

REPUBLIC OF KENYA




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**REPORT**

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**THE AUDITOR-GENERAL**

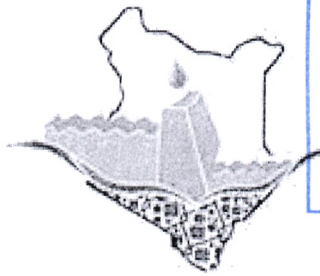
**ON**

**NATIONAL WATER HARVESTING  
AND STORAGE AUTHORITY**

**FOR THE YEAR ENDED  
30 JUNE, 2018**



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*Hifadhi Maji, Boresha Maisha*

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
REGISTRY

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**NATIONAL WATER HARVESTING & STORAGE AUTHORITY**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING**

**JUNE 30, 2018**

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

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## **KEY AUTHORITY INFORMATION AND MANAGEMENT**

### **(a) Background information**

National Water Harvesting and Storage Authority is established under Section 30 of the Water Act 2016. Section 149 of the Water Act 2016, transformed the Authority from National Water Conservation & Pipeline Corporation (NWCPC) which was established under the State Corporations Act Chapter 446 of the Laws of Kenya vide Legal Notice No. 270 of 24th June, 1988.

#### **Vision**

“To be the premier authority in water infrastructure development and management in Kenya and beyond”

#### **Mission**

“Developing and managing national water works infrastructure towards enhancing water security, flood mitigation and storage for multipurpose use.”

### **(b) Principal Activities**

The Authority’s Mandate and functions as stipulated in Section 32 of the Water Act 2016 are as follows;

(1) The functions and powers of the Water Storage Authority shall be to -

- a) Undertake on behalf of the national government, the development of national public water works for water resources storage and flood control;
- b) Maintain and manage national public water works infrastructure for water resources storage;
- c) Collect and provide information for the formulation by the Cabinet Secretary of the national water resources storage and flood control strategies
- d) Develop a water harvesting policy and enforce water harvesting strategies;
- e) Undertake on behalf of the national government strategic water emergency interventions during drought; and
- f) Advise the Cabinet Secretary on any matter concerning national public water works for water storage and flood control.

(2) The Water Storage Authority may appoint agents for the operation, management, maintenance and safety of any storage infrastructure that it has developed.

(3) The Water Storage Authority shall have such other powers and functions as may be conferred or imposed on it by this or any other Act.

### (c) Key Management

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

- ❖ Board of Directors;
- ❖ Managing Director;
- ❖ General Manager Construction;
- ❖ General Manager Finance and Corporate Planning;
- ❖ General Manager Technical Planning & Design;
- ❖ General Manager Corporate & Legal Services;
- ❖ General Manager Human Resource & Administration;
- ❖ Chief Procurement Officer; and
- ❖ Chief Internal Auditor.

### (d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Managing Director (Acting)	Dr.Eng Ibrahim Ali Hassan
2	General Manager Construction (Acting)	Eng. David Gitau
3	General Manager, Finance & Corporate Planning	CPA Margaret Kithunzi
4	General Manager Technical Planning & Design	Eng. Joseph Muchiri
5	General Manager Legal Services	Justus Ambutsi Wabuyabo
6	General Manager Human Resource & Administration	Solomon Musiega Assava
7	Chief Procurement Officer	John Mwalya Musyoka
8	Chief Internal Auditor	CPA Adano S Kadubo

### (e) Fiduciary Oversight Arrangements

#### Finance Committee

The Committee comprises of four non-executive directors (one of them as Chairman) and the Managing Director as the Secretary.

The Committee has the following duties and responsibilities as directed by the Board:

- a) Develop, review and monitor implementation of the resource mobilization strategy of the Authority
- b) Review and make recommendations to the Board of Directors regarding the Authority's annual financial plans;
- c) Review the financial condition of the Authority and its requirements for funds.
- d) Review and make recommendations to the Board of Directors regarding any proposed capital project which is required to be approved by the Board of Directors;
- e) Review and make recommendations to the Board where appropriate regarding Authority's financial and risk management policies and practices, including cash investment policies; debt limitations; annual and longer-term operating plans; long-term capital expenditure projects; financing plans; and other financial transactions or issues that management desires to have reviewed by the Committee;

#### Risk & Audit Committee

This Committee comprises of four non-executive directors (one of them as Chairman) excluding the Managing Director and the secretary is the Chief Internal Auditor

The Board of Directors of the Authority established the Risk & Audit Committee to discharge duties related to safeguarding the Authority's assets; operation of adequate systems; control processes and preparation of accurate financial reporting and statements in compliance with legal requirements and accounting standards

The Committee shall have the following duties and responsibilities, as well as such other duties and responsibilities as it deems appropriate to carry out its purposes or as directed by the Board:

- a) Deal with appointment and termination of the Chief Internal Auditor. The Committee shall recommend this to the Board of Directors for approval.
- b) Discuss problems and reservation arising from the final audits, and any matter the external auditor may wish to discuss (in the absence of management where necessary)
- c) Review the external auditor's report(s) to the Management and Management's response.
- d) Consider the major findings in internal investigations and Management's response.
- e) Have explicit authority to investigate any matter within its terms of reference, the resources that it needs to do so and full access to information,
- f) Obtain external professional advice and to invite outsiders with relevant experience to attend, if necessary;
- g) Consider other topics as defined by the Board including regular review of the capacity of the internal audit function; and
- h) The Committee must ensure that all legal provisions are followed. In addition to the various statutes that apply to the Authority's operations, these should include:
  - Code of conduct
  - Water Act 2016
  - The Government's Rules and Regulations
  - State Corporation's Act
  - Policies, Rules and Regulations established by the Board
- i) Establish an internal audit function and the Risk & Audit Committee's function in relation to Internal Audit functions, to include:
  - Review of the adequacy, scope, functions and resources of the Internal Audit function and ensure that it has the necessary authority to carry out its work.
  - Review the Internal Audit Program and results of the Internal Audit process and, where necessary ensure that appropriate actions are taken on the recommendations of the Internal Audit function.
  - Review any appraisal or assessment of the performance of members of the Internal Audit function.
  - Approve any appointment or termination of senior staff members of the Internal Audit function.
  - Ensure that the Internal Audit function is independent of the activities of the Authority and is performed with impartiality, proficiency and due professional care.

## KEY AUTHORITY INFORMATION AND MANAGEMENT (Continued)

### (f) Headquarters

P.O. Box 30173  
GPO 00100  
Dunga road, Industrial Area  
Nairobi, Kenya.

### (g) Contacts

Telephone: (254) (020) 556600/1254  
Hotline: (254) 020 6531047  
E-mail: [info@nwcpc.go.ke](mailto:info@nwcpc.go.ke)  
Website: [www.waterauthority.go.ke](http://www.waterauthority.go.ke)

### (h) Bankers

Kenya Commercial Bank  
P.O. Box 30081  
GPO 00100  
Nairobi, Kenya

National Bank of Kenya  
P.O. Box 72866- 00200  
Nairobi, Kenya

### (i) Independent Auditors





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

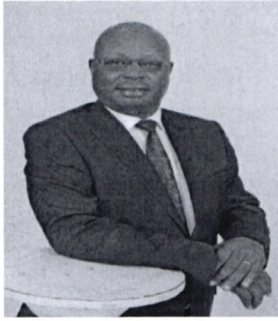
### (j) Principal Legal Adviser

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

## THE BOARD OF DIRECTORS

Board of Directors who were in office during the financial year ended 30 June 2018 were:

 <p><b>Hon.(Dr.) Julius Kones</b></p>	<p>Born in 1972. He has a PhD in Mathematics, Master and Bachelor of Science degrees in Mathematics and Statistics respectively.</p> <p>The former statistics lecturer at the University of Nairobi is the immediate former MP for Konoin Constituency in Bomet County.</p> <p>He is the Chairman of the Board.</p>
 <p><b>Walubengo Waningilo</b></p>	<p>Born in 1965. He has a Postgraduate Master's degree in Arts, BA(Hons), LLB(Hons), Post Graduate Diploma(KSL).</p> <p>He has worked at National Hospital Insurance Funds for 15 years in Operations and prosecutions.</p> <p>He is also a practicing advocate. He chaired the GRAC committee.</p>
 <p><b>Ms. Halima Kiniti</b></p>	<p>Born in 1965. She has undertaken Customer Service Training and holds a certificate in Institutional Management. Ms. Halima is a leading business woman and entrepreneur. For the last seven years she has run an infrastructure construction company that has successfully built and rehabilitated road infrastructure across Kenya.</p> <p>Prior to this, she had worked for sixteen years in the hospitality industry with global brands like Diners club and Hilton Hotels as well as leading blue chip companies like Kenya Airways offering extensive skills in hospitality and natural affinity for superior customer care.</p>
 <p><b>Moses Ndwiga</b></p>	<p>Born in 1952. He has a Bachelor of Education Science from (University of Nairobi).</p> <p>Mr. Ndwiga has vast experience in the Education Sector having previously worked through the ranks to Senior Principal Teacher in various institutions including Siakago High School, Kegonge High School, Kiangugi High School and Kithegi Secondary School.</p>



**John Kangogo**

Born in 1960. Mr. Kangogo worked with the Elgeyo/Marakwet county council before moving to the National Irrigation Board. Later he moved to Ministry of Finance at the Customs Department.

He founded Cornerstone Security Services Ltd, Flagon Ltd and North Rift Wood & Timber Company Ltd where he serves the positions of Executive Chairman and Executive Director respectively.



**Eng. Vincent Sidai Esyepet**

Born in 1974. He holds a M.A Project Planning & ManagementUoN, BSc(Hons) degree in Civil Engineering – JKUAT, Post Graduate in Program for Management Development – Strathmore/GIBS, Diploma in Advanced Concrete Technology – Institute of Concrete Tech. UK, Certificate in Concrete Technology – Cement & Concrete Institute, Certificate in Corporate Governance – Centre for CorporateGovernance.

He is also a Registered Engineer, Engineers Registration Board, Corporate Member, Institution of Engineers of Kenya and Member Institute of Concrete Technology - UK. Eng Sidai has over sixteen years of progressive experience in the construction industry, business management, and logistical management and people skills gained through working with various organizations



**Mrs. Alome Achayo**

Born in 1968. Mrs. Alome has a Masters in Business Administration-Finance/Management and Bachelor of Science - Microbiology. She has over 15 years combined senior and middle level management experience acquired through working in various capacities in various institutions. She has previously headed Mombasa Water supply and Sanitation Co. Ltd, as the managing director.

She worked as a general manager in E & A industries Ltd among others. She also worked as General Manager Business Development at Agricultural Finance Authority (AFC). Prior to that she worked as product manager in various international pharmaceutical firms.



**CPA. Geoffrey Malombe  
(HSC)  
Representing PS, National  
Treasury**

Born in 1972. FCPA Malombe has an MBA (Finance Option), Bachelor Degree (Agriculture and Economics). He is a Certified Public Accountant (Kenya) and a Member of the Institute of Certified Public Accountants of Kenya (ICPAK).

He joined Government in 1997 and rose through the ranks to Senior Deputy Accountant General in 2016. He has over 20 years' experience in various Government ministries. He has also been involved in other Public Financial Management reforms in the National Treasury. He was the alternate to the Principal Secretary-The National Treasury.



**Eng. Lawrence Simitu**

Born in 1965. He has a BSC in Civil Engineering (U.O.N), MSc in Civil Engineering ( U.O.N).He has over 20 years' experience in the water sector.



**Dr (Eng.) Ali  
Hassan**

Born in 1965. Has a PHD in Project Management, MSc in Project Management, Master's in Business Administration, BSc Civil Engineering, Diploma in Irrigation Engineering and Certificate in Strategic Leadership Development Certificate in Corporate Governance.

Member of the institute of engineers of Kenya (MIEK). He was the acting Managing Director during this period.



**CS. Justus Ambutsi  
Wabuyabo**




Born in 1974. He has a Master of Law (LL.M) Degree (Public International Law), Bachelor of Law LL.B (Hons.) and Post Graduate Diploma in Law.





He is an Advocate of the High Court and a member of the Law Society of Kenya with experience of more than 15 years in legal affairs. He is the company secretary and the head of Corporate and Legal Services Department.



**National Water Harvesting & Storage Authority**  
**Annual Reports and Financial Statements**  
**For the year ended June 30, 2018**



**THE BOARD OF DIRECTORS**

Board of Directors who are currently in office;


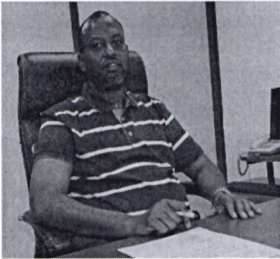

No.	Name	Director's date of birth, key qualifications and work experience
1	 <b>Mr. Erick Okeyo,</b> <b>MBS, MKIM</b> <i>Chairman</i>	<p>He holds a Diploma in Marketing Management. He previously served as the Board Chairman at Lake Victoria South Water Works Development Agency. He was the first Vice Chairman of the Private Security Regulatory Authority in the Office of the President.</p> <p>He is a member of the Kenya Hospital Association- Nairobi Hospital Board and National Chairman of the Kenya Security Industry Association (KSIA).</p>
2	 <b>Eng. S.A.O Alima</b> <i>Rep PS Ministry of Water &amp; Sanitation</i>	<p>He holds a Degree in Civil Engineering from the University of Nairobi and has a wealth of technical and managerial experience gained while working with the Ministry of Water, Sanitation and Irrigation in Various positions.</p> <p>He is a member of the Human Resource &amp; General Purposes, Finance and Strategy, Technical and Business Development Board Committees.</p>
3	 <b>Bernard Otieno</b> <b>Okebe</b> <i>Member</i>	<p>He holds a Master of Science degree in Communication studies, Bachelor of Science degree in Communication and Public Relations and Advance Diploma in Journalism.</p> <p>He has over 24 years experience in Communication and Media. He also served as a member of Water Action Group (WAG) under WASREB and a Member of Board of Governors for God-Oloo Secondary School.</p> <p>He is a member of the of Human Resources &amp; General Purposes and Governance, Risk and Audit Board Committees at NWWSA.</p>




4	 <p><b>Dr. Geoffrey Gitau Kamau</b> <i>Member</i></p>	<p>He holds a PhD in Entrepreneurship and MSc in Entrepreneurship both from JKUAT. He also holds several postgraduate and ICT professional credentials including MISM Keller Graduate School (USA); Cisco CCNA - San Diego College (USA), Diploma IMIS – UK, Master of Communication Management - University of Rwanda &amp; UK Telecommunications Authority, and IBM Cyber Security Specialist.</p> <p>He is the Chairman of the Human Resource and General Purposes Committee.</p>
5	 <p><b>Banticha Abdullahi Jaldesa</b> <i>Member</i></p>	<p>He holds a Bachelor of Arts in Education and a Certificate in ICT Proficiency from Maseno University. He was a previous Member of Parliament for Isiolo South Constituency in 2013 where he served until 2017.</p> <p>He has previously worked as a Finance Director in a petroleum company where he coordinated financial strategic planning of the company, increased revenues and expanded markets for the company. He is the Chairman of the Governance, Risk and Audit Board Committee at NWHSA.</p>
6	 <p><b>Monica Namunyak Cherutich</b> <i>Member</i></p>	<p>She is a qualified teacher and is the Vice Chair County Public Service Board.</p> <p>She is a member of the Human Resources &amp; General Purposes and Finance Board Committees at NWHSA</p>
7	 <p><b>Jane Mwikali Makau</b></p>	<p>She holds a Master's degree in Business Administration and a Bachelor of Arts Degree; BA (Hons.) in Business and Management from University of Sunderland United Kingdom. Additionally, Jane has a higher National Diploma in Business and Technology from EDEXCEL University UK and a Marketing, Sales and Advertising Diploma from Graffins College. She holds a certificate in Entrepreneurship from Babson College in Boston USA.</p>



	<i>Member</i>	She is a Director at NWHSA and the Chair of Strategy, Technical & Business Development Committee and a member of Governance Risk and Audit Board Committee. (GRAC).
8	 <p><b>Abdikadir Haji Abdi Dara</b> <i>Member</i></p>	<p>He holds an MBA in International Marketing Management from the American Graduate School of International Management (Thunderbird), Glendale, Arizona and a Bachelor of Arts in Business Management and International Relations from Webster University, Geneva, Switzerland.</p> <p>He has over 15 years of executive level management and analytical experience supporting project initiatives in the United States, Africa and the Middle East. Mr. Dara is a member of the Finance and Strategy, Technical and Business Development Board Committees at NWHSA.</p>
9	 <p><b>Walubengo Waningilo</b> <i>Member</i></p>	<p>He holds a Master of Laws (LLM), Masters in History and a Bachelor of Arts in Sociology &amp; History and a Bachelor of Laws (LLB) degree from the University of Nairobi. He also holds a Post Graduate Diploma from the Kenya School of Law and Investigations and Prosecution Certificate from the CID Training School.</p> <p>He is the Chairman of the Finance Board Committee at NWHSA. Chairman of the Finance Board Committee at NWHSA. He is also a practicing advocate.</p>
10	 <p><b>Samwel Mwati</b> <i>Representative: PS Ministry of Lands and Physical Planning</i></p>	<p>He holds a Master's Degree in Public Policy and Administration from Kenyatta University and a Bachelor of Arts Degree from University of Nairobi. He has extensive experience in Administration and Management.</p> <p>He is a member of Governance, Risk and Audit and Human Resource &amp; General Purposes Board Committees at NWHSA.</p>

<p>11</p>	 <p><b>Elema Huka</b> <i>Representative: The National Treasury</i></p>	<p>He holds a Bachelor degree in Economics from the University of Nairobi. Currently Mr. Huka is deployed at the Public Debt Management Directorate of the National Treasury.</p> <p>He previously worked as a programme Economist under Economic Empowerment Program, a joint program under World Bank and Government of Kenya.</p> <p>He is a member of the Finance, Strategy, Technical and Business Development, and Governance, Risk and Audit Board Committees at NWHSA.</p>
<p>12</p>	 <p><b>CS. Sharon Obonyo</b> <i>Chief Executive Officer (Ag)&amp; Company Secretary</i></p>	<p>She holds a Bachelor of Laws(LLB). She is an Advocate of the high court of Kenya and a Certified secretary with the institute of certified public secretaries.</p> <p>She has over 12 years of company secretarial practice, boardroom experience and Counsel to various Parastatals. Previously, she served at the Geothermal Development Company as a Legal Officer and a member of the Audit Committee at the Geothermal Association of Kenya (GAK). CS. Obonyo is also the current Chair of the Legal and Nominating Committee at the Geothermal Association of Kenya.</p>

## MANAGEMENT TEAM

No.	Name of the Staff	Key Qualifications and Work Experience
1	 <p><b>CS. Sharon Obonyo</b> Chief Executive Officer (Acting)</p>	<p>She holds a Bachelor of Laws(LLB). She is an Advocate of the high court of Kenya and Certified secretary with the institute of certified public secretaries</p> <p>Currently the Ag CEO. National Water Harvesting and Storage Authority. She is also the substantial Chief Legal Officer National Water Conservation &amp; Pipeline corporation. reviously she worked with Geothermal Development Company and A.R.Kapila and Company Advocates.</p>
2	 <p><b>Eng. Ali Ibrahim Hassan</b> General Manager Construction</p>	<p>PHD in Project management, MSc in Project Management, Master’s in Business Administration, BSc in Civil Engineering Diploma in Irrigation Engineering and Certificate in Strategic Leadership Development Certificate in Corporate Governance. Member of the institute of engineers of Kenya (MIEK).</p>
3	 <p><b>CPA Margaret Kithunzi</b> General Manager, Finance &amp; Corporate Planning(Acting)</p>	<p>MBA (Finance), Bachelor of Commerce Degree. CPA (K) member of the Institute of Certified Public Accountant Kenya</p>

4	 <p><b>Eng. Henry Kigenyi</b> General Manager Technical Planning &amp; Design(Acting)</p>	<p>Bsc.Civil engineering Registered Consulting engineer Water supply and dam expert He has over 29 years' experience in the water sector.</p>
5	 <p><b>Justus Ambutsi Wabuyabo</b> General Manager Corporate and Legal Services</p>	<p>Master of Law (LL.M) Degree (Public International Law), Bachelor of Law LL.B (Hons.) and Post Graduate Diploma in Law. Member of the law society of Kenya</p>
6	 <p><b>Solomon Musiega Assava</b> General Manager Human Resource &amp; Administration</p>	<p>Master of Business Administration degree (Human Resources Management), Bachelor of Arts degree in Government, Higher National Diploma in Human Resources Management Member of the Institute of Human Resource Management, Kenya (IHRM-K).</p>

7	 <p><b>John Mwalya Musyoka</b> Chief Procurement Officer</p>	<p>Executive Masters of Business Administration, Post Graduate Diploma in Purchasing &amp; Supplies Bachelor of Commerce degree (Business Administration option).</p>
8	 <p><b>CPA Philip Ngovi Nzengu</b> Chief Internal Auditor</p>	<p>Masters' Degree in Procurement, and a Bachelors' Degree, CPA(K), Member of ICPAK</p>

## **CHAIRMAN'S STATEMENT**

The Constitution of Kenya guarantees every citizen the right to clean and safe water in adequate quantities. This right comes at the back drop of a nation which is water scarce.

National Water Harvesting & Storage Authority, formerly known as National Water Conservation & Pipeline Corporation has over the years tried to stand in the gap by developing water infrastructure such as dams, pans and boreholes while at the same time mitigating the effects of floods by building dykes amongst other things.

To achieve its mandate, the Authority has fully embraced performance contracting which involves freely negotiated arrangements between the Board of Directors which I chair and the Government of the Republic of Kenya on Service delivery. The same performance Contract is cascaded to management whereby the Managing Director signed a contract with the Board and in turn signed similar contracts with the Heads of Departments. The Heads of Department on their part signed similar contracts with Divisional Heads.

The Performance Contracts have been useful tools to set targets and monitor performance of the Authority's activities. In the last financial year, the Authority performed well and met targets on most of the performance indicators.

The Authority is fully committed to its vision of becoming a world class institution in water infrastructure development and management. By engaging with County Governments, the Authority will endeavour to increase the storage capacity of water especially in the arid and semi-arid areas of the county with a view of enhancing water security nationally and mitigate against the effects of floods and drought in vulnerable areas.

My Board will continue to engage with Government, the public and other stakeholders to rebrand the Authority and make it relevant under the Water Act 2016 and the new constitution dispensation of devolution.

As an Authority we will continue to aspire to excel as envisioned in our vision statement of world class institution in water infrastructure development and management. Prudent performance management and quality service delivery will be echeloned at all levels in the Authority. Further to

this and as a public organization, the Board's decisions are guided by the core principles prescribed in the Public Officers Ethics Act and internal code of conduct.

In conclusion, I wish to state that the organization is ready to face the future and that the activities captured in this Annual Report and Financial statements represent the true status of the Authority.



**Mr. Erick Okeyo, MBS, MKIM**  
**Chairman of the Board**

Date:.....

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

I am pleased to present the Financial Statements of the Authority for the period 2017-2018. During the year the institution depicted good financial health despite operating in a very challenging environment.

The Authority faced budget constraints as it did not secure full funding from the Government as expected. Nonetheless, we managed to surmount the challenges to meet the annual targets.

In line with Vision 2030, the Authority finalized the construction of continued to oversee construction of multi-billion large reservoirs namely, Kiserian Dam, Chemususu Dam, Kalundu Dam, Muruny (Siyoi) Dam Water Supply Project, Umaa Dam and Badasa Dam. The first three are complete and will soon be handed over to respective Water Services Boards. A number of dams were planned for the year namely; Rare, Londiani, Isiolo, Rumuruti, Upper Narok and Koru. The Authority continued with the construction works on the Siyoi-Muruny dam whose completion rate was measured at 52%. The dams form bulk of the operating expenses of the Authority in line with its mandate.

Besides these dams, the Authority undertook flood control works across the country including along River Kuja, River Nzoia, River Nyando, River Tende, River Sabwani, and River Kawalase.

The Authority has finalized the upgrade of the Enterprise Resource Planning (ERP) accounting system to enhance integration of the Authority's operations. This will ultimately aid in the integration with the E-Procurement portal. With this system the Authority will be able to increase its efficiency and accountability.

The Authority continued to operate within the strategic plan 2015-2020 to guide the roadmap for the next five (5) years. This will be used to prepare for the transformation as we await the new proposed water bill which is expected to give us new responsibility as National Water Harvesting and Storage Authority (NWHSA).

Human Resources remain the greatest asset of the Authority. In order to fully harness this important resource, the Institution organized and managed to send a number of Directors and officers at all

cadres to various trainings as a way of building capacity. Finally, on customer satisfaction, the Authority continues to be attentive to our customers.

The Report provides in summary the activities of the Authority for the 2017-2018 financial year and provides a true and accurate status of the financial affairs of the Authority for the period ending 30th June 2018.



Cs. Sharon Obonyo  
**Ag. Chief Executive Officer**

Date: .....

## **CORPORATE GOVERNANCE STATEMENT**

The Board of National Water Harvesting and Storage Authority is responsible and accountable to the Government of Kenya through the Ministry of Water & Sanitation in ensuring that the Authority complies with the law and the highest standards of Corporate Governance.

### **Composition of the Board**

The Water Act 2016 provides for the membership to the Board of Directors of the Authority. During the period, the membership was as follows: -

- A Non-Executive Chairman appointed by the President
- The Managing Director of the Authority
- The Permanent Secretary to the Ministry for Water and Irrigation
- The Permanent Secretary to The National Treasury
- The Director of Water Services
- Six independent members

### **Roles and Responsibilities of the Board**

The Board has delegated authority for the operations and administration of the Authority to the Chief Executive Officer (CEO).

The functions of the Board are to:

- a) Provide effective leadership and collaborate with the Executive management team in:
  - Articulating the organization's values, vision, mission and strategies
  - Developing strategic (direction) plans and ordering strategic priorities
  - Maintaining open lines of communication and promulgating through the organization and with external stakeholders the values, vision, mission and strategies
  - Developing and maintaining an organization structure to support the achievement of agreed strategic objectives of the national water conservation and pipeline Authority
- b) Monitor the performance of the CEO against agreed performance indicators
- c) Review and agree the business (action) plans and annual budget proposed by the Executive management team
- d) Monitor the achievement of the strategic and business plans and annual budget outcomes
- e) Establish such committees, policies and procedures as will facilitate the more effective discharge of the Board's roles and responsibilities

- f) Ensure, through the Board committees and others as appropriate, compliance obligations and functions are effectively discharged
- g) Initiate a Board self-evaluation program and follow-up action to deal with issues arising and arrange for directors to attend courses, seminars and participate in development programs as the Board judges appropriate
- h) Ensure that all significant systems and procedures are in place for the organization to run effectively, efficiently, and meet all legal, administrative, professional and contractual requirements

### **Committees of the Board**

#### **Human Resource & General Purposes Committee**

The Committee comprises of five non-executive directors (one of them as Chairman) and the Managing Director as the Secretary. The Board of Directors of the National Water Conservation and Pipeline Authority has established the Human Resources and General Purposes Committee to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning staff, corporate communication, corporate social responsibility and legal issues. The Committee meets on quarterly or need basis.

#### **Finance Committee**

The Committee comprises of five non-executive directors (one of them as Chairman) and the Managing Director as the Secretary. The Committee has the duties and responsibilities of developing, reviewing and monitoring implementation of the resource mobilization strategy of the Authority. The Committee meets on quarterly or need basis.

#### **Governance, Risk & Audit Committee**

This Committee comprises of five non-executive directors (one of them as Chairman) and the secretary is the Chief Internal Auditor. The Board of Directors of the National Water Conservation and Pipeline Authority has established the Risk & Audit Committee to discharge duties related to safeguarding the Authority's assets; operation of adequate systems; control processes and preparation of accurate financial reporting and statements in compliance with legal requirements and accounting standards. The Committee meets on quarterly or need basis.

#### **Strategy, Technical & Business Committee**

The Committee comprises of five non-executive directors (one of them as Chairman) and the Managing Director as the Secretary. The Board of Directors of the National Water Conservation and Pipeline Authority has established the Strategy, Technical and Business Development

Committee to review, and as appropriate, act on behalf of the Board, or make recommendations to the Board concerning planning, strategy, technical, ICT and business development issues. The Committee meets on quarterly or need basis.

In summary the Board activities are as summarized below:

NO	NAME	NO OF MEETINGS	MEMBERSHIP	AVERAGE ATTENDANCE%
1	FULL BOARD	6	5	95
2	FINANCE COMMITTEE MEETING	4	5	98
3	HUMAN RESOURCE& GENERAL PURPOSE COMMITTEE MEETING	3	5	97
4	GOVERNANCE,RISK & AUDIT MEETING	3	5	98
5	STRATEGY,TECHNICAL BUSINESS COMMITTEE MEETING	4	5	98
6	ADHOC MEETINGS & TRAVELS	27	4	100
		47		

### **Risk Management and Internal Controls**

The Authority has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for all transactions and for ensuring compliance with the laws and regulations that have significant financial implications. In reviewing the effectiveness of the internal control system, the Board takes into account the results of work carried out to audit and review the activities of the Authority.

The Board also considers the management accounts for year, reports from each Board Committee, annual budgetary proposals, major issues and strategic opportunities for the Commission. As an integral strategy in achieving its corporate goals, the Board ensures the future sustainability of the commission.

## MANAGEMENT DISCUSSION AND ANALYSIS

### a. Financial Performance Highlights

The Authority's financial performance recorded an improvement with the deficit declining by Kshs.64.78M (41%), total revenue rising by Kshs.140.2M (41%) and expenditure rising by Kshs.75.64M (15.2%) respectively, in the year under review.

**Table 1: Financial Performance Highlights**

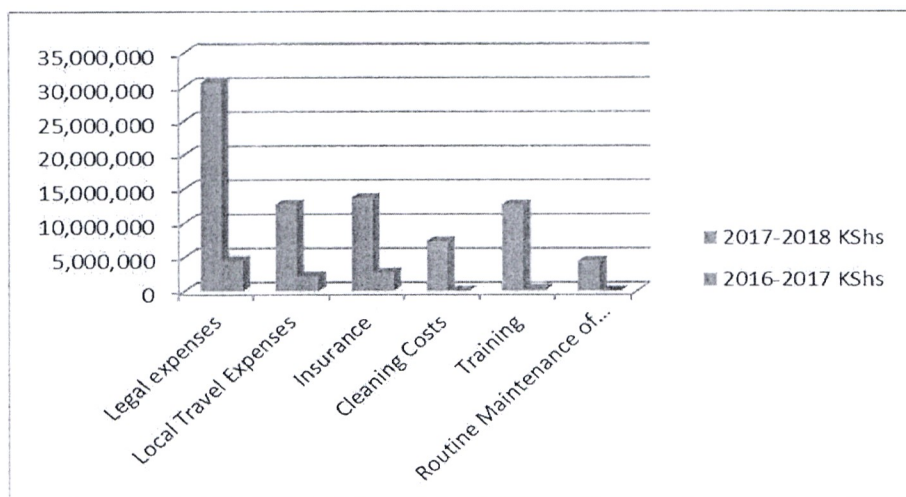
	2017/ 2018	2016 / 2017	Change in Income	
	Kshs	Kshs	Kshs	%
<b>Surplus / Deficit for the year</b>	<b>-93,287,704</b>	<b>-158,735,348</b>	<b>65,447,644</b>	<b>41%</b>

#### i. Income

The exchequer increased by Kshs.277.3M amidst the rising cost of operations. However, the revenues from exchange transactions declined. The same was attributed to a decrease in the number of contracts sourced by the Business Development division, poor interest rates on balances held by KCB as well as a marginal increase in rental revenues.

#### ii. Expenses

Generally, the expenses increased from Kes.391.39M to 532.47M over the period. The biggest variance is recorded on the General expenses which were attributed to an increase in the legal expenses, staff training as well as local travel. The Authority experienced a surge in the number of legal cases during the period.

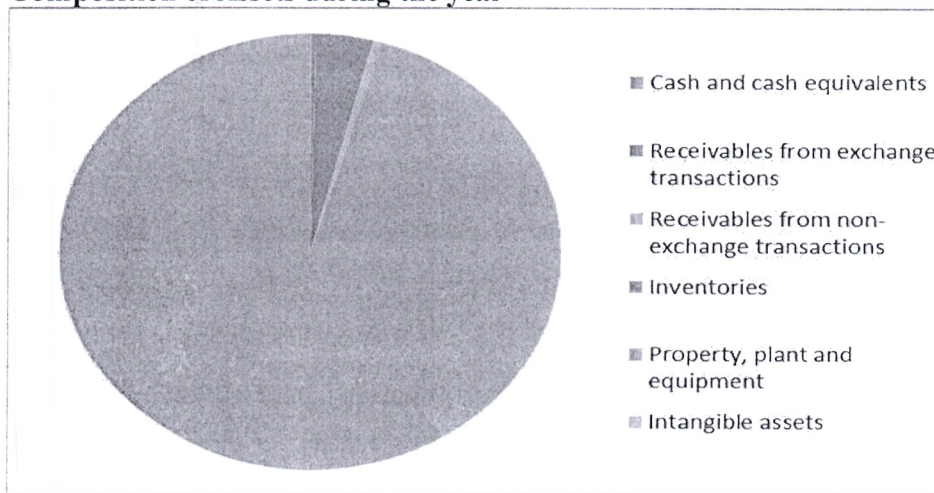


### b. Position Highlights

The Authority maintains a healthy balance sheet with a funding of Kes.19.25B. The Property, Plant & Equipment is Kes.19.65B and is composed of Capital W.I.P ITEMS of Kes.18.99B which consists of capital expenditures including Chemususu dam, Kiserian Dam, Kalundu Dam, Umaa and Badasa Songa Dam. The Chemususu and Kiserian Dams are complete but are yet to be handed over to the Water Service Boards.

Receivables from exchange transactions decreased by Kshs.58M (7.13%) while receivables from non-exchange transactions decreased by Kshs.63.47 (41.18%). However, the improvement on receivables was eroded by a drop in Inventory by Kshs.17.48M (52.68%), Cash and cash equivalents by Kshs.115.76M (61.75%).

#### Composition of Assets during the year



Further, against a Development budget of Kes.1.86B, the Authority received Kes.1.124B by the close of the Financial Year. This Development Budget was to be utilized on Muruny (Siyoi) Dam Water Supply Project (Kes.1.7B) while Kes.160M was for flood control activities. As such the following projects were implemented during the year were:

- Muruny (Siyoi) Dam Water Supply Project – 52% complete – West Pokot County
- River Kapkawa/Kabeto Flood Control – Elgeyo Marakwet County
- River Kawalase Flood Control – Turkana County
- River Ewaso Ngiro Flood Control – Isiolo County
- Mogotio Flood Control – Baringo County
- River Sabwani Flood Control – Transzoia County

## REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the Authority's affairs.

### Principal activities

The principal activities of the Authority are to:

- Develop State schemes and spearhead dam construction for water supplies, flood control and other multipurpose uses
- Land drainage and construction of dykes
- Carry out ground water recharge using flood water
- Develop, retain existing and expand bulk water supply to water service boards and other service providers
- Drill and equip boreholes
- Advice Cabinet Secretary on water resources storage and flood control strategies.

### Results

The results of the Authority for the year ended June 30, 2018 are set out on page 1-7.

### Directors

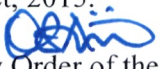
The members of the Board of Directors who served during the year are shown on page vi to ix. During the year 9 directors retired and no directors have been appointed to replace them.

### Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the year (FY 2018) and hence no remittance to the Consolidated Fund.

### Auditors

The Auditor General is responsible for the statutory audit of the Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Authority for the year/period ended June 30, 2018 in accordance to section 23 of the Public Audit Act, 2015.

  
By Order of the Board  
**CS.Sharon Obonyo**  
Company Secretary  
Nairobi  
Date:.....

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the *Authority's* financial statements, which give a true and fair view of the state of affairs of the *Authority* for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Authority*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Authority*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Authority's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act). The Directors are of the opinion that the *Authority's* financial statements give a true and fair view of the state of *Authority's* transactions during the financial year ended June 30, 2018, and of the *Authority's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Authority*, which have been relied upon in the preparation of the *Authority's* financial statements as well as the adequacy of the systems of internal financial control.

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

### Approval of the financial statements

The *Authority's* financial statements were approved by the Board on.. \_\_\_\_\_ 2018 and signed on its behalf by:



\_\_\_\_\_  
Director

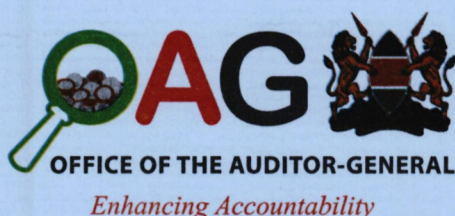
\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**REPORT OF THE INDEPENDENT AUDITORS ON NATIONAL WATER  
HARVESTING & STORAGE AUTHORITY**

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL WATER HARVESTING AND STORAGE AUTHORITY FOR THE YEAR ENDED 30 JUNE, 2018**

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

#### **Adverse Opinion**

I have audited the accompanying financial statements of National Water Harvesting and Storage Authority set out on pages 2 to 41, which comprise the statement of financial position as at 30 June, 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of National Water Harvesting and Storage Authority as at 30 June, 2018, 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 do not comply with the Water Act, 2016 and the State Corporations Act, Cap 446 of the Laws of Kenya and the Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1. Property, Plant and Equipment**

As disclosed in Note 22 to the financial statements, the statement of financial position reflects a balance of Kshs.19,654,644,527 under property, plant and equipment as at 30 June, 2018. As previously reported, this balance excludes various assets valued at Kshs.16,781,832 earmarked for transfer to various Water Service Boards but whose transfer had not yet been formalized. Although the Authority confirmed that indeed the assets have been transferred to the Boards, no formal documentation has been produced to support the transfer. The property, plant and equipment are, therefore, understated by the value of the excluded and transferred assets.

## 2. Inventories

The statement of financial position reflects a balance of Kshs.15,694,950 under inventories as at 30 June, 2018. As reported previously, the balance includes obsolete stock valued at Kshs.6,714,110, as detailed below:

<b>Stock</b>	<b>Unit</b>	<b>Value (Kshs.)</b>	<b>Status</b>
Cement	260 bags	187,200	Obsolete
Bentonite	30 bags	792,000	Obsolete
Duten blue paint	1257 litres	3,142,500	Expired
Brilliant white paint	884 litres	2,404,480	Expired
Red oxide paint	133 litres	160,930	Expired
Auto paint 0.8 Litres	27 litres	27,000	Expired
<b>Grand Total</b>		<b>6,714,110</b>	

The above obsolete stock may have resulted to loss of public funds. Further, no provision for obsolete stock has been made in the financial statements, thereby overstating the inventories.

Consequently, it has not been possible to confirm the accuracy and completeness of inventory balance of Kshs.15,694,950 as at 30 June, 2018.

## 3. Trade and Other Payables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.1,340,883,175 under trade and other payables from exchange transactions which includes debit balances totaling Kshs.444,255,818 which were netted off against the creditors. Management did not provide supporting schedules or an explanation for the netting-off. Further, the trade and other payables from exchange transactions include a balance of Kshs.986,537,039 which has been outstanding for periods beyond 90 days. In addition, trade and other creditors include third party creditors amounting to Kshs.1,840,816 which further includes taxes of Kshs.1,750,666 and NSSF deductions of Kshs.90,250, which were yet to be remitted to the respective recipient institutions as at the closure of the financial year. Failure to remit statutory deductions may result to penalties and interest levies upon the Authority.

In view of the foregoing, it has not been possible to confirm the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.1,340,883,175 as at 30 June, 2018.

## 4. Cash and Cash Equivalents

As disclosed in Note 18 to the financial statements, the statement of financial position reflects a cash and cash equivalents balance of Kshs.71,706,484 as at 30 June, 2018. The balance excludes a total of Kshs.31,860,430 relating to unposted items, as detailed below:

<b>Account Name</b>	<b>Account No.</b>	<b>Date First Reported</b>	<b>Amount (Kshs.)</b>
Development A/C	1114280593	2009	24,671,142
Special A/C	1114279978	2006	2,133,280
Recurrent A/C	1114280488	2006	5,056,008
			<b>31,860,430</b>

Further, the cash and cash equivalents include reconciling items of Kshs.1,958,998, Kshs.20,787,451 and Kshs.2,133,281, relating to recurrent account, development account and special account, respectively, dated 30 June, 2006. No explanation has been provided for failure to investigate the items and clear them from the bank reconciliation statements.

Consequently, it was not possible to confirm the accuracy and completeness of cash and cash equivalents balance of Kshs.71,706,744 as at 30 June, 2018.

#### **5. Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.755,475,343 as at 30 June, 2018. As previously reported, the balance excludes water supply debts of Kshs.1,377,265,028 and payments totaling to Kshs.754,400 transferred to the Water Service Boards under various agreements signed between the Authority and the Water Service Boards in the financial year 2005/2006. However, the agreements had not been formalized and therefore the legal status of the debts was uncertain.

Consequently, the receivables of the Authority are understated by the excluded amount of the water supply debts totalling Kshs.1,378,019,428.

#### **6. Long Outstanding Loan**

As previously reported, the Authority has not included in its financial statements loan balances for various loans amounting to Kshs.2,460,874,897. However, although the loan repayments were due, the Authority had not made any repayment nor had it recognized in the books the interest due, together with the related arrears. According to Management, the loans were supposed to have been passed over to the Water Services Boards which took over the facilities constructed using the loans, and which were supposed to generate the revenue to repay the loans. However, no formal documentation was availed to support the arrangement. The Authority indicated that it had no capacity to pay the loans without financial support from the National Treasury. The loans continue to attract interest and penalties which may become costly. The lenders may also invoke the terms of lending to the disadvantage of the Authority, Water Services Boards or The National Treasury.

#### **7. Long Outstanding Receivables from Non-Exchange Transactions**

As disclosed in Note 20 to the financial statements, the statement of financial position reflects a balance of Kshs.90,669,732 under receivables from non-exchange transactions. Included in the balance are staff salary advances of Kshs.1,910,474 out of

which Kshs.1,213,269 had been outstanding for periods beyond 90 days against the Authority's policies but were yet to be recovered from the payroll. The receivables also include deposits amounting to Kshs.14,017,475, which have remained outstanding from the Judiciary from 2015/2016 financial year. Further, the receivables include temporary imprest of Kshs.95,707,203 which were yet to be surrendered by the end of the financial year. However, a specific provision for bad debts on outstanding imprest of Kshs.20,965,420 due from staff members who had either passed on or had left the Authority had been made.

In the circumstances, it was not possible to confirm the recoverability of receivables from non-exchange transactions balance of Kshs.90,669,732 as at 30 June, 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Water Harvesting and Storage Authority 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 the audit evidence obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Key Audit Matters**

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

### **Other Matter**

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

As disclosed at the Progress on Follow Up of Auditor's Recommendations section of the financial statements, prior year audit matters remained unresolved as at 30 June, 2018.

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

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described 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**

##### **1. Implementation of the Enterprise Resource Planning**

The statement of financial position reflects an amount of Kshs.5,703,055 under intangible assets. The assets relate to the Net Book Value (NBV) of an Enterprise Resource

Planning (ERP) which, as previously reported, was procured in 2015 but was not fully implemented by the Authority. No explanation was provided for failure to implement the system which was to be amortized within three (3) years of acquisition.

According to the contract signed on 4 September, 2015, the system was to be delivered within four (4) weeks and fully implemented within 190 days after which a final acceptance certificate was to be issued by the Authority. The system was intended to serve as the platform through which all activities and processes of the Authority were to be processed including financial and other reports. Failure to fully implement the system may have affected the operation of the Authority, and given the dynamism in technology, the system may become obsolete before the Authority derives value from the amount incurred on it.

## **2. Work in Progress**

The statement of financial position reflects a property, plant and equipment balance of Kshs.19,654,644,527 which, as disclosed in Note 22 to the financial statements, includes capital work - in - progress amounting to Kshs.18,992,543,047. However, the following issues were observed;

### **2.1 Construction of Head Office**

The work in progress balance of Kshs.18,992,543,047 includes an amount of Kshs.845,711,156 relating to the construction of the Headquarters Office Block. The Authority awarded the contract for the construction of the office block to a local firm at a contract sum of Kshs.485,400,820 in 2008. However, as previously reported, the firm abandoned the project after being paid a total of Kshs.80,660,480. The Authority thereafter procured another firm for the project and by the end of the 2017/2018 financial year, a total of Kshs.845,711,156 had been incurred on the building. This exceeded the original contract sum by Kshs.360,310,333 representing a variation of 74% contrary to the provisions of Section 139(6) of Public Procurement and Asset Disposal Act, 2015 which provides that where variations result in an increment of the contract price by more than twenty-five percent, such variations shall be tendered for separately. Although Management explained that the cost escalations arose from change in prices between 2008 and 2011, it was not possible to confirm whether public funds were utilized in an effective manner.

Management was therefore, in breach of the law.

### **2.2 Siyoi – Muruny Dam**

The work in progress of Kshs.18,992,543,047 also includes an amount of Kshs.4,623,236,899 relating to the construction of the Siyoi Muruny Dam and Water Supply project, located in West Pokot County. This project was in two lots as follows;

#### **2.2.1 Lot 1**

Lot 1 entailed construction of the dam whose contract was awarded to a Chinese contractor in March 2015, at a contract price of Kshs.5,056,182,763. The contract was to

run for thirty-six (36) months commencing on 30 March, 2015 and ending 30 March, 2018. However, the contract had 3 extensions, to 20 July, 2018, 19 August, 2018 and subsequently to 16 March, 2020. An amount of Kshs.2,080,760,391 had been paid to the contractor as at 30 June, 2018.

An audit inspection of the project in April, 2019 revealed that the works completed was approximately 53% and payment certificates totaling Kshs.859,887,148 were due for payment but were yet to be settled as at 31 March, 2019. The contractor through a letter dated 29 March, 2019 issued a notice of suspension of works citing delay in honoring interim payment certificates. As at the time of the audit inspection in April, 2019, the contractor had withdrawn the machinery from the site.

According to Management, the inability to pay resulted from lack of budgetary allocation from The National Treasury.

### **2.2.2 Lot 2**

Lot 2 entailed construction of Siyoi Kapenguria Water Supply for which the contract was awarded to a contractor in March, 2015 for 52 Months (225 weeks) at a contract price of Kshs.4,149,828,304. The Project's cumulative payments of Kshs.4,623,236,899 includes an amount of Kshs.2,542,476,508 paid to the contractor as at 30 June, 2018. The contract completion date was extended by five (5) months to 29 August, 2018 and subsequently to 19 July, 2019 with associated costs amounting to Kshs.233,583,344. However, the progress report provided for audit indicated that work completed as at 31 March, 2019 was approximately 68%.

Further, payment certificates totaling Kshs.272,463,442 due for payment as at 31 March, 2019 were yet to be settled and the contractor through a letter dated 18 March, 2019, issued a notice of suspension of works citing delay in honoring interim payment certificates. As at the time of the audit inspection on 2 April, 2019, the contractor had withdrawn his machinery, and there was no activity on site. According to Management, the inability to pay resulted from lack of budgetary allocation from The National Treasury.

Under the circumstances, it was not possible to confirm that the Project would be completed within schedule and in a cost-effective manner.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

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

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of any intention to either terminate the Authority or 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 Authority's financial reporting process, reviewing the effectiveness of Management's systems for monitoring compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in 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 which includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence which is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions which may cast significant doubt on the Authority's ability to continue as a going concern. 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 Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner which achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**16 August, 2021**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2017-2018	2016-2017
		Kshs	Kshs
			Restated
<b>Revenue from non-exchange transactions</b>			
Transfers from other governments	6	463,864,001	186,555,890
		<b>463,864,001</b>	<b>186,555,890</b>
<b>Revenue from exchange transactions</b>			
Rendering of services	7	18,882,008	124,420,093
Rental revenue from facilities and equipment	8	27,974,160	12,488,966
Finance income - external investments	9	3,343,081	9,699,556
Other income	10	18,409,217	58,222,659
		<b>68,608,466</b>	<b>204,831,274</b>
<b>Total revenue</b>		<b>532,472,467</b>	<b>391,387,164</b>
<b>Expenses</b>			
Use of goods and services	11	24,575,527	7,550,400
Employee costs	12	303,794,451	299,907,819
Remuneration of directors	13	35,823,097	25,717,211
Depreciation and amortization expense	14	87,866,178	88,834,105
Repairs and maintenance	15	2,391,098	241,550
General expenses	16	170,808,359	126,416,493
Taxation	17	501,462	1,454,933
<b>Total expenses</b>		<b>625,760,171</b>	<b>550,122,512</b>
<b>Deficit for the Period</b>		<b>(93,287,704)</b>	<b>(158,735,348)</b>

The notes set out on pages 7 to 30 form an integral part of these Financial Statements.

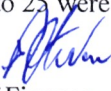
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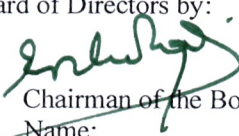
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Notes	2017-2018	2016-2017
		Kshs	Kshs
			Restated
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	71,706,484	187,472,477
Receivables from exchange transactions	19	755,475,343	813,477,536
Receivables from non-exchange transactions	20	90,669,732	154,143,484
Inventories	21	15,694,950	33,174,049
		<b>933,546,510</b>	<b>1,188,267,546</b>
<b>Non-current assets</b>			
Property, plant and equipment	22	19,654,644,527	17,891,141,510
Intangible assets	23	5,703,055	7,372,832
		<b>19,660,347,582</b>	<b>17,898,514,342</b>
<b>Total assets</b>		<b>20,593,894,091</b>	<b>19,086,781,888</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	24	1,340,883,175	850,207,350
		<b>1,340,883,175</b>	<b>850,207,350</b>
<b>Total liabilities</b>		<b>1,340,883,175</b>	<b>850,207,350</b>
<b>Net assets</b>		<b>19,253,010,916</b>	<b>18,236,574,538</b>
Reserves		358,080,032	358,080,032
Accumulated surplus		(376,647,788)	(283,360,084)
Capital Fund		19,271,578,672	18,161,854,589
<b>Total net assets and liabilities</b>		<b>19,253,010,916</b>	<b>18,236,574,537</b>

The Financial Statements set out on pages 22 to 25 were signed on behalf of the Board of Directors by:

  
 Chief Executive Officer  
 Name:

  
 Head of Finance  
 Name *CWA P. ASARO*  
 ICPAK Member Number: *12572*

  
 Chairman of the Board  
 Name:

Date.....

Date -----

Date.....

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**STATEMENT OF CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED 30 JUNE 2018**

	Revaluation reserve Kshs	Retained earnings Kshs	Capital/ Development Grants/Fund		Total Kshs
			Restated		
<b>At July 1, 2016</b>	358,080,032	(124,624,736)	848,612,700		1,082,067,996
Total comprehensive income	0	(158,735,348)	0		(158,735,348)
Capital/Development grants received during the year			17,371,439,548		17,371,439,548
Recognized as Other Incomes			(58,197,659)		(58,197,659)
<b>At June 30, 2017</b>	358,080,032	(283,360,084)	18,161,854,589		18,236,574,537
<b>At July 1, 2017</b>	358,080,032	(283,360,084)	18,161,854,589		18,236,574,537
Total comprehensive income	0	(93,287,704)	0		(93,287,704)
Capital/Development grants received during the year			1,124,000,000		1,124,000,000
Recognized as Other Incomes			(14,275,917)		(14,275,917)
<b>At June 30, 2018</b>	358,080,032	(376,647,788)	19,271,578,672		19,253,010,916

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2019**

		<b>2017-2018</b>	<b>2016-2017</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants and subsidies		463,864,001	186,555,890
Rendering of services - Private Works		17,755,272	149,918,410
Rental revenue from facilities and equipment		14,277,232	11,620,152
Finance income - external investments		3,343,081	9,699,556
Other income		18,409,217	58,222,659
		<b>517,648,803</b>	<b>416,016,667</b>
<b>Payments</b>			
Use of goods and services		17,628,216	7,550,400
Employee costs		325,602,029	299,907,819
Board Members Remuneration & Related Costs		35,823,097	25,717,211
Repairs and maintenance		2,391,098	241,550
General expenses		153,329,260	126,416,493
Taxation		501,462	1,454,933
Other payments		(642,598,202)	(367,589,066)
		<b>(107,323,039)</b>	<b>86,148,940</b>
<b>Net cash flows from operating activities</b>		<b>624,971,842</b>	<b>329,867,727</b>
<b>Cash flows from investing activities</b>			
Purchase of Furniture and Office Equipment		(1,600,000)	0
Computers & Accessories		(1,179,000)	(573,040)
Office Equipment		(292,000)	
ERP Navision System		(1,181,750)	
Increase in Capital Works in Progress		(1,846,209,167)	(2,698,435,742)
<b>Net cash flows used in investing activities</b>		<b>(1,850,461,917)</b>	<b>(2,699,008,782)</b>
<b>Cash flows from financing activities</b>			
Government Grants		1,109,724,083	2,371,486,389
<b>Net cash flows used in financing activities</b>		<b>1,109,724,083</b>	<b>2,371,486,389</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(115,765,993)</b>	<b>2,918,374</b>
Cash and cash equivalents at 1 JULY	18	187,472,477	185,127,141
<b>Cash and cash equivalents at 30 JUNE</b>	<b>18</b>	<b>71,706,484</b>	<b>187,472,477</b>

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**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**FOR THE YEAR ENDED 30 JUNE 2018**

	Original budget 2017-2018	Adjustments 2017-2018	Final budget 2017-2018	Recurrent Actual on comparable basis	Development Actual on comparable basis	Performance difference 2017-2018	Final budget 2017-2018
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Government grants and subsidies – recurrent	178,864,001	285,000,000	463,864,001	463,864,001	0	0	178,864,224.00
Government grants and subsidies - Development	224,000,000	1,636,792,000	1,860,792,000		1,124,000,000	(736,792,000)	2,291,684,048.00
Other income A.I.A	100,000,000	0	100,000,000	68,608,466	0	(31,391,534)	100,000,000.00
<b>Total income</b>	<b>502,864,001</b>	<b>1,921,792,000</b>	<b>2,424,656,001</b>	<b>532,472,467</b>	<b>1,124,000,000</b>	<b>(768,183,534)</b>	<b>2,570,548,272.00</b>
<b>Expenses</b>							
Use of goods and services	2,000,000	43,000,000	45,000,000	24,575,527	0	20,424,473	
Employee costs	145,000,000	159,684,646	304,684,646	303,794,451	0	890,196	236,852,566.00
Remuneration of directors	16,000,000	20,000,000	36,000,000	35,823,097	0	176,903	26,864,224.00
Depreciation and amortization expense	-	-	-	87,866,178	0	(87,866,178)	85,879,730.55
Repairs and maintenance	2,360,000	1,132,264	3,492,264	2,391,098	6,401,877	1,101,166	
General expenses	113,504,001	61,183,090	174,687,091	170,808,359	0	3,878,732	15,147,434.00
110020500- Dams & Pans	10,000,000	1,690,000,000	1,700,000,000		1,747,330,637	(47,330,637)	2,143,712,048.00
110020300- Flood control	189,000,000	-38,208,000	150,792,000		102,184,579	48,607,421	128,000,000.00
Construction of Buildings	25,000,000	-15,000,000	10,000,000		9,939,869	60,131	20,000,000.00
<b>Total expenditure</b>	<b>502,864,001</b>	<b>1,921,792,000</b>	<b>2,424,656,001</b>	<b>625,258,709</b>	<b>1,865,856,961</b>	<b>(60,057,792)</b>	<b>2,656,456,002.55</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(92,786,242)</b>	<b>(741,856,961)</b>	<b>(708,125,742)</b>	<b>(85,907,730.55)</b>

The variance of Kes.736.79 million on the Development Grants is a result of non-receipt of the budgeted grants within the Financial year. The same was received during the FY 2018-2019. In addition, the unfavorable variance of Kes.31.39 million on the Other Income A.I.A was as result of inadequate internally generated funds by the Corporation arising out of slow business with the County Government.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. GENERAL INFORMATION**

National Water Harvesting and Storage Authority is established by and derives its authority and accountability from Water Act 2016. The Authority is wholly owned by the Government of Kenya and is domiciled in Kenya. The Authority's principal activities are:

- Undertake on behalf of the national government, the development of national public water works for water resources storage and flood control;
- Maintain and manage national public water works infrastructure for water resources storage;
- Collect and provide information for the formulation by the Cabinet Secretary of the national water resources storage and flood control strategies
- Develop a water harvesting policy and enforce water harvesting strategies;
- Undertake on behalf of the national government strategic water emergency interventions during drought; and
- Advise the Cabinet Secretary on any matter concerning national public water works for water storage and flood control.

### **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 Authority'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 xx

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

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

### **3. ADOPTION OF NEW AND REVISED STANDARDS**

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

<b>Standard</b>	<b>Impact</b>
<b>IPSAS 39: Employee Benefits</b>	<b>Applicable: 1<sup>st</sup> January 2018</b> The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 40: Public Sector Combinations</b>	<b>Applicable: 1<sup>st</sup> January 2019:</b> The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only) Business combinations and combinations arising from non exchange transactions which are covered purely under Public Sector combinations as amalgamations.

**iii. Early adoption of standards**

The Authority did not early – adopt any new or amended standards in year 2018.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The Authority 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 Authority 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 Authority and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of

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financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

**ii) Revenue from exchange transactions**

*Rendering of services*

The Authority 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.

*Sale of goods*

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Authority's right to receive payments is established.

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

**b) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly on May 2018. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kshs.1,636 Billion on the 2017-2018 budget following the governing body's approval.

The Authority'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

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

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

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 page 5 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 Authority 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

***Deferred tax***

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the

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extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Authority and the same taxation authority.

***Sales tax***

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

**e) 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

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required to be replaced at intervals, the Authority recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Authority. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Authority also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Authority will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Authority. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**g) 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.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Authority determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Authority has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The Authority assesses at each reporting date whether there is objective evidence that a financial asset or an Authority of financial assets is impaired. A financial asset or a Authority of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Authority of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

***Impairment of financial assets (Continued)***

- The debtors or a Authority of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

***Financial liabilities***

***Initial recognition and measurement***

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

***Loans and borrowing***

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**i) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Authority.

**j) Provisions**

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

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

***Contingent liabilities***

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

***Contingent assets***

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

**k) Nature and purpose of reserves**

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

**Accumulated Reserves**

This is the portion of net income that is maintained by the Authority. If a deficit is incurred, then it reduces the Authority's accumulated reserves balance.

**Capital Reserves**

The Board makes a provision for renewing depreciating assets by creating a capital reserve equal to the accumulated depreciation and amortization at the end of the financial year.

**Revaluation Reserve**

The Board adopts the revaluation model for recognition of the Property Plant and Equipment. Where the first time an asset is revalued and such revaluation value is higher than the historical cost then such is carried as a revaluation reserve. Subsequent drops in value draw down the revaluation reserve.

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

The Authority provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Authority pays fixed contributions into a separate Authority (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.

**n) 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.

**o) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**Related parties**

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

**p) Service concession arrangements**

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

**q) Cash and cash equivalents**

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

**r) Budget information**

The original budget for FY 2017-2018 was approved by the National Assembly on May 2018. 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 Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority recorded additional appropriations of Kes.1.636billion on the 2017-2018 budget following the governing body's approval.

The Authority'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 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 page 5 of these financial statements.

**s) Comparative figures**

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

**t) 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, 2018.

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of the Authority'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. Some of the assumptions made include: That the entity is and shall continue being a going concern: that the entity shall continue receiving Government funding for its activities.

**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 Authority 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 Authority. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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**6 TRANSFERS FROM OTHER GOVERNMENTS**

Description	2017-2018	2016-2017
	KShs	KShs
<b>Unconditional grants</b>		
Operational grant – State Dept. of Water	463,864,001	186,555,890
<b>Total government grants and subsidies</b>	<b>463,864,001</b>	<b>186,555,890</b>

**6(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

Name of the department Sending the grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
State Department of Water and Sanitation	463,864,001	0	1,124,000,000	1,587,864,001	1,587,864,001
<b>Total</b>	<b>463,864,001</b>	<b>0</b>	<b>1,124,000,000</b>	<b>1,587,864,001</b>	<b>1,587,864,001</b>

**7 RENDERING OF SERVICES**

Description	2017-2018	2016-2017
	KShs	KShs
Sales - Drilling of Boreholes	18,882,008	124,420,093
<b>Total revenue from the rendering of services</b>	<b>18,882,008</b>	<b>124,420,093</b>

The Authority runs a Business Unit Division. The division is headed by the General Manager Finance. Its primary function is to generate revenues to help boost the Recurrent Budget portion of Appropriations in Aid. During the year, the Unit undertook well cleaning works for the Coast Water Services Board as well as Borehole drilling works for the Athi Water Service Board. Revenue is recognized based on invoiced works. The reported expenses relate to ongoing works which have not been duly invoiced.

**8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT**

Description	2017-2018	2016-2017
	KShs	KShs
Straight-lined operating lease receipts	27,974,160	14,487,200
<b>Total rentals</b>	<b>27,974,160</b>	<b>14,487,200</b>

The Authority has leased part of its Head Quarter building which sits on the Land LR.NO.209, 13971. The lease arrangements are:

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Leasee	Area	Period	Annual Receipts
National Environment Trust Fund	1st Floor	5 yr renewable	6,556,228
Nairobi City Water & Sewerage Company	2nd Floor	5 yr renewable	9,142,138
Anti-Counterfeit Agency	3rd Floor	5 yr renewable	9,527,586
Ereava Catering Services	Kitchen	5 yr renewable	2,375,794
Kenya Water For Health Organization	Old Building	5 yr renewable	372,414
			<b>27,974,160</b>

**9 FINANCE INCOME - EXTERNAL INVESTMENTS**

Description	2017-2018	2016-2017
	KShs	KShs
Interest on monies held in current accounts with Kenya Commercial Bank Ltd	3,343,081	9,699,556
<b>Total finance income – external investments</b>	<b>3,343,081</b>	<b>9,699,556</b>

The Authority has negotiated interest on daily bank balances on its Current Accounts held at KCB. Such interest is deposited on a monthly basis net of 15% withholding tax. It is then reported under this note as Gross.

**10 OTHER INCOME**

Description	2017-2018	2016-2017
	KShs	KShs
Income from sale of tender	-	25,000
Income from disposal of assets	4,133,300	-
Recognised capital fund	14,275,917	58,197,659
<b>Total other income</b>	<b>18,409,217</b>	<b>58,222,659</b>

The recognized capital fund relates to the expenses incurred on small dams and routine maintenance of project vehicles which are funded through Development Grants. The expenses have been recorded in Note 16 of the General Expenses.

**11 USE OF GOODS AND SERVICES**

Description	2017-2018	2016-2017
	KShs	KShs
Electricity	5,852,536	1,564,675
Water	1,197,344	126,615
Security	5,078,430	797,250
Professional services	12,285,472	4,492,400
Subscriptions	161,745	569,460
<b>Total good and services</b>	<b>24,575,527</b>	<b>7,550,400</b>

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**12 EMPLOYEE COSTS**

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages	152,109,451	152,770,722
Employee related costs - contributions to pensions and medical aids	57,371,186	52,951,250
Travel, motor car, accommodation, subsistence and other allowances	19,163,931	19,666,524
Housing benefits and allowances	75,149,883	74,519,323
<b>Employee costs</b>	<b>303,794,451</b>	<b>299,907,819</b>

**13 REMUNERATION OF DIRECTORS**

Description	2017-2018	2016-2017
	KShs	KShs
Chairman's Honoraria	1,010,000	960,000
Directors emoluments	27,823,618	24,232,211
Other allowances	6,989,479	525,000
<b>Total director emoluments</b>	<b>35,823,097</b>	<b>25,717,211</b>

**14 DEPRECIATION AND AMORTIZATION EXPENSE**

Description	2017-2018	2016-2017
	KShs	Restated KShs
Property, plant and equipment	85,014,651	85,147,690
Intangible assets	2,851,527	3,686,415
<b>Total depreciation and amortization</b>	<b>87,866,178</b>	<b>88,834,105</b>

**15 REPAIRS AND MAINTENANCE**

Description	2017-2018	2016-2017
	KShs	KShs
Investment property-earning rentals	2,014,781	241,550
Vehicles	219,565	0
Computers and accessories	156,752	0
<b>Total repairs and maintenance</b>	<b>2,391,098</b>	<b>241,550</b>

**16 GENERAL EXPENSES**

Description	2017-2018	2016-2017
	KShs	KShs
Advertising	1,096,860	115,000
Audit fees	1,500,000	1,500,000
Computer Accessories	687,976	0
Computer Software License	885,980	0
Legal expenses	30,864,982	4,473,492
Fuel and oil	4,939,887	0
Sanitary Expenses	15,400	0

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Rates	477,094	0
Postage	191,372	0
Printing and stationery	7,318,710	0
Monitoring & Evaluation	3,633,800	1,574,941
Local Travel Expenses	13,126,900	2,176,946
Insurance	13,668,196	2,710,115
Cleaning Costs	7,317,750	23,100
Bank Charges	647,383	693,533
Office Tea, Beverages and Consumables	843,511	506,716
Telecommunication	3,089,834	571,734
Training	12,827,650	271,103
Staff Welfare	5,185,900	6,444,040
Expenses related to Small Dams	7,874,040	58,197,659
Routine Maintenance of Project Vehicles	6,401,877	0
Expenses - Drilling of the Boreholes	48,213,257	47,158,114
<b>Total general expenses</b>	<b>170,808,359</b>	<b>126,416,493</b>

The expenses relating to small dams and routine maintenance of project vehicles is funded through Development Grant which have been transferred from the Deferred Income (see note 25) and have been recognized as Deferred Income Recognised under Note 10.

**17 TAXATION**

Description	2017-2018	2016-2017
	KShs	KShs
Current income tax charge on interest Income	501,462	1,454,933
<b>Income tax expense reported in the statement of financial performance</b>	<b>501,462</b>	<b>1,454,933</b>

**18 CASH AND CASH EQUIVALENTS**

Description	2017-2018	2016-2017
	KShs	KShs
Current Accounts	71,706,484	187,472,477
<b>Total cash and cash equivalents</b>	<b>71,706,484</b>	<b>187,472,477</b>

**18 (b). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS**

Financial institution	Account number	2017-2018	2016-2017
		KShs	KShs
<b>a) Current account</b>			
<u>Kenya Commercial bank:</u>			
Recurrent Account	1114280488	22,767,446	7,132,177
Development Account	1114280593	32,335,593	102,252,014
Special Account	1114279978	11,184,618	4,139,087
Deposits Account	1114279889	1,617,464	73,944,126
Retention Account	1124316329	3,801,364	5,073
Equalization Fund Account	1209755858	0	0
Cash in Hand and in transit		0	0

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<b>Sub- total</b>		71,706,484	187,472,477
National Bank of Kenya			
Current Account	1023085137200	0	0
<b>Sub- total</b>		<b>0</b>	<b>0</b>
<b>Grand total</b>		<b>71,706,484</b>	<b>187,472,477</b>

**19 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

Description	2017-2018	2016-2017
	KShs	KShs
<b>Current receivables</b>		
Rent Receivable	15,141,742	1,444,814
Prepaid Insurance & others	3,201,557	10,148,867
Net Business Unit Debtors	68,277,772	68,796,398
Recoverable Advances	668,854,272	733,087,457
<b>Total receivables</b>	<b>755,475,343</b>	<b>813,477,536</b>

**20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Description	2017-2018	2016-2017
	KShs	KShs
<b>Current receivables</b>		
Temporary Imprests to staff	95,707,203	159,789,093
Specific Provision for Bad Debts	(20,965,420)	(20,965,420)
Net Temporary Imprests to staff	74,741,783	138,823,673
Salary Advances to Staff	1,910,474	1,287,864
Furniture Advances to staff	0	14,472
Deposit with the Courts	14,017,475	14,017,475
<b>Total current receivables</b>	<b>90,669,732</b>	<b>154,143,484</b>

**21 INVENTORIES**

Description	2017-2018	2016-2017
	KShs	KShs
Consumable stores	15,694,950	33,174,049
<b>Total inventories at the lower of cost and net realizable value</b>	<b>15,694,950</b>	<b>33,174,049</b>

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**22. PROPERTY, PLANT AND EQUIPMENT**

Cost	Leasehold Land		Buildings		Plant & Field Equipment		Motor Vehicles & Cycles		Furniture & Fittings		Office Equipment		Computer & Accessories		Capital Work In Progress		Total	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 <sup>st</sup> July 2016	340,000,000	68,597,700	-	-	230,042,450	258,855,000	5,973,201	7,162,700	3,708,050	14,447,898,138	15,362,237,239							
Additions	-	-	-	-	-	-	-	-	-	573,040	2,699,008,782							
At 30 <sup>th</sup> June 2017	340,000,000	68,597,700	-	-	230,042,450	258,855,000	5,973,201	7,162,700	4,281,090	17,146,333,880	18,061,246,021							
Additions	-	-	-	-	-	-	1,600,000	292,000	1,179,000	1,846,209,167	1,849,280,167							
Disposals	-	-	-	-	-	(3,050,000)	-	-	-	-	(3,050,000)							
At 30 <sup>th</sup> June 2018	340,000,000	68,597,700	-	-	230,042,450	255,805,000	7,573,201	7,454,700	5,460,090	18,992,543,047	19,907,476,188							
Depreciation											0							
At 1 <sup>st</sup> July 2016	4,148,000	1,714,943	-	-	11,502,123	64,713,750	746,650	895,338	1,236,017	0	84,956,821							
Depreciation	4,148,000	1,714,943	-	-	11,502,123	64,713,750	746,650	895,338	1,426,887	0	85,147,690							
At 30 <sup>th</sup> June 2017	8,296,000	3,429,886	-	-	23,004,246	129,427,500	1,493,300	1,790,676	2,662,904	0	170,104,511							
Depreciation	4,148,000	1,714,943	-	-	11,502,123	63,951,250	946,650	931,838	1,819,848	0	85,014,651							
Disposal	-	-	-	-	-	(2,287,500)	-	-	-	0	(2,287,500)							
At 30 <sup>th</sup> June 2018	12,444,000	5,144,828	-	-	34,506,368	191,091,250	2,439,950	2,722,513	4,482,752	0	252,831,662							
Net book values																		
At 30 <sup>th</sup> June 2018	327,556,000	63,452,872	-	-	195,536,082	64,713,750	5,133,251	4,732,187	977,338	18,992,543,047	19,654,644,527							
At 30 <sup>th</sup> June 2017	331,704,000	65,167,815	-	-	207,038,205	129,427,500	4,479,901	5,372,025	1,618,186	17,146,333,880	17,891,141,510							
Dep Policy Rate	1.22%	2.50%	-	-	5.00%	25.00%	12.50%	12.50%	33.33%	0.00%								

The capital work in progress includes costs associated with construction of Large Dams, Dykes & Canals, Head quarter office block and Water pipelines. These assets, upon completion, are handed over to the Water Service Boards who then operate them. Details of the capital work in progress are as shown here below:

	2017-2018		Adjustments		2016-2017	
	Shs	Shs	Shs	Shs	Shs	Shs
Large Dams	16,836,071,407	1,733,054,720	15,103,016,687			
Dykes & Canals	1,151,965,988	103,214,579	1,048,751,409			
Water Pipelines	158,794,497	0	158,794,497			
Construction of HQ Office Block	845,711,156	9,939,869	835,771,287			
<b>Total</b>	<b>18,992,543,047</b>	<b>1,846,209,167</b>	<b>17,146,333,880</b>			

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**23 INTANGIBLE ASSETS-SOFTWARE**

Description	2017-2018	2016-2017
		Restated
	KShs	KShs
<b>Cost</b>		
At beginning of the year	35,964,680	27,101,555
Additions	1,181,750	8,863,125
At end of the year	37,146,430	35,964,680
Additions-internal development	-	-
At end of the year	37,146,430	35,964,680
<b>Amortization and impairment</b>		
At beginning of the year	28,591,848	24,905,433
Amortization	2,851,527	3,686,415
At end of the year	31,443,375	28,591,848
Impairment loss	-	-
At end of the year	31,443,375	28,591,848
<b>NBV</b>	<b>5,703,055</b>	<b>7,372,832</b>
Dep Policy Rate	33%	33%

**24 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2017-2018	2016-2017
	KShs	KShs
Trade payables	986,536,940	484,070,555
Payments received in advance	61,741,532	63,386,894
Employee advances	0	5,409,289
Third-party payments	1,840,917	18,239,206
Retentions held on behalf of suppliers	269,991,231	251,381,854
Accruals	20,772,555	27,719,552
<b>Total trade and other payables</b>	<b>1,340,883,175</b>	<b>850,207,350</b>

**25 CASH GENERATED FROM OPERATIONS**

	2017-2018	2016-2017
	KShs	KShs
<b>Surplus for the year before tax</b>	<b>(93,478,575)</b>	<b>(158,544,477)</b>
Adjusted for:		
Depreciation and Impairment	87,866,178	88,643,234
<b>Working capital adjustments:</b>		
Change in Inventories	17,479,099	35,828,698
Change in Receivables from exchange transactions	58,002,193	80,719,336
Change in Receivables from non-exchange transactions	63,473,752	(87,115,375)
Change in Trade and other payables from exchange transactions	491,629,196	372,788,185
Changes in Trade and other payables from non-exchange transactions	0	(2,451,875)
<b>Net cash flows from operating activities</b>	<b>624,971,842</b>	<b>329,867,727</b>

## 26 FINANCIAL RISK MANAGEMENT

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

### (i) Credit risk

The Authority 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 company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Authority'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
<b>At 30 June 2018</b>				
Receivables from exchange transactions	755,475,343	0	751,142,939	4,335,884
Receivables from non-exchange transactions	90,669,732	0	85,175,382	20,965,420
Bank balances	71,706,484	71,706,484	0	0
<b>Total</b>	<b>917,851,560</b>	<b>71,706,484</b>	<b>836,318,321</b>	<b>25,301,304</b>
<b>At 30 June 2017</b>				
Receivables from exchange transactions	813,477,536	0	809,141,652	4,335,884
Receivables from non-exchange transactions	154,143,484	0	133,178,064	20,965,420
Bank balances	187,472,477	187,472,477	0	0
<b>Total</b>	<b>1,155,093,497</b>	<b>187,472,477</b>	<b>942,319,716</b>	<b>25,301,304</b>

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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**(ii) Liquidity risk management**

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

The table below represents cash flows payable by the company 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2018</b>				
Trade payables	382,637,037.80	995,211.81	957,250,925.45	1,340,883,175.06
<b>Total</b>	<b>382,637,037.80</b>	<b>995,211.81</b>	<b>957,250,925.45</b>	<b>1,340,883,175.06</b>
<b>At 30 June 2017</b>				
Trade payables	245,632,521.00	147,820,852.00	456,563,106.24	850,016,479.24
<b>Total</b>	<b>245,632,521.00</b>	<b>147,820,852.00</b>	<b>456,563,106.24</b>	<b>850,016,479.24</b>

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the Authority 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 Authority'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 company'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 Authority's exposure to market risks or the manner in which it manages and measures the risk.

**Fair value of financial assets and liabilities**

*a) Financial instruments measured at fair value*

Determination of fair value and fair values hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs

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reflect market data obtained from independent sources; unobservable inputs reflect the *Authority's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *Authority* considers relevant and observable market prices in its valuations where possible.

**iv) Capital Risk Management**

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

	2017-2018	2016-2017
	Kshs	Kshs
Revaluation reserve	358,080,032	358,080,032
Retained earnings	-376,917,202	-283,169,212
Capital reserve	19,271,578,672	18,161,854,589
<b>Total funds</b>	<b>19,252,727,967</b>	<b>18,236,765,409</b>
Less: cash and bank balances	71,706,484	187,472,477
Net debt/(excess cash and cash equivalents)	-71,706,484	-187,472,477
<b>Gearing</b>		

**27 RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the Authority 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.

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**Government of Kenya**

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

- i) The National Government;
- ii) The Ministry of Water & Sanitation;
- iii) The Board of Directors;

	2018	2017
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants from the Government</b>		
Grants from National Govt	1,587,864,001	2,616,239,938
<b>Total</b>	<b>1,587,864,001</b>	<b>2,616,239,938</b>
<b>b) Key management compensation</b>		
Directors' emoluments	35,823,097	25,717,211
Compensation to the CEO	705,203.00	503,190
Compensation to key management	26,667,444	23,708,400.00
<b>Total</b>	<b>63,195,744</b>	<b>49,928,801</b>

**28 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

<b>Contingent liabilities</b>	<b>2017-2018</b>	<b>2016-2017</b>
	Kshs	Kshs
Court Judgements, Arbitral Awards and Legal Fees	145,818,772	145,818,772
<b>Total</b>	<b>145,818,772</b>	<b>145,818,772</b>

**29 CAPITAL COMMITMENTS**

<b>Capital commitments</b>	<b>2017-2018</b>	<b>2016-2017</b>
	Kshs	Kshs
Authorised and contracted for: Siyoi Muruny Dam Water Supply Project	4,505,000,245	6,205,000,245
<b>Total</b>	<b>4,505,000,245</b>	<b>6,205,000,245</b>

**30 DIVIDENDS/SURPLUS REMISSION**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Authority did not make any surplus during the year and hence no remittance to the Consolidated Fund.

**31 EVENTS AFTER THE REPORTING PERIOD**

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

**32 ULTIMATE AND HOLDING AUTHORITY**

The Authority is a State Authority/ or a Semi- Autonomous Government Agency under the Ministry of Water & Sanitation. Its ultimate parent is the Government of Kenya.

**33 Currency**

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

**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. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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Ref. No. on External Audit Report	Issue/Observation from Auditor	Management Comments	Focal Point	Status	Time Frame
1.	<p><b><u>Property, Plant &amp; Equipment</u></b>            Carrying value of Kshs. 547,352,619 could not be confirmed as it excluded various assets valued at Kshs.16,781,832,000 transferred to WSBs yet the transfer agreements are Unsigned</p>	<p>The Authority has sought the intervention of the Cabinet Secretary, Ministry of Water and Irrigation (CS, MWD). The CS, MWD directed vide letter Ref. No. MWI/IDD/1/10/VOL.VII/(2) dated 11<sup>th</sup> November, 2016 the various WSBs to have the transfer agreements signed.</p>	Managing Director	Not resolved	30 <sup>th</sup> June 2020
2.	<p><b><u>Capital W.1.P-HQ Building</u></b>            The first contractor abandoned works yet the Authority has not had their claim under performance bond honored. The project was delayed and there was a significant increase in cost.</p>	<p>The Court case related to unhonoured claim is still pending in Court.             The project has been completed and the final account is being analysed. The same will be presented to the auditors for verification.</p>	Managing Director	Not Resolved	30th June 2020
3 3.1	<p><b><u>Receivables from Exchequer Transactions</u></b>   <b><u>Water Service Boards Debtors</u></b>            Carrying value of Kshs. 856,189,729 excludes water supply debt of Kshs. 1,377,265,028 yet the transfer agreements, transferring the same to WSBs are unsigned.</p>	<p>The Authority has sought the intervention of the Cabinet Secretary, Ministry of Water and Irrigation (CS, MWD). The CS, MWD directed vide letter Ref. No. MWI/IDD/1/10/VOL.VII/(2) dated 11<sup>th</sup> November, 2016 the various WSBs to have the transfer agreements signed.</p>	Managing Director	Not Resolved	30th June 2020

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3.2	<p><b><u>Long Outstanding Debts</u></b></p> <p>Trade debtors totaling to Kshs.58,449,462.00 are aged over 90 days. The provision of Kshs.4,335,884 seemed inadequate. No efforts were shown to recover.</p>	The provision on outstanding debts is made on debts over 150 days. The debt, save for those provided for were considered recoverable.	Managing Director	Not resolved	30 <sup>th</sup> September, 2019
3.3.	<p><b><u>Recoverable Advances</u></b></p> <p>No explanation was provided as to why the Authority made advance payments to Kshs. 789,018,357 to contractors contrary to PPDA, 2005</p>	<p>The advance was in compliance with signed contracts between Toddy Civil Eng. Co. Ltd. And China Jiangxi Int. K Ltd. Who are the Siyoi (Muruny) Dam water contractors in West Pokot County. Currently, Kshs. 55,930,900.08 has been recovered in line with interim certificates issued.</p> <p>Advance payments for mobilization of the contractors are allowed by the PPADA 2015 where an advance guarantee is provided, which in this case was provided.</p>	Managing Director	Not resolved	30 <sup>th</sup> March, 2020
4	<p><b><u>Receivable from Non-Exchange Transactions</u></b></p>	The imprest has been reduced through officers surrendering. However, the provision has been increased to Kshs. 21,337,214. This is specific to staff who left the Authority or are deceased. The Management has engaged the	Managing Director	Not resolved	30th June 2019
4.1	<p><b><u>Temporary Imprest</u></b></p> <p>Imprest aged over 90 days of Kshs.30,630,577 has only been provided at Kshs.13,684,021 which</p>				

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	appears in adequate.	BOD on the writing off for the deceased persons and recovery for those who left the Authority			
4.2	<b>Furniture Advance</b> Long outstanding furniture advance of Kshs. 14,472	The furniture advance has been fully recovered. Evidence of cash Receipts are available for audit	Managing Director	Resolved	
5	<b>Construction of Dams</b>				
5.1 (i)	<b>Umaa Dam</b> Inflated motor cycle cost. Reversal of costs was to be done on final certificate	The Umaa Dam dispute has been resolved amicably and a final exit figure of Kshs.536,464,310.58 determined. After allocation by Parliament, the amount was paid vide PV-16-17:1675 effectively resolving the dispute. The project is poised to be allocated funds in FY 2019-2020.	Managing Director	Not Resolved	30 <sup>th</sup> June 2020
(ii)	The project stalled and no value for money had been obtained from the expenditure incurred of Kshs.824,457,120				
5.2	<b>Badasa Dam</b> The project stalled an no value for money had been obtained from the expenditure incurred of Kshs. 1,853,757,235.00	The Badasa Dam dispute had been resolved amicably and a final exist figure of Kshs.194,219,651.24 determined. After allocation by Parliament in the Estimates of 2016/2017, the amount was paid and the contractor vacated site. The project is poised to be allocated funds in FY 2019-2020	Managing Director	Not-Resolved	30 <sup>th</sup> June 2020
5.3	<b>Construction of Narok Dam</b>	The Authority did not pay	Managing	Resolved	

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	<p>No final feasibility report provided for audit scrutiny after spending Kes.96,935,328</p>	<p>KShs.96,935,328 to Z &amp; P Antonopoulos Associate. Z &amp; P Antonopoulos Associate were awarded a consultancy contract to carry out studies for Upper Narok Dam at a contract price of KShs.112,356,720 and for a contract period of 20 months. They have completed feasibility studies and preliminary designs. We have attached feasibility study and preliminary design documents as requested. The project is at final design. Payments made to date amount to KShs.26,865,029. The studies have not been completed due to lack of funds.</p>	<p>Director</p>	
<p>5.4</p>	<p><b>Construction of Nzoia Dam</b> No final feasibility report provided for audit scrutiny after spending Kes.153,631,760.00</p>	<p>The Authority engaged the services of East African Consulting Engineers in association with TATA consulting Engineers to review the design for the 30m high dam (dam site 34B), supervise the construction, and prepare a dam development plan along River Nzoia and feasibility studies for three months at a contract sum of Kshs. 153,631,760.00. Only Kes.38,914,105 has been paid. The assignment was divided into 3 categories:</p> <ul style="list-style-type: none"> <li>• Review of designs,</li> </ul>	<p>Managing Director</p>	<p>Resolved</p>

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		<p>Environmental and Socio Impacts Assessment (ESIA) &amp; assistance to procurement of Contractor – KShs.16,124,000 - (Category 1a services).<b>Status - Not executed and not paid</b></p> <ul style="list-style-type: none"> <li>Supervision of Construction Works for Nzoia Dam site 34B – KShs. 97,261,360 -(Category 1b services).<b>Status - Not executed and not paid</b></li> </ul> <p>Development of Dam Development Plan and Feasibility studies of three dam sites-KShs.38,914,105 (Category II services).<b>Status - Executed and partly paid</b></p> <p>M/s East African Consulting Engineers in association with TATA consulting Engineers was discharged from all their responsibilities in the contract No. NWC/RFP/036/2012-2013 vide our ref letter: NWCPC/P&amp;D/FIL/153 Vol II(35) dated 5th May,2016.</p>		
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6.	<b>Cash &amp; Cash Equivalent</b> Reconciliations with reconciling items	The Finance Committee of the Board resolved to write-off the same and it awaits full Board Resolutions	Managing Director	Not resolved	30 <sup>th</sup> November, 2019.
7.	<b>Irregular Payment of Acting Allowance</b> Allowances of Kshs. 1,312,652 were paid to officers assigned higher posts than those they were appointed to act.	The matter has been referred to the BoD for Direction as they had granted approval to pay the above allowances	Managing Director	Not resolved	30 <sup>th</sup> June 2019
8.	<b>Nugatory Court Employee Compensation</b> Decision to terminate officers costed the Authority Kshs. 42,638,986. Other similar cases were still pending before the Court and the Authority may suffer huge losses	The Authority budgeted for legal expenses during the year of audit. These funds are normally requested on an adhoc basis as Court decisions are difficult to predict. However, the Authority will continue to appoint competent lawyers to ensure they get favourable outcomes in Court	Managing Director	Not resolved	1 <sup>st</sup> December, 2019
9.	<b>Inventories</b> Stock taking reports were not provided and the accuracy and completeness of the inventory balance of Kshs. 75,555,344 could not be confirmed.	The stock taking reports are available for verification	Managing Director	Resolved	
10.	<b>Long Outstanding Loan</b> An on-lent loan of Kshs. 2,460,874,897 and the interest accrued for late payment has not been reflected in the financial statements	The matter is being addressed by the Ministry of water and irrigation	Managing Director	Not resolved	1 <sup>st</sup> October, 2019

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	<b><u>Contingent Liabilities</u></b> No note on Contingent Liabilities has been provided in the financial statements	A note on the contingent liabilities has been included in the Financial Statements	Managing Director	Resolved	
11.	<b><u>Trade Payables</u></b> Reconciliation of the payables and failure to settle long outstanding payables	The trade payables are being reconciled and a pending bills committee has been put in place to interrogate the accuracy of the bills. Budget constraints have been identified as the challenge to settling these bills .	Managing Director	Not resolved	1 <sup>st</sup> October, 2019
12.1	<b><u>Retention Money</u></b> Retentions of over Kes.104,177,857.00 has been long outstanding	The long outstanding retentions have been paid out	Managing Director	Resolved	
12.2	<b><u>Debit Balances</u></b> Reconciliation of the payables and failure to settle long outstanding payables	The trade payables are being reconciled	Managing Director	Not resolved	1 <sup>st</sup> October, 2019
12.3	<b><u>Unremitted Statutory Deductions</u></b> Unremitted deductions of Kes.12,589,120.00	All statutory deductions have been remitted	Managing Director	Resolved	
12.4	<b><u>Employees Seconded From Ministry of Water</u></b> Reasons why the staff have not been absorbed for a long period	Staff have been released to the Ministry	Managing Director	Resolved	

Ag. Chief Executive Officer



Chairman of the Board



Date.....

Date.....

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**APPENDIX II: PROJECTS IMPLEMENTED BY THE AUTHORITY**

**Status of Projects completion**

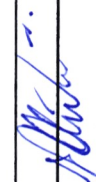
	<b>Project</b>	<b>Total project Cost</b>	<b>Total expended to date</b>	<b>Completion % to date</b>	<b>Budget</b>	<b>Actual</b>	<b>Source of funds</b>
1	Muruny (Siyoi) Dam	9.9 billion	5,197,721,609	52%	1,700,000,000	1,680,000,000	GoK
2	Flood Control and Mgmt		128,000,000	100%	128,000,000	94,833,626	GoK
<b>Stalled Projects</b>							
1	Badasa Dam	3,627,316	2,056,000	57%	0	0	GoK
2	Umaa Dam	2,771,024	1,190,000	68%	0	0	GoK
<b>Ongoing Projects - Under Planning and Design</b>							
					0		
1	Londiani Dam	96,936	50,233	75%	0	0	GoK
2	Upper Narok Dam	112,357	43,933	65%	0	0	GoK
3	Rumuruti Dam	167,051	24,973	35%	0	0	GoK
4	Soin-Koru	26,480	16,212	70%	0	0	GoK
5	Isiolo Dam	56,237	44,990	80%	0	0	GoK
6	Rare Dam	84,980	30,816	65%	0	0	GoK
7	Pesi (Nyahururu) Dam	36,500	1,500	25%	0	0	GoK
8	Kinja Dam	30,300	300	10%	0	0	GoK
9	Kinale Dam	35,250	250	10%	0	0	GoK

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**APPENDIX III: INTER-AUTHORITY TRANSFERS**

	ENTITY NAME:	NATIONAL WATER HARVESTING AND STORAGE AUTHORITY
	<b>Break down of Transfers from the State Department of Water</b>	
	FY 16/17	
<b>a.</b>	<b>Recurrent Grants</b>	
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	<u>Month/day/year</u>	<u>Indicate the FY to which the amounts relate</u>
	8/9/2017	14,905,352.00 FY 2017/2018
	9/7/2017	14,905,352.00 FY 2017/2018
	10/11/2017	14,905,351.00 FY 2017/2018
	11/6/2017	14,905,352.00 FY 2017/2018
	11/24/2017	142,500,000.00 FY 2017/2018
	12/7/2017	14,905,351.00 FY 2017/2018
	12/29/2017	14,905,351.00 FY 2017/2018
	2/2/2018	14,905,351.00 FY 2017/2018
	4/4/2018	38,655,352.00 FY 2017/2018
	4/19/2018	23,750,001.00 FY 2017/2018
	4/19/2018	38,655,352.00 FY 2017/2018
	5/4/2018	38,655,352.00 FY 2017/2018
	6/22/2018	38,655,353.00 FY 2017/2018
	6/22/2018	38,655,131.00 FY 2017/2018
		<b>463,864,001.00</b>

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b.	Development Grants	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		7/4/2017	200,000,000.00	FY 2017/2018
		7/7/2017	100,000,000.00	FY 2016-2017 Equalization Fund
		10/18/2017	56,000,000.00	FY 2017/2018
		10/19/2017	2,000,000.00	FY 2017/2018
		10/19/2017	10,000,000.00	FY 2017/2018
		11/7/2017	300,000,000.00	FY 2017/2018
		12/19/2017	225,000,000.00	FY 2017/2018
		2/9/2018	175,000,000.00	FY 2017/2018
		2/9/2018	56,000,000.00	FY 2017/2018
		<b>Total</b>	<b>1,124,000,000.00</b>	
The above amounts have been communicated to and reconciled with the parent Ministry				
Finance Manager				
NWHSA				
				
Sign -----				