets register. Therefore, the remainder thirty-six (36) motor vehicles and thirty-nine (39) motor cycles were at risk of misplacement or loss as their locations and use could not be effectively tracked by Management.

In view of these issues, it has not been possible to confirm the accuracy, completeness and ownership of the property, plant and equipment balance totalling Kshs.2,564,857,929 reflected in the statement of financial position as at 30 June, 2019.

4.0.2 Loan Balance

The statement of financial position reflects a loan balance totalling Kshs.11,482,729,838 as at 30 June, 2019, as further disclosed in Note 23 to the financial statements. As previously reported, in spite of the disclosure that Kshs.11,464,257,010 of the loan was outstanding in June, 2018, the confirmation letter issued by the National Treasury dated 15 September, 2018 reflected a balance of Kshs.12,241,117,290, resulting to unexplained variance of Kshs.758,387,452.

Records held by the Agency indicated that, in the year 2008, the Government of Kenya entered into a financing agreement with the World Bank to finance water and sanitation services in the then Coast Province through Coast Water Works Development Agency. The Bank was to disburse Kshs.4,570,199,584.27 (USD.45,203,760) under Credit IDA Credit 4376-KE at an interest rate of 1.5 per cent per annum. The repayment period was set at thirteen (13) years with effect from 30 March, 2013, and an annual repayment of USD.4,906,636 comprised of USD.3,168,030 in principal amount and USD.1,738,606 in interest. However, records to confirm whether any repayments had been made to offset the loan were not provided for audit verification. In addition, the outstanding interest as at 30 June 2019, if any, was not disclosed separately under other current liabilities as required under Paragraph 82 of IPSAS (Accrual) 1.

Further, although International Public Sector Accounting Standard (IPSAS) No.4 requires foreign currency monetary items to be translated using the closing rate, the loan balance

was translated using the exchange rate prevailing on the date the loan was acquired. As a result, no foreign exchange gain or loss was recognized. Further, the Agency's accounting policy on translation of foreign denominated transactions and balances was not disclosed in the notes to the financial statements in line with the accounting standards.

In view of these discrepancies, it was not possible to confirm whether the Agency had observed the terms of the loan. In addition, the accuracy and completeness of the loan balance totalling Kshs.11,482,729,838 reflected in the statement of financial position as at 30 June, 2019 could not be confirmed.

4.0.3 Trade and Other Receivables

As previously reported, the trade and other receivables balance totalling Kshs.3,621,629,912 as at 30 June, 2019 includes Kshs.3,616,155,676 due from Water Service Providers. However, the balance differs by Kshs.985,788,777 from the balances totalling Kshs.2,630,366,899 reflected in the books of the Water Service Providers, as detailed in the table below:

| Water Service Provider | | Balance as Per Agency (Kshs.) | Balance as Per Water Company (Kshs.) | Difference (Kshs.) |
|------------------------|---|-------------------------------|--------------------------------------|--------------------|
| 1. | Mombasa Water and Sewerage Company Limited | 1,381,172,144 | 1,167,419,444 | 213,752,700 |
| 2. | Malindi Water and Sewerage Company Limited | 531,332,877 | 506,029,445 | 25,303,432 |
| 3. | Kilifi-Mariakani Water and Sewerage Company Limited | 658,879,187 | 315,671,948 | 343,207,239 |
| 4. | Kwale Water and Sewerage Company Limited | 500,719,880 | 190,764,959 | 309,954,921 |
| 5. | Taita/Taveta Water and Sewerage Company Limited | 529,211,732 | 450,481,103 | 78,730,629 |
| 6. | Lamu Water and Sewerage Company Limited | 13,111,856 | | 13,111,856 |
| 7. | Tana River Water and Sewerage Company Limited | 1,728,000 | | 1,728,000 |
| Total | | 3,616,155,676 | 2,630,366,899 | 985,788,777 |

In the circumstance, the accuracy and completeness of the trade and other receivables balance totalling Kshs.3,621,621,912 as at 30 June, 2019 could not be confirmed.

4.0.4 Finance Costs

The statement of financial performance reflects finance costs totalling Kshs.114,335,040 incurred in the year under review. Management indicated that the costs denoted interest charged on the World Bank Loan. However, no records were provided to confirm how the amount was arrived at.

In the circumstances, the measurement and validity of finance costs totalling Kshs.114,335,040 for the year ended 30 June, 2019 could not be confirmed.

4.0.5 Trade and Other Payables

The statement of financial position reflects trade and other payables totalling Kshs.1,343,329,059 as disclosed in Note 22 to the financial statements. Included in the balance is interest on loans totalling Kshs.843,685,821. However, records on the principal amount and interest paid and outstanding on the loans were not provided for audit review.

Consequently, the accuracy and completeness of the trade and other payables balance totalling of Kshs.1,343,329,059 as at 30 June, 2019 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.0.1 Revenue Budget

The statement of comparison of budgets and actual amounts indicates that the Agency's revenue budget totalled Kshs.1,349,591,000 during the year under review and actual collections totaling Kshs.2,177,287,914, resulting to net surplus of Kshs.827,696,914 or 61.3% of the budget as detailed below:

| Revenue Item | Budget (Kshs.) | Actual (Kshs.) | Over-Collection (Kshs.) | Ratio of Actual Over Budgeted Collections (%) |
|------------------------------------|----------------------|----------------------|-------------------------|---|
| 1. Rendering of Services | 560,000,000 | 835,219,773 | 275,219,773 | 149.1% |
| 2. Government Grants and Subsidies | 785,000,000 | 1,332,282,346 | 547,282,346 | 169.7% |
| 3. Other Income | 4,591,000 | 9,785,795 | 5,194,795 | 213.1% |
| Total | 1,349,591,000 | 2,177,287,914 | 827,696,914 | 161.3% |

As the data shows, collections under all the three revenue items exceeded their respective budgets with the total collections being equivalent 161% of the total budgeted.

1.0.2 Expenditure Budget

During the year under review, the Agency had budgeted to spend Kshs.2,063,137,234 on its various programs and activities. However, actual expenditure totalled Kshs.1,939,803,479, resulting to under-expenditure of Kshs.123,333,755 or 6% as summarized below:

| Item | Budgeted Amounts (Kshs.) | Actual Amounts (Kshs.) | Over Absorption (Kshs.) | Under-Absorption (Kshs.) | Under-Absorption (%) |
|------------------------------|--------------------------|------------------------|-------------------------|--------------------------|----------------------|
| 1. Use of goods and Services | 442,769,000 | 311,041,172 | - | 131,727,828 | 29.8% |
| 2. Remuneration of Directors | 21,955,000 | 15,392,600 | - | 6,562,400 | 29.9 % |
| 3. Employees Costs | 235,662,000 | 205,116,602 | - | 30,545,398 | 13.0 % |
| 4. General Expenses | 58,058,000 | 24,286,985 | - | 33,771,015 | 58.2% |
| 5. Repair and Maintenance | 482,720,000 | 561,685,846 | 78,965,846 | - | 16% |
| 6. Contracted Services | 707,945,234 | 707,945,234 | - | - | - |
| 7. Finance Costs | 114,028,000 | 114,335,040 | 307,040 | - | 0.3% |
| Total | 2,063,137,234 | 1,939,803,479 | 79,272,886 | 202,606,641 | 6.0% |

The under-expenditure mainly occurred in four items whereby the Agency had budgeted to spend Kshs.758,444,000 but spent Kshs.555,837,359, resulting to under-absorption of Kshs.202,606,641 or 26.7% of the aggregate target.

Further, the Agency had budgeted to spend Kshs.482,720,000 on repairs and maintenance but spent Kshs.561,685,846 resulting to over-expenditure of Kshs.78,965,846 or 16% of the budget. However, no evidence was provided by Management to confirm whether the over-expenditure was approved by the Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Non-Revenue Water

The statement of financial performance reflects water sales totalling Kshs.835,219,773. Included in the balance are bulk sales totalling Kshs.697,863,700 as disclosed in Note 7 to the financial statements. The report of the Chief Executive Officer indicated that the volume of water produced in the year under review totalled 57,305,000 cubic meters (M³) out of which 34,893,185 cubic meters (M³) were billed to customers. The

balance totalling 22,411,815 cubic meters(M³) or 39% of the output produced signified Non-Revenue Water which was 14.11% percentage points above the allowable loss of 25% prescribed in the guidelines issued by the Water Services Regulatory Board. The Non-Revenue-Water (NRW) totalling 19,546,735.5 cubic meters may have resulted to loss of Kshs.390,934,710 at the sale price of Kshs.20 per cubic meter charged by the Agency to Water Service Providers.

The significant level of Non-Revenue Water is a drain on the Agency's profitability and could hamper its ability to sustain its services.

2.0 Expired Mkanda Dam Performance Bond

Examination of records on construction of Mkanda Dam indicated that the performance bond signed by the contractor expired on 31 March ,2018. No record of a new performance bond having been issued was provided for audit.

In the circumstance, the bond may not be enforceable and the Agency could incur losses should the contractor fail to perform the contract as agreed.

3.0 Irregularity in Baricho Well-Field Resettlement Compensation

Examination of records on compensation payments made for resettlement of persons affected by the construction of Mkanda Dam indicated that payments totalling Kshs.2,330,460 were made to persons whose names were not in the Resettlement Action Plan (RAP) that identified the Project Affected Persons (PAP) and compensations due to them.

In the circumstance, the expenditure totalling Kshs.2,330,460 incurred on the persons may have been irregular.

4.0 Outstanding Imprests

Note 18 to the financial statements reflects outstanding imprests totalling Kshs.877,022, as at 30 June, 2019 out of which Kshs.497,200 had been outstanding for over one (1) year contrary to Section 93 (5) of the Public Financial Management Regulations, 2015. In addition, records examined indicated that five officers held multiple imprests totalling Kshs.790,020, contrary to Section 93(4)(b) of Public Finance Management Regulations, 2015.

Management indicated that the imprests would be recovered through payroll deductions, but did not explain why it had taken so long to effect the recoveries.

5.0 Payment of Salary Advances

Examination of salary records indicated that advances totalling Kshs.1,002,349 as at 30 June, 2019 paid to seventeen (17) officers were in excess of their two months' basic salaries contrary to Section 6.1. of the Agency's Human Resource Manual. Further, collateral security required to be provided by payees for the excessive advances were not presented for audit.

In the circumstance, the salary advances balance totalling Kshs.2,338,774 as at 30 June, 2019 may have been paid irregularly

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

The Board of Directors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Agency 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

10 January, 2022

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF FINANCIAL PERFORMANCE
For the Year ended 30th June 2019

| Description | Notes | 2018-2019 | 2017-2018 |
|----------------------------------|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Transfers from other Governments | 6 | 1,332,282,346 | 677,070,037 |
| Sale of water | 7 | 835,219,773 | 891,934,400 |
| Other income | 8 | 9,785,796 | 11,458,384 |
| | 9 | | |
| Total revenue | | 2,177,287,915 | 1,580,462,821 |
| Expenses | | | |
| Use of goods and services | 10 | 311,041,172 | 334,738,473 |
| | 11 | | |
| Employee costs | | 205,116,602 | 227,488,699 |
| | 12 | | |
| Remuneration of directors | | 15,392,600 | 15,449,173 |
| Repairs and maintenance | 13 | 561,685,847 | 491,882,074 |
| | 14 | | |
| Contracted services | | 707,945,235 | 351,753,524 |
| | 15 | | |
| General expenses | | 24,286,985 | 38,229,714 |
| Finance costs | 16 | 114,335,040 | 72,169,209 |
| Total expenses | | 1,939,803,481 | 1,531,710,866 |
| Surplus | | 237,484,434 | 48,751,955 |

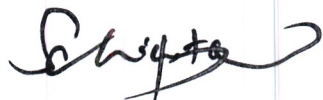


COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF FINANCIAL POSITION
As at 30th June 2019

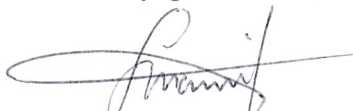
| Description | Notes | 2018-2019 | 2017-2018 |
|---|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 17 | 334,303,388 | 785,789,550 |
| Receivables from exchange transactions | 18 | 3,621,629,913 | 3,369,025,039 |
| Inventories | 19 | 2,978,192 | 3,839,991 |
| Non-current assets | | | |
| Property, plant and equipment | 20 | 2,564,857,929 | 2,702,182,126 |
| Investments | 21 | 8,182,203,862 | 7,446,600,926 |
| Total assets | | 14,705,873,284 | 14,307,437,632 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 22 | 1,343,329,059 | 1,200,750,669 |
| Non-current liabilities | | | |
| Borrowings | 23 | 11,482,729,838 | 11,464,257,010 |
| Total liabilities | | 12,826,058,897 | 12,665,007,679 |
| Net assets | | 1,879,914,387 | 1,642,429,953 |
| Reserves | | | |
| Accumulated surplus | | 1,879,914,387 | 1,642,429,953 |
| Total net assets and liabilities | | 1,879,914,387 | 1,642,429,953 |

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



HON. MUSTAFA SALIM IDD
CHAIRPERSON

Date: 29/8/2019



STEPHEN M. KIVUVA
Ag FINANCE MANAGER
ICPAK NO. 13560

Date: 29/8/2019



MR JACOB TORUTT
CHIEF EXECUTIVE OFFICER

Date: 29/8/2019



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Statement of Cash Flows

For the Year Ended 30th June, 2019

| Description | | 2018-2019 | 2017-2018 |
|--|----|------------------|------------------|
| | | Kshs | Kshs |
| Cash flows from operating activities | | | |
| Receipts | | | |
| Government grants and subsidies | | 1,332,282,347 | 677,070,037 |
| Sale of goods | | 835,219,772 | 891,934,400 |
| Other income | | 9,785,796 | 11,458,384 |
| Total Receipts | | 2,177,287,915 | 1,580,462,821 |
| Payments | | | |
| Use of Goods and services | | 311,041,172 | 334,738,473 |
| Employees costs | | 205,116,602 | 227,488,699 |
| Remuneration of Directors | | 15,392,600 | 15,449,173 |
| Repairs and Maintenance | | 561,685,847 | 491,882,074 |
| Contracted services | | 707,945,235 | 351,753,524 |
| General expenses | | 24,286,985 | 38,229,714 |
| Finance costs | | 114,335,040 | 72,169,209 |
| Total Payments | | 1,939,803,481 | 1,531,710,866 |
| Net cash flows from operating activities | | 237,484,434 | 48,751,955 |
| Adjust for Depreciation | 20 | 143,580,866 | 170,143,747 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

| | | | |
|--|--|--------------------|--------------------|
| | | 381,065,300 | 218,895,702 |
| Changes in Working Capital | | | |
| Decrease/(Increase) in Inventory | | 861,799 | 5,587,093 |
| Decrease /(Increase)in Trade and Other Payables | | (252,604,873) | (268,224,892) |
| (Decrease) /Increase in Trade and Other Payables | | 142,578,391 | 70,995,722 |
| | | (109,164,683) | (191,642,077) |
| Net Cashflow from investing Activities | | 271,900,617 | 27,253,625 |
| | | | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment and intangible assets | | (6,256,668) | (9,821,707) |
| Increase in investments | | (735,602,937) | (2,288,215,009) |
| Net cash flows used in investing activities | | (741,859,605) | (2,298,036,716) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | 18,472,828 | 2,272,541,584 |
| Repayment of borrowings | | | |
| Increase in deposits | | | |
| Net cash flows used in financing activities | | (451,486,162) | 2,272,541,584 |
| Net increase/(decrease) in cash and cash equivalents | | (451,486,162) | 1,758,493 |
| | | | |
| Cash and cash equivalents at 1 JULY 2018 | | 785,789,550 | 784,031,057 |
| Cash and cash equivalents at 30 JUNE 2019 | | 334,303,388 | 785,789,550 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended 30 June 2019

Attributable to the owners of the controlling entity

| | Accumulated surplus | Reserves Total |
|--------------------------------|----------------------------|-----------------------|
| | Kshs | Kshs |
| Balance as at 30.6.2018 | 1,593,677,998 | 1,271,860,644 |
| Surplus for the period | 48,751,955 | 48,751,955 |
| Balance as at 1.7.2018 | 1,642,429,953 | 1,642,429,953 |
| Surplus for the period | 237,484,434 | 237,484,434 |
| Balance as at 30.6.2019 | 1,879,914,387 | 1,879,914,387 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
For the Year Ended 30th June, 2019

| Description | Original budget | Adjustments | Final budget | Actual on comparable basis | Performance difference |
|---------------------------------|------------------------|--------------------|---------------------|-----------------------------------|-------------------------------|
| | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 |
| Revenue | Kshs | Kshs | Kshs | Kshs | Kshs |
| Government grants and subsidies | 785,000,000 | - | 785,000,000 | 1,332,282,346 | (547,282,346) |
| Rendering of services | 560,000,000 | - | 560,000,000 | 835,219,773 | (275,219,773) |
| Other Income | 4,591,000 | - | 4,591,000 | 9,785,795 | (5,194,795) |
| Total income | 1,349,591,000 | - | 1,349,591,000 | 2,177,287,914 | (827,696,914) |
| Expenses | | | | | |
| Use of Goods and Services | 442,769,000 | - | 442,769,000 | 311,041,172 | 131,727,827 |
| Employee Costs | 235,662,000 | - | 235,662,000 | 205,116,602 | 30,545,397 |
| Remuneration Of Directors | 21,955,000 | - | 21,955,000 | 15,392,600 | 6,562,400 |
| Repairs and Maintenance | 482,720,000 | - | 482,720,000 | 561,685,846 | (78,965,846) |
| Contracted Services | 707,945,234 | - | 707,945,234 | 707,945,234 | - |
| General Expenses | 58,058,000 | - | 58,058,000 | 24,286,985 | 33,771,014 |
| Finance Costs | 114,028,000 | - | 114,028,000 | 114,335,040 | (307,040) |
| Total expenditure | 2,063,137,234 | | 2,063,137,234 | 1,939,803,479 | 123,333,752 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS
GENERAL INFORMATION

CWWDA was initially established under water Act 2002 and registered as Coast Water Services Board. Following the adoption of the water Act 2016 in the water sector, CWWDA changed its name to CWWDA as per the guidelines. CWWDA is wholly owned by the Government of Kenya and is domiciled in Kenya. CWWDA's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Mombasa County, Taita Taveta County, Kilifi County, Kwale County, Lamu County and Tana River County.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Coast Water Services Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of CWWDA.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

ADOPTION OF NEW AND REVISED STANDARDS

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2019.

| Standard | Impact |
|---|--|
| IPSAS 33: First time adoption of Accrual Basis IPSAS | CWWDA adopted IPSAS in the year ended 30.6.2014 and therefore provision of first time adoption of accrual basis does not apply |
| IPSAS;34 Separate Financial statement | The Agency does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply |
| IPSAS:35 Consolidate Financial Statements | The Agency does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply |
| IPSAS:36 Investment in Associates and Joint Ventures | The Agency does not have investments in associates or joint ventures |
| IPSAS:37 Joint Arrangements | The Agency does not have an interest in a joint arrangement and therefore the standard does not apply |
| IPSAS:38 Disclosure of interest in other Entities | The Agency does not have interest in other entities and therefore the standard does not apply |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

ii) New Standards and Interpretation in use issue but not yet effective in Year Ended 30 June 2018

| Standard | Effective date and impact |
|---|--|
| IPSAS 39: Employee Benefits | Applicable ;1 January 2018 IPSAS 39 was to create convergence to changes in IAS 19. Employees benefits. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefits scheme by doing away with the corridor approach. |
| IPSAS 40: Public Sector Combinations | Applicable 1 January 2019 Covers public combinations arising from exchange transactions in case they are treated similarly with IFRS 3 Business combinations and combinations arising from non – exchange transactions which are covered purely under Public Sector combinations as amalgamations. |

iii) Early adoption of standards

Coast Water works development agency did not adopt any new or amended standards in year 2019.

SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenues from lease fees and miscellaneous income have been recognized as exchange transactions. Grants for the donors and Government of Kenya have been recognized as non-exchange transactions. Lease fees Income is recognized in the year in which it is due. A grant from the Government of Kenya and other donors for specific expenses is recognized as income in the period it is received and it is not accrued.

b) Budget information

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

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

c) Property, plant and equipment

Property, Plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write down the cost of each asset to its residual value over its estimated useful life as follows;

| | |
|---------------------------|---------|
| Equipment | 12.5 % |
| Furniture, Fittings | 12.5 % |
| Computers | 33.33 % |
| Water Infrastructure | 2.5% |
| Motor Vehicles and Cycles | 25 % |

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by First in first out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business less the selling expense. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

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

f) Contingent liabilities

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

g) Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. Entity to state the reserves maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

The Agency recognizes the effects of changes in accounting policy prospectively.

j) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

k) 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 is handed over to the beneficially. Further borrowing costs are charged to the statement of financial performance.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash Imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Taxation

Coast Water Works Development Agency is a non-commercial state corporation in the provision of essential services. No provision for taxation has not been made.

Critical Accounting Estimates, Judgments and Assumptions

In the process of applying the Board's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

The estimates and underlying assumptions are reviewed on an ongoing basis.

(a) Critical Judgments in applying the agency's Accounting Policies

In the process of applying the agency's accounting policies, judgments have been made in determining: -

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

(b) Critical Accounting Estimates and Assumptions

The key areas of judgments and sources of uncertainty in estimation are as set out below:

(i) Useful lives of property and Equipment

The directors make estimates in determining depreciation rates for property and equipment. The rates are set out in the accounting policy (g) above for property and equipment.

The agency reviews the estimated useful lives of plant and equipment at the end of each reporting period. During the financial year, no changes to the useful lives were identified by the board of directors.

(ii) Provision for Doubtful Debts

The agency reviews its current assets portfolio to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the agency will not be able to collect all amounts due. Where necessary an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors. No provision of bad debts were made in respect to the year under review.



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 7

Sale of Water

The Agency's major sources of revenues are the water sales which are earned from the sale of bulk water to the WSPs and administrative fees that is earned from the lease of its assets to them.

During the year, revenue was earned as follows.

| Revenue stream | 2019 Kshs. | 2018 Kshs. |
|---------------------|--------------------|--------------------|
| Bulky Water Sales | 697,863,700 | 715,296,860 |
| Administrative Fees | 137,356,073 | 176,637,539 |
| Total | 835,219,773 | 891,934,399 |

| | Mombasa | Malindi | Kilifi | Kwale | Tavevo | Lamu | Tana River | Total |
|--------|--------------------|--------------------|--------------------|-------------------|-------------------|------------------|----------------|--------------------|
| Jul-18 | 17,957,533 | 10,532,755 | 16,462,455 | 6,351,187 | 7,337,611 | 149,896 | 72,000 | 58,863,438 |
| Aug-18 | 22,291,573 | 14,416,235 | 17,649,295 | 8,068,467 | 7,121,651 | 149,896 | 72,000 | 69,769,118 |
| Sep-18 | 21,139,033 | 14,480,095 | 16,722,155 | 6,560,007 | 7,338,891 | 149,896 | 72,000 | 66,462,078 |
| Oct-18 | 23,709,593 | 14,189,615 | 16,148,655 | 8,198,147 | 7,601,731 | 149,896 | 72,000 | 70,069,638 |
| Nov-18 | 27,465,873 | 15,296,935 | 17,747,815 | 7,758,267 | 7,505,811 | 149,896 | 72,000 | 75,996,598 |
| Dec-18 | 22,797,593 | 14,156,075 | 16,461,375 | 7,810,027 | 6,897,191 | 149,896 | 72,000 | 68,344,158 |
| Jan-19 | 25,447,193 | 15,769,015 | 18,290,415 | 7,630,907 | 7,182,911 | 149,896 | 72,000 | 74,542,338 |
| Feb-19 | 26,267,213 | 12,487,755 | 21,358,895 | 7,219,807 | 7,894,011 | 149,896 | 72,000 | 75,449,577 |
| Mar-19 | 20,712,313 | 11,940,315 | 16,132,035 | 6,712,947 | 6,718,932 | 149,896 | 72,000 | 62,438,438 |
| Apr-19 | 23,526,393 | 12,353,735 | 20,428,635 | 9,159,167 | 7,409,833 | 149,896 | 72,000 | 73,099,659 |
| May-19 | 24,198,434 | 12,256,144 | 19,798,995 | 7,164,987 | 6,279,974 | 149,896 | 72,000 | 69,920,430 |
| Jun-19 | 24,791,095 | 11,062,095 | 20,841,735 | 6,396,587 | 6,950,895 | 149,896 | 72,000 | 70,264,303 |
| | 280,303,844 | 158,940,774 | 218,042,459 | 89,030,504 | 86,239,440 | 1,798,752 | 864,000 | 835,219,773 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6

Transfer from Other Government

| | 2019 | 2018 |
|----------------------------|----------------------|--------------------|
| | Kshs | Kshs |
| Government of Kenya Grants | 1,332,282,346 | 677,070,037 |
| TOTAL | 1,332,282,346 | 677,070,037 |

Grants are recognized in the books when they are actually received and they are not accrued. During the Financial year, grants were received as follows.

| Type of Grant | Amount in Kshs |
|--------------------------|----------------------|
| GOK Recurrent | 577,150,000 |
| Equalisation | 551,632,347 |
| Drought - Water Trucking | 10,000,000 |
| Drought projects | 51,000,000 |
| GOK - WaSSIP projects | 30,000,000 |
| Dongo Kundu Water Supply | 90,000,000 |
| Hola Water works | 22,500,000 |
| Totals | 1,332,282,347 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 8

Other Income

The agency earned other income from various sources as summarized below. The main source of other income was the sale of water by bowser (60%) followed by rent from various sources at 10%.

| DETAILS | 2019 | 2018 |
|---|---------------------|-------------------|
| Baricho clinic | 67,000.00 | 239,060 |
| Sale of tenders | 41,000.00 | 36,000 |
| Rent | 711,566.00 | 2,172,000 |
| Sundry income | 272,447.00 | 0 |
| Sale of water to CBOs | 533,500.00 | 1,154,400 |
| laboratory charges | 575,000.00 | 186,000 |
| Donations | 0 | 4,969,924 |
| Sale of water by bowser | 6,875,000.00 | |
| Communication Authority (CAK) of Kenya | 627,782.00 | |
| Fish sales | 82,500.00 | |
| Total other income | 9,785,795.00 | 11,458,384 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 10

| Use of Goods and Services | 2019 | 2018 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Telephone, Fax, Internet, Courier & Email | 3,823,352 | 1,919,569 |
| Travelling and accommodation- local | 54,602,044 | 29,359,570 |
| Travelling & accommodation foreign | 2,206,700 | 0 |
| Overtime Allowance | 2,651,104 | 1,436,273 |
| Subscription to newspaper & magazine | 95,420 | 68,623 |
| Advertising & Publicity | 9,437,452 | 4,933,274 |
| Trade show and Exhibition | 7,660,120 | 3,752,533 |
| World Bank Operations | 0 | 0 |
| World Water Day | 245,000 | 4,891,099 |
| Hire of transport equipment & machinery | 632,320 | 288,050 |
| General office supplies | 4,691,781 | 5,393,028 |
| Laboratory expenses | 487,610 | 952,645 |
| Hospitality | 2,870,598 | 1,653,138 |
| Donations | 90,000 | 0 |
| Fuel & Lubricant | 7,909,065 | 6,534,615 |
| Legal fees & related expenses | 32,052,613 | 16,960,732 |
| Bank charges | 385,483 | 1,205,358 |
| Contracted professional services | 7,433,925 | 76,228,421 |
| Monitoring and Evaluation | 18,673,558 | 0 |
| Audit fees | 1,172,760 | 0 |
| Maintenance expenses – vehicles | 5,970,492 | 4,090,845 |
| Maintenance of office furniture & equipment | 1,541,739 | 451,711 |
| Maintenance of buildings & stations | 2,177,187 | 1,506,155 |
| Baricho Clinic Expense | 274,440 | 517,283 |
| Stationery office | 375,542 | 2,451,804 |
| Depreciation | 143,580,866 | 170,143,747 |
| TOTAL | 311,041,172 | 334,738,473 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 12

| Remuneration of Directors | 2019 | 2018 |
|----------------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Board Allowances | 14,718,993 | 15,449,173 |
| Honoraria | 673,607 | 0 |
| TOTAL | 15,392,600 | 15,449,173 |

NOTE. 11

| Employee Cost | 2019 | 2018 |
|------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries and Wages | 188,176,983 | 190,160,378 |
| Staff Leave Allowance | 2,656,757 | 2,358,865 |
| Other Staff Allowances | 5,258,010 | 9,397,694 |
| Staff Training | 6,460,916 | 19,575,308 |
| Gratuity | 2,563,936 | 5,796,453 |
| Total | 205,116,602 | 227,488,698 |

NOTE. 15

| General Expenses | 2019 | 2018 |
|---------------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Office Electricity | 683,364 | 775,580 |
| Motor Vehicles Insurance | 1,375,575 | 2,945,082 |
| Resettlement compensation | 6,478,445 | 21,718,254 |
| Security Expense | 15,749,600 | 12,790,797 |
| Total | 24,286,985 | 38,229,714 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE .13

| Repairs and Maintenance | 2019 Kshs | 2018 Kshs |
|--------------------------------|----------------------|----------------------|
| Electricity | 411,494,182 | 390,799,366 |
| Water Use Charges | 21,122,838 | 17,285,524 |
| Baricho Emergency Repairs | 47,010,707 | 0 |
| Cost of Specialized Materials | 17,804,442 | 18,285,720 |
| Maintenance Of Water Assets | 64,253,678 | 65,511,464 |
| Total | 561,685,846 | 491,882,074 |

NOTE 14

| Contracted Services | 2019 Kshs | 2018 Kshs |
|----------------------------|----------------------|----------------------|
| Lamu Projects | 18,571,757 | 207,875 |
| Small dams and Pans | 0 | 1,475,265 |
| Mkanda Dam | 6,351,896 | 151,109,424 |
| Drought mitigation | 86,948,547 | 132,825,455 |
| Equalization | 551,073,056 | 3,024,400 |
| Water For Schools | 17,896,192 | 0 |
| Unicef Activities | 122,105 | 0 |
| Taita Projects | 2,463,600 | 3,950,846 |
| Priority Projects | 4,632,832 | 27,625,980 |
| Kwale Projects | 19,885,250 | 31,534,279 |
| Total | 707,945,235 | 351,753,524 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 16

| Finance Costs | 2019 | 2018 |
|----------------------|-------------|-------------|
| | Kshs | Kshs |
| Financing cost | 114,335,040 | 72,169,028 |

NOTE.19 **2019** **2018**

| Inventories | Kshs. | Kshs. |
|-------------------------------|------------------|------------------|
| Machinery, Pipes and Fittings | 1,158,900 | 3,431,177 |
| Chemicals | 651,000 | 0 |
| Stationery | 1,168,292 | 408,814 |
| Total | 2,978,192 | 3,839,991 |

NOTE. 18 **2019** **2018**

| | Kshs | Kshs |
|---|----------------------|----------------------|
| Receivables From Exchange Transactions | | |
| Mombasa Water and Sewerage Company Ltd | 1,381,172,144 | 1,359,401,344 |
| Malindi Water and Sewerage Company Ltd | 531,332,877 | 501,294,555 |
| Kilifi Mariakani Water and Sewerage Ltd | 658,879,187 | 585,294,551 |
| Kwale Water and Sewerage Company Ltd | 500,719,880 | 417,589,376 |
| Taveta Water and Sewerage Company Ltd | 529,211,732 | 479,722,304 |
| Lamu Water and Sewerage Company Ltd | 13,111,856 | 11,057,729 |
| Tana Water and Sewarage Company | 1,728,000 | 864,000 |
| Salary Advances | 2,338,774 | 537,641 |
| Prepaid Medical Cover | 0 | 4,398,045 |
| Prepaid Motor Insurance | 0 | 1,375,575 |
| Staff Imprest | 877,022 | 7,457,919 |
| Provision for Debts | 2,258,440 | 0 |
| TOTAL | 3,621,629,912 | 3,369,025,069 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE .17

| Cash and Cash Equivalent | 2019 | 2018 |
|---------------------------------|--------------------|--------------------|
| Development | 330,475 | 187,962,970 |
| Loan repayment | 651,561 | 25,503 |
| Projects | 102,982,279 | 17,543,495 |
| Drought Mitigation | 91,183,345 | 83,883,455 |
| Administration Fees | 1,962,791 | 151,468 |
| World Bank – AF | 4,778,312 | 449,079,271 |
| Bulk | 76,140,837 | 21,732,957 |
| Equalization | 56,267,196 | 12,875,539 |
| KCB KISSIP | 6,592 | 12,534,892 |
| Total | 334,303,388 | 785,789,550 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 20

Property, Plant and Equipment

| | Motor Vehicles | Computers | Office Equipment | Furniture and Fittings | Water Equipment | Water Infrastructure | Land | Total |
|---------------------|-------------------|------------------|-------------------|------------------------|--------------------|----------------------|----------------|----------------------|
| As at 30.6.2016 | 262,030,492 | 38,458,621 | 36,824,357 | 17,685,461 | 386,093,556 | 1,080,172,125 | 150,000 | 1,821,414,612 |
| Additions | | 907,860 | 629,800 | | 52,010,710 | 1,624,681,024 | | 1,678,229,394 |
| As at 30.6.2017 | 262,030,492 | 39,366,481 | 37,454,157 | 17,685,461 | 438,104,266 | 2,704,853,149 | 150,000 | 3,499,644,006 |
| Additions | | 1,827,809 | 676,000 | 52,432 | 7,265,466 | | | 9,821,707 |
| As at 30.6.2018 | 262,030,492 | 41,194,290 | 38,130,157 | 17,737,893 | 445,369,732 | 2,704,853,149 | 150,000 | 3,509,465,713 |
| Additions | | | 859,370 | 513,800 | 4,892,499 | | | 6,256,669 |
| As at 30.6.2019 | 262,030,492 | 41,191,290 | 38,989,527 | 18,251,693 | 450,115,231 | 2,704,853,149 | | 3,515,581,382 |
| Depreciation | | | | | | | | |
| As at 1.7.2016 | 88,667,306 | 30,855,535 | 11,866,594 | 7,816,325 | 162,999,679 | 27,004,303 | | 329,209,742 |
| Charge for the year | 53,020,548 | 6,736,627 | 4,862,675 | 1,435,388 | 42,697,537 | 27,004,303 | | 135,757,078 |
| As at 30.6.2016 | 141,687,854 | 37,592,162 | 16,729,269 | 9,251,713 | 205,697,216 | 54,008,606 | | 464,966,820 |
| Charge for the year | 48,484,298 | 734,254 | 4,843,988 | 1,435,387 | 49,053,764 | 67,621,329 | | 172,173,020 |
| As at 30.6.2017 | 190,172,152 | 38,326,416 | 21,573,257 | 10,687,100 | 254,750,980 | 121,629,935 | | 637,139,840 |
| Charge for the Year | 47,284,770 | 1,98,987 | 4,092,051 | 692,890 | 49,353,720 | 67,621,329 | | 170,143,747 |
| As at 30.6.2018 | 237,456,922 | 39,425,403 | 25,665,308 | 11,379,990 | 304,104,700 | 189,251,264 | | 807,283,586 |
| Charge for year | 24,573,570 | 667,353 | 4,147,014 | 721,928 | 45,849,662 | 67,621,329 | | 143,580,856 |
| Net book Value | 262,030,492 | 40,092,756 | 29,812,321 | 12,101,918 | 349,813,372 | 256,872,593 | | 950,723,452 |
| As at 30.6.2016 | 120,342,638 | 866,459 | 20,095,088 | 8,433,748 | 180,396,340 | 1,026,163,519 | 150,000 | 1,356,447,792 |
| As at 30.6.2017 | 71,858,340 | 1,040,065 | 15,880,900 | 6,998,361 | 183,353,286 | 2,583,223,214 | 150,000 | 2,862,504,166 |
| As at 30.6.2018 | <u>24,573,570</u> | <u>1,768,887</u> | <u>12,464,849</u> | <u>6,357,903</u> | <u>141,265,032</u> | <u>2,515,601,885</u> | <u>150,000</u> | <u>2,702,182,126</u> |
| As at 30.6.2019 | 0 | 1,101,534 | 9,177,205 | 6,149,775 | 100,298,860 | 2,447,980,556 | 150,000 | 2,564,857,929 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE. 21

| | 2019 | 2018 |
|----------------------------------|----------------------|----------------------|
| | Kshs. | Kshs. |
| Investments | | |
| Balance b/f | 7,446,600,926 | 5,158,385,917 |
| World Bank Informal | 0 | 57,709,095 |
| World Bank – wsp | 4,667,133 | 100,170,342 |
| World Bank – Bulky | 27,831,458 | 109,309,140 |
| World Bank – Drought | 96,025,880 | 369,516,111 |
| World Bank –Capital Works | 20,230,005 | 4,605,832 |
| World Bank wip Baricho | 126,541,227 | 250,371,661 |
| World Bank wip msa lot .2 | 67,302,594 | 265,042,162 |
| World Bank Taveta | 1,469,076 | 5,086,036 |
| World Bank Sewarage | 41,807,729 | 70,531,467 |
| World Bank Kibokoni | 16,875,262 | 17,099,630 |
| World Bank Bura | 11,972,182 | 5,004,707 |
| World Bank Wajir Dadaab | 26,444,137 | 184,228,009 |
| World Bank Baricho Lot 3 | 294,436,253 | 849,540,817 |
| Transfer to Water Infrastructure | 0 | 0 |
| Total | 8,182,203,862 | 7,446,600,926 |

NOTE.22

| Trade and Other Payables | 2019 | 2018 |
|---------------------------------|----------------------|----------------------|
| | Kshs | Kshs |
| General Creditors | 1,334,654,408 | 1,038,527,390 |
| Audit Fees payable | 1,433,761 | 1,433,761 |
| Paymaster General (June 2019) | 4,349,794 | 52,453,858 |
| Ukulima and Other Deductions | 0 | 108,335,659 |
| SGR –Project funds | 2,891,096 | 0 |
| TOTAL | 1,343,329,059 | 1,200,750,668 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE .23

| | 2018 | 2018 |
|---------------------|-----------------------|-----------------------|
| Borrowings | Kshs | Kshs |
| Balance B/F | 11,464,257,010 | 9,191,715,426 |
| Disbursements | 18,472,827 | 1,450,931,171 |
| Disbursement Direct | 0 | 821,610,413 |
| TOTAL | 11,482,729,837 | 11,464,257,010 |



Financial Risk Management

Financial Risk Management Objectives and Policies

CWWDA considers risk management to be an integral part of good management practices and a significant aspect of corporate governance. Effective management of risk will contribute towards achievement of the agency's objectives.

The Agency's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

This risk management framework captures the following among other things: -

- The Agency's risk appetite and parameters;
- The Agency's risk matrix that highlights the rating of risks;

The structure of managing risks and accountabilities;

- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans and controls.

The Agency's core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

i) Operational risks are events, hazards, variances or opportunities which could influence the achievement of the Agency's compliance and operational objectives.

ii) Strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

iii) Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the entity.

One of the key risks the agency has identified in both the operational and strategic areas is the sustainability of the administrative fee receivable in the provisions of the Water Act 2016 Financial risk as defined in IPSAS 15 and the management thereof, form part of this risk area.



The financial management objectives and policies are as outlined below:-

(a) Liquidity Risk

Liquidity risk is the risk that the Agency will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc.

The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The agency has adopted an overall balance sheet approach which consolidates all sources and utilization of liquidity, with the aim of maintaining a balance between liquidity, cash flows and interest rate considerations.

The agency's liquidity and funding management process includes:-

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios,
- Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,
- Managing the concentration and profile of debt maturities, where applicable,
- Maintaining liquidity and funding contingency plans.

(b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. CWWDA is exposed to the following market risks:-

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

The revenue source for CWWDA is the administrative levy which is denominated in Kenya Shillings. The exposure arises where the contract prices are denominated in foreign currencies for the development funded projects. This is mitigated by enforcing direct payments so as to reduce the exposure. Price risk is therefore rated as minimal.

(iii) Interest Rate Risk

The Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Agency does not have any borrowings.



(c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Agency's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior. The agency will endeavor to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity 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. Being a public entity CWWDA has no related parties in this regard but operates under the national government through the ministry of water and sanitation.



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

Appendix I Progress on follow up of Auditor General Recommendations

CWWDA has been audited up to 30th June 2018. The following audit issues were outstanding as at this date. Many of the issues have been outstanding for some years now and they therefore appear in our reports each year. The main challenge in dealing with most of the issues is that they are expected to be addressed by other government agencies and not entirely by CWWDA.

| Ref No | Reference no on the external audit report | Issue/observation from the auditor | Management comments | Action point | Status as at 30 th June 2019 | Expected completion date |
|--------|---|--|--|---|--|--------------------------------|
| 1 | Property plant & equipment | Assets without ownership documents | These are assets were transferred to the entity without transfer/ownership documents | CWWDA&Parent Ministry | CWWDA has formed a task force that is working with the parent ministry to resolve the matter. The matter has also been discussed by the Public Investment Committee(PIC) | 30 th June 2020 |
| 1 | Property plant & equipment | Assets not recorded in the books | The assets being referred to are community assets (land) which were donated by the community to develop water assets | CWWDA & Respective county governments | A task force by CWWDA was dealing with the matter. | 30 th June 2020 |
| 2 | World bank loan | The balances were not reconciling with the figures at the National Treasury records. | CWWDA has already initiated reconciliations. | CWWDA- Finance Manger | The matter was still pending | 30 th June 2020 |
| 3 | Trade and other receivables | Receivables that have been outstanding for long period | CWWDA has already initiated reconciliations and also contracted a debt collector to assist the debts. | CWWDA CEO Finance Manager & legal officer | The matter was still pending with consultations going on. | 30 th June 2020 |
| 3 | Trade and other receivables | Balances that are not in agreement with the records of the WSPs | Teams from both parties have been formed to reconcile the balances. | CWWDA- CEO & Finance Manger | The matter was still pending with consultations going on. | 30 th June 2020 |
| 4 | Finance costs | Loan amortization schedule not in agreement with the finance costs | The amount in the financial statement was not in agreement with the amortization schedule. | CWWDA- Finance Manager | Reconciliation is ongoing. | 31 st December 2019 |
| 5 | Administration expenses | The depreciation amount was not accurate | straight line method was applied instead of the reducing | CWWDA- Finance Manager | Resolved | - |

COAST WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

| | | | | | | |
|-----|--|---|--|--|---|------|
| | | | balance method as per the policy | | | |
| 1.1 | Budgetary control & performance | Actual revenue was higher than what was in the budget | The difference was due to the GOK grants which were received outstand the initial budget | . CWWDA-CEO & Finance Manger | Resolved | |
| 1.2 | Budgetary control & performance | Expenditure budget | This was due to budget reduction as well poor payments for the water sale bills. There were cases that involved urgent matters. | CWWDA-CEO & Finance Manger | Resolved | |
| 1.3 | Board expenses | Non gazetted board members were paid allowances. | These were members who represented other state agencies on behalf of the gazette members. | CWWDA CEO and legal officer | Resolved | |
| 1.4 | Non-revenue water | The level of non-revenue water was too high as compared to the international standards. | The high incidences of vandalism of water assets has contribute to this status and also the ageing water infrastructure re which results to frequent bursts. | CWWDA CEO, Technical and Bulk unit managers. | This requires continuous attention and is therefore on going. | 2022 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

APPENDIX II Projects implemented by the Agency

During the period under review, the agency implemented projects as follows.

| | Project title | Project Number | Don or | Period/ Duration | Donor Commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statement |
|---|---------------|----------------|------------|------------------|------------------|---|---|
| 1 | WaSSP AF | P096367 | World Bank | 5 Years | 7,552,589,850 | yes | NO |



COAST WATER WORKS DEVELOPMENT AGENCY
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APPENDIX 111 INTER ENTITY TRANSFERS

During the financial period under review CWWDA received grants from the ministry as follows.
 All the funds received belonged to the 2018-2019 financial period

| | Recurrent | Equalization | Drought - Water Trucking | Drought others | WaSSIP | Dongo Kundu Water Supply | Hola Water Supply | TOTALS |
|---------------|--------------------|--------------------|--------------------------------|-------------------|-------------------|-----------------------------------|----------------------|----------------------|
| Jul-18 | - | 255,757,527 | | | | | - | 255,757,527 |
| Aug-18 | 0 | 2,399,260 | - | - | - | | - | 2,399,260 |
| Sep-18 | 99,166,666 | - | - | - | - | - | - | 99,166,666 |
| Oct-18 | 49,583,333 | | | - | 10,000,000 | 30,000,000 | 7,500,000 | 97,083,333 |
| Nov-18 | 48,591,667 | - | - | - | | | - | 48,591,667 |
| Dec-18 | 48,591,667 | 39,050,668 | - | - | 10,000,000 | 30,000,000 | 7,500,000 | 135,142,335 |
| Jan-19 | 48,591,667 | 35,554,920 | - | - | - | - | - | 84,146,587 |
| Feb-19 | 48,591,667 | 26,898,450 | | - | | - | - | 75,490,117 |
| Mar-19 | 48,591,667 | 133,140,696 | | - | | - | - | 181,732,363 |
| Apr-19 | 36,691,666 | 25,930,188 | | - | | - | - | 62,621,854 |
| May-19 | 49,583,334 | 15,477,474 | | - | | - | - | 65,060,808 |
| Jun-19 | 99,166,666 | 17,423,164 | 10,000,000 | 51,000,000 | 10,000,000 | 30,000,000 | 7,500,000 | 225,089,830 |
| TOTALS | 577,150,000 | 551,632,347 | 10,000,000 | 51,000,000 | 30,000,000 | 90,000,000 | 22,500,000 | 1,332,282,347 |

These grants have been receipted and reconciled with the Parent Ministry



COAST WATER WORKS DEVELOPMENT AGENCY
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During the financial year under review CWWDA received donor funds through the Parent Ministry as follows.

Amount in Kshs

| | Donor | Category | Date received | WaSSIP | WSDP |
|--------------|------------|----------------------|---------------|-----------------------|--------------------|
| Jul-18 | | A.I.A Direct payment | | | |
| | | Revenue | | | |
| Aug-18 | | A.I.A | | | |
| | | Revenue | | | |
| Sep-18 | | A.I.A | | | |
| | | Revenue | | | |
| Oct-18 | World Bank | A.I.A Direct payment | 1.10.2018 | 146,660,790 | |
| | | Revenue | | | |
| Nov-18 | | A.I.A | | | |
| | | Revenue | | | |
| Dec-18 | | A.I.A | | | |
| | | Revenue | | | |
| Jan-19 | World Bank | A.I.A Direct payment | 18.1.2019 | | 166,103,180 |
| | | Revenue | | | |
| Feb-19 | | A.I.A | | | |
| | | Revenue | | | |
| Mar-19 | World Bank | A.I.A Direct payment | 1.3.2019 | | 104,297,166 |
| | | Revenue | | | |
| Apr-19 | World Bank | A.I.A | 16.4.2019 | | 74,536,466 |
| | | Revenue | | | |
| May-19 | | A.I.A | | | |
| | | Revenue | | | |
| | World Bank | A.I.A | | | |
| Jun-19 | | Revenue | | 18,472,827.65 | |
| TOTAL | | | | 165,133,617.66 | 344,936,814 |



COAST WATER WORKS DEVELOPMENT AGENCY
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| Name of the MDA/Donor Transferring the funds | Date received | As per bank statement | Nature: Recurrent/Development/Others | Total Amount - KES | Statement of Financial Performance | Where Recorded/recognized | | | | Total Transfers during the year |
|--|---------------|-----------------------|--------------------------------------|--------------------|------------------------------------|---------------------------|-----------------|-------------|---------------|---------------------------------|
| | | | | | | Capital Fund | Deferred Income | Receivables | Donor -WASSIP | |
| Ministry of Water and Sanitation | 3.7.18 | | Equalization | 37,471,589.20 | 37,471,589.20 | | | | - | 37,471,589.20 |
| Ministry of Water and Sanitation | 5.7.18 | | Equalization | 34,462,186.40 | 34,462,186.40 | | | | | 34,462,186.40 |
| Ministry of Water and Sanitation | 6.7.8 | | Equalization | 36,596,386.95 | 36,596,386.95 | | | | | 36,596,386.95 |
| Ministry of Water and Sanitation | 10.7.18 | | Equalization | 95,390,767.00 | 95,390,767.00 | | | | | 95,390,767.00 |
| Ministry of Water and Sanitation | 13.7.18 | | Equalization | 6,559,521.60 | 6,559,521.60 | | | | | 6,559,521.60 |
| Ministry of Water and Sanitation | 19.7.18 | | Equalization | 39,042,555.00 | 39,042,555.00 | | | | | 39,042,555.00 |
| Ministry of Water and Sanitation | 24.7.18 | | Equalization | 6,234,520.60 | 6,234,520.60 | | | | | 6,234,520.60 |



COAST WATER WORKS DEVELOPMENT AGENCY
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| Name of the MDA/Donor Transferring the funds | Date received | Nature: Recurrent/Development/Others | Total Amount - KES | Where Recorded/recognized | | | | | Total Transfers during the year |
|--|---------------|--------------------------------------|--------------------|------------------------------------|--------------|-----------------|-------------|----------------|---------------------------------|
| | | | | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Donor - WASSIP | |
| Ministry of Water and Sanitation | 1.8.18 | Equalization | 2,399,260.00 | 2,399,260.00 | | | | | 2,399,260.00 |
| Ministry of Water and Sanitation | 5.9.18 | Recurrent | 99,166,666.00 | 99,166,666.00 | | | | | 99,166,666.00 |
| Ministry of Water and Sanitation | 18.10.18 | Recurrent | 49,583,333.00 | 49,583,333.00 | | | | | 49,583,333.00 |
| Ministry of Water and Sanitation | 18.10.18 | Development | 47,500,000.00 | 47,500,000.00 | | | | | 47,500,000.00 |
| Ministry of Water and Sanitation | 2.11.18 | Recurrent | 48,591,667.00 | 48,591,667.00 | | | | | 48,591,667.00 |
| Ministry of Water and Sanitation | 3.12.18 | Recurrent | 48,591,667.00 | 48,591,667.00 | | | | | 48,591,667.00 |
| Ministry of Water and Sanitation | 20.12.18 | Equalization | 31,738,840.00 | 31,738,840.00 | | | | | 31,738,840.00 |
| Ministry of Water and Sanitation | 31.12.18 | Development | 47,500,000.00 | 47,500,000.00 | | | | | 47,500,000.00 |
| Ministry of Water and Sanitation | 31.12.18 | Equalization | 7,311,828.00 | 7,311,828.00 | | | | | 7,311,828.00 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

| Name of the MDA/Donor Transferring the funds | Date received As per bank statement | Recurrent/Development/Others | Nature: | Total Amount - KES | Where Recorded/recognized | | | | | Total Transfers during the year |
|--|-------------------------------------|------------------------------|---------|--------------------|------------------------------------|--------------|-----------------|-------------|---------------|---------------------------------|
| | | | | | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Donor -WASSIP | |
| Ministry of Water and Sanitation | 11.1.19 | Equalization | | 10,556,200.00 | 10,556,200.00 | | | | | 10,556,200.00 |
| Ministry of Water and Sanitation | 14.1.19 | Equalization | | 19,150,000.00 | 19,150,000.00 | | | | | 19,150,000.00 |
| Ministry of Water and Sanitation | 16.1.19 | Equalization | | 5,848,720.00 | 5,848,720.00 | | | | | 5,848,720.00 |
| Ministry of Water and Sanitation | 21.1.19 | Recurrent | | 48,591,667.00 | 48,591,667.00 | | | | | 48,591,667.00 |
| Ministry of Water and Sanitation | 4.2.19 | Equalization | | 26,898,449.70 | 26,898,449.70 | | | | | 26,898,449.70 |
| Ministry of Water and Sanitation | 12.2.19 | Recurrent | | 48,591,667.00 | 48,591,667.00 | | | | | 48,591,667.00 |
| Ministry of Water and Sanitation | 6.3.19 | Recurrent | | 48,591,667.00 | 48,591,667.00 | | | | | 48,591,667.00 |
| Ministry of Water and Sanitation | 8.3.19 | Equalization | | 105,783,650.00 | 105,783,650.00 | | | | | 105,783,650.00 |
| Ministry of Water and Sanitation | 20.3.19 | Equalization | | 22,502,909.80 | 22,502,909.80 | | | | | 22,502,909.80 |

COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

| Name of the MDA/Donor Transferring the funds | Date received As per bank statement | Recurrent/Development/Others | Nature: | Total Amount - KES | Where Recorded/recognized | | | | | | Total Transfers during the year |
|--|-------------------------------------|------------------------------|--------------|--------------------|------------------------------------|--------------|-----------------|-------------|----------------|--|---------------------------------|
| | | | | | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Donor - WASSIP | | |
| Ministry of Water and Sanitation | 27.3.2019 | | Equalization | 4,854,138.00 | 4,854,138.00 | | | | | | 4,854,138.00 |
| Ministry of Water and Sanitation | 5.4.2019 | | Recurrent | 36,691,666.00 | 36,691,666.00 | | | | | | 36,691,666.00 |
| Ministry of Water and Sanitation | 25.4.2019 | | Equalization | 25,930,188.20 | 25,930,188.20 | | | | | | 25,930,188.20 |
| Ministry of Water and Sanitation | 14.5.2019 | | Development | 15,477,474.00 | 15,477,474.00 | | | | | | 15,477,474.00 |
| Ministry of Water and Sanitation | 17.5.2019 | | Recurrent | 49,583,334.00 | 49,583,334.00 | | | | | | 49,583,334.00 |
| Ministry of Water and Sanitation | 4.6.19 | | Recurrent | 49,583,333.00 | 49,583,333.00 | | | | | | 49,583,333.00 |
| Ministry of Water and Sanitation | 19.6.19 | | Equalization | 14,231,023.80 | 14,231,023.80 | | | | | | 14,231,023.80 |
| Ministry of Water and Sanitation | 24.6.19 | | Wassip funds | 18,472,827.65 | 0 | | | | 18,472,827.65 | | 18,472,827.65 |
| Ministry of Water and Sanitation | 25.6.19 | | Equalization | 3,192,140.00 | 3,192,140.00 | | | | | | 3,192,140.00 |



COAST WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

| Name of the MDA/Donor Transferring the funds | Date received | Nature: Recurrent/Development/Others | Total Amount - KES | Where Recorded/recognized | | | | | Total Transfers during the year |
|--|---------------|--------------------------------------|-------------------------|------------------------------------|--------------|-----------------|-------------|----------------------|---------------------------------|
| | | | | Statement of Financial Performance | Capital Fund | Deferred Income | Receivables | Donor - WASSIP | |
| Ministry of Water and Sanitation | 25.6.19 | Drought mitigation funds | 61,000,000.00 | 61,000,000.00 | | | | | 61,000,000.00 |
| Ministry of Water and Sanitation | 26.6.19 | Development | 47,500,000.00 | 47,500,000.00 | | | | | 47,500,000.00 |
| Ministry of Water and Sanitation | 27.6.19 | Recurrent | 49,583,333.00 | 49,583,333.00 | | | | | 49,583,333.00 |
| Total | | | 1,350,755,175.90 | 1,332,282,348.25 | | | | 18,472,827.65 | 1,350,755,175.90 |

