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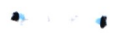
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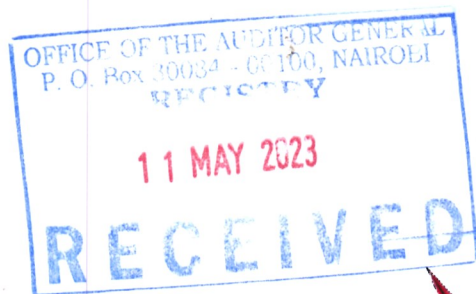
THE AUDITOR-GENERAL

ON

KENYA WATER TOWERS AGENCY

**FOR THE YEAR ENDED
30 JUNE, 2022**





Revised Template 30th June 2022



KENYA WATER TOWERS AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2022

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

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

Table of Contents	Page
1. KEY ENTITY INFORMATION AND MANAGEMENT	2
2. THE BOARD OF DIRECTORS/COUNCIL.....	6
3. MANAGEMENT TEAM	12
4. CHAIRMAN'S STATEMENT	16
5. REPORT OF THE CHIEF EXECUTIVE OFFICER.....	17
6. CORPORATE GOVERNANCE STATEMENT	18
7. MANAGEMENT DISCUSSION AND ANALYSIS	20
8. STATEMENT OF DIRECTORS' RESPONSIBILITIES	25
9. REPORT OF THE INDEPENDENT AUDITOR FOR KENYA WATER TOWERS AGENCY	26
10. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022	27
11. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	28
12. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022	29
13. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022	30
14. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022.....	31
15. NOTES TO THE FINANCIAL STATEMENTS	32

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

(a) WHO WE ARE

The Kenya Water Towers Agency is a State Corporation under the Ministry of Environment and Forestry. It was established in 2012 vide Kenya Gazette Supplement, Legal Notice No. 27/2012 on 20th April, 2012.

(b) OUR VISION

A Global leader in Sustainable Management of Water Towers.

(c) OUR MISSION

To sustainably manage Water Towers and their Ecosystems through coordination and conservation for socio-economic development.

(d) OUR MANDATE

To co-ordinate and oversee the protection, rehabilitation, conservation, and sustainable management of Water Towers.

(e) CORE VALUES

We shall be guided by the following core values, which provide an integrated focus towards enhancing provision of acceptable quality service. They are summarized in an acronym DEPITS.

- Diligence
- Equity
- Professionalism
- Integrity
- Teamwork
- Sustainability

(f) STRATEGIC OBJECTIVES

- To coordinate water towers ecosystem health and resilience.
- To coordinate and oversee securing of catchment lands, wetlands and critical biodiversity hotspots within the water towers ecosystems.
- To acquire appropriate infrastructure to support sustainable management of water towers.
- To promote sustainable livelihood support programmes within the water towers.
- To establish strategic partnerships and linkages for sustainable management of water towers.
- To undertake institutional strengthening for effective service delivery.

(b) Key Management

The Board of Directors is responsible for offering stewardship, strategic direction and oversight over the operations of the Agency. The Chief Executive Officer is responsible for the execution and communication of the Board's strategies, decisions and policies.

The day to day management of Kenya Water Towers Agency is entrusted to the Chief Executive Officer and is assisted by a management team of four (4) Directors, Head of Finance and Accounts, Head of Internal Audit, Head of Supply Chain Management, Head of Human Resource and Corporation Secretary.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Prof. Julius Gordon Tanui PhD. EBS
2.	Ag. Director Ecosystem Protection Rehabilitation and Conservation	Mr Molu Wato
3.	Director Ecosystems Research Planning and Audit	Dr. Winfred M Musila
4.	Ag Director Community Partnership and Sustainable Development	Ms Susan Boit
5.	Director Corporate Services	Mrs Bahati K Mwita, EBS
6.	Head of Internal Audit	Mr Simiyu Walucho
7.	Head of Human Resource and Administration	Ms. Jane Muthoni Mbae
8.	Manager, Finance and Accounts	Mr. Samson Saitoti Sirere
9.	Head of Supply Chain Management	Ms. Brenda Korir
10.	Corporation Secretary	Ms Yvonne Achitsa

(d) Fiduciary Oversight Arrangements

BOARD OF DIRECTORS

1. Chairman
2. Cabinet Secretary – National Treasury
3. Principal Secretary- Ministry of Environment and Forestry
4. Principal Secretary - Ministry of Water and Sanitation.
5. Principal Secretary – Ministry of Energy
6. Five (5) independent directors
7. Chief Executive Officer

The Board of Directors is responsible for formulating the Agency's vision, realization of its mission and achievement of strategic objectives in line with the approved strategic plan.

Board Committees

The Board has Four (4) Committees with specific delegated authorities. These are the Board Audit Committee, the Board Finance and Resource Mobilization Committee, Human Resource and Corporate Affairs and Technical Committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. The composition of each committee is shown below;

FINANCE AND RESOURCE MOBILIZATION

1. Chairperson (Principal Secretary - Ministry of Environment and Forestry)
2. Three (3) - Independent Directors
3. Cabinet Secretary- National Treasury

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

The main function of the Finance and Resource Mobilization Committee is review and oversee the creation of accurate, complete, timely and meaningful financial statements for presentation to the Board for approval and oversee the Agency's financial management including the quarterly and annual plans, budgets, work plans and reports.

AUDIT COMMITTEE

1. Chairperson – Independent Director
2. One (1) Independent Director
3. Principal Secretary – Ministry of Water and Sanitation
4. Cabinet Secretary_ National Treasury

The Audit committee has the responsibilities of ensuring existence of requisite financial reporting processes, strong systems of internal controls, risk management and efficient operational activities carried out under existing Government laws and regulations for the Agency to achieve its objectives.

TECHNICAL & STRATEGY COMMITTEE

1. Chairperson - Independent
2. One (1) Independent
3. Principal Secretary - Ministry of Environment and Forestry
4. Principal Secretary – Ministry of Energy
5. Principal Secretary- Ministry of Water and Sanitation

The technical Committee responsible for ensuring; policy oversight, operational and legal compliance, advising the Board on proposed subsidiary legislation, effective management of water towers, effective organizational structures for water towers areas as well as approvals of technical policies, strategies and system

HUMAN RESOURCE AND CORPORATE AFFAIRS COMMITTEE

1. Chairperson - Independent
2. Two (2) - Independent
3. Principal Secretary – Ministry of Water and Sanitation.
4. Principal Secretary- Ministry of Energy

The Human resource and Corporate Affairs Committee is responsible for overseeing HR processes and policies including recruitment and retention, training, learning and development and making recommendations to the Board for approval

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

(e) Entity Headquarters

Entity Headquarters

Post Office Box 42903 – 00100,
General Post Office,
N.H.I.F Building 15th Floor,
Ragati Road, Upper hill,
Nairobi - Kenya.

Entity Contacts

Telephone: (254) 020 2711437
E-mail: info@kwta.go.ke.

Entity Bankers

National Bank of Kenya
Hill Plaza Branch
P.O. Box 45219-00100
The: +254(0)202722211
E-mail: hill@nationalbank.co.ke
Website: www.nationalbank.co.ke

Kenya Commercial Bank
Capital Hill Branch
P.O. Box 69695-00400
Tel+254-20-2737103/2720208/2720207
Fax: +254-20-2737107
E-mail: capitalhill@kcb.co.ke
Website: www.kcbbankgroup.com

Independent Auditors

Auditor General
Anniversary Towers, University Way
P.O. Box 30084 – 00100,
GPO, Nairobi.
[Tel:+254-20-2227383](tel:+254-20-2227383),
Fax: +254-20-311482
E-mail: cag@kenao.go.ke,
Website: www.kenao.go.ke

Principal Legal Adviser

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

2. THE BOARD OF DIRECTORS/COUNCIL



Dr. Julius Makau Malombe
Chairman of the Board

Dr. Julius M. Malombe was appointed as Chairperson of the Board of the Kenya Water Towers Agency on 3rd May 2019. He is a Financial Economist and an accomplished public policy analyst with expertise in research, public & financial sector reforms, urban & municipal finance, infrastructure bonds, strategic planning and management, institutional rationalization and restructuring, corporate governance, environment, housing, urban and metropolitan development, local government, devolution and related socio-economic policy and reform initiatives.

Dr. Malombe is a holder of a PhD degree, Master of Business Administration (MBA) degree and a Diploma in Business Administration all from the University of Birmingham, UK. He also holds a MSc degree in Construction Management and Economics from the University of Aston (UK) as well as a Bachelor of Arts degree in Building Economics (Hons.) from the University of Nairobi.

Dr. Malombe has over 30 years public and private sector work experience in housing, urban development, devolved governments, and has served in the Boards of Shelter Afrique, National Housing Corporation, Local Authority Transfer Fund (LATF), Nyeri Water & Sewerage Company Ltd and the Nairobi Oversight Board, among others. He has also participated either as chairman or member of a number of taskforces and committees tasked to rationalize and/or collect and collate public views on national policies and legislation including: National Housing Policy, Urban Development Policy, Kenya Vision 2030, Devolved Government Legislation and Policy, Policy and legislation on National Values and Principles of Governance, Corporate Governance in State Corporations and Housing Incentives.

He has served as a Post-Doctoral Research Fellow & Consultant for the National Economic and Social Council in Kenya from 2007-2011. Since November 2000, Dr. Malombe has served as a Resource Person/Part-time Lecturer, Finance Specialization, Doctoral Studies Programme, School of Business, and University of Nairobi. He has also taught urban public finance, local economic development, financial risk management, global financial markets course units for the Masters in Urban Management (MUM) & the Masters in Commerce (MCOM) degree programmes at the University of Nairobi and Strathmore University, respectively. He has also served as Vice Chair of the Council of Governors Finance, Planning and Economic Affairs and Information and Communication Committee.

Dr. Malombe served as the Governor for the County of Kitui from 2013 to 2017. During his tenure as Governor, Dr. Malombe served as the Chairman of the Council of Governors Committee on Lands, Housing, Physical Planning and Urban Development and was also Chairman of the Lower Eastern Governors Forum and the South Eastern Kenya Economic Block (SEKEB).



Prof. Julius G. Tanui, PhD. EBS
Chief Executive Officer

Prof. Tanui has over twenty years' experience in Environmental Geo-information and Sustainable Development. He holds a PhD from Nelson Mandela Metropolitan University, South Africa, whose research was "Towards Community Environmental Education using current Institutional Resources, GIS and Remote sensing, and local knowledge: A case of the Nandi Hills and Nandi Forests, Western Kenya."

He has worked at the Kenya Institute of Surveying and Mapping - Teaching in the field of Thematic Cartography and Computer Mapping, Geographic Information System (GIS) and Geography, as a Senior Lecturer and Associate Professor of Moi University offering lectures in the area of Environmental Education, Environmental Planning Research, Geographical Information Systems (G.I.S) Environmental Information System (E.I.S), Environmental Modelling and System Analysis.

He has also served as Moi University Director, International Programmes & Linkages, Moi University Development Unit (MUDU) Project Leader-Centre of Excellence in Education Research Methodologies in East and South Africa (CERM-ESA) which include; Oldenburg University – Germany, Nelson Mandela Metropolitan University South Africa, Uganda Management Institute, Dar-es-salaam University and Moi University. He has published twenty-three refereed articles in acclaimed Journals with a bias on Environment and Conservation of Forests and Water Catchment areas, presented papers in professional conferences, undertaken various researches, and supervised doctorate, master's and bachelor's degree students undergoing research.

He coordinated the writing of a project proposal that attracted DAAD funding of over 3.5 Billion Euros, which established the Centre of Excellence in Education and Research Methods at Moi University in collaboration with Nelson Mandela Metropolitan University-South Africa, Oldenburg University-Germany, Dares Salaam University-Tanzania and Uganda Institute of Management, Uganda. As Director of International Programmes, he established collaborations between Moi University with other universities like University of Haifa and Hebrew University of Jerusalem both in Israel, University of Tennessee at Chattanooga and Alexandria University Egypt.

He joined the Agency on 1st November, 2016 as Director for Partnerships, Business Development & Community Livelihoods and subsequently as acting Chief Executive Officer from January, 2018 to date. He has a passion for sustainable management of water towers as an enabler of the Big Four National Development Agenda. He has spearheaded successful resource mobilization towards conservation of water towers. He is also a recipient of the Head of State commendation as Elder of Burning Spear (EBS) and Moran of the Burning Spear (MBS) because of his innovation of Heuristic Model in Natural Resource Management, Peace Initiatives in the Diocese of Eldoret with the Late Bishop Cornelius K. Korir and distinguished service at Kenya Water Towers Agency.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.



Mr Robert Mutuma (HSC)

Mr Robert Mutuma works with Total Kenya Ltd. He was re-appointed to the Board in 1st May, 2019. He holds a Diploma in Environmental Studies from the Technical University of Kenya. He is a passionate environmentalist and advisor of the Total Eco Challenge Programme. He also carried out research on indigenous knowledge systems and published a paper on indigenous knowledge in fruit trees in Kenya. He is a recipient of the Head of State Commendation for his outstanding contribution on environmental conservation in Kenya.



Ms. Agnes Yobterik

Ms. Agnes Yobterik was appointed on as Alternate Member to Principal Secretary, Ministry of Environment and Forestry. She holds a Master's Degree in Forestry from the University of Toronto, Canada and two Bachelor's Degrees; BSc in Forestry from Moi University and BA Development Studies from Kimmage DSC of Ireland/MSTCDC Arusha, Tanzania. Currently, she is undertaking her PhD studies at the University of Eldoret.

Agnes is currently working as the Director, Programs, Projects & Strategic Initiatives, Ministry of Environment and Forestry providing leadership in designing and developing project proposals and overseeing projects funded by the Ministry. Additionally, as the National Focal Point Officer for Lake Victoria Basin Commission (LVBC), an organ of the East African Community (EAC), she leads Kenyan delegates at Senior Officials Sessions as well as Coordination Committee levels and is well versed with matters affecting the EAC region particularly with respect to the Lake Victoria Basin. As a member of the National Task Force for the Vision and Strategy Development for Lake Victoria and its Catchment, the document prepared formed the basis for the formation of the LVBC, with its Headquarters in Kisumu, Kenya, and its implementation strategy. As the Global Environment Facility (GEF) Desk Officer at the Ministry, she works closely with GEF accredited Agencies such as UNDP, UNEP, FAO, UNIDO, WWF, IUCN and IFAD, among others, to affirm that project proposals are consistent with national plans and priorities and facilitating GEF coordination, integration, and consultation at country level. Kenya and USA have recently entered into negotiations on Free Trade Agreement and Agnes is the Team Lead for the Environment Chapter of the Kenya-US FTA.

Previously, Agnes worked with various organizations and institutions undertaking field based integrated community-based programs scaling up existing successes on natural resources management and introducing ecosystem-wide approaches to achieve sustainable land management best practices emphasizing community driven development process.

Agnes was awarded the Presidential Honours of the Order of the Grand Warrior (OGW) in December, 2011 and was nominated for the Best Performing Staff female category for the Public Servant of the Year Award, Ministry of Environment, November, 2016. Agnes brings on board a wealth of experience and knowledge to the Board of KWTA.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

 <p>Ms Esther Wangombe</p>	<p>Ms. Esther Wangombe represents the Principal Secretary, Ministry of Energy and Petroleum. She joined the Board on 10th May 2013. She holds a Bachelor’s of Science in Forestry from Moi University and Masters in Environmental Sciences from Kenyatta University. She also acquired a Post Graduate Diploma in Forestry for Rural Development from (ITC, Netherlands). Ms. Wangombe has vast experience in the Public Sector and she currently holds the position of Deputy Director, Renewable Energy in the Ministry of Energy and Petroleum</p>
 <p>Mr. David Bosuben</p>	<p>Mr. David Bosuben is the alternate Director to PS Ministry of Water, Sanitation and Irrigation. He has over 30 years in the Water Resources sub-sector. He holds a Master of Science degree from UNESCO IHE Delft Institute, the Netherlands in Water Management with specialization in transboundary water resources conflict management; he also has a Postgraduate Diploma in Shared Water Resources from Cairo University, Arab Republic of Egypt and a Bachelor of Science degree from University of Nairobi.</p> <p>He has special interests in watershed hydrology and in particular how that relates to water flows and how the same can be safely harnessed to support socioeconomic development for basin communities in the face of climate change and other anthropogenic influence.</p> <p>He comes to the Kenya Water Towers Agency Board with a wealth of experience in water resources management and development including hands on experience in policy development and implementation.</p>
 <p>Ms. Edna Atisa</p>	<p>Ms. Edna Atisa was appointed to the Board of Kenya Water Towers Agency in March, 2019 as an alternate member representing the Cabinet Secretary for the National Treasury. Ms. Atisa holds a Master’s Degree in Economics, Bachelor of Arts in Economics and Postgraduate Diploma in Education all from the University of Nairobi. She is an economist with vast experience in economic policy formulation and implementation and is a member of the Economics Society of Kenya</p>

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.



Mr. Timothy ole Naeku

Mr. Timothy Tipila Ole Naeku was appointed to the Board of the Agency on 3rd May 2019. He holds a Master’s Degree in Law and a Bachelor of Law Degree both from the University of Nairobi. In addition, he has a Post-Graduate Diploma in Law from the Kenya School of Law.

Mr Naeku is an accomplished Advocate of the High Court of Kenya with over 14 years’ experience practicing law in Nairobi. He is an active member of the Law Society of Kenya and has particular passion in enhancing the rule of law in community service. Mr Naeku currently serves as a legal advisor to a non-charitable trust in Narok County.



Ms. HiboBishar

Ms. Hibo Bishar was appointed to the Board of the Kenya Water Towers Agency on 3rd May 2019. She holds a Bachelor’s Degree in Environmental Science from the Islamic University of Uganda and a Master of Science Degree in Climate Change Adaptation from the University of Nairobi. Ms Bishar is a climate change adaptation expert and a programs development consultant with over 8 years’ experience working with International Non-Governmental Organizations in Kenya. She is currently the Executive Director of DaHi Solutions, a consulting firm she founded in 2017 to provide technical expertise to private and public agencies on climate change, social programs and institutional development.



Ms. WandiaMaina

Ms. Wandia Maina was appointed to the Board of the Kenya Water Towers Agency on 3rd May 2019. She holds a Master’s Degree in Counselling Psychology from Daystar University and Bachelor of Arts Degree in Sociology and Economics from the Catholic University of Eastern Africa. Ms Wandia is a career Psychologist and is currently the co-clinical director at Intrapersonal Health Services. As a certified professional mediator and regular resource person for the Law Society of Kenya and FIDA (K), Ms Wandia has over 12 years’ experience in the provision of psychotherapy services to individuals, families and organizations. Interested in the advancement of the holistic development of the individual, she combines her practice in psychology with the love for the outdoors through organising and leading hiking expeditions to various mountains within and outside Kenya.



Mrs. Ebla Haji Aden

Mrs Ebla Haji Aden was appointed to the Board of Kenya Water Towers Agency on 28th October 2021. She is a career teacher and an educator with an experience spanning more than 25 years both in classroom and Management in Kenya.

She holds a master’s degree in Project Planning and Management from the University of Nairobi and another master’s degree in Educational Administration and Policy Studies from Moi University as well as bachelor’s degree in Education from Egerton University.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

	<p>Mrs Aden worked for the Teachers' Service Commission for 25 years and served for 18 years as a school Principal in both Umu-salama Girls' and NEP Girls' Secondary schools in Garissa, Kenya. This is the period she went through the Strategic Leadership Development Programme at the Kenya School of Government.</p> <p>She also worked for the defunct Transition Authority as the County Transition Coordinator, Garissa County. Having served in various boards, she brings a wealth of experience to the Board of KWTA. She is a member of the Board of Management for NEP Girls' Secondary School. She has also been a member of several Boards notably; Garissa Teachers Training College, Project Advisory Committee, Garissa Youth Project, USAID, Garissa Vocational Training Centre, Dadaab CDF, Dujis Constituency Bursary Fund and Pastoralist Peace & Development Initiative (PPDI).</p> <p>MrsAdenhas also served as a member of National Executive Committee (NEC), Kenya Secondary Schools Heads Association (KESSHA) as well as treasurer, NEP Secondary Schools' Activities Association (NEPSSAA). She also worked for Electoral Commission of Kenya (ECK) as Deputy Returning Officer, Dujis Constituency, Garissa, Kenya.</p> <p>She has a driving ambition to routinely uphold sentiments that glorify humanity irrespective of racial, religious or gender distinctions wherever she is engaged.</p>
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3. MANAGEMENT TEAM



Prof. Julius Gordon Tanui PhD. EBS
Chief Executive Officer

Prof. Tanui has over twenty years' experience in Environmental Information and Sustainable Development. He holds a PhD from Nelson Mandela Metropolitan University, South Africa, whose research "Towards Community Environmental Education using current Institutional Resources, GIS and Remote sensing, and local knowledge: A case of Nandi Hills and Nandi Forests, Western Kenya."

He has worked at the Kenya Institute of Surveying and Mapping Teaching in the field of Thematic Cartography and Computer Mapping Geographic Information System (GIS) and Geography, as a Senior Lecturer and Associate Professor of Moi University offering lectures in the areas of Environmental Education, Environmental Planning Research, Geographic Information Systems (G.I.S) Environmental Information System (EIS), Environmental Modelling and System Analysis.

He has also served as Moi University Director, International Programme Linkages, Moi University Development Unit (MUDU) Project Lead, Centre of Excellence in Education Research Methodologies in East and South Africa (CERM-ESA) which include; Oldenburg University, Germany, Nelson Mandela Metropolitan University South Africa, Uganda Management Institute, Dar-es-salaam University and Moi University. He has published twenty-three refereed articles in acclaimed Journals with a focus on Environment and Conservation of Forests and Water Catchment areas, presented papers in professional conferences, undertaken various researches, and supervised doctorate, master's and bachelor's degree students undergoing research.

He coordinated the writing of a project proposal that attracted DFID funding of over 3.5 Billion Euros which established the Centre of Excellence in Education and Research Methods at Moi University in collaboration with Nelson Mandela Metropolitan University-South Africa, Oldenburg University-Germany, Dares Salaam University-Tanzania, Uganda Institute of Management, Uganda. As Director of International Programmes, he established collaborations between Moi University and other universities like University of Haifa and Hebrew University, Jerusalem both in Israel, University of Tennessee at Chattanooga, and Alexandria University Egypt.

He joined the Agency on 1st November, 2016 as Director for Partnerships, Business Development & Community Livelihoods and subsequently acting Chief Executive Officer from January, 2018 to date. He has a passion for sustainable management of water towers as an enabler of the Big Four National Development Agenda. He has spearheaded successful resource mobilization towards conservation of water towers. He is also a recipient of the Head of State commendation as Elder of Burning Spear (EBS) and Moran of the Burning Spear (MBS) on account of his innovative Heuristic Model in Natural Resource Management, Peace Initiative in the Diocese of Eldoret with the Late Bishop Cornelius K. Korir distinguished service at Kenya Water Towers Agency.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.



Mr. Molu Wato
Ag. Director Ecosystem Protection
Rehabilitation and Conservation

Mr. Molu Wato is the Acting Director for Ecosystem Protection, Rehabilitation and Conservation. He joined the Agency on 5th February, 2018. Mr. Molu has a vast experience spanning the Public Service and Civil Society Organization with over 17 years. He holds Masters Degree in Environmental Studies (Climate Change and Sustainability) from Kenyatta University and a Bachelor of Science in Wildlife Management from Moi University and currently a PhD Candidate in Environmental Policy at the University of Nairobi, Centre for Advanced Studies in Environmental Law and Policy (CASELAP). He has attended several skill enhancement and management courses like Senior Management and Strategic Leadership at Kenya School of Government. He is a Lead Expert on Environmental Impact Assessment and Audit and a Member of Environmental Institute of Kenya.



Dr. Winfred M. Musila
Director Ecosystems Research
Planning and Audit

Dr. Winfred Musila is in charge of Ecosystem Assessment, Planning and Audit Directorate. She joined the Agency on 1st November 2016. She is an environmentalist/ecologist and holds a PhD in Forest Ecology from University of Hohenheim, Germany, M.Phil in Environmental Science from Moi University and a BSc in Botany and Zoology from Egerton University. She has over fifteen years' experience in ecological research natural resource management, community mobilization, capacity building project management and stakeholder engagements. She is a member of Tropical Biology Association, African Forest Forum (AFF), Nature Kenya (East African Natural History Society), Forestry Society of Kenya and the Kenya Forest Working Group.



Ms Susan Boit
Ag Director Community Partnership
and Sustainable Development

Ms Susan Boit is in charge of Community Livelihood. She joined the Agency on 1st October 2013. She holds a master's degree in Food Science at the university of Reading United Kingdom as well as a bachelor's degree in Home Economics from Kenyatta University with a working experience of over twenty years in the field.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.



MrsBahati K Mwita
Director Corporate Services

MrsBahati K Mwita is in charge of Corporate Services. She joined the Agency on March, 2013. She holds a Master's degree in Business Administrations from University of Nairobi as well as Bachelors of Arts Degree in Economics and Sociology from Moi University and has also attended various courses in Management, Public Policy and Leadership at different institutions. Has attended Organizational Change Management Course and Utilization of Natural Resources Course both in Denmark, Attended Financial Management in the Public Sector course at Harvard University, Strategic Leadership Course at the Kenya School of Government among others. She has represented the Republic of Kenya as a Policy Advisor in various Environmental Conventions. She is a member of the Kenya Association of Public Administration & Management (KAPAM) and an Environmental Impact Assessment & Audit Expert. She has over twenty years' experience in the field.



Mr.SimiyuWalucho
Head of Internal Audit

Mr. Walucho is in charge of Internal Audit. He joined the Agency on May 2013. He holds a Master's degree in Business administration, certified public accountant (K), Certified Information System Audit (CISA) as well as a bachelor's degree in Business Management with over ten years' experience. He is a member of the Institute of Certified Public Accountants (ICPAK) and a member of the Institute of Internal Audit (IIA).



Ms. Jane MuthoniMbae
Head of Human Resource and Administration

Ms. Jane MuthoniMbae is the Head of Human Resource Administration Department at the Agency. She joined the Agency in October, 2020 bringing a wealth of knowledge and experience in Human Resource and Administration matters. She has over nineteen (19) years from both the public and private sector. She holds a Master Degree Business Management (Human Resource) from Kenyatta University, Bachelors in Business Administration (Human Resource) and Diploma Business Management from Kenya Methodist University. She is a Certified Human Resource Professional (CHRP-K) as well as a member of the Institute of Human Resource Management in Good Standing.



Mr. Samson S. Sirere
Head of Finance and Accounts

Mr Samson Saitoti Sirere is the Head of Finance and Accounts with effect from 1st October, 2018. He has over twelve (12) years' experience in the public and private sectors. He holds a master of Science in Finance from the University of Nairobi, Bachelors in Business Administration (Accounting & Finance) and certificate on Budgeting and Financial Management in the Public Sector from Duke center for International Development, Duke University (North Carolina). He is also a Certified Public Accountant of Kenya - CPA (K) as well as a member (In Good Standing) with the Institute of Certified Public Accountants of Kenya (ICPAK).



Ms. Brenda Korir
Head of Supply Chain Management

Ms. Brenda Korir is the Head of Supply Chain Management. She joined the Agency on 14th June, 2022. She has over Ten (10) years' experience both in the Public and Private sectors. She holds a Master Degree in Business Administration (Purchasing and Supplies Management option) from the University of Nairobi, a Post-Graduate Diploma in Purchasing and Supplies from Kenya Institute of Management and Bachelor's degree in Education (Arts) from Kenyatta University. She is a Certified Procurement and Supply Professional (CPSP), a Licensed Supplies Practitioner and Member of Kenya Institute of Supplies Management (KISM) among other qualifications.



Ms. Yvonne Achitsa
Corporation Secretary

Ms. Yvonne Achitsa is the Corporation Secretary and Head of Legal Services Department at the Agency. She joined the Agency in October 2018 bringing in a wealth of experience in corporate law, employment law, corporate governance and other areas of practice acquired over the course of 7 years in legal practice. She is an active member of both the Law Society of Kenya (LSK) and the Institute of Certified Secretaries Kenya (ICS).

She holds a Master's Degree in Business Administration (Strategic Management) from the University of Nairobi, a Bachelor of Laws Degree and Post Graduate Diploma in Law and is a Certified Secretary among other qualifications.

CHAIRMAN'S STATEMENT

Water Towers are critical ecosystems that influence various aspects of the economy by providing freshwater for agriculture (irrigation), energy (hydropower), tourism (wildlife), urban development water supply, industry water supply, tea sector, amelioration of climate and climate change reliance among others. Therefore, these ecosystems are national assets for social economic development and surrounded by communities who for a long time have continued to depend on the ecosystem for goods and services

The Kenya Water Towers Agency (KWTA) is mandated to coordinate and oversee conservation, protection, rehabilitation and sustainable management of all the water towers in the country. The Agency has gazetted 18 water towers key among them being Mau Complex, Mt. Kenya, Aberdare's, Cherangany and Mt. Elgon. In collaboration with key stakeholders in Government and non-government organizations, 70 other water towers have been proposed and will undergo the criteria of water tower identification before Gazettement.

In terms of our approach, KWTA Strategic Plan, has key focal areas: Water Towers Research, Planning and Information Management; Corporate, Governance and Institutional Framework; Securing, Protection and Rehabilitation; Community Livelihood Improvement; and Partnership and Collaboration for Resource Mobilization and Capacity Development. This will inspire social transformation with regard to the Kenya's environment. Key achievements of the Agency include Development of Draft Water Towers Coordination and Conservation Policy and Bill, 2019, Fencing of 30Km in Maasai Mau Forest, Assessment of status of water towers, Rehabilitation of degraded sites, development of conservation plans and promotion of community livelihoods programs to ease pressure from the water towers and expansion of our collaborators and networks in conservation.

On behalf of the Board of Directors of KWTA, I am pleased to present the 2021/2022 financial statement. It is important to note that Financial Reports forms the backbone for financial planning, analysis, benchmarking and decision making of the Agency. Therefore, quality accounting and reporting frameworks are essential in policy making, and in strategic decision making. The overall performance of the Agency is in line with our strategic focus.

The Board is therefore committed in ensuring well utilization of resources towards sustainable conservation of water towers as a driving factor in the achievement of the Big Four Agenda. We thank the Presidency and the Ministry of Environment and Forestry for the support towards conservation of water towers as well as all the stakeholders for their good will.



Mrs. Ebla Haji Aden
Session Chairperson, Board of Directors

4. REPORT OF THE CHIEF EXECUTIVE OFFICER

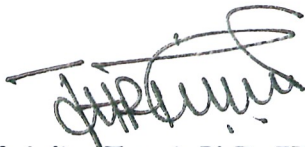
Kenya Water Towers Agency is committed in fulfilling its mandate to ensure water towers in the country are conserved and sustainable managed. In the FY 2021/2022, the Agency has undertaken various initiatives such as development of draft Water Towers Conservation Policy and Bill, assessment and dissemination of status of water towers, development of conservation management plans, rehabilitation of degraded sites, development of an integrated water tower monitoring framework and community livelihood programs.

As the Chief Executive Officer, I have provided leadership and guidance to ensure that the Agency meets its performance targets, employ best practices in water towers conservation by employing prudent environmental governance and harness stakeholder's goodwill in protection and conservation. Also I will ensure inclusion of all stakeholders in sustainable livelihood programmes for employment and wealth creation and engage a participatory business approach to natural resource management.

I am pleased to present the financial results of the Agency for the financial period ended on 30th June 2022. The agency received Kshs 494,000,000 from GOK for recurrent vote and Kshs180,000,000 for the Development Vote against the approved estimates of Ksh 494,000,000 for Recurrent and Ksh180,000,000 for Development respectively. However, the amount received for Development is far below the requirement of the Agency. In this financial year, however, the Agency continues to deliver its mandate despite the challenges related to inadequate budgetary allocation. The Agency hopes to raise enough resources with the support of the Parent Ministry, the National Treasury and other development partners.

While KWTA grapples with a far-reaching and comprehensive approach to the sustainable management of Water Towers, we are aware that we need to deepen and also communicate our understanding of the Water Towers ecosystems, their interactions, hydrological cycle, socio-economic opportunities derived from the ecosystem disturbances, the anthropogenic factors, the impact of climate change on Water Towers ecosystem and the resilience of the ecosystem to external forces

In conclusion, I appreciate the support from the Parent Ministry and guidance of the Board during the year under review. I am grateful for the continued confidence of my management team as well as my fellow staff members and hope the same will continue as the Agency grows.



Prof. Julius Tanui, PhD. EBS
Chief Executive Officer

5. CORPORATE GOVERNANCE STATEMENT

We believe in good corporate governance as an organization. The Board provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the Agency. The Board has the appropriate mix of skills, knowledge and experience to perform its role effectively.

Board meetings are held quarterly. The Board has a formal schedule of matters specifically reserved for deliberation. The Agency ensures that it provides the necessary resources and expertise to the Board of directors to assist them in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Board has a duty to the people of Kenya to ensure that the KWTA achieves its objectives efficiently and effectively and in compliance with the Legal Notice No 27 of 2012. Statutory powers of the KWTA Board include:

- Approve and ratify the policies of the Agency.
- Manage, control and administer the assets of the Agency in such manner and for such purposes as are best to promote the purposes for which the Agency is established.
- Receive any gifts, grants, donations or endowments made to the Agency.
- Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Agency.
- Approve the Performance Contract and annual budgets and work plans for the Agency.
- Open a banking account or banking accounts for the funds of the Agency.
- Determine and issue the terms and conditions for the appointment and enlistment of personnel to the Agency.
- Co-operate with other organizations undertaking functions similar to the Agency's whether within Kenya or otherwise.

In working to meet its obligations, the Board shall focus on matters of corporate governance, ensure that personal and private interest are put aside for the good of the Agency, and delegate matters of management to staff.

Specific Responsibilities

Given the powers afforded above and taking into consideration matters of corporate governance, the KWTA Board will execute the following specific responsibilities;

- Determine a clear statement of KWTA's vision, mission, purpose and values.
- Make recommendations for appointment of the Chief Executive Officer
- Monitor and appraise the performance of the Chief Executive Officer
- Appoint and appraise other senior managers
- Ensure accountability through quality management systems
- Ensure adequate strategic planning
- Ensure adequate operational planning
- Ensure KWTA has adequate financial resources
- Ensure adequate financial reporting
- Ensure adequate standards of internal controls
- Performance Contracting
- Ensure Efficient Performance of Regional Offices
- Approve staff employment policies and practices.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

- Assess corporate performance through external evaluations.
- Manage, protect and enhance KWTA's reputation.
- Ensure an efficient and effective functioning Board.

Except for direction and guidance on general policy, the Board has delegated the authority for the conduct of day-to-day business to the Chief Executive Officer and the Management.

Directors' remuneration

The remuneration of all directors is subject to regular review to ensure that levels of remuneration and compensation are appropriate as provided for by law. The directors are paid a sitting allowance for meetings attended.

Internal Controls

The Agency has in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorized, validated and reported in line with International Financial Reporting Standards.

Board Committees

The Board has Four Committees with specific delegated authorities. These are the Board Audit Committee, the Board Finance and Resource Mobilization committee, Human Resource and Corporate Affairs and the Technical and Strategy committee. The respective Chairpersons present their reports to the Board at each scheduled meeting. All directors are subject to a three-year term renewable once (for independent members appointed by name in accordance with the Legal Notice. On first appointment, the directors go through an induction program covering the organization's operations and an appreciation of the key risk areas. The directors are advised of the legal, regulatory and other obligations of a director of a listed company on an ongoing basis. The directors also receive both internal and external training on corporate governance through a comprehensive training by the Centre for corporate governance.

Conflicts of interest

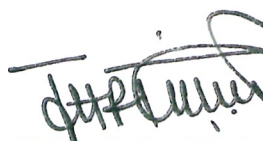
The directors are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Agency's business. The Agency has established a robust process requiring directors to disclose outside business interests before they are entered into. Any potential or actual conflicts of interest are reported to the Chief Executive Officer.

Compliance

The Board confirms that it is satisfied that the Agency has adequate resources to continue in operating for the foreseeable future. For this reason, it continues to adopt the going concern basis when preparing the financial statements. The Board is satisfied that the Agency has to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the State Corporations Act and the Legal Notice no: 27. Further disclosures on compliance are set out in the Directors statement of responsibilities and notes to the financial statements.



Mrs. Ebla Haji Aden
Session Chairperson, Board of Directors



Prof. Julius Tanui, PhD. EBS
Chief Executive Officer

6. MANAGEMENT DISCUSSION AND ANALYSIS

The entity's operational and financial performance

While the Agency has continued to focus on the four focal points within its strategic plan; Water Towers Management and sustainability, Community and Global Engagement, Social Investment and County Governance and stewardship. The deliverables are realigned to meet the National Big Four Agenda.

The Agency's key targets and achievements within FY 2021/22 are as follows:

- Approval of the draft Water Towers Policy and Bill by the Ministry of Environment and Forestry (MoE&F).
- Fencing of 30KM in Maasai Mau Water Tower is 90% complete with the entire stretch of 30Km having been cleared, poled and concreted. Some of the pending works include installation of fibre circuitry, energizers and control/monitoring rooms. The project will be completed during the 4th quarter of FY 2021/2022.
- During the year, the Agency continued with the Facilitation and coordination of Joint enforcement unit for Protection of 142,601Ha of Mau Forest Complex. The Joint enforcement unit contain destruction, encroachment and illegal extraction of Water Towers resources.
- During the year, the agency continued with facilitation and Strengthening Community Engagement in Maasai Mau Fence Project through Community scouts. The recruited community scouts are covering the 30 KM of Phase One of the project (one community scout monitors 1.5 kilometers of the fence line).
- During the period under review the Agency continued to rehabilitate the Water Towers under the Economic Stimulus Programme by procurement of assorted species of indigenous trees and bamboo seedlings was done. These seedlings will be used to rehabilitate 290Ha with 290,000 Seedlings.
- During the year also, the process of procuring 38 Million polythene bags under Post-Covid Economic Stimulus Programme commenced.

Other key Achievements for Water Towers ecosystem research ,planning and audit are:

- The Agency printed and disseminated 15 water towers status reports for Cherangany hills, Chyulu Hills, East Mau, South Western Mau, Elgeyo Hills, Endau Hills, Gwasssi Hills, Kirisia Hills, Makuli-Nzaui hills, Mt. Elgon, Mwangea Hills, Namanga Hills, Nthangu-Kitondo Hills, Nyambene Hills and Shimba Hills water tower to the Cabinet Secretary and Principal Secretary, Ministry of Environment and Forestry, KWTA Board, Parliament, Senate and the KWTA Regional offices to inform interventions towards restoration of water towers.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

The agency has also experienced tremendous growth in its expansion to the regions. This growth has seen 8 (Eight) regional offices operationalized with an average of three personnel. These regional offices are meant to cover different Water Towers spread throughout the country. Although the mandate of the Agency lies within the functions of the National Government, the establishment of these regional offices will complement implementation of the devolved functions.

The approved budget for financial year 2021/2022 is as follows:

	Printed Estimates Recurrent /Development Budget FY 2021/2022
Approved Recurrent Budget FY 2021/2022	Grants:- 494,000,000
Approved Development Budget 2021/2022	Grants:-180M

The total Disbursements received are tabulated below:

1. RECURRENT VOTE

DATE	AMOUNT
16th August,2021	123,500,000
30th November 2021	123,500,000
22nd February,2021	123,500,000
30 th May 2022	123,500,000
	494,000,00

2. DEVELOPMENT VOTE

DATE	AMOUNT
22 nd September, 2021	100,000,000
3 rd January 2022	35,000,000
30 th June, 2022	45,000,000
National Tree planting(10% cover)(30 th November 2021)	35,000,000
National Tree planting(10% cover)(30 th January 2022)	35,000,000
	180,000,000

Key projects and investment decisions the entity is planning/implementing

In the Financial Year 2021/2022, the Agency has implemented the following programs under the development vote:

SUB-PROGRAMME: WATER TOWERS CONSERVATION AND MANAGEMENT

Mitigation and management of Soil Loss

Mitigating and managing soil loss/ erosion will improve the quantity and quality of water, upon which universal health care on clean and safe water, food & nutrition security through provision of sufficient water for agriculture and industrialization, manufacturing and agro-processing - water for H.E.P are dependent on.

Objective; the project aims at improving Water Towers Ecosystem Health and resilience by mitigating and sustainably managing soil loss to increase the quality and quantity of water towers resources

Key Agency's Achievements (FY 2021/2022)

- Approval of the draft Water Towers Policy and Bill by the Ministry of Environment and Forestry (MoE&F).
- Fencing of 30KM in Maasai Mau Water Tower is 90% complete with the entire stretch of 30Km having been cleared, poled and concreted. Some of the pending works include installation of fibre circuitry, energizers and control/monitoring rooms. The project will be completed during the 4th quarter of FY 2021/2022.
- During the quarter, the Agency continued with the Facilitation and coordination of Joint enforcement unit for Protection of 142,601Ha of Mau Forest Complex. The Joint enforcement unit contain destruction, encroachment and illegal extraction of Water Towers resources.
- During the quarter, the agency continued with facilitation and Strengthening Community Engagement in Maasai Mau Fence Project through Community scouts. The recruited community scouts are covering the 30 KM of Phase One of the project (one community scout monitors 1.5 kilometers of the fence line).
- During the period under review the Agency continued to rehabilitate the Water Towers under the Economic Stimulus Programme by procurement of assorted species of indigenous trees and bamboo seedlings was done. These seedlings will be used to rehabilitate 290Ha with 290,000 Seedlings.
- During the quarter also, the process of procuring 38 Million polythene bags under Post-Covid Economic Stimulus Programme commenced.

Other key Achievements for Water Towers ecosystem research ,planning and audit are:

- The Agency printed and disseminated 15 water towers status reports for Cherangany hills, Chyulu Hills, East Mau, South Western Mau, Elgeyo Hills, Endau Hills, Gwasssi Hills, Kirisia Hills, Makuli-Nzaui hills, Mt. Elgon, Mwangea Hills, Namanga Hills, Nthangu-Kitondo Hills, Nyambene Hills and Shimba Hills water tower to the Cabinet Secretary and Principal Secretary, Ministry of Environment and Forestry, KWTA Board, Parliament, Senate and the KWTA Regional offices to inform interventions towards restoration of water towers

Community Livelihood Improvement Programme (CLIP)

In addressing the vulnerability of water towers, a situation informed by the growing demand for their resources, KWTA is implementing CLIP intervention with an aim of easing the pressure on these ecosystems. Cognizant of the Big Four Agenda, the project through; establishment of nature based enterprise including bamboo initiative as an alternative livelihood will address and improve food & nutrition security, affordable housing, industrialization, manufacturing and agro-processing. Bio-prospecting activities will contribute towards universal health care.

Objective: is to provide alternative livelihood solutions for communities and creation of economic buffers for socio economic development within water towers ecosystems.

Targets and Achievements for FY 2021/22

Community Livelihood Improvement Interventions and Investment towards Climate Change adaptation within Water Towers Ecosystems Promoted

- Establishment of Apiaries and Honey Value Chain by a site visit to undertake capacity assessments through meetings and discussions on the establishment of apiaries in Kiptogot CFA(North Rift Region), Gwasssi CFA(Lake Region) and Mt. Ndotos (Northern Region)
- The Agency conducted site visit to undertake capacity assessment for establishment of Tamarind Value Chain in Marigat, Baringo County
- The Agency conducted Capacity Building sessions on apiary establishment and management in Kiptogot CFA, Gwasssi Hills CFA, Nkaroni Beekeeping Self help group (South Rift Region) and Ndotos Hills Group.
- The Agency has also conducted capacity building for JipangeMapema Women Group for the establishment of Baobab Value Chain in Makueni County.
- The Agency conducted a site visit to undertake capacity and viability assessment for the establishment of a briquette making enterprise in TaitaTaveta on Kiteghe Welfare Group and Mughungenyi Farmers Field School Self Help Group.

Bamboo Investment and Commercialization Promoted

- Establishment of Community Based Bamboo Nurseries by having site visits in Migori(Lake Region) and the Agency also participated in the World Bamboo day where Bamboo was planted in 3.5 Ha

The entity's financial probity and serious governance issues

The Agency is not faced with any major financial improbity by internal audit/Board audit committee, external auditors, or other National Government Agencies providing oversight; neither does it have any governance issues or conflict of interest.

Major risks facing the entity

- Delay in receiving exchequer releases from the National Treasury
- Inadequate Funding
- Climate change impact (Floods, Drought)
- Fires
- Reputation risk
- Litigation Risk
- Covid -19 Pandemic

Entity's compliance with statutory requirements

The Agency is fully compliant with Statutory requirement in remitting all statutory deduction and taxes. It also pays all its bills on a timely basis. The Agency is therefore not exposed to any contingent liabilities.

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 requires an Accounting Officer for a National Government owned Entity to prepare the Annual Financial Statements for the financial year in respect of the entity.

In preparing Financial Statements for a National Government Entity, the Accounting Officer shall ensure that the report:

- (a) Contains information on the financial and non-financial performance of the entity; and
- (b) Is in a form that complies with the standards prescribed and published by the Public Sector Accounting Standards Board of Kenya from time to time.

In addition, not later than Three Months after the end of each financial year, the Accounting Officer shall submit the entity's Financial Statements to the Auditor General and a copy of statement to the Controller of Budgets, the National Treasury and the Commission on Revenue Allocation.

In the case of an entity that is a state corporation, the Accounting Officer for the corporation shall submit the Annual Report to the Cabinet Secretary responsible for the corporation who shall, upon approving it, forward a copy to the Cabinet Secretary.

Approval of the Annual financial statements

The Agency's Annual financial statements have been prepared in accordance with Section 83 of the PFM Act and were approved by the Board on _____ 2022 and signed on its behalf by:

Mrs. Ebla Haji Aden Session Board Chairperson Kenya Water Towers Agency	Prof. Julius G. Tanui, PhD. EBS Chief Executive Officer Kenya Water Towers Agency
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Signature: 

Date: 09/05/2023

Signature: 

Date: 09/05/2023

CPA Saitoti Sirere (M/No: 8419) Head of Finance and Accounts Kenya Water Towers Agency
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Signature: 

Date: 09.05.2023

REPUBLIC OF KENYA

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



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KENYA WATER TOWERS AGENCY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Water Towers Agency set out on pages 27 to 58, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

Report of the Auditor-General on Kenya Water Towers Agency for the year ended 30 June, 2022

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Water Towers Agency as at 30 June, 2022, 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 Legal Notice No. 27/2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Water Towers 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 opinion.

Key Audit Matters

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

Emphasis of Matter

Non-Operationalization of Water Towers Conservancy Fund

The Agency maintained a conservation fund account with a balance of Kshs.33,379,507 as at 30 June, 2022. However, the officer administering the Fund did not prepare and submit financial statements for audit as required by Section 11(e) of the Government Financial Management (Water Towers Conservation Funds) Regulations, 2010. The last audit being for the year ended 30 June, 2015. The Agency has also not operationalized the Water Towers Conservation Fund since the Committee, which was initially appointed to run the Fund had vacated the office after the lapse of their mandate. A new Committee to manage the Fund has not been gazetted.

In the circumstances, the purposes for which the Fund was envisaged could not be realized.

Other Matter

Unresolved Prior Year Issues

In the audit report of the previous year, several paragraphs were raised under Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved all the issues as required by The National Treasury Circular Ref. AG.3/88/Vol.VII (21) of 11 May, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Over Expenditure on Board Expenses

The statement of financial performance and Note 9 to the financial statements reflects Board expenses amount of Kshs.13,389,411. However, the expenditure is 8.8 % of the Agency's operations and maintenance budget of Kshs.156,385,695. This is contrary to Part D of the Office of the President and Head of Public Service Circular reference number OP/CAB.9/1A dated 15 March, 2020 which capped Board expenses of State Corporations at Kshs.30,000,000 or 5% of operations and maintenance budget whichever is less. Further, no authority from the Cabinet Secretary was provided for the over expenditure.

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

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

Basis for Conclusion

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

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is

necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and 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 the Management is aware of the intention to terminate 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.

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls would not necessarily disclose all matters in the internal controls 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 controls 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 controls may not prevent or detect misstatements and instances of non compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Agency's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence 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 controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease 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 controls that are identified during the audit.

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


CPA Nancy Gathungu, SBS
AUDITOR-GENERAL

Nairobi

19 May, 2023

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.


9. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE
2022

	Notes	2021-2022	2020-2021
		Ksh	Ksh
Revenue from non-exchange transactions			
Public contributions and donations – GOK Grants	6	674,000,000	673,200,000
Transfers from other governments – Project	6	13,288,591	
Finance income – Interest from Banks	7	7,054,050	8,487,877
Total revenue		694,342,641	681,687,877
Expenses			
Employee costs	8	277,783,889	252,292,118
Board Expenses	9	13,389,411	10,837,400
Depreciation and amortization expense	10	6,374,695	17,105,232
Repairs and maintenance	11	13,836,340	9,641,654
Administrative Expenses	12	136,707,686	89,673,425
Grants and subsidies – Development Expenditure	13	121,895,924	173,125,395
General Operational expenses	14	112,208,053	136,140,719
Finance costs	15	1,507,985	1,886,982
Total expenses		683,703,983	690,702,925
Surplus/(deficit) for the period/year		10,638,658	(9,015,048)

The notes set out on pages 32 to 57 form an integral part of these Financial Statements.

The Financial Statements set out on pages 27 to 31 were signed on behalf of the Board of Directors by:

Mrs. Ebla Haji Aden
Session Board Chairperson
Kenya Water Towers Agency

Signature: 

Date: 09/05/2023

Prof. Julius G. Tanui, PhD. EBS
Chief Executive Officer
Kenya Water Towers Agency

Signature: 

Date: 09/05/2023

CPA Saitoti Sirere (M/No: 8419)
Head of Finance and Accounts
Kenya Water Towers Agency

Signature: 

Date: 09/05/2023

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022	2020-2021
		kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	16	137,456,634	190,338,331
Receivables from exchange transactions - Prepayments	17	20,622,428	18,166,471
Receivables from non-exchange transactions	18	1,465,692	330,000
Inventories	19	7,836,155	7,094,459
Imprest		-	4,550,800
Sub-total		167,380,909	220,480,061
Non-current assets			
Property, plant and equipment	20	32,627,585	80,551,669
Intangible assets	21	3,567	812,487
Sub-total		32,631,151	81,364,156
Total assets		200,012,060	301,844,218
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	84,889,470	180,958,895
Deferred income	23		
Employee benefit obligation – Gratuity	24	5,936,987	22,338,376
Sub-total		90,826,457	203,297,271
Non-current liabilities			
Non-current employee benefit obligation - Gratuity	25		
Total liabilities		90,826,457	203,297,271
Net assets		109,185,604	98,546,947
Reserves		6,903,579	107,561,995
Accumulated surplus/(Deficit)		102,282,026	-9,015,048
Total net assets and liabilities		109,185,605	98,546,947

The Financial Statements set out on pages 27 to 31 were signed on behalf of the Board of Directors by:

Mrs. Ebla Haji Aden
Session Board Chairperson
Kenya Water Towers Agency

Prof. Julius G. Tanui, PhD. EBS
Chief Executive Officer
Kenya Water Towers Agency

CPA Saitoti Sirere (M/No: 8419)
Head of Finance and Accounts
Kenya Water Towers Agency

Signature: 

Signature: 

Signature: 

Date: 09/05/2023

Date: 09/05/2023

Date: 09/05/2023

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	notes	Revaluation reserve	Fair value adjustment reserve	Revenue Reserves	Capital/ Development Grants/Fund	Total
As at June 30, 2021		6,903,579	-	97,109,960.80	(5,466,593)-	98,546,945
As at 1 st July, 2021		6,903,579	-	97,109,960.80	(5,466,593)	98,546,945
Revaluation gain		-	-	-	-	-
Transfer of excess depreciation on revaluation		(-)	-	-	-	-
Deferred tax on excess depreciation		-	-	-	-	-
Fair value adjustment on quoted investments		-	-	-	-	-
Prior Year Adjustments		-	-	-	-	-
Surplus/ deficit for the year		-	-	10,638,658	-	10,638,658
Capital/Development grants received during the year		-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings		-	-	-	(-)	-
As at June 30, 2022		6,903,579	-	107,748,619	(5,466,593)	109,185,605

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

16. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30th JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Net Operating Surplus for the year		10,638,658	(9,015,047)
Adjustments for			
Depreciation & amortization of Plant, Property and Equipment	10	6,374,695	17,105,232
Cash in transit		45,000,000	
Net Cash flow generated from operating activities before changes in working capital		62,013,353	8,090,185
Changes in working capital			
Increase in Trade and Receivable	18	(1,135,692)	(330,000)
Decrease in Trade and other Payables	22	(96,069,425)	(55,271,493)
Increase in Inventory	19	(462,395)	9,355,441
Increase in Prepayments	17	(2,455,957)	2,036,557
Decrease in gratuity payable	24	(16,401,389)	(13,813,497)
Decrease in Imprest		4,550,800	7,662,510
Net cash flows from operating activities		(111,974,058)	(50,360,482)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,920,993)	(2,100,100)
Proceeds from sale of property, plant and Equipment			
Decrease in non-current receivables			
Net cash flows used in investing activities		(2,920,993)	(2,100,100)
Cash flows from financing activities			
Prior year Adjustment		-	26,789,240
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		-52,881,698	-52,881,698
Cash and cash equivalents at 1 st July 2021	16	190,338,332	207,919,490
Cash and cash equivalents at 30 th June 2022	16	137,456,634	190,338,332

The Financial Statements set out on pages 27 to 31 were signed on behalf of the Board of Directors by:

Mrs. Ebla Haji Aden
Session Board Chairperson
Kenya Water Towers Agency

Prof. Julius G. Tanui, PhD. EBS
Chief Executive Officer
Kenya Water Towers Agency

CPA Saitoti Sirere (M/No: 8419)
Head of Finance and Accounts
Kenya Water Towers Agency

Signature: 

Signature: 

Signature: 

Date: 09/05/2023

Date: 09/05/2023

Date: 09/05/2023

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Revised Budget	Final Revised budget	Actual on comparable basis	Performance difference	Explanation
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue							
Public contributions and donations	494,000,000		494,000,000	494,000,000	494,000,000		
Government grants and subsidies	203,698,811	-20,000,000	200,879,029	200,879,029	200,342,641	536,388	
Finance income – Interest						-	
Additional External Grants						-	
Total income	697,698,811	(20,000,000)	694,879,029	694,879,029	694,342,641	536,388	
Expenses							
Compensation of employees	338,114,305	70,524,111	267,590,194	267,590,194	261,382,500	6,207,694	
Goods and services	125,941,339	-	125,941,339	125,941,339	247,674,435	(121,733,096)	The Variance arose of additional funds for recruitment carried forward from previous Financial year
Finance cost	1,000,000	-500,000	1,500,000	1,500,000	2,049,561	(549,561)	
Rent paid	28,944,356		28,944,356	28,944,356	24,729,510	4,214,846	
Prepayments					20,622,428	(20,622,428)	Medical cover prepayments paid in 4 th quarter FY 2021/2022
Grants and subsidies paid	203,698,811		220,879,029	200,879,029	180,277,571	20,601,458	
Total expenditure	697,698,811	70,024,111	644,854,918	624,854,918	736,736,005	(111,881,087)	
Surplus for the period							

18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Kenya Water Towers Agency is a State Corporation under the Ministry of Environment and Forestry. It was established in 2012 vide Kenya Gazette Supplement, Legal Notice No. 27/2012 on 20th April, 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activities are to co-ordinate and oversee the protection, rehabilitation, conservation, and sustainable management of Water Towers

2. Statement of Compliance and Basis of Preparation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard. (Entity to state the impact of the amendments to the financial statements)</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(State the impact of the standard to the entity if relevant)</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

Standard	Effective date and impact:
	<p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows. (State the impact of the standard to the entity if relevant)</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. (State the impact of the standard to the entity if relevant)</p>

iii. **Early adoption of standards**

The entity did not early – adopt any new or amended standards in year 2021/2022.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

ii) Revenue from exchange transactions

Interest income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of nil on the 2020-2021 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) **Taxes**

Current income tax

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

f) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

g) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

i) Changes in accounting policies and estimates

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

j) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

k) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

l) Related parties

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

m) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

n) Comparative figures

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

o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

- a) The condition of the asset based on the assessment of experts employed by the Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the asset.
- e) Changes in the market in relation to the asset

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Operational grant	674,000,000	673,200,000
Other grants	13,288,591	-
Total Unconditional Grants		-
Conditional grants		-
Total government grants and subsidies	687,288,591	673,200,000

Description	2021-2022	2020-2021
	KShs	KShs
Other Income		
Finance Income	7,054,050	8,487,877
Total Other Income	7,054,050	8,487,877

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total transfers 2021/22	Prior year 2020-2021
			KShs	KShs	KShs
State Department of Environment and Forestry	674,000,000	-	-	674,000,000	673,200,000
Total	674,000,000	-	-	674,000,000	673,200,000

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Finance Income

Description	2021-2022	2020-2021
	KShs	KShs
Finance Income	7,054,050	8,487,877
Total Finance Income	7,054,050	8,487,877

8. Employee Cost

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	162,385,753	151,104,930
Employer contribution to pension schemes	20,855,491	11,554,965
Special Duty allowances	2,369,279	166,558
Housing benefits and Commuter allowances	63,370,060	59,758,033
Extraneous Allowance	627,000	1,252,000
Gratuity	23,199,009	21,526,109
Employer contribution to N.S.S.F	683,100	464,400
Leave Allowance	1,935,000	2,012,000
Responsibility Allowance	2,359,197	2,316,223
Employee costs	277,783,889	252,292,118

9. Board/Council Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	582,857	960,000
Directors emoluments	12,806,554	9,877,400
Total Board Expenses	13,389,411	10,837,400

10. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	6,374,695	16,705,052
Intangible assets	-	400,180
Total depreciation and amortization	6,374,695	17,105,232

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

11. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Vehicles	4,698,068	3,639,760
Computers and accessories	9,138,271	6,001,894
Total repairs and maintenance	13,836,340	9,641,654

12. Administrative Expenses

Description	2021-2022	2020-2021
	KShs	KShs
Office Rent	18,938,790	19,156,173
Parking Charges	5,790,720	-
Temporary Committees (Joint Enforcement Unit)	57,942,800	59,178,760
Group life and Group Personal Insurance	1,923,225	2,179,073
Medical Insurance	23,225,950	-
Insurance - WIBA	2,133,547	1,611,319
Motor Vehicle Insurance	2,883,205	-
Audit Fees	330,000	330,000
Recruitment	21,399,368	3,145,300
Office Partitioning	954,866	1,691,200
Legal Fees	1,185,215	2,381,600
Total administrative expenses	136,707,686	89,673,425

13. Grants and Subsidies

Description	2021-2022	2020-2021
	KShs	KShs
Audit of Rehabilitation Activities	1,631,300	3,187,200
Assessments of Critical water Catchment	1,473,900	6,565,800
Ecosystems Management Plan	2,449,410	7,845,400
Establishment of Bamboo Enterprise	8,060,862	6,030,500
Implementation of CLIP interventions in Water Towers - CDAPS	540,300	3,919,800
Rehabilitation through tree planting (Bamboo Nurseries)	-	3,482,200
Multilateral Engagements and Strategic Plan	1,293,998	4,128,700
Monitoring and Evaluation	9,785,500	10,343,300
Monitoring Framework	-	2,428,200
Communication, and ICT	319,200	10,286,400
Water Towers Conservation Plans (WTCPs)	-	-
Corporation collaboration	711,400	-
Water Towers Status Report	3,634,900	2,571,963
Total Economic Valuation	932,400	3,739,700

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

Feasibility Studies	-	1,421,600
Environmental Awareness Education	285,600	257,900
Nature-based enterprises	4,433,000	3,596,120
Baobab Value chain Development	-	390,800
Establishment of Tree Nurseries	-	4,673,100
Resource Mobilization and Green – branding & promotion	1,122,816	-
Capacity Dev-WRUAs	1,284,300	-
Construction of JEU Camps	67,200	-
Construction of Biogas in schools (Model School)	2,860,088	1,228,400
Honey Production	-	2,869,600
Contracted Rehabilitation-Tree planting	-	3,811,350
Fencing of Mau Complex	28,380,535	41,739,387
Policy and Bill	1,607,300	3,015,527
Environmental Impact Assessment	-	714,000
Corporate Social Responsibility	4,636,000	-
Regional Project Planning and Implementation	1,980,000	841,500
Community Scouts	1,560,000	598,596
Water Towers Emergency Fund	940,800	1,041,700
10% National Tree Cover	41,905,115	42,396,653
Total grants and subsidies	121,895,924	173,125,396

14. General Operational Expenses

	2021-2022	2020-2021
	Kshs	Kshs
Advertising and Promotion	2,810,467	1,141,908
Fuel	4,917,750	4,350,400
General Office Supplies	6,032,185	13,878,029
Accommodation, Travel and transport	39,150,263	50,865,565
Medical Insurance	-	27,458,539
communication and supplies	76,560	9,450
Parking fees	-	5,740,800
Motor Vehicle insurance	-	5,777,814
Hospitality	2,140,987	3,667,207
Regional office Expenses	3,772,413	4,817,267
Telephone, Mobile services	7,030,000	6,904,000
Training	10,684,325	11,529,740
Corporation tax	8,945,023	
Foreign Travel	2,779,440	
Policy and Bill	14,207,840	
Asset Tagging	991,200	
Customer Satisfaction	1,960,500	

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

ERP Acquisition	1,564,500	
HIV/AIDS Training	1,390,100	
HR Consultancy	800,000	
Mainstreaming	493,500	
Subsistence Allowance	2,461,000	
Total	112,208,053	136,140,718

15. Finance Costs

Description	2021-2022	2020-2021
	KShs	KShs
Bank Charges	1,507,985	1,886,982
Total finance costs	1,507,985	1,886,982

16. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	92,456,634	190,338,331
Total cash and cash equivalents	92,456,634	190,338,331

(a) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Kenya Commercial bank Development	1169617867	64,458,333	110,505,491
Kenya Commercial bank – EU	1206871059	622.50	1,001
National Bank of Kenya - Recurrent	01001094665400	22,871,290	58,561,252
National Bank of Kenya - Gratuity	01001094665401	5,126,388	21,270,587
Grand total		92,456,634	190,338,331
b) Others(specify)			
Cash in transit		45,000,000	-
cash in hand			-
Total		137,456,634	-

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Receivables from Exchange Transactions - Prepayments

	2021-2022	2020-2021
	KShs	KShs
Current receivables - Prepayments		
Medical Insurance(10 months)	20,622,428	18,166,471
Total current receivables -Prepayments	20,622,428	18,166,471

18. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Staff salary advance	1,465,692	330,000
Total current receivables	1,465,692	330,000

19. Inventories

Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores	7,836,155	7,094,459
Total inventories at the lower of cost and net realizable value	7,836,155	7,094,459

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Property, Plant and Equipment

	Motor vehicles 25%	Furniture and fittings 12.5%	Computer 30%	Total
COST				
<i>As at beginning of the period 1st July 2019</i>	127,709,387	37,459,938	46,623,302	211,792,627
Adjustments:				
Loss/Gain on Revaluation				-
Additions	-	1,595,860	2,293,500	3,889,360
Disposal				-
As at end of period 30th June 2020	127,709,387	39,055,798	48,916,802	215,681,987
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2019</i>	50,872,307	8,256,620	32,034,801	91,163,728
Adjustments:	-	-	-	-
Depreciation on disposal	-	-	-	-
Charge for the year	31,927,347	4,881,975	16,289,295	53,098,617
As at end of period 30th June 2020	82,799,653	13,138,595	48,324,097	144,262,345
NET BOOK VALUE AS AT JUNE 2020	44,909,733	25,917,203	592,705	71,419,642
COST				
<i>As at beginning of the period 1st July 2020</i>	127,709,387	39,055,798	48,916,802	215,681,987
Adjustments:	-	-	-	-
Loss/Gain on Revaluation	-	-	-	-
Additions	-	337,500	1,762,600	2,100,100
Disposal	-	-	-	-
As at end of period 30th June 2021	127,709,387	39,393,298	50,679,402	217,782,087
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2020</i>	82,799,653	13,138,595	48,324,097	144,262,345
Adjustments:	-	-	-	-
Depreciation on disposal	-	-	-	-
Charge for the year	31,927,347	4,924,162	586,946	37,438,455
As at end of period 30th June 2021	114,727,000	18,062,757	48,911,042	181,700,800
NET BOOK VALUE AS AT JUNE 2021	12,982,387	21,330,541	1,768,359	36,081,287

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

	Motor vehicles 25%	Furniture and fittings 12.5%	Computer 30%	Total
COST				
COST				
<i>As at beginning of the period 1st July 2021</i>	127,709,387	39,393,298	50,679,402	217,782,087
Adjustments:	-	-	-	-
Loss/Gain on Revaluation	-	-	-	-
Additions	-	1,639,700	1,281,293	2,920,993
Disposal	-	-	-	-
<i>As at end of period 30th June 2022</i>	127,709,387	41,032,998	51,960,695	220,703,080
Accumulated Depreciation				
<i>As at beginning of the period 1st July 2021</i>	114,727,000	18,062,757	48,911,042	181,700,800
Adjustments:	-	-	-	-
Depreciation on disposal	-	-	-	-
Charge for the year	-	5,129,125	1,245,570	6,374,695
<i>As at end of period 30th June 2022</i>	114,727,000	23,191,882	50,156,613	188,075,495
NET BOOK VALUE AS AT JUNE 2022	12,982,387	17,841,116	1,804,082	32,627,585

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Intangible Assets

Description	2021-2022	2020-2021
	Kshs 33.3%	Kshs 33.3%
Cost		
<i>As at beginning of the period 1st July 2021</i>	3,566,669	1,212,667
Additions		
As at 30th June 2022	3,566,669	1,212,667
Amortization and impairment		
<i>As at beginning of the period 1st July 2021</i>	3,563,102	
Amortization for the Period	0	(400,180)
As at 30th June 2022	3,563,102	(400,180)
NBV AS AT 30TH JUNE 2022	3,567	812,487

21 (b) Summary of Depreciation

	2021-2022	2020-2021
Asset	Depreciation	Depreciation
Motor Vehicles	-	14,375,260
Furniture and fittings	5,129,125	625,644
Computer and accessories	1,245,570	1,704,148
Intangible Asset-Software's	-	400,180
Total	6,374,695	17,105,232

22. Trade and Other Payables

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	84,889,470	180,958,895
Other payables		
Total trade and other payables	84,889,470	180,958,895

23. Deferred Income

There was no deferred income recognized

24. Current Provisions (Gratuity)

Description	Leave provision	Gratuity Provision	Other provision	Total

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

	KShs	Kshs	KShs	KShs
Balance b/d (1.07.2021)		22,338,376		22,338,376
Additional Provisions		6,797,620		6,797,620
Provision utilised		(23,199,996)		(23,199,996)
Change due to discount and time value for money				
Transfers from non -current provisions				
Total provisions as at 30.6.2022		5,936,987		5,816,987

25. Non-Current Provisions (Gratuity)

Description	Long service leave	Gratuity provisions	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-		-
Additional Provisions	-			
Provision utilised	-	-	-	-
Balance at the end of the year	-	-	-	-

29 Financial Risk Management

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

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

i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2022				
Receivables from exchange transactions	127,089,303	127,089,303	-	-
Receivables from non-exchange transactions	20,622,428	20,622,428	-	-
Receivables from non-exchange transactions- Imprest, Salary Advance	0	0		
Bank balances	137,456,634	137,456,634	-	-
Total	285,168,365	285,168,365	-	-
As at 30 June 2020				
Receivables from exchange transactions	18,166,471	18,166,471	-	-
Receivables from non-exchange transactions	330,000	330,000	-	-
Bank balances	190,338,331	190,338,331	-	-
Total	208,834,802	208,834,802	-	-

ii) Liquidity risk management

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

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

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	127,089,303	-	127,089,303	127,089,303
Current portion of borrowings		-		
Provisions		-		
Deferred income		-		
Employee benefit obligation	5,816,987		5,816,987	5,816,987
Total	132,906,290		132,906,290	132,906,290
As at 30 June 2021				
Trade payables	-	-	180,958,895	180,958,895
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	22,338,376	22,338,376
Total	-	-	203,297,271	203,297,271

iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The entity's interest rate risk arises from bank deposits. This exposes the entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the entity's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

iv) Capital Risk Management

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

	2021-2022	2020-2021
		Kshs
Revaluation reserve	6,903,579	6,903,579
Revenue Reserves	129,117,637	100,658,416
Accumulated Surplus (Deficit)	(39,995,553)	(9,015,048)
Total funds	96,025,663	98,546,947
Less: cash and bank balances	137,456,634	190,338,331
Net debt/(excess cash and cash equivalents)	65,840,637	190,338,331
Gearing	0.32	2.2

30 Related Party Disclosures

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.

Government of Kenya

The Government of Kenya is the principal shareholder of the entity, holding 100% of the entity's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- (i) The National Government;
- (ii) The Parent Ministry;
- (iii) Employees
- (iv) Board of directors

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Relates Party Disclosures

- ii) Key management;
- iii) Board of directors;

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	674,000,000	673,200,000
Grants from Donors	13,288,591	-
Donations in kind	-	-
Total	687,288,591	673,200,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for 117 employees	261,382,500	252,292,118
Payments for goods and services	301,148,784	-
Total	562,531,284	252,292,118
c) Key management compensation		
Directors' emoluments	13,389,411	10,837,400
Compensation to the CEO	-	-
Compensation to key management	-	-
Total	13,389,411	10,837,400

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 Contingent Assets and Contingent Liabilities

There was no any contingent liability reported under the FY 2020/2021

31 Events after the Reporting Period

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

32 Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Environment and Forestry. Its ultimate parent is the Government of Kenya

33 Currency

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

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
AA/KWTA/1/2017-2018/VOL.1(4)	Un-operationalized Water Towers Conversation Fund		Not Resolved	Resolution of the Board

Prof Julius Tanui, PhD. EBS
 Chief Executive Officer
 Kenya Water Towers Agency

Date.....

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by Kenya Water Towers Agency.

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Mitigation and Management of Soil Loss		GoK		NIL	No	No
2. Community Livelihood Improvement Program (CLIP)		GoK		NIL	No	No

Status of Projects completion

	Project	Total project Cost Ksh. Millions	Total expended to date Ksh. Millions	Completion % to date	Budget	Actual	Sources of funds
1	1106102500:Mitigation and Management of Soil Loss	1,500	505	21%	55	55	GOK
2	1106102900: Community Livelihood Improvement Program (CLIP)	2,000	675	45%	65	65	GOK

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

3	Innovative Approaches on Sustainable management of Water Towers Programme	1,500	0		0	0	
4	Securing and protection of water towers programme	1,910	0		0	0	

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		KENYA WATER TOWERS AGENCY		
Break down of Transfers from Ministry of Environment and Forestry				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		16/8/2021	123,500,000	FY 2021/2022
		30/11/2021	123,500,000	FY 2021/2022
		22/2/2022	123,500,000	FY 2021/2022
		30/05/2022	123,500,000	FY 2021/2022
		Total	494,000,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		22/09/2021	100,000,000	FY 2021/2022
		3/01/2022	35,000,000	FY 2021/2022
		30/6/2022	45,000,000	FY 2021/2022
		05/17/2021	25,000,000	FY 2021/2022
		30/11/2021	35,000,000	FY 2021/2022
		31/1/2022	35,000,000	FY 2021/2022
		Total	180,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	-	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager,
CPA Saitoti Sirere
Kenya Water Towers Agency

Head of Accounting Unit
CPA George Kihara Gichuru
Ministry of Environment and Forestry

Sign



Sign

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

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	Others - must be specific	
Ministry of Environment and Forestry	22/09/2021	100,000,000	100,000,000	100,000,000	-	-	-	-	-
	3/01/2022	35,000,000	35,000,000	35,000,000	-	-	-	-	-
	30/6/2022	45,000,000	45,000,000	45,000,000	-	-	-	-	-
	05/17/2021	25,000,000	25,000,000	25,000,000	-	-	-	-	-
	30/11/2021	35,000,000	35,000,000	35,000,000	-	-	-	-	-
	31/1/2022	35,000,000	35,000,000	35,000,000	-	-	-	-	-
	22/09/2021	100,000,000	100,000,000	100,000,000	-	-	-	-	-
	3/01/2022	35,000,000	35,000,000	35,000,000	-	-	-	-	-
	30/6/2022	45,000,000	45,000,000	45,000,000	-	-	-	-	-
	05/17/2021	25,000,000	25,000,000	25,000,000	-	-	-	-	-

Kenya Water Towers Agency
Annual Reports and Financial Statements
For the year ended June 30, 2022.

	30/11/2021	35,000,000	35,000,000	35,000,000									
	31/1/2022	35,000,000	35,000,000	35,000,000									
Total													