

REPUBLIC OF KENYA



*Enhancing Accountability*



**REPORT**

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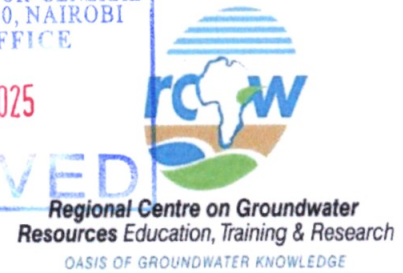
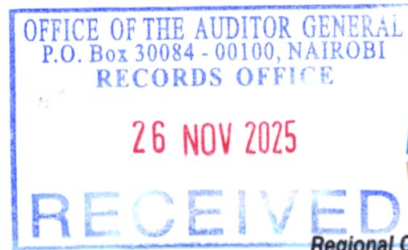
J. LEMERELLE

**THE AUDITOR-GENERAL**

ON

**REGIONAL CENTRE ON GROUND WATER  
RESOURCE EDUCATION, TRAINING AND  
RESEARCH IN EAST AFRICA  
(RCGWRET&REA)**

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



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**REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION  
TRAINING AND RESEARCH IN EASTERN AFRICA**

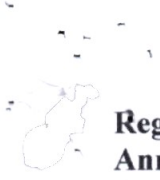
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**30<sup>TH</sup> JUNE 2025**

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



**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<b>Table of Contents.....</b>	<b>Page</b>
1. Acronyms and Definition of Key Terms.....	iii
2. Key Entity Information Management.....	iv
1. The Board of Directors.....	vii
4. Key Management Team.....	xv
5. Chairman’s Statement.....	xxi
6. Report of the Chief Executive Officer.....	xxiv
7. Statement of Performance against Predetermined Objectives for FY 2024/25.....	xxvii
8. Corporate Governance Statement.....	xxxii
9. Management Discussion and Analysis.....	xxxvii
10. Environmental and Sustainability Reporting.....	xlii
11. Report of the Directors.....	xlv
12. Statement of Directors’ Responsibilities.....	xlvii
13. Report of the Independent Auditor for Financial Statements of Regional Centre on Groundwater Resources Education Training and Research.....	xlix
14. Statement of Financial Performance for the year ended 30 June 2025.....	1
15. Statement of Financial Position as at 30 June 2025.....	2
16. Statement of Changes in Net Assets for the year ended 30 June 2025.....	3
17. Statement of Cash Flows for the year ended 30 June 2025.....	4
18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025.....	5
19. Notes to the Financial Statements.....	7
20. APPENDICES.....	39

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**



**1. Acronyms and Definition of Key Terms**

**A: Acronyms**

CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
RCGW/CENTRE	Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
UNESCO	United Nations Educational, Scientific and Cultural Organization
i-WSSM	International Centre for Water Security and Sustainable Management
UNON	United Nations Office at Nairobi
MAR	Managed Aquifer Recharge
MOUs	Memoranda of Understanding
UNESCO-IHP	UNESCO International Hydrological Programme
GNIP	Global Network of Isotopes in Precipitation
KRA	Key Results Area
R&D	Research and Development

**B: Definition of Key Terms**

**Fiduciary Management-** Members of Management directly entrusted with the responsibility of financial resources of the organization.

**Comparative Year-** Means the prior period.



## **Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Annual Report and Financial Statements for the year ended June 30, 2025**

### **2. Key Entity Information Management**

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

The Regional Centre on Groundwater Resources Education Training and Research was formed through Legal Notice No. 252 of 18<sup>th</sup> December 2015. This was the culmination of a Memorandum of Understanding signed between the Kenya Government and UNESCO to set up a Category 2 Centre in the country to spearhead research and education on groundwater resources. This is a State Corporation under the Ministry of Water, Sanitation, and Irrigation. At the policy level, the Centre is headed by the Chairperson of the Board of Directors who is responsible for policy and strategic direction of the Centre.

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

The principal activities of the Centre are to carry out research, capacity building and civic education/ public Awareness on groundwater resources occurrence and its status.

#### **(c) Key Management**

The Regional Centre on Groundwater Resources Education Training and Research's Day to day management is under the following key organs:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
<b>1.</b>	Ag. Chief Executive Officer	Geol. Patrick Murunga Geol.
<b>2.</b>	Chief Executive Officer – Left 15 <sup>th</sup> October 2025	Geol. Agnes W. Mbugua
<b>3.</b>	Ag. Head of Research	Cynthia Wacuka
<b>4.</b>	Head of Capacity Building	Geol. Samwel Kamau
<b>5.</b>	Head of Finance and Accounts	CPA Fredrick Njuki
<b>6.</b>	Head of Administration	Mr. Benson Kimotho
<b>7.</b>	Head of Supply Chain Management	Mr. Brian Letuati
<b>8.</b>	Head of Internal Audit	CPA Janiffer Ndibaru

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**



**Key Centre Information and Management (Continued)**

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Geol. Patrick Murunga Geol.
2.	Chief Executive Officer – Left 15 <sup>th</sup> October 2025	Geol. Agnes W. Mbugua
3.	Ag. Head of Research	Cynthia Wacuka
4.	Head of Capacity Building	Geol. Samwel Kamau
5.	Head of Finance and Accounts	CPA Fredrick Njuki
6.	Head of Administration	Mr. Benson Kimotho
7.	Head of Supply Chain Management	Mr. Brian Letuati
8.	Head of Internal Audit	CPA Janiffer Ndibaru

**(e) Fiduciary Oversight Arrangements**

RCGW's oversight responsibility is vested in the;

- 1) Board of Management which has 7 members.
- 2) Research, Education and Training Committee which had 3 members.
- 3) Finance and Administration Committee which had 3 members.
- 4) Audit and Risk Committee which had 3 members.

**(f) Centre Headquarters**

Regional Centre on Groundwater Resources Education Training and Research  
Bishop Rd, NSSF Building Blok A 16th Floor Western-Wing  
P. O. Box 41156-00100  
Nairobi, KENYA

**(g) Centre Contacts**

Tel: 020 8008004  
Cell No.: +254-722606830  
Email: [info@rcgw.go.ke](mailto:info@rcgw.go.ke)  
Website: [www.rcgw.go.ke](http://www.rcgw.go.ke)



**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**(h) Centre Bankers**

Kenya Commercial Bank of Kenya  
Moi Avenue  
P.O. Box 30081, GPO 00100  
**NAIROBI, KENYA**

**(i) Independent Auditors**


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

**(j) Principal Legal Adviser**



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



**1. The Board of Directors**

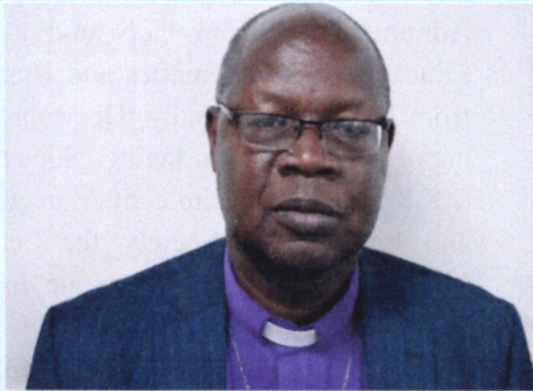
Ref	Directors	Details
1.	 <p data-bbox="363 1021 722 1093"><b>Dr Stephen K. Maore, PHD</b> <b>Board Chairman</b></p>	<p data-bbox="826 412 1469 1442">Dr Stephen Maore is an expert in Strategy, Marketing, Brand Management and Research with over 16 years’ experience in teaching, consultancy and practice in this area. Dr Maore is an immediate former Director, University Advancement and Marketing at Kenya Methodist University (KeMU). He has served as a senior lecturer and Lecturer of International Business, Marketing and Brand Management at KeMU since 2006. He is also an Adjunct faculty at USIU and KU. He is a qualified trainer approved by the International Finance Corporation (IFC) as a Trainer of Trainers. Dr Maore has handled various assignments in the area of strategic Planning, Business Planning, Marketing Planning, Branding strategy development, Customer care, Customer Service Charter Development, Corporate Communication, and Market Research among others. He has been a lead assessor in the Company of the Year Awards program (COYA) focusing on Leadership and Management, Customer Orientation and Marketing, and Corporate Citizenship and Environmental Management (a program managed by the Kenya Institute of Mgt (KIM).</p> <p data-bbox="826 1491 1469 1939">In Addition, Dr Maore served as the Chairman, Board of Directors at Meru County Investment and Development Corporation (MCIDC) from 2015 to 2018, and as a Member, Board of Directors at Kenya Plant Health Inspectorate Services (KEPHIS) from 2020 -2023, where he served as a chairman of the Technical and Human Resource and Administration Committees. He is also a member of the Technical Committee on Horticultural Fresh produce standards at Kenya Bureau of Standards (KEBS).</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

		<p>Academically, Dr Maore holds a PhD in Business Administration from UoN, a Master in Business Administration from UoN and a Bachelor of Education in Mathematics and Business Studies from KU. Professionally, Dr Maore is an active member of the Marketing Society of Kenya (MSK), Kenya Institute of Management (KIM) and International Society for Leadership and Management (ISLM). Also, he has undergone various trainings on Corporate Governance, Ethics and Integrity, Finance management and Public Finance Management at the Kenya School of Governance.</p> <p>He is the Board Chairperson.</p>
2.	 <p><b>Eng. Wambutura Justus Gitobu Independent Board Member Chair Finance and Administration Committee of the Board</b></p>	<p>Engineer Gitobu holds of B.Sc. Electrical Engineering from University of Nairobi, M. B.A Strategic Management from University of Nairobi and a member of IEEE.</p> <p>He has over 44 years' experience in the private and public sector. Having served in the Board of Kenya Maritime Authority, Turkana University Council gives him vast experience in Board governance.</p> <p>He is an Independent Board Member</p>
3.	 <p><b>Mr. Kungu Waweru Independent Board Member Chair Audit and Risk Committee of the Board</b></p>	<p>Mr. Kungu Waweru holds a B.Sc. (General) from University of Nairobi.</p> <p>He has over 40 years' experience in public and Private sector in which;</p> <p>For 7 years he worked at Kenya Power and Lighting Company Limited as Computer programmer/system analyst, 4 years in Madison insurance Company as the Computer Manager, 4 years Sterling Winthrop as Management Information Manager and finally has been self-employed for over 25 years.</p> <p>He is an Independent Board Member</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

5.



**Vainadu Titus Zakayo Ingana  
Board Member Representing the PS  
University Education and Research**

Vainadu Titus Zakayo Ingana is a holder of both Bachelors and master’s Degrees in Geology from the University of Nairobi. He is currently serving as Head of Research, Science and Technology (RST) in the Ministry of Education. Ingana consults in amongst others; Leadership and management, Strategic management, Human resource, Business and Policy planning, Performance contracting, Occupational Health, and Safety Audits (OHS), Research and Development (R&D), Innovation commercialization, etc. He has worked as a Consultant in Rwanda and as United Nations (UN) Advisor in Timor Leste under the UNDP programme.

Ingana has authored thirty-one (31) Books in various fields; which include Literature, Research and Development, Corporate governance, Leadership and management, Politics, Human resource, religious studies, Strategic planning, Brain drain and Brain gain, Entrepreneurship and innovation, Policy, Human resource, Knowledge-based Economy etc. One of his Books, “The Politicians Speech” is being prepared to be acted as a Movie. On the spiritual side, Ingana was ordained in the position of Vainadu in December 2020. This is a position above Archbishop for 5-fold ministry firmworders’ Church whose headquarters is Kenya. He represents the Principal Secretary, State Department of Higher Education and Research, Ministry of Education on the Board of Research Centre for Ground Water-RCGW.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

6.



**Mr. James Kimani  
Board Member Representing the CS,  
National Treasury**

Mr. James Kimani is a Public Private Partnerships Specialist and a seasoned Economist with over 14 years working experience with the National Treasury.

He holds BA (Hons) Statistics and Mathematics, CPA part II Strathmore University, Various Public Private Partnerships Accreditation Certificates with renowned institutions including Institute of Public Private Partnerships (IP3) Washington DC having completed the requisite requirements of 24 CEUs to be a PPP accredited. Currently, he is a senior economist at the Public-Private Partnerships Directorate of the National Treasury. Prior to joining the National Treasury, he was a lead consultant with Muema and Associates where was in charge of the consultancy wing of the firm.

He is the Alternate of the CS, National Treasury.

7.



**Mr. A.D. Mokuia  
Board Member Representing the PS -  
State Department of Water and  
Sanitation**

Mr. A.D. Mokuia holds a Master's degree in Development Studies with a specialization in Human Resource Management from the Netherlands, and a Bachelor of Arts degree in Sociology from Moi University.

Currently, he is the Director of Human Resource Management and Development (DHRM&D) at the State Department of Water and Sanitation within the Ministry of Water, Sanitation, and Irrigation. With an extensive career spanning over 30 years, Mr. Mokuia has demonstrated expertise in executive leadership and Human Resource Management, having held leadership roles in various organizations.

In his prior roles, he served as the Country's representative at the East African Community Service Board and contributed as a board member at the Kerio Valley Development Authority (KVDA) and the Tana and Athi Rivers Development Authority (TARDA). Additionally,

Mr. Mokuha has been a member of the Clinical Officers Council.

Current membership: He is a registered member of the Institute of Human Resource Management (IHRM) and is licensed to practice as a Human Resource professional. His professional competencies include specialization in organization development, industrial relations, leadership, research and development, training, and capacity building, as well as career development.

He represents the Principal Secretary - State Department of Water and Sanitation, Ministry of Water, Sanitation, and Irrigation

8.



**Eng. Jackson Kitili  
Independent Board Member  
Chair Audit and Risk Committee of  
the Board**

Eng. Jackson Kitili holds a BSc in Electrical and Electronic Engineering from the University of Nairobi and is a member of IEEE. He is a seasoned technology and innovation professional with over a decade of experience in enterprise systems, digital transformation, and emerging technologies across multiple sectors in both local and international markets.

He has also served in community governance roles within the Mhasibu network, providing oversight in infrastructure development and community leadership initiatives. He is passionate about artificial intelligence, technology governance, and advancing responsible innovation in public service.

9.



**Geol Patrick M. Wakhungu  
BSc, MSc, R. Geol, FGSK, MEIK  
Ag. Chief Executive officer, Regional  
Centre on Groundwater Resources  
Education Training and Research**

Geol. Patrick Murunga Wakhungu is a registered hydrogeologist with over 15 years experience in geology, hydrogeology, the academia, and research activities. Mr. Murunga is also a GIS and remote sensing analyst with a bias in groundwater resources development and modelling projects. He has a master's in Geoinformation science from the University of Twente in the Netherlands and a bachelor's degree in Geology from the University of Nairobi. He also holds a Diploma in Water Engineering from KEWI. Currently he is an Assistant Director for groundwater research and mapping at Regional Centre on Groundwater Resources Education Training and Research (RCGW). Prior to this, he was Assistant Lecturer at Tharaka University, Dean of Students at KEWI Chiakariga Campus and Assistant Hydrogeologist at Earth Water Limited.

Patrick has taken leading roles in many research and consultancy projects as well as outreach and CSR activities. Besides hydrogeology and GIS, his research interests have also focused on water engineering, meteorology, and chemistry. His professional experience includes projects in the East Africa region especially in Somaliland, Rwanda, South Sudan, Uganda and Kenya to ensure improvement in water supply systems and processes in WASH programs He is a member in good standing with the Geological Registration Board (GRB), Geological Society of Kenya (GSK), and Licensed Qualified Water Resource Professional (Hydrogeologist) and Environmental Institute of Kenya (EIK).

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

10.



Geol. Agnes W. Mbugua

**Former Chief Executive officer,  
Regional Centre on Groundwater  
Resources Education Training and  
Research – Left 15<sup>th</sup> October 2025**

Geol. Agnes Mbugua is currently undertaking a PHD programme in Governance and Leadership. She holds an MSc.in Hydrogeology and Groundwater Management and BSc.in Geology from UON. She is a member of Geological Society of Kenya, Geological Registration Board and Licensed Qualified Water Resource Professional (Hydrogeologist).

She is the Chief Executive officer, Regional Centre on Groundwater Resources Education Training and Research, having worked in the Water sector in the last 27 years in various capacities. Previously headed the Research and Data Division as a Chief Water Research Officer, coordinated several groundwater mapping/research programmes both at National and Regional level including assessment of groundwater potential, borehole site investigations in various locations in the country.

She held the position of the UNESCO desk officer at the Ministry of Water, Technical contact person at the office of UNESCO Special Envoy for Water in Africa (The 3<sup>rd</sup> President of Republic of Kenya), Task Force Member in development of UNESCO-IHP 9<sup>th</sup> Strategic Plan and National and Regional International Atomic Energy Agency (IAEA) Technical Cooperation Programmes Coordinator of Isotope Hydrology projects in the water sector.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

11.



**Ms. Gloria Moraa Oeri  
Corporate Secretary  
Bachelor's degree in law (Moi  
University)**


Gloria Moraa Oeri holds a Bachelors Degree in Law from Moi University, a post graduate diploma in Law from the Kenya School of law and is a certified Professional Mediator from the Mediation Training Institute.

She is an Advocate of the High Court of Kenya having been admitted to the bar in March 2019, and has practiced as such in the Office of The Attorney General and Department of Justice (State Law Office) as a state counsel in the rank of a Senior State Counsel.

She is currently on secondment to the Ministry of Water, Sanitation and Irrigation's legal unit where her main duties include advising the ministry's management on all legal issues and acting as a linkage between the ministry and State Law Office.

She had practiced law in the state law office for a period amounting to five years where until her secondment, she worked in the Registrar General Department.

**4. Key Management Team**

1.	Management	Details
	 <p data-bbox="343 929 805 1041"><b>Geol Patrick M. Wakhungu</b> <b>BSc, MSc, R. Geol, FGSK, MEIK</b> <b>Acting Chief Executive Officer</b></p>	<p data-bbox="885 414 1484 907"><b>Geol Patrick M. Wakhungu</b> holds a Master’s degree in Geoinformation Science from the University of Twente, Netherlands, a Bachelor’s degree in Geology from the University of Nairobi, and a Diploma in Water Engineering from the Kenya Water Institute (KEWI). He is a member in good standing of the Geological Registration Board (GRB), the Geological Society of Kenya (GSK), the Environmental Institute of Kenya (EIK), and is a Licensed Qualified Water Resource Professional (Hydrogeologist).</p> <p data-bbox="885 952 1484 1400">Mr. Wakhungu currently serves as the <b>Acting Chief Executive Officer</b> of the <b>Regional Centre on Groundwater Resources Education, Training and Research (RCGW)</b>. He brings over 15 years of progressive experience in the water sector, academia, and consultancy where he has held various leadership and technical roles contributing to sustainable water resource management and capacity development in the region.</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

2.



**Ms. Gloria Moraa Oeri  
Corporate Secretary  
Bachelor's degree in law (Moi University)**

Gloria Moraa Oeri holds a Bachelors Degree in Law from Moi University, a post graduate diploma in Law from the Kenya School of law and is a certified Professional Mediator from the Mediation Training Institute.

She is an Advocate of the High Court of Kenya having been admitted to the bar in March 2019, and has practiced as such in the Office of The Attorney General and Department of Justice (State Law Office) as a state counsel in the rank of a Senior State Counsel.

She is currently on secondment to the Ministry of Water, Sanitation and Irrigation's legal unit where her main duties include advising the ministry's management on all legal issues and acting as a linkage between the ministry and State Law Office.

She had practiced law in the state law office for a period amounting to five years where until her secondment, she worked in the Registrar General Department.

3.



**Ms. Cynthia N. Wacuka  
BSc. Meteorology**

Ms. Cynthia N. Wacuka is a Hydrometeorologist at the Regional Centre on Groundwater Resources (RCGW), serving within the Department of Research and Mapping for the past four years. She specializes in hydrometeorological data acquisition, analysis and interpretation; hydrological processing; GIS-based hydrological mapping; and assessment of surface-groundwater interactions using conventional and isotope hydrology techniques. She has contributed to several national and international research initiatives focusing on groundwater sustainability,

Ag. In charge of Research and Mapping,

managed aquifer recharge, and climate-water dynamics.

In addition to her technical and research roles, Ms Wacuka plays a critical institutional role by representing the technical team in the budgeting process and providing expert input to ensure that financial planning aligns with scientific, operational, and project requirements. She also supports the development of bankable projects, contributes to external collaboration frameworks and participates in national technical committees across climate change, groundwater resilience, and water sector financing and planning.

Ms. Wacuka holds a First-Class Honours Bachelor of Science in Meteorology from the University of Nairobi. She has undertaken multiple specialized trainings with IAEA, Danida, JICA, World Bank, KIGAM, and other institutions, further strengthening her technical, analytical and project management competencies.

4.



**Geol Samwel M. Kamau  
and Geospatial Technology Geological  
Engineering, Groundwater**

Mr. Samwel holds a BSc. degree in Geology from the University of Nairobi-Kenya and an MSc. degree in Engineering and Environmental Geology from the University of Twente in the Netherlands (Faculty of Geo-Information Science and Earth Observation-ITC). Mr. Samwel has previously worked on a number of projects related to groundwater exploration and mapping, sustainable management of natural resources, mapping of water resources in Arid and Semi-Arid Lands (ASALs), data analytics and geostatistics, spatial modelling, water, sanitation, and hygiene (WASH) projects, spatial epidemiology, and the use of

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

In charge of Capacity Building

geo information technology in the management of natural resources.

Samwel has experience working with a wide range of organizations, including the national government, county governments, non-governmental organizations, the commercial sector, and institutions of higher learning.

He has more than ten years of experience in the development and management of training and capacity-building programmes, with a focus on instilling knowledge and technical expertise in groundwater exploration, geohazards assessment, environmental assessment, geospatial modelling, research project development and management, implementation of UN Sustainable Development Goals (SDGs), geodatabase management, and geotechnical investigations. Samwel is a professional member of the Geological Society of Kenya (GSK) and is presently the department head for Training and Capacity Building (TCB) at the Regional Centre on Groundwater Resources (RCGW) as well as the project coordinator of the Horn of Africa Groundwater for Resilience Project (HoAHW4RP) (2022-2027).

5.



**CPA Fredrick Njuki  
MBA Finance, BSc. H&I Management,  
CPA(K)**

CPA Fredrick Njuki is a seasoned finance professional with over 20 years of experience spanning financial services, public administration, real estate, insurance, and project management. He holds an MBA in Finance from United States International University and is a Certified Public Accountant (CPA-K).

At the Regional Centre on Groundwater Resources, Education, Training, and Research, Fredrick provides strategic financial leadership, ensuring effective resource utilization, compliance, and sustainability. His expertise includes financial

planning, budgeting, donor fund management, risk management, and internal controls.

Fredrick has a proven track record of delivering timely and accurate financial reporting, strengthening internal controls, and driving operational efficiency. He has previously held senior roles, including General Manager and Group Finance Manager, where he successfully implemented cost-reduction strategies, resource mobilization initiatives, and ERP automation.

6.



**Mr. Benson Kimotho Wanjiku**  
**Master of Public Policy, BSc**  
**Environmental Planning and**  
**Management**

Benson Kimotho is a strategic and visionary Public Policy and Sustainability Specialist with over 12 years of progressive experience and a proven track record in designing, coordinating, and implementing high-impact development projects. Benson has education background in Master of Public Policy (Erfurt University, Germany) and a Bachelor of Environmental Studies (Planning & Management Option-Kenyatta University-Kenya). Benson is also a graduate of Kenya school of Government with a certification in Senior Management Course (SMC)

His career spans diverse areas of expertise including Project Management, Public Policy Administration, Institutional Management, Social Safeguards, Monitoring & Evaluation, and Capacity Building.

On professional memberships and affiliations, Benson is a registered Lead Expert under the National Environment Management Authority (NEMA-Kenya) and a member of the Environment Institute of Kenya (EIK).

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Currently, Benson serves at the Regional Centre on Groundwater Resources, Education, Training and Research (RCGW) as the Head of Administration and Safeguards, where he is responsible of overseeing day-to-day operations, implementation of administrative policies and procedures as well as environmental and social safeguards.

He is also the current Country Director for UNESCO International Centre for Water Security and Sustainable Management (UNESCO i-WSSM Korea) Nairobi office spearheading and coordinating the i-WSSM Nairobi Office activities and programmes. In Charge of Corporate Services.

7.



**CPA Janiffer G. Ndibaru  
MSc Finance, Bachelor of Commerce  
Finance, CPA(K)**

CPA Janiffer G. Ndibaru holds MSc in Finance, Bachelor of Commerce in Finance, CPA-K and an active member of Institute of Certified Public Accountants of Kenya (ICPAK) and Institute of Internal Auditors of Kenya (IIAK).

She is in charge of Internal Audit Department and has over 15 years' experience in the field.

8.



**Mr. Brian Letuati Kasura  
Bachelor of Business Administration  
major in Procurement, Supply chain and  
Logistics Management**

Mr. Brian Letuati Kasura holds a Bachelor of Business Administration major in Procurement, Supply chain and Logistics Management, Diploma in Business Management, CIPS and an active member of Chartered Institute of Procurement and Supply (MCIPS-UK)

He is in charge of Procurement and Supply chain management operations and has 5 years' experience in the field.

## **Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Annual Report and Financial Statements for the year ended June 30, 2025**

### **5. Chairman's Statement**

It is with immense honor and a renewed sense of purpose that I present the Regional Centre on Groundwater Resources Education, Training and Research's Annual Report and Financial Statements for the year ended 30th June 2025. This fiscal year has not only tested our institutional resilience but also served as a powerful testimony of our transformation into a premier regional knowledge hub on groundwater resources. It has been a period defined by bold strides in research, capacity development, innovation, and collaboration.

This year, we took full flight in the implementation of our 2023–2027 Strategic Plan. Guided by this blueprint, the Centre executed its FY 2024/25 Performance Contract (PC) with distinction, meeting or exceeding nearly all key performance indicators. From conducting cutting-edge aquifer mapping to building a modern groundwater laboratory infrastructure, our work has consistently aligned with the national water security goals and regional sustainability objectives.

#### **Strengthening Our Core Mandate**

At the heart of our accomplishments lies a deepened commitment to research and scientific excellence. We conducted comprehensive groundwater assessments across the Kilimanjaro-Chyulu Hills-Mzima Springs ecosystem, Nakuru Aquifer System, and the Tana Basin during both dry and wet seasons. These efforts culminated in the analysis of over 330 water samples for isotopic and hydrogeochemical profiling, yielding insights that will inform sustainable water resource management.

The Centre further advanced its leadership in Managed Aquifer Recharge (MAR) with the continued assessment of the Nairobi Aquifer System. Notably, 7 GNIP (Global Network of Isotopes in Precipitation) stations were successfully installed and operationalized across the country, positioning Kenya as a regional model for groundwater monitoring.

#### **Capacity Building and Outreach**

This year marked an exponential expansion in our training and advocacy efforts. Over 210 professionals and students were trained on diverse subjects, including isotope hydrology, t-TEM technology, conceptual modeling, and groundwater governance both locally and abroad. We also engaged 80 county officers from arid regions such as Marsabit, Kitui, Garissa, and Kajiado in grassroots groundwater education, promoting sustainable extraction practices.

Our public awareness campaigns reached thousands across four counties, while our active participation in 16 national and international water-related forums helped elevate Kenya's voice on the global stage. Papers presented in conferences across Nairobi, Mombasa, and Paris showcased our thought leadership on nuclear techniques in groundwater and MAR innovations.

## **Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Annual Report and Financial Statements for the year ended June 30, 2025**

### **Fostering Partnerships and Innovation**

The Centre's influence continues to be enriched through international collaboration. We formalized partnerships with i-WSSM (Korea), UNESCO-IHP, GTK Finland, and the Council of Governors, among others. These alliances bore fruit in joint workshops, cross-border forums, and new technology transfer. Of special note was the opening of the i-WSSM Kenya office hosted within our premises, solidifying our role as a continental groundwater think tank. Further, we introduced and trained staff in advanced technologies such as Muon Tomography, Gravimetry, and Sky-TEM, ushering in a new era of scientific precision.

### **Financial Stewardship and Governance**

Despite financial constraints in the previous year caused by delayed exchequer releases, the Centre made a strong recovery, achieving 100% absorption of allocated funds in FY 2024/25 and clearing all pending bills. Notably, the Centre settled Kshs. 31.5 million in outstanding obligations from the prior fiscal year, reflecting enhanced fiscal discipline and prudent financial management.

Our governance structures have also been fortified, with the full constitution of the Board and its three standing committees, Research, Education and Training; Finance and Administration; and Audit and Risk, thus providing strategic oversight. The Board continues to prioritize the implementation of robust policies and adherence to the Mwongozo Code of Governance.

### **Challenges and Forward Strategy**

Nonetheless, the journey was not without hurdles. The persistent underfunding of capital and programme budgets continues to hinder optimal implementation of our mandate. Limited staffing and absence of a financial information system remain notable operational risks. However, our newly developed Workplace Productivity Improvement Strategy and Resource Mobilization Framework provide a clear path forward.

In the coming year, the Centre will focus on enhancing internal systems, scaling research infrastructure, and leveraging digital transformation to mainstream our services through e-citizen platforms. We shall also intensify our engagement with counties and communities to deepen local ownership of groundwater resource governance.

### **A Vision for the Future**

As climate change accelerates and water security grows ever more vital, the Regional Centre stands resolute in its mission to lead, to educate, and to innovate. Groundwater is not merely a resource; it is the lifeblood of sustainable development in our region. We are determined to ensure that every decision we make, every study we conduct, and every student we train contributes toward building a water-secure future.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Acknowledgements**

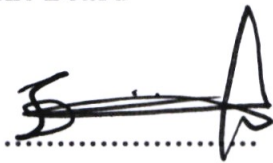
I wish to express heartfelt appreciation to the Cabinet Secretary and Principal Secretary of our parent Ministry for their unwavering support and policy guidance. I also commend my fellow Board members, our Chief Executive Officer Geol. Agnes Mbugua, and the entire staff for their relentless dedication and professionalism. It is through their efforts that the Centre continues to thrive and inspire.

Together, we move forward with clarity of vision, courage in execution, and an unshakable belief in the power of groundwater to transform lives.

Dr. Stephen K. Maore, PhD

**Chairman of the Board**

Signature



Date:

25/11/2025

## **Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Annual Report and Financial Statements for the year ended June 30, 2025**

### **6. Report of the Chief Executive Officer**

As we conclude the fiscal year 2024/2025, I am honored to present this year's Annual Report for the Regional Centre on Groundwater Resources Education, Training, and Research in Eastern Africa (RCGW). The year has been defined by strategic growth, strengthened collaborations, technological innovation, and a remarkable fulfillment of our mandate despite persistent financial and operational challenges.

#### **Resilience in Fiscal and Operational Management**

In the backdrop of prior-year funding delays and institutional constraints, the Centre entered this fiscal year with a renewed sense of determination. Through a carefully structured implementation of our Strategic Plan (2023–2027) and FY 2024/25 Performance Contract, we achieved 100% absorption of both recurrent and development funds, with zero pending bills. We prioritized the clearance of outstanding pending bills, allocating 15% of the current year's budget to settle these obligations, while also optimizing operational workflows and aligning expenditures with strategic objectives. However, our progress was not without difficulty. The gap between our actual funding and the financial requirements for full execution of our Key Result Areas remains a concern. The Centre required over Kshs. 240 million to fully implement all programmes, yet available budgetary allocations remained under Kshs. 222 million. Despite this, the team exhibited unwavering commitment to achieving the targets under our strategic pillars: research, training, institutional capacity, and partnerships.

#### **Technical Excellence and Sectoral Impact**

The Centre undertook high-impact scientific work across critical aquifer systems, Nakuru, Tana Basin, and the Kilimanjaro-Chyulu-Mzima Springs Ecosystem. Notable was the continued assessment of the Nairobi Aquifer System under our Managed Aquifer Recharge (MAR) program, alongside the operationalization of 7 GNIP stations across the country. In total, over 330 samples were analyzed for isotope and hydro-chemical profiling, providing actionable data for water governance and quality assurance.

Our focus on innovation and technology transfer also intensified. We introduced advanced tools such as Muon Tomography, Gravimetry, and Sky-TEM, and trained staff extensively on their application. These innovations are game-changers in the field of groundwater exploration and modeling and position the Centre at the frontier of modern hydrogeological research in Africa.

#### **Capacity Building and Knowledge Sharing**

Our training and outreach initiatives expanded significantly. The Centre trained over 210 professionals, county officers, and students, equipping them with critical skills in groundwater management, isotope hydrology, conceptual modeling, and geospatial technologies. We partnered with UNESCO, i-WSSM, and other institutions to deliver training programs and hosted a regional modeling exchange at UNON that engaged over 20 experts.

## **Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa Annual Report and Financial Statements for the year ended June 30, 2025**

Our capacity-building agenda was further strengthened through targeted stakeholder forums, advocacy campaigns, and student engagements. Four successful public awareness campaigns were conducted in Marsabit, Kitui, Garissa, and Kajiado, highlighting our continued investment in community engagement and knowledge dissemination.

### **Partnerships and Strategic Linkages**

This year saw a quantum leap in collaborative engagements. We operationalized the i-WSSM Kenya office within our headquarters and formalized MOUs with UNESCO-IHP, the Geological Survey of Finland (GTK), and the Council of Governors. We also hosted and participated in no fewer than 16 regional and international forums, amplifying Kenya's leadership in groundwater policy and science diplomacy.

### **Key Challenges**

Despite notable progress, certain challenges persist:

- **Understaffing:** The Centre continues to operate below optimal capacity, with 25 permanent staff supporting a mandate designed for a team of over 80. We supplement this gap through ministry secondments, interns, and contracted staff; however, long-term sustainability requires increased PE funding.
- **System Gaps:** The lack of a financial information management system limits efficiency in reporting, planning, and risk management.

To mitigate these constraints, the Centre developed and implemented a Workplace Productivity Improvement Strategy and pursued additional resource mobilization pathways. These include joint proposals with partners and expanded commercialization of research outputs.

### **Looking Ahead**

As we prepare to enter the mid-cycle review of our Strategic Plan, the Centre remains resolute in its mission to be a Centre of Excellence in groundwater knowledge and capacity development. We will deepen our investment in data systems, leverage innovation, and scale our partnerships. We are also exploring avenues to operationalize internally generated revenue to complement GoK support and enhance long-term institutional resilience.

### **Acknowledgements**

I extend my deepest appreciation to the Ministry of Water, Sanitation and Irrigation for its continued policy and financial support. I also thank the Board of Management, led by Dr. Stephen K. Maore, for its strategic oversight, and our development partners and stakeholders for their collaboration. Most importantly, I acknowledge the dedication and professionalism of the Centre's staff, your commitment is the backbone of our success.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**


Together, we will continue to elevate groundwater governance, research, and innovation across the region.

**Geol Patrick M. Wakhungu**

**Acting Chief Executive Officer,**

**Regional Centre on Groundwater Resources Education, Training and Research**

Signature 

Date: 

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**7. Statement of Performance against Predetermined Objectives for FY 2024/25**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement a statement of the national government Centre’s performance against predetermined objectives.

The Regional Centre on Groundwater Resources Education, Training and Research has four strategic pillars and objectives within its Strategic Plan for the FY 2023/2024-2027/2028. These strategic pillars are as follows:

- KRA 1: Research & Development and Knowledge Management
- KRA 2: Capacity Building on Groundwater Management
- KRA 3: Partnership and Resource Mobilization
- KRA 4: Institutional Capacity Development

The Regional Centre on Groundwater Resources Education Training and Research develops its annual work plans based on the above four pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Centre achieved its performance targets set for the FY 2024/25 period for its four strategic pillars.

KRA 1	Strategic Objectives	Strategies	Achievement
<b>R&amp;D and Knowledge management</b>	<ul style="list-style-type: none"> <li>• To increase geographical coverage of groundwater occurrence and distribution assessment.</li> </ul>	<ul style="list-style-type: none"> <li>• Accelerate the spatial extent of the assessed groundwater potential zones</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted groundwater assessments in Chyulu Hills, Nakuru, and Tana Basin during wet and dry seasons.</li> </ul>
		<ul style="list-style-type: none"> <li>• Strengthen groundwater research infrastructures and technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired two professional digital multiparameter bench-top meters and trained 20 professionals in their use. Installed Muon Tomography equipment at Chyulu Hills.</li> </ul>
	<ul style="list-style-type: none"> <li>• To enhance sustainability of the aquifer systems</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen evaluation of pollution risk and vulnerabilities for strategic aquifer systems.</li> </ul>	<ul style="list-style-type: none"> <li>• Conducted isotope and hydrogeochemical analysis on 338 water samples from Kilimanjaro-Chyulu Hills, Nakuru, and Tana Basin.</li> </ul>
		<ul style="list-style-type: none"> <li>• Enhance groundwater replenishment</li> </ul>	<ul style="list-style-type: none"> <li>• Undertook Managed Aquifer Recharge (MAR) assessment for the Nairobi Aquifer System through a</li> </ul>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

		<ul style="list-style-type: none"> <li>Enhance adaptation to climate change.</li> </ul>	<ul style="list-style-type: none"> <li>consultant and submitted reports.</li> <li>Participated in climate-related forums and trained staff on climate adaptation through Changemakers School.</li> </ul>
	<ul style="list-style-type: none"> <li>Increase access to information on groundwater</li> </ul>	<ul style="list-style-type: none"> <li>To strengthen knowledge sharing mechanism</li> </ul>	<ul style="list-style-type: none"> <li>Uploaded service charters and resources online, conducted training and awareness forums.</li> <li>Participated in 16 national/regional forums; presented 4 papers; submitted one peer-reviewed journal manuscript.</li> </ul>
<b>KRA 2</b>	<b>Strategic Objective</b>	<b>Strategies</b>	<b>Achievement</b>
<b>Capacity building</b>	<ul style="list-style-type: none"> <li>To enhance knowledge, skills and professional competencies in groundwater exploration, development and management.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen the capacity building function (<i>Modules/online, capacity building programmes, Training plans, Review of training guidelines</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Conducted national capacity needs assessment; developed training programmes; trained 214 professionals in diverse groundwater topics.</li> </ul>
	<ul style="list-style-type: none"> <li>Collaboration with relevant research and training institutions to offer training</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration in master's programmes</li> <li>Collaboration in PhD programmes</li> </ul>	<ul style="list-style-type: none"> <li>Collaborated with UNESCO, i-WSSM, USGS, and multiple universities; held exchange programmes and hosted international trainings.</li> </ul>
	<ul style="list-style-type: none"> <li>To enhance community participation in groundwater</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen community awareness and advocacy on ground water management</li> </ul>	<ul style="list-style-type: none"> <li>Conducted public awareness campaigns in Kitui, Marsabit, Kajiado, and Garissa.</li> </ul>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	resources management initiatives	<ul style="list-style-type: none"> <li>Promote peer to peer community learning</li> </ul>	<ul style="list-style-type: none"> <li>Organized interactive community engagements during awareness campaigns and professional exchange visits.</li> </ul>
<b>KRA 3</b>	<b>Objective</b>	<b>Strategies</b>	<b>Achievement</b>
<b>Resource Mobilization and Partnerships</b>	To Increase revenue by 50% YoY by 2028	<ul style="list-style-type: none"> <li>Increase the number of revenue streams (Training, Lab Services, Research services, Funded proposals)</li> </ul>	<ul style="list-style-type: none"> <li>Expanded training, research, and lab services; implemented digitalization of services; proposal writing training conducted for 25 staff.</li> </ul>
	Attain a Brand awareness of 60% by 2028	<ul style="list-style-type: none"> <li>Strengthen marketing function</li> </ul>	<ul style="list-style-type: none"> <li>Participated in major conferences (e.g., Nairobi Int'l Trade Fair, China-Africa Forum, UNESCO forums); developed partnerships with CoG and GTK.</li> </ul>
	To increase the number of Strategic partnership and networks by 50%	<ul style="list-style-type: none"> <li>Promote creation of new strategic partnership and constructive engagement with existing partners</li> </ul>	<ul style="list-style-type: none"> <li>Established partnerships with WSUP, i-WSSM, UNESCO-IHP; signed MOUs with Council of Governors and Finland Geological Survey.</li> </ul>
<b>KRA 4</b>	<b>Objective</b>	<b>Strategies</b>	<b>Achievement</b>
<b>Institutional Capacity Development</b>	Attain a governance score of 100% Annually	<ul style="list-style-type: none"> <li>Enhance organization structures and systems</li> <li>Strengthening the capacity of the Board</li> </ul>	<ul style="list-style-type: none"> <li>Performance appraisals conducted; action plans developed; 100% compliance with Citizens' Service Delivery Charter.</li> </ul>
	Achieve an employee satisfaction rate of 85% by 2027	<ul style="list-style-type: none"> <li>Enhance performance management</li> <li>Enhance staff skills and competencies</li> <li>Enhance Staff welfare</li> </ul>	<ul style="list-style-type: none"> <li>Staff trained in diverse local and international programmes; mentorship, coaching and welfare programmes implemented.</li> </ul>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

	100% automation of all key processes by 2027	<ul style="list-style-type: none"><li>• Strengthen institutional ICT infrastructure and systems</li></ul>	<ul style="list-style-type: none"><li>• Two core services re-engineered and digitalized; customer-facing lab services onboarded to e-Citizen platform.</li></ul>
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**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**8. Corporate Governance Statement**

The Governing Board of the Centre as established through Legal Notice No. 252 of 18<sup>th</sup> December 2015 is made up of three independent Board members and a chairperson, appointed by name. The Board membership also comprises alternates of the Principal Secretaries for the Ministry of Water, Sanitation and Irrigation, Ministry of Education and The National Treasury and Economic Planning. The Chief Executive Officer is an ex officio member of the Board.

In considering nominations to the Board, professional qualifications, gender, experience, and diversity is considered. The Board exercises prudent management, leadership, integrity, innovativeness, and judgement in managing the Centre.

The Directors are provided with all the available appropriate and timely information that enables them to exercise full and effective control over strategic, financial, operational and compliance issues.

The daily operations of the Centre are done by the Chief Executive Officer who is ably supported by a dedicated team of staff. They are responsible for establishing and maintaining internal controls for the realization of the Centre's mandate.

**Appointment of Board Members**

The Board of Directors of RCGW appointment process is guided by provisions of the State Corporations Act (Cap 446), the Mwongozo Code of Governance, and the Centre's establishing instruments. The Board Chairperson is appointed by the President with the Cabinet Secretary appointing other independent members. The Principal Secretary-State Department of Water and Sanitation, National Treasury and Principal Secretary-State Department for Science, Research and Innovation serves as an ex-officio member. The Director/CEO serves as the Secretary to the Board.

**Process of Appointment and Removal of Directors**

Appointment and removal of Board of Directors is undertaken as prescribed in the Mwongozo Code with candidates identified based on their professional qualifications, experience, and expertise relevant to RCGW's mandate. Additionally, Mwongozo Code of Governance and State Corporations Act gives guidelines on the removal of the Board Directors.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Board Composition**

In Compliance to the Mwongozo Code of Governance, the Board comprised of 8 Directors (exclusive of Board Corporation Secretary/CEO and Corporation Secretary) drawn from Research, public sector and technical fields relevant to groundwater management and sustainability. However, the gender composition of the board is dominated by male members issues which has been communicated to the appointing authority.

**Board Charter**

In line with Mwongozo Code of Governance, the Centre has a Board Charter that guides the operations of the Board and its Committees. The Charter outlines the Terms of References, roles, responsibilities, and authority of the Board, its committees, and individual members setting out framework for ethical leadership, accountability, and decision-making.

**Board Induction, Training and Development**

Newly appointed Board members are undertaken through a comprehensive induction program in order to familiarize them with governance in State corporations. The members were undertaken through training and sensitization on risk Management.

**Board Performance Evaluation**

In compliance to State Corporation Act and Mwongozo Code of Governance, the Board as a whole and individual member including the Head of Internal Audit were evaluated by State Corporation Advisory Committee (SCAC).

**Board Meeting Attendance**

During the financial year under review, the Board held a total of 6 meetings, comprising of four (4) ordinary and two (2) special sittings.

**Management of Conflict of Interest**

In line with Mwongozo Code of Governance, all Board members are required to declare any actual or potential conflicts of interest at the start of each meeting. The Centre maintains a register of interests for the Board.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Governance Audit**

In line with Mwongozo Code of Governance that requires independent governance audit to be conducted periodically, the Centre officially requested to be allocated governance auditors from the Office of the Attorney General (AG) to undertake the exercise. The Centre has been allocated the auditors and the exercise will be undertaken in the current year.

**Communication Policy**

The Centre adheres to the Communication Policy on the Board matters as prescribed in Mwongozo Code of Governance, whereby Board members are duly notified of meetings in advance and provided with agendas, minutes, and relevant documents at least seven (7) days prior to the meeting. Official Board correspondences and proceedings are properly documented and circulated to members for confirmation and action. The Board resolutions are communicated promptly to management for implementation and feedback

**Board Sub-committees:**

The Board is assisted in its work by Board Sub committees attending to specific issues. The Sub-committees report to and are accountable to the Board. The Board Sub-committees' main task is to deal more in detail with matters and cascade the same upwards to the Board for further deliberation and ruling. The Board has three standing committees which should meet at least quarterly under terms of reference set by the Board. The sub-committees are constituted as follows: -

**Education, Research and Training Board Committee**

This committee is charged with responsibility of developing research, training, public awareness and consultancy guidelines, seeking partnerships, and funding for research, and coordinating all groundwater research and capacity building activities to ensure quality, knowledge management and prevent research plagiarism. It advises the Board on how to leverage research, capacity building and consultancy.

In addition, this sub-committee reviews all training needs assessments done and advises the Board on how to source resources and expertise to carry out the trainings and capacity building.

**Finance and Administration Board Committee**

This Board committee guides the Management in the preparation of annual budgets, work plans and procurement plans. It reviews the Centre's long term financial needs and ensures they are well captured in the various planning cycles for incorporation in future budgets. It also reviews expenditure on behalf of the Board to ensure optimal utilization of funds.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Audit and Risk Board-Committee**

This committee is responsible to the Board for the establishment of internal control and risk management systems. It meets quarterly to review expenditure and to ensure adherence to laid down regulations with regard to the management of public funds. They also audit reports and guide the Management on continual improvement and elimination of qualified audits.

**Role of the Board of Directors**

The role of the Board of Directors, as guided by the State Corporations Act is to provide overall policy direction and leadership by reviewing the Centre's long- and short-term plans and strategizing on how to mobilize resources. It provides effective leadership and control to ensure realization of the Centre's mandate and the country's long term development goals. It monitors the Centre's plans and strategies. It ensures prudent management of the Centre's resources, reviews the risk management strategies in place while ensuring adherence to laid down government regulations and policies.

The Board also guides the Centre's Human Resource Management plans and determines appointments to top level management positions. It also determines remuneration and career progression of staff to ensure uninterrupted operations at the Centre.

Every quarter, the Board meets to deliberate on reports from the sub-committees. The Board has an annual calendar of scheduled meetings which is developed at the beginning of the financial year.

**Board evaluation**

It is a statutory requirement to have the Board evaluated. The Board was evaluated during the review period. This is vital in improving Board performance.

**Directors' remunerations**

In accordance with the State Corporations Act and SCAC guidelines, the Directors are paid a taxable sitting allowance for every meeting attended. They are further paid accommodation and a mileage allowance where applicable. The Chairperson is paid a taxable monthly honorarium.

**Statement of Compliance**

The Board of Directors confirm that the Centre has throughout the year under review complied with statutory and regulatory requirements and that the Centre has been managed in accordance with the principles of corporate governance.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Internal control and risk management**

The Directors are responsible for reviewing the effectiveness of the Centre's system of internal control which is designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against unauthorized use or disposition and maintenance of proper accounting records and reliability of financial information used within the business or for publication. These controls are designed to manage rather than to eliminate the risk of failure to achieve business objectives due to circumstances which may be reasonably foreseen and can only provide reasonable but not absolute assurance against material misstatement or loss.

**Organization structure**

The Centre has an organization structure which clearly defines lines of authority and responsibility. The professionalism and competence of staff will be maintained through a rigorous program of training and performance appraisal. Training plans will be developed to ensure staff acquire and maintain relevant skills to ensure professional management of the Centre.

**Strategic Plan**

The Centre developed a five-year strategic plan. The strategic plan will form the basis for the development of annual budgets and work plans while maintaining strategic focus to ensure realization of the Centre's long-term goals.

**Internal control framework**

The Centre will continue to review its internal control mechanisms to ensure it maintains a strong and effective internal control environment. Business processes and controls will be reviewed on an ongoing basis. A risk base audit plan which provides assurance over key business processes and operational financial risks facing the Centre will be approved by the Audit and Risk Management sub-committee. Where risks are identified the Audit sub-committee will ensure the Management takes appropriate action.

**Risk Management**

The Centre will have a structure to help identify, assess, and manage risks. This process was not available during the review period. The Management team will review all the identified risks and update the risk register and ensure that all new and emerging risks are appropriately dealt with.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**The Management Team**

The management team implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that they are effectively and efficiently achieved. These action plans are in the form of Annual work plans, budgets, procurement plans and performance contracts.

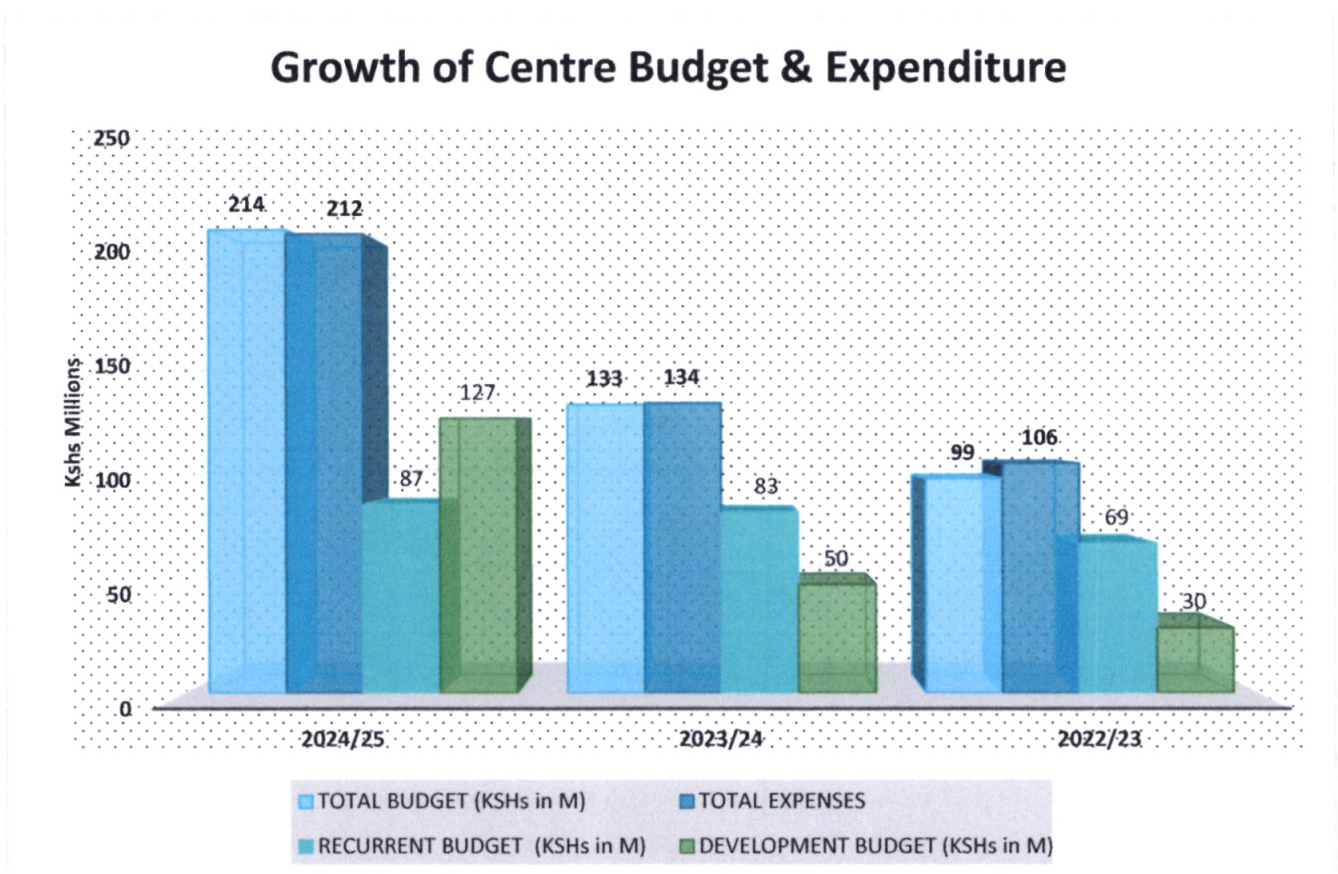
**9. Management Discussion and Analysis**

**A. Overview of Operational and Financial Performance (FY 2022/23 to FY 2024/25)**

Over the last three fiscal years, RCGW has undergone a period of significant growth and institutional maturity. Despite macroeconomic constraints and operational challenges, the Centre has consistently expanded its research scope, training impact, and institutional capacity in line with its mandate and Strategic Plan (2023–2027).

The financial trends over this period reflect a Centre transitioning from constrained resource environments to improved fiscal absorption and enhanced investment in core functions. In FY 2024/25, the Centre recorded the highest budget allocation and utilization within the reporting period, driven largely by a surge in development budget execution to support research infrastructure and training programs. Recurrent budget allocations also increased steadily, underpinning key operational expenditure and personnel support.

**Table 1: Financial Performance Summary (FY 2022/23 - 2024/25)**



Despite pending bills amounting to Kshs 37.5 million carried over from FY 2023/24, primarily due to delayed disbursements and non-release of exchequer funds, FY 2024/25 marked a fiscal turnaround. The Centre achieved a 100% budget absorption rate, with 85% allocated to current year expenditure and 15% dedicated to clearing outstanding pending bills from the prior year.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

This improvement in fiscal performance has enabled the Centre to scale its operations, strengthen its technical infrastructure, and expand outreach activities across Kenya.

**B. Key Achievements and Projects Implemented**

**i) Scientific Research and Groundwater Assessment (FY 2024/25)**

• **Aquifer Mapping & MAR Feasibility:**

- Groundwater assessments were conducted in Tana Basin, Nakuru Aquifer System, and Kilimanjaro-Chyulu Hills-Mzima Springs ecosystem.
- A comprehensive **Managed Aquifer Recharge (MAR)** feasibility study was undertaken in the Nairobi Aquifer System.
- 7 GNIP (Global Network of Isotopes in Precipitation) stations were installed and operationalized.

• **Isotopic and Hydro-chemical Profiling:**

- Over **330 water samples** analyzed for groundwater quality.
- Key outputs include hydrochemical reports and conceptual models.

• **Partnerships:**

- Collaborations with i-WSSM, UNESCO-IHP, GTK Finland, WSUP, Ramboll, and P4G were strengthened.
- Hosted i-WSSM Kenya office, positioning RCGW as a continental hub for groundwater excellence.
- Signed a **Memorandum of Understanding (MoU) with the Council of Governors (CoG)** to enhance county-level collaboration in groundwater research, data sharing, and policy support. This MoU facilitates coordinated capacity building and localized water resource planning across devolved units.
- Contributed to international initiatives including **GWS-SENCE project** in Lamu Delta and MAR assessments at TIWI Aquifer.

**ii) Capacity Building and Outreach**

• **Professional Training:**

- Over **210 professionals trained** on isotope hydrology, MAR, tTEM, GIS, and conceptual modeling.
- Specialized training conducted locally (Turkana, Mombasa, Nakuru, Samburu, Nairobi) and internationally (Denmark, South Africa).

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

- **Public Awareness:**

- Groundwater education forums conducted in **Marsabit, Kitui, Garissa, and Kajiado**.
- Participated in 16 national and international forums, including Africa Climate Summit, WASIC, and GEO-EAST Africa.

**iii) Technology Transfer and Laboratory Infrastructure**

- **Advanced Equipment and Tools Introduced:**

- Procured **Muon Spectrometer, Gravimeter, Sky-TEM**, and turbidity meters to enhance field and lab capacity.
- Upgraded lab capabilities for water quality analysis, isotopic tracing, and MAR assessments.

- **Technical Training:**

- Trained **20 technical staff** on the use, calibration, and maintenance of newly acquired groundwater assessment technologies.

- **Infrastructure Development:**

- Completed refurbishment of lab space, installed lab equipment, and developed SOPs for groundwater quality testing.

**iv) Productivity and Innovation Mainstreaming**

- Developed and implemented **Productivity Metrics and Index** with support from the National Productivity and Competitiveness Centre (NPCC).
- Mainstreamed **Science, Technology and Innovation (STI)** through realignment of training curricula and advocacy in regional forums.

**C. Compliance with Statutory Requirements**

RCGW operates under full compliance with the:

- **Public Finance Management Act (2012)**,
- **Mwongozo Code of Governance**, and
- **IPSAS (Accrual Basis)** reporting standards.

All statutory deductions and financial obligations, including PAYE, NHIF, NSSF, and supplier payments, were met without arrears as of June 30, 2025.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**D. Risks and Mitigation Strategies**

Risk Area	Challenge	Mitigation Measures
Inadequate Staffing	Current staff at 30% of establishment	Use of interns, Ministry-deployed staff, PSC support
Financial Constraints	Underfunding and delayed disbursement	Resource mobilization strategy and donor engagement
Lack of ICT Integration	Manual processes affecting reporting	Automation is underway under HoA-GW4RP support
Climate Variability	Alters groundwater recharge patterns	Climate-resilient research, MAR strategy, hydroclimate modeling

**E. Economic and Sectoral Environment Review**

**Economic Context:** Kenya’s economy grew at 5.4% in 2024, with high inflation and exchange rate pressures affecting development funding. Sectoral allocations to water infrastructure remained below target despite increasing demand.

**Sectoral Developments:**

- Groundwater is increasingly recognized as a climate-resilient resource.
- National Water Act amendments were under discussion.
- Greater emphasis is placed on STI in water resource management.

**F. Future Developments**

**Short-Term Priorities (FY 2025/26):**

- Launch prefeasibility study for **Turkana Groundwater** development.
- Expand stakeholder training and public awareness campaigns.
- Operationalize **e-citizen billing and service delivery platform**.

**Medium-Term Goals:**

- Complete full staffing establishment.
- Construct and equip Centre's permanent headquarters and lab facilities.
- Establish the Centre as an accredited MAR and isotope training institute in the region.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**G. Conclusion**

The period between FY 2022/23 and 2024/25 was transformative for RCGW. Despite financial constraints, the Centre has consistently delivered on its mandate through strategic planning, innovation, and effective partnerships. As the organization positions itself as a regional groundwater research and training leader, the focus remains on sustainability, inclusivity, and scientific integrity.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**10. Environmental and Sustainability Reporting**

The Regional Centre on Groundwater Resources Education Training and Research exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant services, and improving operational excellence. Below is an outline of the Centre's policies and activities that promote sustainability.

**i) Sustainability strategy and profile**

The Centre is regional in its scope of coverage, and it is one of its kind. The top management is keen in ensuring that sustainable strategies are put in place to edge against unfavorable Social-political and macroeconomic volatility that may have negative impact to Centre's operation and also existence. Sustainable priorities, reference to international best practices, is observed.

**ii) Environmental performance**

RCGW is committed to undertaking measures and initiatives that promote sustainable groundwater management and conservation that will in the long run ensures communities meets their water needs now and in future which is also in line with its core mandate.

RCGW has successfully undertaken the following initiatives aimed at environmental sustainability:

- a) Undertaken sustainable groundwater initiatives such as community training on sustainable groundwater management and aquifer recharge pilot projects,
- b) Application of Nature Based Solutions (Nbs) such as tree growing in water catchment areas to ensure biodiversity protection and improved natural recharge of the aquifer.
- c) Undertaken initiative under its Corporate Social Responsibility (CSR) policy that involved collaborating with local schools and community-based organizations (CBO) in tree growing activities, donation of water tanks to improve rain water harvesting and distribution of seedlings.
- d) Encouraging staff to adopt paperless reporting, undertake recycling where necessary and ensuring disposal of non-recyclable waste in provided waste receptacles within the Centre in order to reduce our waste footprint.
- e) Ensuring car-pooling when undertaking fieldwork assignments and regular servicing of motor vehicles in order to reduce our carbon emissions footprints.

However, RCGW efforts in environmental sustainability face diverse challenges with most notable being financial resources constraint that limit the extent that the Centre can implement environmental programs effectively. The Centre is determined to bridge the financial gap by exploring on partnerships

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

and collaborations with private sector and community-based organizations for joint ventures in environmental conservation initiatives.

In conclusion, RCGW is dedicated to environmental sustainability by promoting Managed Aquifer Recharge initiatives, water harvesting, minimizing our carbon footprint, promoting nature based solutions in aquifer recharge areas, community engagement and education on environmental conservation, ensuring equity and inclusion during capacity building initiatives among others.

**iii) Employee welfare**

In compliance with national hiring and recruitment regulations, RCGW aligns its employment practices with the following guiding frameworks:

- a) Constitution of Kenya – Article 232: Values and Principles of Public Service
- b) Public Service (Values and Principles) Act, 2015
- c) Public Service Commission (PSC) and RCGW HR Instruments Guidelines, 2023
- d) Public Service Commission Act, 2017
- e) Employment Act, 2007
- f) Two-Thirds Gender Principle (Constitution, Article 27(6) & (8))
- g) National Cohesion and Integration Act, 2008
- h) Persons with Disabilities Act (2025 revision)
- i) State Corporations Act (Cap 446)

The Centre also adheres to all government annual reporting requirements on gender equity and the inclusion of marginalized groups, ensuring a workplace free from discrimination.

To safeguard employee well-being, the Centre upholds statutory social protections provided under the Employment Act, 2007; Occupational Safety and Health Act (OSHA), 2007; Work Injury Benefits Act (WIBA), 2007; and Labour Relations Act, 2007. These frameworks reinforce a safe and supportive work environment, complemented by medical coverage, psychosocial support, and initiatives that promote work–life balance.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

Furthermore, the Centre has established a Staff Social Welfare Program to support employees during key life events such as weddings, illness, and bereavement. This initiative strengthens staff morale, fosters cohesion, and enhances overall workplace harmony.

**iv) Marketplace practices-**

The Centre has made efforts to:

**a) Responsible competition practice.**

The Centre gives fair chance to all their Suppliers regardless of their race, ethnicity, or Disability. Market surveys are always done before settling on Suppliers.

**b) Responsible Supply chain and supplier relations**

The Centre maintains a cordial relationship with its suppliers through fair competition in the awarding of jobs as stipulated in Public Procurement and Disposal Acts and other relevant regulations. Prompt payment is made upon invoicing.

**c) Responsible marketing and advertisement**

Through the Centers social Media pages, some research knowledge has been disseminated to the public thus creating awareness.

**d) Product stewardship**

Clients research information is ethically and properly kept; Information is only shared to third parties upon authorization.

**v) Corporate Social Responsibility / Community Engagements**

The Centre is committed to impactful Corporate Social Responsibility (CSR) and community engagement initiatives that promote sustainable water and environmental stewardship. As part of its CSR efforts, the Centre donated tree seedlings to schools in Kitui, Kajiado, and Narok Counties as a Nature-Based Solution (NBS) during its annual public awareness forums on groundwater management. These initiatives aim to instill environmental consciousness and support local climate resilience. Additionally, RCGW actively participated in the World Water Day celebrations in Laikipia County, where it donated tree seedlings, reinforcing its dedication to promoting groundwater sustainability and ecosystem restoration at the grassroots level.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**11. Report of the Directors**

The Directors submitted their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Centre's affairs.

**i) Principal activities**

The principal activity of the Board is to guide the Regional Centre in fulfilling its mandate of education, training, and research on groundwater resources.

**ii) Results**

The results of the Centre for the year ended June 30, 2025, are set out on page 1.

**iii) Directors**

The members of the Board of Directors who served during the year are shown in the table below.

S/N	Name	Organization	Appointment Date	Designation
1.	Dr Stephen K. Maore, PHD	Independent	13/12/2024	Chairperson
2.	Eng. Wambutura Justus Gitobu	Independent	05/07/2022	Member
3.	Mr. Kungu Waweru	Independent	05/07/2022	Member
4.	Vainadu Titus Zakayo I.	Ministry of Education	3/10/2022	Member
5.	Mr. James Kimani	National Treasury	23/11/2023	Member
6.	Mr. A.D. Mokua	MWS&I	15/09/2023	Member
7.	Eng. Jackson Kitili	Independent	16/05/2025	Member
8.	Ms. Gloria Moraa Oeri	MWS&I	28/02/2025	Secretary to the Board

**iv) Surplus remission**

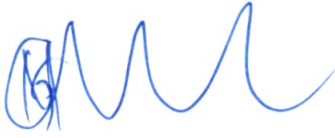
In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The Centre did not make any surplus during the year (FY 2024-25 Ksh Nil) and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor General is responsible for the statutory audit of the Regional Centre on Groundwater Resources Education, Training and Research in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year/period ended June 30, 2025.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

By Order of the Board




**Ms. Gloria Moraa Oeri**

**Corporate Secretary**

**Regional Centre on Groundwater Resources Education Training and Research**

Date: 25<sup>TH</sup> NOVEMBER, 2025

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
DATE: <b>11 MAR 2026</b>	
DAY: WEDNESDAY	
TABLED BY:	LEADER OF MAJORITY PARTY Hon. OWEN BAYA, MP
CLERK-AT THE TABLE:	J' LEMERELLE

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**12. Statement of Directors' Responsibilities**

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

The Directors are responsible for the preparation and presentation of the Centre's financial statements, which give a true and fair view of the state of affairs of the Centre for and as at the end of the financial year (period) ended on June 30, 2025. 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 Centre; (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 Centre; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Centre'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. The Directors are of the opinion that the Centre's financial statements give a true and fair view of the state of Centre's transactions during the financial year ended June 30, 2025, and of the Centre's financial position as at that date.

The Directors further confirm the completeness of the accounting records maintained for the Centre, which have been relied upon in the preparation of the Centre'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 Regional Centre on Groundwater Resources will not remain a going concern for at least the next twelve months from the date of this statement.

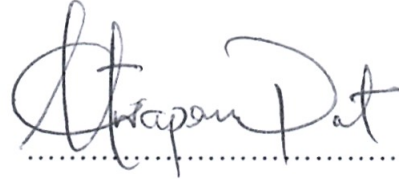
**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Approval of the financial statements**

The Centre's financial statements were approved by the Board on 22/08/2025 2025 and signed on its behalf by:



.....  
**Dr Stephen K. Maore, PHD**  
**Chairperson, Board of Management**



.....  
**Geol Patrick M. Wakhungu**  
**Ag. CEO RCGW**

# REPUBLIC OF KENYA

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*Enhancing Accountability*

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## **REPORT OF THE AUDITOR-GENERAL ON REGIONAL CENTRE ON GROUND WATER RESOURCE EDUCATION, TRAINING AND RESEARCH IN EAST AFRICA(RCGWRET&REA) FOR THE YEAR ENDED 30 JUNE, 2025**

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### PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Regional Centre on Ground Water Resource Education, Training and Research in East Africa(RCGWRET&REA) set out on pages 1 to 44 which comprise of the statement of financial position as at

30 June, 2025 and the statement of comprehensive income, statement of 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, the financial statements present fairly, in all material respects, the financial position of Regional Centre on Ground Water Resource Education, Training and Research in East Africa (RCGWRET&REA) as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Legal Notice No.252 of 18 December, 2015 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Regional Centre on Ground Water Resource Education, Training and Research in East Africa (RCGWRET&REA) Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Emphasis of Matter**

#### **1. Long Outstanding Payables**

The Statement of Financial Position reflects Trade and Other Payables amounting to Kshs.79,230,656 as disclosed in Note 16 to the financial statements. Included in this balance are payables totaling Kshs.3,772,376 that have remained unpaid for over one year. Failure to settle bills during the year to which they relate distort the financial statements and adversely affects the budgetary provision of the subsequent year as they should form first charge.

#### **2. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final approved budget and actual expenditure of Kshs.213,700,000 and Kshs.178,537,898 resulting to under absorption of Kshs.35,162,102 or 16% of the budget. The under absorption of budget affected the planned activities of the company and may have negative impact on service delivery to the public.

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit section of the report including in relation to these matters. Accordingly, the audit included the performance of procedures designed to respond to the assessment of the risks of material misstatement of the financial statements. The results of the audit procedures, including the procedures performed to address the matters above provide the basis for my audit opinion on the accompanying financial statements.

## **Other Matter**

### **Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, management has neither resolved some issues nor provided any explanation for the failure to do so as detailed below; -

1. Undisbursed Budgetary Allocations
2. Failure to Comply with The Ethnic Diversity Rule
3. Failure to Conduct Governance Audit
4. Discrimination of Gender in Appointment of Board Member

### **Other Information**

The Management is responsible for the Other Information set out on page iv to x lvii which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairman's Statement, Report of the Chief Executive Officer, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors, Statement of Directors Responsibilities, Statement of Performance Against Predetermined Objectives). The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Centre's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

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

### **Conclusion**

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

on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Non-Compliance with the Climate Change and Financing**

Audit review and interviews held with Management revealed that the organization has not integrated a Climate Change Action Plan into its sectoral strategies, operational plans, and activities as required by law. Further, the organization has not established a dedicated climate change coordination unit with adequate staffing and financial resources to oversee the mainstreaming of climate initiatives. There was also no evidence of a budget line or financial allocation dedicated to supporting climate change programs or related sustainability activities.

In the circumstances, Management is in breach with the law.

### **2. Procurement of Conference Facilities**

Statement of financial performance and as disclose in Note 7 reflects use of goods and services of Kshs.91,184,310 which includes conferences and delegations of Kshs.6,768,411. Included in conferences and delegations' expenditure are payments amounting to Kshs.1,758,152 for which conference facilities were procured from suppliers not listed in the list of registered supplies. This was contrary to section 95(3) of Public Procurement and Assets Disposal Act,2015 which state that procuring entity shall invite tenders from only the approved persons who have been pre-qualified.

In the circumstances, Management was in breach of the law and value for money could not be confirmed.

### **3. Failure to Comply with The Ethnic Diversity Rule**

The examination of the entity's payroll revealed that out of thirty-one (31) employees, thirteen (13) employees which is equivalent to 45% were from one ethnic community in the Country. This is contrary to the provisions of Section 7(1) and (2) of the National Cohesion and Integration Act 2008

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

### **4. Non-compliance with Public Procurement Capacity Building Levy Order.**

Examination of the of the procurement records filed in the Public Procurement Information Portal and the tender documents and payments to suppliers revealed that Regional Centre on Groundwater Resources Education Training and Research awarded contracts to suppliers amounting to Kshs.26,093,801. However, there was no evidence that the monthly returns for the capacity building levy were submitted as required by the Public Procurement Capacity Building Levy Order, 2023.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the

audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **1. Understaffing of Staff**

Review of staff establishment of eighty (80) against thirty-two (32) staff members in post hence resulting in an overall under establishment of forty-eight (48) personnel.

In the circumstances, the understaffing may hinder effective service delivery to the public.

#### **2. Lack of Adequate Internal Audit Staff and Internal Audit Strategic Plan**

Examination of internal audit documents provided for review revealed that, although the Internal Audit and Risk Assurance Unit prepares annual work plans, the Centre does not have a three-year Internal Audit Strategic Plan. Further, it was noted that the Internal Audit Unit is staffed by only one officer, which is inadequate to provide effective and independent assurance coverage across all operational and risk areas of the organization.

In the circumstances, the effectiveness of internal audit department could not be confirmed.

#### **3. Lack of ICT System or Software in the Regional Centre**

The audit assessment of the ICT-related internal controls at the Regional Centre on Groundwater Resources Education, Training, and Research in Eastern Africa revealed that the Centre lacks an efficient and effective ICT system to support the recording and reporting of financial transactions.

In the circumstances, existence of effective IT internal control systems could not be confirmed.

#### **4. Failure to Conduct Governance Audit**

In the year under review, the Board did not undertake a governance audit as required by Section 19 of the Mwongozo Code of Governance for state Corporations which states that the board should ensure that governance audit of the organization is undertaken on an annual basis. Further, as previously reported, the Board did not conduct an annual evaluation to appraise its performance contrary to guiding principle number 17 of the Mwongozo Code of governance which states that states that, the board will conduct an annual evaluation to appraise its performance was not being adhered to.

In the circumstances, the Management has breached Mwongozo guidelines.

#### **5. Unsupported Board Qualifications and Audit Committee Composition**

The Statement of Financial Performance reflects Remuneration of Directors of Kshs.5,968,990. However, audit examination of Board members' personal files and related documents revealed that Copies of academic and professional certificates of board members were not in the files and therefore it was not possible to confirm the qualification of the Board members. Further, no evidence was provided to confirm that at least one member of the Audit and Risk Committee is a qualified financial expert and a bona fide member of a professional body.

In the circumstances, the effectiveness and composition of the Board of directors could not be confirmed.

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

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

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

In preparing the financial statements, Management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the

activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**28 November, 2025**

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

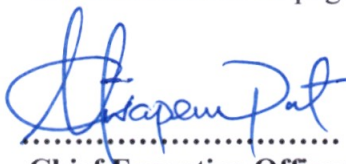
**14. Statement of Financial Performance for the year ended 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
			Restated
<b>Revenue from non-exchange transactions</b>			
Transfers from Ministries, Departments, and Agencies	6	213,621,597	95,900,000*
Donations	6	9,037,079	1,058,953**
<b>Total revenue</b>		<b>222,658,676</b>	<b>96,958,953</b>
<b>Expenses</b>			
Use of goods and services	7	91,184,310	71,694,514
Employee costs	8	51,277,818	45,091,970
Remuneration of Directors	9	5,968,990	9,847,309
Depreciation and amortization expense	10	20,363,335	12,418,322
Repairs and maintenance	11	627,987	396,289
Contracted services	12	9,115,458	6,515,369
<b>Total expenses</b>		<b>178,537,898</b>	<b>145,963,773</b>
<b>Surplus (Deficit) for the Year</b>		<b>44,120,778</b>	<b>(49,004,820)</b>

\* The transfers from Ministries totaling Kshs 95,900,000 have been restated due to the non-receipt of Kshs 37,500,000 in development exchequer funds for FY 2023/2024. The Centre received only one tranche of Kshs 12.5 million (25%) of its allocation, while the remaining 75% was not disbursed

\*\* The donations amount of Kshs 1,058,953 for FY 2023/2024 is a restated figure as explained in the note on page 3.

The notes set out on pages 7 to 38 form an integral part of these Financial Statements

  
.....  
Chief Executive Officer

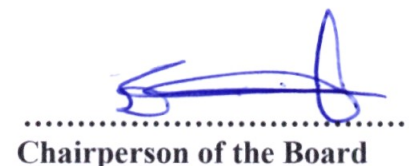
Geol Patrick M. Wakhungu

Date 25/11/2025

  
.....  
Head of Finance

CPA Fredrick Njuki  
ICPAK Member No.11894

Date 28/11/2025

  
.....  
Chairperson of the Board

Dr Stephen K. Maore, PHD

Date 25/11/2025

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**15. Statement of Financial Position as at 30 June 2025**

	Note	2024-2025	2023-2024
		Kshs	Kshs
			Restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	13	66,109,819	3,817,447
Trade and other receivables	14	13,275,000	20,150,000*
<b>Total Current Assets</b>		<b>79,384,819</b>	<b>23,967,447</b>
<b>Non-current assets</b>			
Property, plant and equipment		42,560,720	32,662,616
<b>Total Non- Current Assets</b>		<b>42,560,720</b>	<b>32,662,616</b>
<b>Total assets</b>		<b>121,945,539</b>	<b>56,630,063</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	16	79,230,656	57,265,317
<b>Non-Current liabilities</b>			
Deferred Income	17	-	770,641**
<b>Total liabilities</b>		<b>79,230,656</b>	<b>58,035,958</b>
<b>Net assets</b>			
Revenue reserves		42,714,883	(1,405,895)**
<b>Total net assets</b>		<b>42,714,883</b>	<b>(1,405,895)</b>
<b>Total net assets and liabilities</b>		<b>121,945,539</b>	<b>56,630,063</b>

\* The trade receivables amount of Kshs 20,150,000 for FY 2023/2024 is a restated figure as explained in the note on page 1.

\*\* The deferred income and revenue reserves amounts are restated figures as explained in the note on page 3.

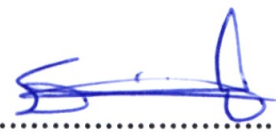
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Management by:



Ag. Chief Executive Officer  
Geol Patrick M. Wakhungu



Head of Finance  
CPA Fredrick Njuki  
ICPAK Member No.11894



Chairperson of the Board  
Dr Stephen K. Maore, PHD

Date... 25/11/2025

Date... 25/11/2025

Date... 25/11/2025

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**16. Statement of Changes in Net Assets for the year ended 30 June 2025**

	Note	Revenue Reserves	Total
Audited		Kshs	Kshs
At June 30, 2022		18,486,960	18,486,960
At July 1, 2022		18,486,960	18,486,960
Surplus/(deficit) for the period		27,758,481	27,758,481
As at June 30, 2023		46,245,441	46,245,441
Surplus(deficit) for the period		(12,563,775)	(12,563,775)
Transfer of Donated Assets		(785,371)	(785,371)
As at June 30, 2024		32,896,295	32,896,295
<b>Restated</b>			
As at June 30, 2023		46,245,441	46,245,441
Prior year adjustment**		2,138,857*	2,138,857*
At July 1, 2023		48,384,298	48,384,298
Surplus/(deficit) for the period		(49,004,822)	(49,004,822)
Transfer of Donated Assets		(785,371)	(785,371)
As at June 30, 2024		(1,405,895)	(1,405,895)
Surplus(deficit) for the period		44,120,778	44,120,778
As at June 30, 2025		42,714,883	42,714,883

\* The prior-year adjustment relates to the amortization of deferred income for laboratory equipment donated by the IAEA, initially valued at Kshs 4,235,809, less the accumulated depreciation of Kshs 267,358 as at FY 2020/2021. An annual amortization charge, matching the depreciation expense, should have been recognized as income each year. Since this was not done, an adjustment to the revenue reserves is necessary. This is summarized as follows:

**SUMMARY OF AMORTIZATION CHARGE ON DEFERRED INCOME - AMOUNT IN KSHS**

	Year	Computers	Equipment	Total
3 Months Charge	2020-21	10,477	256,881	267,358
	2021-22	41,906	1,027,522	1,069,428
	2022-23	41,906	1,027,522	1,069,428
	2023-24	31,431	1,027,522	1,058,953
	2024-25	-	770,641	770,641
			125,720	4,110,089

Deferred Income Amortization Split	2021-22/23	2,138,857	Prior year adjustment
	2023-24	1,058,953	
	2024-25	770,641	
	<b>TOTAL</b>	<b>3,968,451</b>	

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**17. Statement of Cash Flows for the year ended 30 June 2025**

		2024-2025	2023-2024
	Notes	Kshs	Kshs
			Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other government entities	6	222,658,676	96,958,953
<b>Total Receipts</b>		<b>222,658,676</b>	<b>96,958,953</b>
<b>Payments</b>			
Use of goods and services	7	91,184,310	71,694,514
Employee costs	8	51,277,818	45,091,970
Remuneration of directors	9	5,968,990	9,847,309
Depreciation and Amortization expense		-	-
Repairs and maintenance	11	627,987	396,289
Contracted services	12	9,115,458	6,515,369
<b>Total Payments</b>		<b>158,174,563</b>	<b>133,545,451</b>
<b>Net cash flows from/(used in) operating activities</b>	18	<b>92,553,810</b>	<b>(10,334,765)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment, and intangible assets	19	(30,261,438)	-
<b>Net cash flows from/ (used in) investing activities</b>		<b>(30,261,438)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing Activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/decrease) in cash and cash equivalents</b>		<b>62,292,372</b>	<b>(10,334,765)</b>
Cash and cash equivalents at 1 July	13	3,817,447	14,152,212
Cash and cash equivalents at 30 June	13	<b>66,109,819</b>	<b>3,817,447</b>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**18. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2025**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	% of utilization	Explanation
	Kshs	Kshs	Kshs	Kshs	Kshs		
	<b>a</b>	<b>b</b>	<b>C=(a+b)</b>	<b>d</b>	<b>e=(c-d)</b>	<b>f=d/c*100</b>	
<b>Revenue</b>							
<b>Government grants and subsidies</b>	142,500,000	71,200,000	213,700,000	213,621,597	78,403	100%	a
Donations	-	-	-	9,037,079	(9,037,079)	-	b
<b>Total income</b>	<b>142,500,000</b>	<b>71,200,000</b>	<b>213,700,000</b>	<b>222,658,676</b>	<b>(8,958,676)</b>	104%	
<b>Expenses</b>							
Use of goods and services	80,314,102	51,237,000	131,551,102	79,640,120	51,910,982	61%	c
Employee costs	52,185,898	2,200,000	54,385,898	51,277,818	3,108,080	94%	
Remuneration of directors	4,900,000	1,000,000	5,900,000	5,968,990	(68,990)	101%	
Rent	-	11,544,192	11,544,192	11,544,190	2	100%	
Repairs and Maintenance	-	726,000	726,000	627,987	98,013	86%	d
Depreciation and amortization exp		-	-	20,363,335	(20,363,335)	-	
Contracted services	5,100,000	4,492,808	9,592,808	9,115,458	477,350	95%	
<b>Total</b>	<b>142,500,000</b>	<b>71,200,000</b>	<b>213,700,000</b>	<b>178,537,898</b>	<b>35,162,102</b>		e
<b>Surplus for the period</b>				<b>44,120,778</b>			

**Explanation notes**

- Changes between the Original and Final budget** -The Centre received an additional budget allocation under the Second Supplementary Estimates amounting to Kshs 24,200,000 for recurrent expenditure and Kshs 47,000,000 for development expenditure.
- Donations** – relates to donated assets by Horn of Africa Groundwater for Resilience Project (HoAGW4R) Kshs 4,556,021 and International Atomic Energy Agency Kshs 7,678,868.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

- c) **Use of goods and services** - During the FY 2024/25, part of the budget allocation was applied towards the settlement of pending bills amounting to Kshs. 31.5 million, representing 24% of the total allocation. These bills were carried forward from FY 2023/24 due to a delayed exchequer release during that period. In addition, Kshs. 22 million (17%) was utilized for the procurement of specialized laboratory equipment. The cumulative expenditure, comprising current year spending (61%), settlement of pending bills (24%), and acquisition of laboratory equipment (17%), amounts to 102%, indicating full absorption of funds under this category in FY 2024/25.
- d) **Repairs and Maintenance** -There was a marginal underutilization of the repair and maintenance budget amounting to Kshs 98,013, attributable to deliberate management efforts to minimize related expenditures.
- e) **Overall Absorption of funds** - During the FY 2024/25, a portion of the budget allocation was utilized to settle pending bills amounting to Kshs. 31.5 million, representing 15% of the total budget. In addition, Kshs. 22 million (10.3%) was spent on the procurement of specialized laboratory equipment. The current year's net expenditure (excluding depreciation) amounted to Kshs. 158,174,563, representing 74% of the budget. The combined expenditures indicate full absorption of funds for FY 2024/25.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**19. Notes to the Financial Statements**

**1. General information**

The Regional Centre on Groundwater Resources Education, Training, and Research is established by and derives its authority and accountability from the Public Finance Management Act. The Centre is wholly owned by the Government of Kenya and is domiciled in Kenya. The Centre's Principal activity is to carry out research, capacity building and civic education on groundwater resources.

**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 RCGW'S accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

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. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There were no new and amended standards issued in the financial year.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
<b>IPSAS 43: Leases</b>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Centre.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<b>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</b>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<b>IPSAS 45: Property Plant and Equipment</b>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

<p><b>IPSAS 46: Measurement</b></p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ol> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
<p><b>IPSAS 47: Revenue</b></p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Centre shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
<p><b>IPSAS 48: Transfer Expenses</b></p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
<p><b>IPSAS 49: Retirement Benefit Plans</b></p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

**IPSAS 50:  
Exploration For &  
Evaluation of  
Mineral Resources**

***Applicable 1<sup>st</sup> January 2027***

The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:

- i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.
- ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.
- iii. Disclosures that identify and explain the amounts in the Centre's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

**iii. *Early adoption of standards***

The Centre did not early-adopt any new or amended standards in the year 2024/2025.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Taxes, Levies and fines**

The Centre recognizes revenues from taxes, levies, 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 Centre 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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Transfers from other government entities (Continued)**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

The Centre 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 Centre.

**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 Centre's right to receive payments is established.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**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 the Current FY was approved by the National Assembly on 12th June 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Centre upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Centre recorded additional appropriations of Kshs 71.2 million on the 2024/25 budget following the governing body's approval.

**Budget information**

The Centre'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 cash flows has been presented under first section of these financial statements.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**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 Centre does not operate and generate taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**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 extent that it has become probable that future taxable profits will allow the

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 Centre and the same taxation authority.

***Sales tax***

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

- i) 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.
- ii) 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 period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. 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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 required to be replaced at intervals, the Centre 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 Centre. 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 Centre 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 Centre 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 Centre. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Biological Assets**

The Centre recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Centre, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Research and development costs**

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

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

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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

**j) Financial instruments**

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

**a) Financial assets**

**Classification of financial assets**

The Centre classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Centre's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless the Centre has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

**Amortized cost**

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

**Fair value through net assets/ equity**

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**Trade and other receivables**

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

**Fair value through surplus or deficit**

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

**Impairment**

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

**b) Financial liabilities**

**Classification**

The Centre classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**k) Inventories**

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

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 Centre.

**l) Provisions**

Provisions are recognized when the Centre 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 Centre 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.

**m) Social Benefits**

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Centre recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Centre will incur in fulfilling the present obligations represented by the liability.

**n) Contingent liabilities**

The Centre 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**o) Contingent assets**

The Centre 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 Centre 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.

**p) Nature and purpose of reserves**

The revenue reserves reflected in the financial statements represent retained earnings. The accounting policies applied in relation to these reserves ensure compliance with the relevant accounting standards, including the International Financial Reporting Standards (IFRS). In addition, the reserves are fully and transparently disclosed in the annual financial statements in accordance with applicable reporting requirements.

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

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

**r) Employee benefits**

**Retirement benefit plans**

The Centre provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Centre pays fixed contributions into a separate Centre's 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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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.

**s) Foreign currency transactions**

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

**t) 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.

**u) Related parties**

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

**v) Service concession arrangements**

The Centre analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Centre 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,

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

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 Centre also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**w) 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.

**x) Comparative figures**

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

**y) Subsequent events**

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

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**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 Centre based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Centre. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual value**

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

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

**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 40. 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**6. Transfers from Ministries, Departments and Agencies (MDAs)**

Name of the Centre sending the grant	Amount recognized to Statement of Financial Performance. KShs	Amount deferred under deferred income. KShs	Amount recognized in capital fund.	Total transfers 2024/25	Comparative 2023/24
			KShs		Restated KShs
Ministry of Water Sanitation & Irrigation *	213,621,597	-	-	213,621,597	95,900,000*
Horn of Africa Groundwater for Resilience Project (HoAGW4R)	4,556,021			4,556,021	-
International Atomic Energy Agency (IAEA)	3,710,417	-	-	3,710,417	-
Amortization of Deferred Income (IAEA) **	770,641			770,641	1,058,953**
<b>Total</b>	<b>222,658,676</b>	<b>-</b>	<b>-</b>	<b>222,658,676</b>	<b>96,958,953</b>

\* The transfer from the Ministry of Water, Sanitation and Irrigation for the FY year 2023/2024 was restated from Kshs 133,400,000 to Kshs 95,900,000 due to the non-disbursement of Kshs 37,500,000 in development funds exchequer.

\*\* Amortization of deferred income relates to laboratory equipment donated by the IAEA, initially valued at Kshs 4,235,809, less accumulated depreciation of Kshs 267,358 for FY 2020/2021. An annual amortization charge equal to the depreciation expense should have been recognized as income each year until the deferred amount is fully amortized.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**7. Use of Goods and Services**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Administration fees	388,530	1,206,708
Advertising	1,306,800	-
Air Ticketing	1,108,620	987,700
Audit fees	348,000	348,000
Bank charges	208,450	157,443
Capacity building and public awareness on groundwater	10,932,082	18,597,578
Conferences and delegations	6,768,411	6,432,010
Consumables/Hospitality	398,071	444,615
Fuel and oil	1,270,000	2,155,000
Local travel/Subsistence	5,462,790	6,207,664
Printing and stationery	24,000	1,842,400
Rental	11,544,190	11,263,853
Research project expenses	49,739,364	21,242,283
Social Club Subscription	34,000	34,000
Subscription to professional body	97,978	79,116
Telecommunication and postage	1,553,024	696,144
<b>Total</b>	<b>91,184,310</b>	<b>71,694,514</b>

**Use of Goods and Services -Variance Explanatory Notes**

The 27% growth largely reflects enhanced research activities, supported by the budget increase from Kshs 80 million to Kshs 127 million.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**8. Employee Costs**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Basic salary	27,580,484	25,049,036
Employee-related costs - contributions to pensions	3,988,044	3,647,850
Gratuity	1,361,899	1,319,304
Housing benefits and allowances	8,201,817	7,736,250
Housing levy	634,382	567,975
NITA	19,200	19,050
Phase two salary review arrears	1,553,347	-
Social Contribution	395,280	390,600
Travel, motor car, accommodation, subsistence, and other	7,543,365	6,361,905
<b>Employee costs</b>	<b>51,277,818</b>	<b>45,091,970</b>

Travel, motor car, accommodation, subsistence, and others include Special duty allowance, Leave allowance, Remunerative allowance, and Extraneous allowance.

**Variance Explanatory Notes –**

The 14% rise is attributed to the implementation of the approved salary structure and inclusion of new and seconded staff to strengthen operational capacity.

**9. Board /Council Expenses**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Chairman/Directors' Honoraria	781,935	960,000
Housing levy	-	39,300
Induction and Training	159,152	-
NITA	2,900	3,150
Sitting allowances	2,967,000	5,025,600
Subsistence allowance and meeting facilitation	1,231,600	3,075,800
Travel and accommodation	826,403	743,459
<b>Total</b>	<b>5,968,990</b>	<b>9,847,309</b>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Variance Explanatory Notes**

The 39% decrease resulted from reduced board and committee activities, compared to FY 2023/24 when the board held numerous meetings to formulate and approve five Centre policies and the strategic plan.

**Notes to the Financial Statements (Continued)**

**10. Depreciation and Amortization Expense**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Property, plant, and equipment	20,363,335	12,418,322
<b>Total depreciation and amortization</b>	<b>20,363,335</b>	<b>12,418,322</b>

**Variance Explanation Notes**

The 64% Increase resulting from the capitalization of newly acquired laboratory, ICT, and field equipment.

**11. Repairs and Maintenance**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Equipment and Machinery	187,190	24,700
Vehicles	440,797	371,589
Building	-	-
<b>Total repairs and maintenance</b>	<b>627,987</b>	<b>396,289</b>

**Variance Explanatory Notes**

The 58% increase is due to additional maintenance work on laboratory facilities and vehicles used for field operations.

**12. Contracted Services**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Contracted cleaning services	1,522,808	1,522,808
Medical insurance	7,592,650	4,992,561
<b>Total contracted services</b>	<b>9,115,458</b>	<b>6,515,369</b>

**Variance Explanatory Notes**

The 40% growth reflects higher medical premium costs, attributed to an increase in the number of staff dependents and the inclusion of new board members in the scheme.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**13. Detailed Analysis of the Cash and Cash Equivalents**

		<b>2024-2025</b>	<b>2023-2024</b>
<b>Financial institution</b>	<b>Account number</b>	<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
Kenya Commercial bank (Rec)	1198339578	6,665,248	3,667,653
Kenya Commercial bank (Dev)	1278105972	59,444,571	149,794
<b>Sub- total</b>			
<b>Others(specify)</b>			
cash in hand		-	-
<b>Sub- total</b>		-	-
<b>Grand total</b>		<b>66,109,819</b>	<b>3,817,447</b>

**14. Trade and Other receivables**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
		<b>Restated</b>
	<b>KShs</b>	<b>KShs</b>
Prepaid medical costs	-	-
Ministry of Water, Sanitation, and Irrigation	13,275,000	20,150,000*
<b>Total trade and other receivables</b>	<b>13,275,000</b>	<b>20,150,000</b>

\* The trade receivables amount of Kshs 20,150,000 for FY 2023/2024 is a restated figure due to non-receipt of development exchequer amounting to Kshs 37,500,000.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**15. Property, Plant and Equipment, and Intangible Assets**

	<b>Furniture and fittings</b>	<b>Computers</b>	<b>Equipment, Camera, and others</b>	<b>Total</b>
<b>Property, plant, and equipment</b>	<b>Rate 12.5%</b>	<b>Rate 33.33%</b>	<b>Rate 25%</b>	
<b>Cost</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
As at 01 July, 2023	16,529,727	6,492,435	42,193,797	65,215,959
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	(785,371)	(785,371)
<b>As at 30 June 2024</b>	<b>16,529,727</b>	<b>6,492,435</b>	<b>41,408,426</b>	<b>64,430,588</b>
Additions	-	4,556,021	25,705,417	30,261,438
Disposals	-	-	-	-
Transfers/asset donations	-	-	-	-
Disposals	-	-	-	-
<b>As at 30 June 2025</b>	<b>16,529,727</b>	<b>11,048,456</b>	<b>67,113,843</b>	<b>94,692,026</b>
<b>Depreciation and impairment</b>				
As at 01 July 2023	5,512,111	6,492,435	7,345,103	19,349,649
Charge for the year	2,066,216	-	10,352,106	12,418,322
<b>At 30 June 2024</b>	<b>7,578,327</b>	<b>6,492,435</b>	<b>17,697,209</b>	<b>31,767,971</b>
Depreciation	2,066,216	1,518,658	16,778,461	20,363,335
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
<b>At 30 June 2025</b>	<b>9,644,543</b>	<b>8,011,093</b>	<b>34,475,670</b>	<b>52,131,306</b>
Net book values				
<b>At 30 June 2025</b>	<b>6,885,184</b>	<b>3,037,363</b>	<b>32,638,173</b>	<b>42,560,720</b>
<b>At 30 June 2024</b>	<b>8,951,400</b>	<b>-</b>	<b>23,711,217</b>	<b>32,662,616</b>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**16. Trade and Other Payables**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Accrued Audit fees	348,000	696,000
Accrued PAYE	984,752	1,605,992
Gratuity	3,553,862	2,191,963
Staff Pension	570,758	8,354,401
Employee-related cost	16,346,371	25,072,841
Third-party payments	57,426,913	19,344,120
<b>Total trade and other payables</b>	<b>79,230,656</b>	<b>57,265,317</b>

**17. Deferred Income**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>Kshs</b>
		<b>Restated</b>
Opening balance	770,641	1,829,594
Less Amortization charge	(770,641)	(1,058,953)
<b>Total deferred income</b>	<b>-</b>	<b>770,641*</b>

\*Amortization of deferred income is restated figure and relates to laboratory equipment donated by the IAEA, initially valued at Kshs 4,235,809, less accumulated depreciation of Kshs 267,358 for FY 2020/2021. An annual amortization charge equal to the depreciation expense should have been recognized as income each year until the deferred amount is fully amortized.

**18. Cash Generated from Operations**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>Kshs</b>
<b>Surplus for the year before tax</b>	<b>44,120,778</b>	<b>(49,004,820)</b>
<b>Adjusted for:</b>		
Depreciation	20,363,335	12,418,322
<b>Working Capital adjustments</b>		
Decrease in receivables	6,875,000	2,350,000
Decrease in deferred income	(770,641)	(1,058,953)
Increase in payables	21,965,338	24,960,686
<b>Net cash flow from operating activities</b>	<b>92,553,810</b>	<b>(10,334,765)</b>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**19. Purchase of Property plant, Equipment and intangible assets**

<b>Description</b>	<b>2024-2025</b>	<b>2023-2024</b>
	<b>KShs</b>	<b>KShs</b>
Equipment	25,705,417	-
Computer	4,556,021	-
<b>Total</b>	<b>30,261,438</b>	<b>-</b>

**20. Financial Risk Management**

The Centre's activities expose it to a variety of financial risks including credit and liquidity risks and the effects of changes in foreign currency. The Centre's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Centre 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 Centre's financial risk management objectives and policies are detailed below:

**i) Credit risk**

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

**Financial Risk Management**

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>As at 30 June 2025</b>				
Bank balances	66,109,819	-	-	-
<b>Total</b>	<b>66,109,819</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 June 2024</b>				
Bank balances	3,817,447	-	-	-
<b>Total</b>	<b>3,817,447</b>	<b>-</b>	<b>-</b>	<b>-</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 Centre has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The board of directors sets the Centre's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

The table below represents cash flows payable by the Centre 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.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>As at 30 June 2025</b>				
<b>Trade payables</b>	63,468,898	8,253,382	7,508,376	<b>79,230,656</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>63,468,898</b>	<b>8,253,382</b>	<b>7,508,376</b>	<b>79,230,656</b>
<b>As at 30 June 2024</b>				
Trade payables	57,265,317	-	-	<b>57,265,317</b>
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
<b>Total</b>	<b>57,265,317</b>	<b>-</b>	<b>-</b>	<b>57,265,317</b>

**iii) Market risk**

The Centre has put in place an internal audit function to assist it in assessing the risk faced by the organization 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 Centre'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 optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

The Centre'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 Centre's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The Centre has transactional currency exposures. Such exposure arises through purchases of goods and services that are made in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The Centre manages foreign exchange risk from future commercial transactions and recognized assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**b) Interest rate risk**

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

**Management of interest rate risk**

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

**Sensitivity analysis**

The Centre analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Fair value of financial assets and liabilities**

**a) Financial instruments measured at fair value.**

**Determination of fair value and fair values hierarchy**

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Centre’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 Centre considers relevant and observable market prices in its valuations where possible.

**iv) Capital Risk Management**

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

	<b>2024-2025</b>	<b>2023-2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation reserve	-	-
Retained earnings	38,596,932	(4,603,705)
Capital reserve	-	-
<b>Total funds</b>	<b>38,596,932</b>	<b>(4,603,705)</b>
Total borrowings	-	-
Less: cash and bank balances	(66,109,819)	(3,817,447)
Net debt/ (excess cash and cash equivalents)	-	-
<b>Gearing</b>	<b>0%</b>	<b>0%</b>

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Notes to the Financial Statements (Continued)**

**21. Related Party Disclosures**

**Nature of related party relationships**

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

**Government of Kenya**

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

**Other related parties include:**

- i) The Parent Ministry
- ii) County Governments
- iii) Key management.
- iv) Board of directors

**22. Events after the Reporting Period**

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

**23. Ultimate and Holding Centre**

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

**24. Currency**

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

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**20. APPENDICES**

**Appendix I: Projects implemented by the Centre**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. Evaluation of surface and Groundwater interaction using Isotope technology	1109116000	-	4 Years	-	No	Yes
2. Establish Aluminum residue in drinking water	1109116200	-	4 Years	-	No	Yes
3. Groundwater Resources Assessment - MAR	1109125900		5 Years		No	Yes

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
<b>1</b>	Evaluation of surface and Groundwater interaction using Isotope technology	400M	90M	23%	60M	60M	Gok
<b>2</b>	Establish Aluminum residue in drinking water	300M	52M	17%	7M	7M	Gok
<b>3.</b>	Groundwater Resources Assessment - MAR	459M	65M	14%	60M	60M	Gok

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa**  
**Annual Report and Financial Statements**  
for the year ended June 30, 2025

**Appendix II: Inter-Centre Transfers**

<b>REGIONAL CENTRE ON GROUNDWATER RESOURCES EDUCATION TRAINING AND RESEARCH</b>				
<b>Breakdown of Transfers from the State Department of Water and Sanitation</b>				
<b>FY 2024/2025</b>				
<b>a.</b>	<b>Recurrent Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>The Amounts relate to FY</b>
		30-Aug-2024	5,208,333	2024/25
		23-Sep-2024	5,208,333	2024/25
		28-Oct-2024	5,208,333	2024/25
		18-Nov-2024	5,208,333	2024/25
		19-Dec-2024	5,208,333	2024/25
		09-Jan-2025	5,208,333	2024/25
		10-Feb-2025	5,208,333	2024/25
		14-Mar-2025	5,208,333	2024/25
		03-Apr-2025	5,208,333	2024/25
		14-May-2025	13,275,000	2024/25
		10-Jun-2025	13,275,000	2024/25
		30-Jun-2024	13,275,000	2024/25
		<b>Total</b>	<b>86,699,997</b>	
<b>b.</b>	<b>Development Grants</b>	<b>Bank Statement Date</b>	<b>Amount (KShs)</b>	<b>The Amounts relate to FY</b>
		25-Sep-2024	6,666,667	2024/25
		4-Oct-2024	6,666,667	2024/25
		20-Nov-2024	6,666,667	2024/25
		22-Nov-2024	6,666,667	2024/25
		15-Jan-2025	6,666,667	2024/25
		19-May-2025	47,000,000	2024/25

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**

		05-Jun-2025	22,500,000	2024/25
		19-Jun-2025	24,088,267	2024/25
		<b>Total</b>	<b>126,921,602</b>	

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

**Accounting Officer**

Regional Centre on Groundwater  
Resources Education Training and Research

Sign: 

**Head of Accounting Unit**

Ministry of Water, Sanitation and  
Irrigation

Sign: 

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa  
Annual Report and Financial Statements  
for the year ended June 30, 2025**

**Appendix III: Implementation Status of Auditor-General's Recommendations**

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

Ref. No.	Issue / Auditor's Observations	Management Comments	Status	Expected Resolution Date
1.0	Weak Internal Controls in Stores and Inventory Management Lack of segregation of duties: The review revealed that the Head of Procurement was performing multiple roles, including procurement, receiving, and issuing. This concentration of responsibilities poses a significant risk of fraud, theft, and record inaccuracies.	The issue arises due to understaffing in both the procurement unit and the Centre at large. Despite repeated requests to the National Treasury via the Ministry for additional funding to recruit staff, no progress has been made. As an interim measure, procurement interns from the Public Service Commission have been deployed to support the Head of Procurement, taking over responsibilities such as receiving and issuing.	Partially Resolved	2025/26
2.0	Lack of Safety Equipment (e.g., Fire Extinguishers) The laboratory was found to lack essential fire safety equipment, raising concerns about preparedness for fire emergencies.	The Centre has initiated procurement of fire extinguishers for the laboratory. The equipment is expected to be installed by January, followed by appropriate training for staff.	Resolved	N/A
3.0	Failure to Conduct Governance Audit The Board did not conduct a governance audit as required by the Mwongozo Code of Governance for State Corporations, making it difficult to assess the standards of governance in place.	During the year under review, Management engaged the Office of the Attorney General to allocate an officer for the governance audit, but the request was not successful. A follow-up will be made in the current financial year to ensure the audit is conducted.	Resolved	N/A

**Regional Centre on Groundwater Resources Education Training & Research in Eastern Africa**  
**Annual Report and Financial Statements**  
**for the year ended June 30, 2025**



Ref. No.	Issue / Auditor's Observations	Management Comments	Status	Expected Resolution Date
4.0	Gender Imbalance in Board Appointments The Board consisted of nine members, only two of whom were female, indicating non-compliance with gender balance expectations.	The concern is acknowledged and will be communicated to the appointing authority for consideration during future appointments.	In Progress	2025/26

Chief Executive Officer.

Signature  .....

Date 25/11/2025 .....