

REPUBLIC OF KENYA



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*Paper Laid*  
*By Hon. K.O. Mutho*  
*(Majority Party Whip) on*  
*Wed. 18.11.15 (pm)*  
*Mmmw*

REPORT

OF

THE AUDITOR-GENERAL



ON

THE FINANCIAL STATEMENTS OF  
RIFT VALLEY WATER SERVICES BOARD

FOR THE YEAR ENDED  
30 JUNE 2014





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**RIFT VALLEY WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>th</sup> JUNE, 2014**



# Rift Valley Water Services Board

Board Area of Operation  
Our County Governors and Senators

**Turkana**

<b>Governor</b>  Hon. Josphat Koli Nanok	<b>Senator</b>  Hon. John Muryes Kiyonga
--	--

**West Pokot**

<b>Governor</b>  Hon. Simon Kachapin Kitalei	<b>Senator</b>  Hon. John Krop Lonyangapuo
--	--

**Elgeyo Marakwet**

<b>Governor</b>  Hon. Alex Tanui Tolgos	<b>Senator</b>  Hon. Onesimus Kipchumba Murkomen
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**Narok**

<b>Governor</b>  Hon. Samwel Kuntai Tunai	<b>Senator</b>  Hon. Stephen Kanyinke Ntutu
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**Baringo**

<b>Governor</b>  Hon. Benjamin Cheboi	<b>Senator</b>  Hon. Gideon Kipsielel Towett Moi
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**Nyandarua**

<b>Governor</b>  Hon. Daniel W. Mwangi	<b>Senator</b>  Hon. Murtuki Karue Muriuki
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**Nakuru**

<b>Governor</b>  Hon. Kinuthia Mbugua	<b>Senator</b>  Hon. James Klarie Mungai
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## I. KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background information

The Rift Valley Water Services Board is a body corporate established under the provisions of the Water Act 2002 to be responsible for the efficient and economical provision of water services within its area of jurisdiction. The Board is domiciled in Kenya and was appointed through Kenya gazette notice no. 1715 of March 2004. Its service area covers 7 counties namely, Turkana, West Pokot, Baringo, Nakuru, Narok, Elgeyo-Marakwet, and Nyandarua.

The Board is required under section 82 (1) of the Water Act, 2002 to keep proper books of accounts of its income, expenditure, assets and liabilities. Further, section 82 (2) of the Water Act requires that accounts of the Board shall be audited and reported in accordance with the Public Audit Act. This report is therefore made pursuant to section 82 of the Water Act 2002.

### b) Principal Activities

The principal activity/mission of the RVWSB is to develop and improve water infrastructure and contract and monitor Water Service Providers in seven counties namely, Turkana, West Pokot, Elgeyo-Marakwet, Baringo, Nakuru, Nyandarua and Narok.

### c) Key Management

The Board is governed at policy level by a Board of Directors. They are drawn from various Government Ministries and private sector representing a wide cross section of stakeholder within the Board area with a mix of skills, age, qualifications, gender and experience. A representative from Inspectorate of State Corporation also attends the meetings for advisory purposes. The day to day management is carried out by a management team headed by the Chief Executive Officer.

### d) Fiduciary Management

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2014 and who had direct fiduciary responsibility were:

- |      |                    |  |
|------|--------------------|--|
| i.   | Eng. Japheth Mutai | Chief Executive Officer                  |
| ii.  | Paul Gicheru       | Technical Services Manager               |
| iii. | CPA Grace J Bowen  | Finance Manager                          |
| iv.  | Ms Leah J Tanui    | Human Resources & Administration Manager |
| v.   | CPA Reuben Korir   | Internal Audit Manager                   |
| vi.  | Mr Lewis L Tikani  | Legal Services Manager                   |



**e) Fiduciary Oversight Arrangements**

To ensure the efficient running of the Board's operations, the Board has established four standing Committees which meet and make recommendations to the Board on issues delegated to them. Each Committee has a Charter to guide its operations. During the year under review the Board had the following Committees in place to provide oversight arrangements:

1. Finance and General Purposes Committee
2. Technical and Standards Committee
3. Audit and Risk Management Committee
4. Human Resource and Administration Committee

**f) Entity Headquarters and Contact Address**

Maji Plaza  
Prisons Road, Off Nakuru-Eldama Ravine Highway  
P O Box 2451-20100,

**Nakuru**

Telephone: (254) 51 2213 557  
E-mail: info@rvwsb.go.ke  
Website: www.rvwsb.go.ke

**g) Entity Bankers**

Kenya Commercial Bank  
Kenyatta Avenue Branch,  
P O Box 18-20100

**Nakuru**

**h) Independent Auditors**

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





**Nairobi.**

**i) Principal Legal Adviser**


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

**Nairobi.**





## II. THE BOARD OF DIRECTORS

Insert each Director's passport-size photo and name, and key profession/academic qualifications	Provide a concise description of each Director's date of birth, key qualifications and work experience
<p>1.  Ms. Christine Ndoigo</p> <ul style="list-style-type: none"> <li>➤ Trained Teacher</li> </ul>	<ul style="list-style-type: none"> <li>➤ 50 years old</li> <li>➤ Professional Teacher</li> <li>➤ Community leader</li> <li>➤ Currently business person</li> </ul>
<p>2.  Mr. Julius Lamaon</p> <ul style="list-style-type: none"> <li>➤ Trained Accountant</li> </ul>	<ul style="list-style-type: none"> <li>➤ 40 years old</li> <li>➤ professional Accountant and media expert</li> <li>➤ Community Leader</li> <li>➤ Currently serving CEO media company</li> </ul>
<p>3.  Mr. Barrack Amollo</p> <ul style="list-style-type: none"> <li>➤ Economist</li> </ul>	<ul style="list-style-type: none"> <li>➤ 58 years old</li> <li>➤ Economist</li> <li>➤ Currently serving as senior officer at The National Treasury</li> </ul>
<p>4.  Mr. Samuel Kaleng</p> <ul style="list-style-type: none"> <li>➤ Trained Agriculturist</li> </ul>	<ul style="list-style-type: none"> <li>➤ 47 years old</li> <li>➤ professional Agriculturist</li> <li>➤ Community leader</li> <li>➤ Currently business person</li> </ul>
<p>5. Mr. Nemwel Machuki</p> <ul style="list-style-type: none"> <li>➤ Graduate in IT</li> </ul>	<ul style="list-style-type: none"> <li>➤ 32 years old</li> <li>➤ Professional Information Communication Technology specialist</li> <li>➤ Currently Entrepreneur</li> </ul>



<p>6. Eng. F K Kyengo</p> <p>➤ Experienced Civil Engineer</p>	<p>➤ 48 years old</p> <p>➤ Experienced Civil Engineer</p> <p>➤ Currently serving as Deputy Director – Water Services State Department of Water</p>
<p>7.  Eng. Japheth Mutai</p> <p>➤ Experienced Civil Engineer</p>	<p>➤ 54 years old</p> <p>➤ Experienced Civil Engineer</p> <p>➤ Currently serving Chief Executive Officer</p>

### III. MANAGEMENT TEAM

Insert each key manager's passport-size photo and name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
<p>1.  Eng. Japheth Mutai</p> <ul style="list-style-type: none"> <li>➤ MSc (Project Management)</li> <li>➤ MBA</li> <li>➤ Bachelors Engineering (Civil )</li> <li>➤ Member- Institute of Engineers of Kenya</li> </ul>	<p>Chief Executive Officer</p>
<p>2.  Paul Gicheru</p> <ul style="list-style-type: none"> <li>➤ MSc Water Resources Engineering</li> <li>➤ Post Graduate Diploma- Water &amp; Waste Water Engineering</li> <li>➤ B.Sc( Civil Engineering)</li> </ul>	<p>General Manager, Technical Services</p>
<p>3.  CPA Grace J Bowen</p> <ul style="list-style-type: none"> <li>➤ CPA(K)</li> <li>➤ MBA (Strategic Management-on Going)</li> <li>➤ Bachelor of Science</li> <li>➤ Member-Institute of Certified Public Accountants of Kenya</li> </ul>	<p>Finance Manager</p>
<p>4.  Leah J Tanui</p> <ul style="list-style-type: none"> <li>➤ MBA (Strategic Management-on Going)</li> <li>➤ Bachelor of Arts</li> <li>➤ Diploma-Human Resources Management</li> <li>➤ Member-Institute of Human Resources Management</li> </ul>	<p>Human Resources &amp; Administration Manager</p>



5.

CPA Reuben K Korir

- CPA(K)
- MBA (Finance -on Going)
- Bachelor of Commerce
- Member-Institute of Certified Public Accountants of Kenya

Internal Audit Manager

Mr Lewis Tikani

- Bachelor of Laws(LLB)
- Diploma in Law
- Member Law Society of Kenya

Legal Services Manager

#### IV. CHAIRMAN'S STATEMENT

It is my pleasure to present the Annual Report and Financial Statements of Rift Valley Water Services Board for the year ended 30<sup>th</sup> June 2014.

The organization has continued to play its key function of improving water infrastructure and improving management and provision of water services, achievement of the Millennium Development Goals (MDG) and Vision 2030.

The new constitution recognizes access to water as a basic human right to all citizens. The Board is aware that this presents a challenge to all sector players to effectively respond to their responsibilities.

In this regard, the Board has been intensifying its effort to ensure the Board's Strategic Plans are linked to Medium Term Plan and Vision 2030, Sector Performance Standards and other National Policy Documents.

In order to increase access to water services, the Board, in collaboration with GoK, development partners and other stakeholders have implemented various projects across all counties within its jurisdiction.

The Board concluded its tenth performance contract with the Government which enabled the Board to concentrate its efforts in fulfilling its mandate as provided for in the Water Act 2002.



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Eng. Fidelis K Kyengo

For Chairman

Date: 13<sup>th</sup> January 2015



## V. REPORT OF THE CHIEF EXECUTIVE OFFICER

The core functions of the Board are derived from its mandate as provided for in the Water Act 2002 and they are:

1. Planning and development of facilities for improvement in provision of water supply and sanitation services.
2. Appointing, contracting and monitoring Water Services Providers.

In order to perform its Mandate, the Board developed its ten year strategic plan in 2005 to cover the period 2006 to 2015, with a target of attaining the Millennium Development Goals for the water and sanitation sub-sector. The strategic plan which was reviewed in 2009 to incorporate the Vision 2030 as seven Strategic Objectives as follows, i.e.

1. To increase access and coverage to safe water and sanitation services in urban and rural areas.
2. To ensure efficient utility management and economical utilization of available water.
3. To enhance the Board's financial resource base to ensure operational sustainability.
4. To strengthen the institutional capacity of the Board to meet its mandate.
5. To minimize conflicts and disputes among water users.
6. To mainstream cross-cutting issues.
7. To improve Service Delivery in order to enhance customer satisfaction

This annual report is based on the above Strategic Objectives and illustrates the achievements of the Board during the financial year 2013/2014.

### Financial Statements

During the year under review, we recorded a total income of Kshs. 488.50 million compared to Kshs.329.26 million for the previous financial year. The increase in income was as a result of a increase in grants from GoK.

The total expenditure for the year under review was Kshs 328.55 million compared to Kshs 349.05 million for the previous financial year. The decrease in expenditure is mainly attributed to the timing on the Government funding during the year.

During the year under review, the Board's Assets base grew by 7.2% from ksh 2.69 billion in 2013 to ksh 2.89 billion in 2014.

## **ISO 9001:2008 Standard on Quality Management Systems**

During the year under review, the Kenya Bureau of Standards (KEBS) carried out one certification surveillance audit and confirmed the Board's continued certification. The implementation of Quality Management Systems in activities of the Board has ensured improved delivery of service levels to our customers and stakeholders.

## **Staff Competency Development**

During the 2013/ 2014 financial year, several trainings were carried out. Three staff members were trained in Masters in Business Administration, one trained in Masters of Science, two on senior management course, one on Supervisory skills development course.

In the Board's efforts to ensure efficient management of the Water Service providers, two members of staff attended seminar for NRW management.

Professional staffs were facilitated to attend professional seminars and workshops to enhance their career development. Some of the seminars attended are those for Engineering, Accounting and Human Resources professions.

The Board undertook Employee Satisfaction and Work environment surveys for the 2013/ 2014 financial year. The surveys placed the work environment satisfaction index at 72% increase from 64.48 previous period and employee satisfaction index at 63.00% an increase of 1.42% from 61.58% realised in the previous period.

## **Projects being implemented**

### **Itare Dam Water Project**

This is one of the flagship projects that have been identified and prioritized under the Vision 2030. This Dam project will have a capacity to yield 100,000m<sup>3</sup>/day of water. The dam site is in the Mau Forest in Nakuru County. The Project will serve over one Million people in Nakuru town and its environs to the West. The estimated project cost is Kshs. 33 Billion.

During the year under review, designs and bid documents were completed and bidders invited to submit technical and funding proposals.



### **Iten-Tambach Water Project**

This project will be a gravity system and a sewerage systems for Iten and Tambach Towns. When completed the project will produce 4,200m<sup>3</sup>/day and serve 50,000 people. It is estimated to cost KShs 1.7 billion.

During the year under review, a funding agreement was signed between the Belgium and Kenyan Governments for implementation.

### **ACP-EU project for Nakuru Town**

The Project is funded by the African, Caribbean and Pacific – European Union Water Facility through the Government of the Netherlands. The funding is 73% grant from the ACP-EU Water facility while the remainder is co-financed by the beneficiary organizations i.e. RVWSB and AWASSCO. The main objective is to increase access to water and sanitation services by the urban poor in Nakuru towns and to scale up best practices to 10 WSPs in the RVWSB areas. The total project cost is Kshs. 133.85 million.

### **EU project for Naivasha Town**

This is a 48-month project whose objective is to improve water service provision in Naivasha Town and its environs. It is funded by the Embassy of the Kingdom of the Netherlands and co-funded by SUP, VEI and SNV. The project will cost KShs. 300 million.

During the year under review the project achieved the following; internalization and implementation of WASREB's corporate governance guidelines – including BOD induction; HRM review; Independent Financial Audit.

### **Narok Water Supply project**

This project is funded by the Government of Japan through JICA and GoK. Construction of the project commenced in February, 2014 at a total cost of KShs. 1.35 billion. When completed the project will produce 5,000 m<sup>3</sup>/day and serve 50,000 residents of Narok Town and its environs.



*Construction of Narok Water Supply Project Treatment works*

### **Chemususu Dam**

The Board has completed designs for the distribution network and implementation is estimated to cost KShs 3 billion. When completed, it will serve more than 300,000 people and their livestock in Koibatek and Mogotio Sub Counties of Baringo County and parts of Rongai Sub County of Nakuru County.

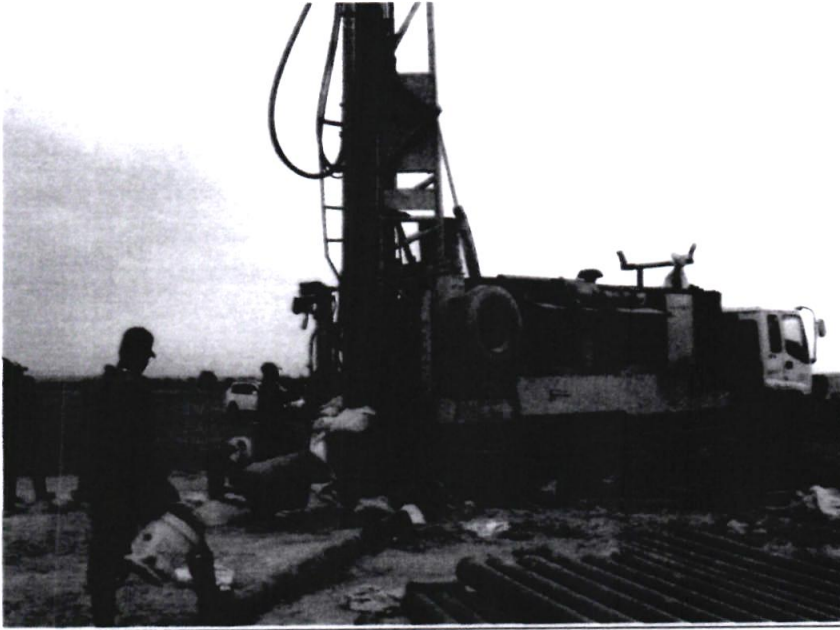
### **Kirandich Phase II Water Project**

This project is being implemented with a Loan amounting to 18,856,000 Euros from the Government of Italy. The project components includes expansion of water supply to Kabarnet town, construction of a sewerage system and generation of hydro-electric power to reduce electricity expenses in the running of the. The designs have been completed and forwarded to the Government of Italy for procurement of a contractor.

### **Water Supply and Sanitation Improvement Project (WaSSIP)**

The project is being implemented with funds from World Bank through Lake Victoria Water Services Board. The objective of the project is to mitigate the effects of drought in the counties of Turkana, Baringo, West Pokot and Narok. The project is estimated to cost a total of Kshs. 800 million. During the year the following was achieved;

- ◆ 200 plastic water tanks were supplied and distributed to the beneficiary public institutions.
- ◆ Drilling of 25 boreholes in the four Counties commenced.
- ◆ 4 vehicles were delivered.



*Drilling of Kishemorua Borehole in Narok County  
under WaSSIP Programme*

### **Mapindaram Water Supply Project Phase I**

This project was funded by KIDDP. It is estimated that once completed, a capacity of 691m<sup>3</sup> of water per day will be achieved to serve 12,000 people in Mogotio District. Project is nearing completion.

### **Mpipiri–Malewa Water Project**

This project is funded by KIDDP and it involves rehabilitation of intake and laying of 60 km distribution pipelines and construction of storage tanks at a total cost of Kshs. 68.11 million. The project is nearing completion.

### **National Rain Water Harvesting and Storage programme**

The objective of the project is to increase water storage through construction of water pans. The project is funded through the Ministry of devolution and Planning (National Youth Service). During the year KShs. 174.00 million was allocated. 20 water pans were completed 14 under Phase I and 6 under Phase II while 24 are ongoing under Phase II. 22 other water pans were constructed by NYS directly. When completed the water storage capacity will be increased by 750,000m<sup>3</sup>



*Sawe Pan in Elgeyo Marakwet County constructed under the National Rain Water Harvesting and Storage programme*

### **Rural Water Supply Borehole Project - Baringo County**

The project's objective is Drilling and equipping 90 bhs in 4 Sub Counties of Baringo County. The project is funded by Japanese Government and Gok. The works commenced in April, 2014 and is estimated to cost of KShs.1 billion.

### **Development Napuu and Lotikipi wellfields in Turkana**

The project's objective is to drill, develop and equip boreholes in the newly discovered wellfields at Napuu and Lotikipi in Turkana County. At Napuu 4 boreholes were drilled with a total tested yield of 200 m<sup>3</sup>. Another borehole which had been drilled earlier was equipped with solar pumping equipment.. KShs. 50 million was allocated out of the estimated cost of KShs. 221 million which includes conveying and distributing water to Lodwar Town.

### **Urban Project Concept (UPC)**

The UPC is funded by KfW, European Union and GIZ through WSTF. The specific objectives of the UPC program include improvement and development of water supply infrastructure in the informal urban settlements.

During the 2013/2014 financial year, the Board was implementing projects under the 5th and 6th calls across all its 10 WSPs. The completed 5th call projects have brought 49,666 new people under coverage in urban areas.



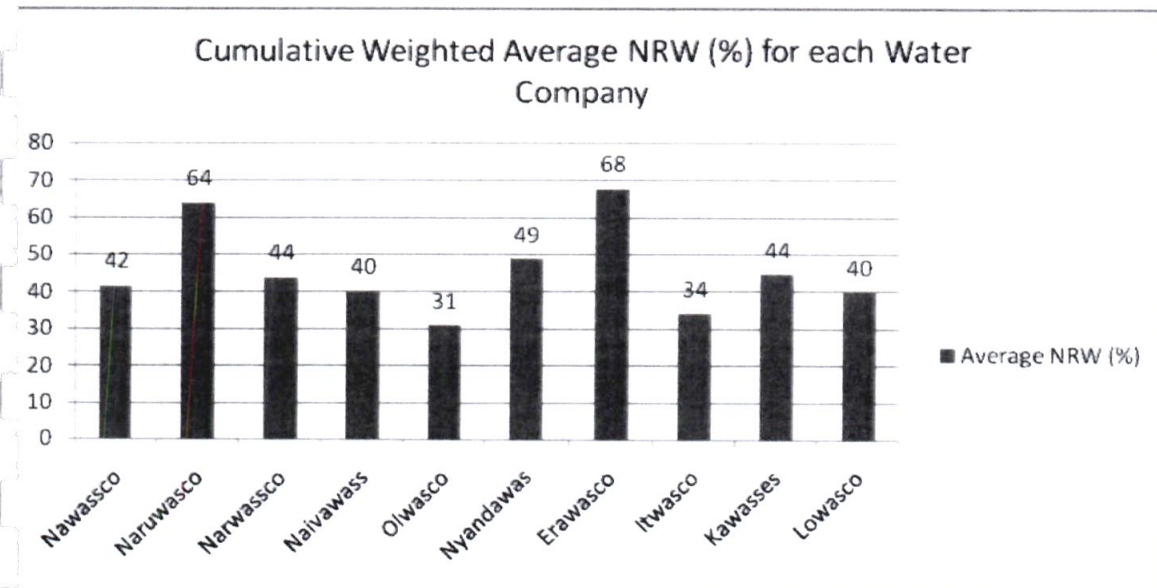
## WSP Performance Report

### 1. Water Production and Non Revenue Water (NRW)

The Board has ensured continual improvement in the management of water services to increase efficiency and sustainability of service delivery. The focus has been wholesome with more emphasis on Non-Revenue Water (NRW) reduction by implementing specific measures which include increasing metering ratio.

The annual total water production for the year 2013/2014 was **27, 088, 564 m<sup>3</sup>**. This compares to the production for the year 2012/2013 of **25, 766,500 m<sup>3</sup>**. There was an increase in the amount of water produced of **5.1%**. This is attributed to optimal operations of the companies resulting in more efficient utilization of installed capacity

The weighted average NRW for the year was about **44%** down from **45%** in the previous year.



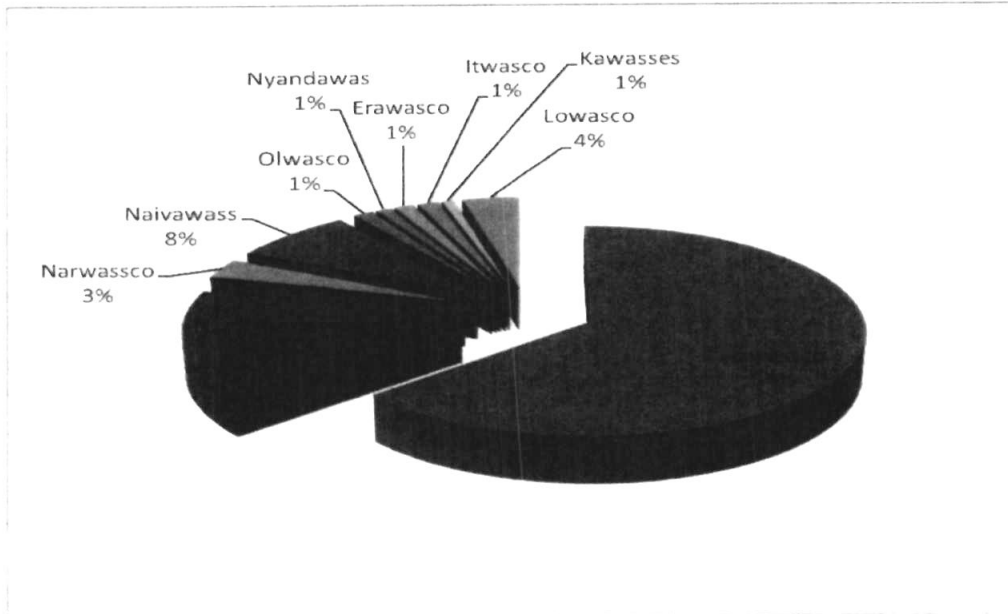
The Board has designed an NRW Reduction Programme, which is geared towards consistently reducing Non Revenue Water in all SPA 1 WSPs in the Board area in a sustainable manner.

During the year under review, Kshs. 25 Million was set aside towards this programme. Activities funded under this programme include, installation of the whole range on meters on the distribution system to enable WSPs to identify where losses occur and the magnitude of the losses. It also includes rationalization of the network in isolated district metered areas.

## 2. Turnover by WSPs

In 2013/2014 financial year, the Board turnover was Kshs 971.49 million as compared to Kshs 899.65 million earned in the previous year. This is attributed to increased billing in companies with regular tariffs approved; and to improved performance management in the companies.

### Turnover by Company Proportions ( 2013/2014)



### Tariff adjustments and monitoring

During the year under review, the Board finalised Regular Tariff Approvals (RTA) for NAWASSCO. In addition, the Board is at various stages of the tariff proposal process for other 5 WSPs.

**Eng. Japheth Mutai**  
**Chief Executive Officer**  
Date 13/01/2015



## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of the Rift Valley Water Services Board has the responsibility of enhancing corporate governance practices to bring the level of governance in line with International Standards. The essence of good corporate governance practice is to promote and protect stakeholders' interests. These include the Government, Water Services Boards, The Regulatory Board, other Statutory Institutions, Water Services Providers, development Partners, Communities and water consumers.

The Board of Directors exercise leadership, enterprise, integrity and judgment in directing the Board and acts in its best interest in a transparent, accountable and responsible way. The Board consists of Directors sourced from various Government Ministries and private sector representing a wide cross section of stakeholder within the Board area with a mix of skills, age, qualifications, gender and experience. A representative from Inspectorate of State Corporation also attends the meetings for advisory purposes.

### Board Committees

To ensure the efficient running of the Board's operations, the Board has established four standing committees which meet and make recommendations to the Board on issues delegated to them. Each committee has a Charter to guide its operations. During the year under review the Board had the following committees in place;

1. Finance and General Purposes Committee
2. Technical and Standards Committee
3. Audit and Risk Management Committee
4. Human Resource and Administration Committee

In order to ensure that the Board's expenditure on Board meetings is within the approved budget for 2013/2014, a calendar of the Board meetings was adhered to.

The Directors of the Board are paid sitting allowance for every meeting attended as well as accommodation allowance while on Board duty as per Government guidelines. The Chairman is paid a monthly honorarium.

Eng. Fidelis K Kyengo

For Chairman

Date: 13<sup>th</sup> January 2015

## **VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

### **Our Commitment**

Social and environmental responsibilities plays an important role in our overall business practice, our CSR policy guides all the Board's CSR activities.

The Board takes note of the social and environmental responsibility while at the same time executing towards its mandate.

Our CSR activities provide our staff an opportunity to also make a contribution to the society.

The Board of Directors takes the overall responsibility at policy level for the continued development and implementation of appropriate social and environmental policies of the Board.

During the year under review, the Board continued to dedicate its resources towards supporting several initiatives in social welfare, environment, sports and education.

### **Education and social welfare**

The Board sponsors two students at Elburgon Secondary School and during the year paid for the fees for the students. The Board also supported with foodstuffs, one Childrens' Home and a School for the physically challenged. These activities were geared towards reaching out to the children and making a lasting positive difference in their lives and in the communities they live.

### **Environmental conservation and tree planting**

The Board while protecting its water sources and facilities planted 10,000 tree seedlings across the Board area and thereby contributing to raise the country's protection of the water catchment and forest cover. These events provided an opportunity to hold public forums with the communities and educated them on issues of HIV and drug abuse. It also provides the opportunity to collect data on the Board's next CSR activity eg. The students being educated were as a result of such forums.

### **Sports**

The Board sponsored and participated in the Nakuru Golf Tournament, the GDC marathon including our own Mau Peace Marathon. The events were a success and additionally promoting growth and exposure among young people in the field of sports. Members of our



### Supporting other charitable causes

In the view of supporting the young people actively engaged in water improvement, The Board supported the Kenya Young Water Professional forum. The forum was intended to connect the young and bright representatives from various institutions and countries, share concerns and experiences in issues related to water. The young participants then may have an opportunity grow and to gain new ideas to enhance water related issues.

The Board also supported the country's Kenya at 50 years celebrations as a show of patriotism. Staffs participate in these activities.

Eng. Fidelis K Kyengo

For Chairman

Date 13<sup>th</sup> January, 2015

\_\_\_\_\_  
Eng. Japheth Mutai

Chief Executive Officer

Date \_\_\_\_\_

## VIII. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2013 which show the state of the *entity's* affairs.

### Principal activities

The principal activities of the Board are;

1. Planning and development of facilities for improvement in provision of water supply and sanitation services.
2. Appointing, contracting and monitoring Water Services Providers.

### Results

The results of the Board for the year ended 30<sup>th</sup> June, 2014 are set out on page 24-37

### Directors

The members of the Board of Directors who served during the year are as shown on pages 5 and 6 in accordance to regulations. They are appointed by the Cabinet Secretary Environment & Natural Resources from time to time.

### Auditors

The Auditor General is responsible for the statutory audit of the Board in accordance with the Public Finance Management (PFM) Act, 2012 which empowers the Auditor General to nominate other Auditors to carry out the audit on its behalf.



## IX. STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Board is required under section 82 (1) of the Water Act, 2002 Act and the Public Finance Management Act, 2014, require the Directors to prepare Financial Statements in respect of that Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of the Board for that year.

The Directors are also required to ensure that the Board keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's Financial Statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on 30<sup>th</sup> June, 2014. 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 entity;
- (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 Board;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board'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 Public Finance & Management Act (PFM Act, 2014) and the State Corporations Act.

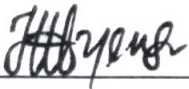
The Directors are of the opinion that the Board's Financial Statements give a true and fair view of the state of Board's transactions during the financial year ended 30<sup>th</sup> June, 2014, and of the Board's financial position as at that date.

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

### Approval of the Financial Statements

The Rift Valley Water Services Board's Financial Statements were approved and signed on its behalf by:



Eng Fidelis Kyengo

For Chairman

Date 13<sup>th</sup> January 2015



Eng. Japheth Mutai

Chief Executive Officer

Date 13/1/2015

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON RIFT VALLEY WATER SERVICES BOARD FOR THE YEAR ENDED 30 JUNE 2014

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#### REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Rift Valley Water Services Board set out on pages 24 to 37, which comprise the statement of financial position at 30 June 2014, and the statement of financial performance, statement of changes in owner's funds and cash flows 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 14 of the Public Audit Act, 2003. 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.

#### **Management's Responsibility for the Financial Statements**

Management of Rift Valley Water Services Board is responsible for the preparation and fair representation of financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Auditor-General's Responsibility**

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with Section 15 of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement at the financial statements, whether due to fraud or error. In making those risk assessments,

the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

## **Basis for Qualified Opinion**

### **1.0 Inaccuracies in the Financial Statements**

The statement of financial performance reflects an expenses balance of Kshs.328,548,059. However, upon re-tallying, the balance of the expenses was found to be Kshs.336,978,343, implying an understatement of expenses by Kshs.8,430,284 and an overstatement of the surplus by the same amount.

Similarly, the expenditure on personnel emoluments as reflected under Administrative Expenses was understated by Kshs.354,450. Consequently, the accuracy of the statement of financial performance for the financial year 2013/2014 could not be confirmed.

### **2.0 Revenue**

The revenue of Kshs.145,389,962 from exchange transactions included Kshs.144,358,042 from Agency fees. Out of these fees, Kshs.873,689 was due from Marigat Water Services. However, the revenue returns for this water service provider were not availed for audit. Therefore, the completeness and accuracy of revenue of Kshs.145,389,962 from exchange transactions could not be confirmed.

### **3.0 Property, Plant and Equipment**

As reported in the previous year, the Board inherited non-current assets of undetermined value previously owned by the Ministry of Water and Irrigation and the National Water Conservation and Pipeline Corporation in respect of water distribution infrastructure which have not been included in these financial statements due to what the Board attributes as lack of formal transfer of the assets. In addition, the property, plant and equipment balance of Kshs.2,141,468,379 as at 30 June 2014 includes value of land measuring approximately 0.1012 hectares costing Kshs.500,000 which the Board purchased at Naivasha Municipality but whose ownership documents were not availed for audit verification. Consequently, the accuracy of the property, plant and equipment of Kshs.2,141,468,379 as at 30 June 2014 could not be confirmed.

## **4.0 Accounts Receivables**

### **4.1 Amount Owed by Water Service Providers**

The Accounts Receivables of Kshs.240,047,871 include an amount of Kshs.201,635,597 which is owed by the Water Service Providers (WSP) contracted by Rift Valley Water Services Board. However, data obtained from financial statements of four of the WSP indicate that the amount owed is Kshs.198,870,894 which differs with the Kshs.166,044,507 reflected in the records of RVWSB, implying an understatement of Accounts Receivables balance by Kshs.32,826,387. Consequently, the accuracy of Accounts Receivables balance could not be confirmed as being fairly stated.

### **4.2 Staff Debtors**

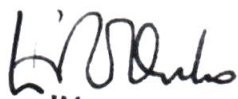
Included in the balance of Accounts Receivables are staff debtors of Kshs.6,098,730 which include outstanding imprest of Kshs.6,009,850 as at 30 June 2014. However, the schedule provided to support the figure did not indicate vital details such as imprest warrant references and date of issue. It was previously reported that some imprests had been held beyond reasonable time. Failure to control the use of imprests is likely to lead to loss of funds.

## **5. Accounts Payables**

The Accounts Payables balance of Kshs.79,422,006 includes an amount of Kshs.23,470,488 which is payable to various creditors for capital development work. However, the local purchase orders or fee notes were not availed to support the liability. Under the circumstances, the Accounts Payables balance of Kshs.79,422,006 could not be confirmed.

### **Qualified Opinion**

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Board as at 30 June 2014, and its performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and the Water Act, 2002.



**Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**27 August 2015**



XI

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2014**

		2013/2014 Kshs	2012/2013 Kshs
Grants from GoK & other Government	16	303,113,779 ✓	188,407,950
		303,113,779	188,407,950
Revenue from exchange transactions			
Rental Services	17	300,000 ✓	-
WSPs Agency income	18	144,358,042	139,970,614
Other Incomes	19	731,920 ✓	878,300
		145,389,962	140,848,914
<b>TOTAL REVENUE</b>		<b>448,503,741</b>	<b>329,256,864</b>
<b>EXPENSES</b>			
Administrative Expenses	11	90,530,202	90,374,229
Audit fees		-	900,000
Bank Charges		575,380 ✓	331,668
Training Expenses (Conferences and Seminars)		7,276,181 ✗	6,816,955
Transport Operating Expenses		2,582,591 ✓	4,323,960
Honoraria		160,000 ✓	960,000
Repairs, Maintainance and Support to W/S schemes	13	220,091,304	224,333,482
Board Expenses		1,083,780 ✓	9,244,854
Contracted professional services		6,248,620 ✓	2,616,300
contracted guards & cleaning services		1,914,126 ✓	1,926,467
Depreciation		1,250,785 ✓	1,158,724
Support to CBOs-international org		4,637,734 ✓	5,734,145
Corporate Social Responsibility (CSR)		627,640 ✓	325,900
		328,548,059	349,046,684
Surplus/Deficit		119,955,682	(19,789,820)

## XII

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2014			
	NOTES	2013/2014 KSHS	2012/2013 KSHS
<b>ASSETS</b>			
<b>Non-Current Assets</b> <span style="float: right;">1 &amp; 2</span>			
Property, Plant & Equipment		2,141,468,379	2,142,525,895
Work In Progress	12	244,035,452	171,562,395
<b>Total Non-Current Assets</b>		<b>2,385,503,832</b>	<b>2,314,088,290</b>
<b>Current assets</b>			
Accounts Receivables	4	240,047,871	238,661,459
Deposits	5	95,000	95,000
Bank	6	259,869,982	138,862,865
<b>Total Current assets</b>		<b>500,012,853</b>	<b>377,619,324</b>
<b>TOTAL ASSETS</b>		<b>2,885,516,684</b>	<b>2,691,707,614</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital</b> <span style="float: right;">9</span>			
-General Fund		1,079,585,204	1,000,585,204
-Reserves		363,995,526	244,039,844
<b>Loans Adf</b>	14	1,362,012,296	1,362,012,296
		<b>2,805,593,026</b>	<b>2,606,637,344</b>
<b>Accounts Payables</b>			
Accounts Payables	7	79,422,006	85,070,270
Deferred Income	15	501,652	-
<b>Total Accounts Payables</b>		<b>79,923,658</b>	<b>85,070,270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,885,516,684</b>	<b>2,691,707,614</b>

The Financial Statements set out on pages 24-37 were signed on behalf of the Board of Directors by;

Signed: \_\_\_\_\_

**Eng. Japheth Mutai**

Chief Executive Officer

Date: 13/1/2015

Signed: \_\_\_\_\_

**Eng. Fedelis Kyengo**

For Chairman

Date: 13<sup>th</sup> January 2015



III

**STATEMENT OF CHANGES IN OWNERS' FUNDS  
FOR THE YEAR ENDED 30 JUNE 2014**

	General Fund	Revenue Reserves	Totals
	Kshs	Kshs	Kshs
<b>Year ended 30 June 2013</b>			
Balances at start of year 2012	875,585,204	263,829,663	1,139,414,867
Funds received during the year	125,000,000	-	125,000,000
Surplus for the year	-	(19,789,819)	(19,789,819)
<b>Balances at end of year 2013</b>	<b>1,000,585,204</b>	<b>244,039,844</b>	<b>1,244,625,048</b>
<b>Year ended 30 June 2014</b>			
Balances at start of year 2013	1,000,585,204	244,039,844	1,244,625,048
Funds received during the year	79,000,000	-	79,000,000
Surplus for the year	-	119,955,682	119,955,682
<b>Balances at end of year 2014</b>	<b>1,079,585,204</b>	<b>363,995,526</b>	<b>1,443,580,730</b>

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## XIV

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2014</b>		
	<b>2013/2014</b>	<b>2012/2013</b>
	<b>KSHS.</b>	<b>KSHS.</b>
<b>A. OPERATING ACTIVITIES</b>		
Cash generated from operations	119,955,682	(19,789,819)
Depreciation Adjustment	1,250,785	1,158,724
Decrease(Increase) in Accounts Receivables <sup>4</sup>	(1,386,412)	(37,055,448)
Increase(Decrease) in deferred payments <sup>6</sup>	501,652	-
Increase(Decrease) in Accounts Payables <sup>7</sup>	(5,648,264)	(48,291,076)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>114,673,444</b>	<b>(103,977,619)</b>
<b>B. INVESTING ACTIVITIES</b>		
Non-Current Assets acquired <sup>2&amp;12</sup>	(72,666,327)	(52,416,553)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>(72,666,327)</b>	<b>(52,416,553)</b>
<b>C. FINANCING ACTIVITIES</b>		
Loans	-	-
Grants	79,000,000	125,000,000
<sup>9</sup> <b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>79,000,000</b>	<b>125,000,000</b>
<b>D. TOTAL CASH FLOW (A +C)</b>	<b>193,673,444</b>	<b>21,022,381</b>
<b>NET CASH FLOW (D+B)</b>	<b>121,007,117</b>	<b>(31,394,174)</b>
<b>MOVEMENT IN CASH AND CASH EQUIVALENTS</b>		
As at 30 June 2013	138,862,865	170,257,039
Increase/(Decrease) for the year	121,007,117	(31,394,174)
<b>As at 30 June 2014</b>	<b>259,869,982</b>	<b>138,862,865</b>



V STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	<b>Original Budget 2013/2014</b>	<b>Adjustments 2013/2014</b>	<b>Final Budget 2013/2014</b>	<b>Actual on Comparable basis 2013/2014</b>	<b>Performance Difference 2013/2014</b>
	Ksh	Ksh	Ksh	Ksh	Ksh
<b>REVENUE</b>					
Lease Fees/Agency Fees	211,223,000	66,864,958	144,358,042	144,358,042	-
Other Miscellenious collections	900,000	(131,920)	1,031,920	1,031,920	-
Government Recurrent Grants	-	(299,029,045)	299,029,045	299,029,045	-
Other Governments Support- UNICEF	-	(2,029,716)	2,029,716	2,029,716	-
- EU	-	(2,055,018)	2,055,018	2,055,018	-
<b>TOTAL INCOME</b>	<b>212,123,000</b>		<b>448,503,741</b>		
<b>EXPENSES</b>					
Staff emoluments	72,535,000	11,702,441	60,832,560	60,832,560	-
Operating expenses	24,588,000	(20,701,630)	45,289,630	45,289,630	-
Repairs and Maintainance	84,000,000	(136,091,304)	220,091,304	220,091,304	-
Board expenses	14,000,000	12,916,220	1,083,780	1,083,780	-
Depreciation	17,000,000	15,749,215	1,250,785	1,250,785	-
<b>TOTAL EXPENDITURE</b>	<b>212,123,000</b>		<b>328,548,059</b>		
Surplus/Deficit	-		119,955,683		
<b>DEVELOPMENT</b>					
Lift Valley Water Supply and Sanitation roject	110,000,000	-	110,000,000	102,708,797	7,291,203
Kirandich phase II water supply	-	29,000,000	29,000,000	25,724,264	3,275,736
	<b>110,000,000</b>		<b>139,000,000</b>		

## **XVI NOTES TO THE FINANCIAL STATEMENTS**

### **1. Statement of Compliance and Basis of preparation**

The Board's Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Financial Statements are presented in Kenya Shillings, Which is the functional and reporting currency of the Board and all values are rounded to the nearest shilling. The accounting policies have been consistently applied.

The Financial Statements have been prepared on the basis of historical cost, unless stated otherwise.

The cash flow statement is prepared using the direct method. The Financial Statements are prepared using accrual basis.

#### **i) Summary of Significant Accounting Policies**

##### **a) Revenue Recognition**

The Board recognizes revenue from Agency fees are revenue earned from water sales collected by the contractor Water Service Providers. Revenue of other goods and services are recognised in the period in which the board delivers the services to the customer and the Customer has accepted.

Government grants are recognized when Received.

Deferred income is recognized instead of revenue. Other non exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

##### **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.

##### **Budget information**

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



**Property, Plant and Equipment – IPSAS17**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its 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. Land has been taken at cost though on leasehold status to be converted to the freehold. Depreciation is calculated using the straight line method to write down the cost of the assets to their residual value over the estimated useful lives, as follows;

Asset Description	% Per annum	Years
Motor Vehicles	25	4
Furniture and fittings	12.5	8
Plant and Machinery	12.5	8
Computers and office equipment	33.3	3
Water pipelines	5	20
sewerage line	5	20
Buildings	2	50
Water Reservoirs & Storage	2	50
Electro-mechanical, Tools & Equipment	6.67	15
Telephone	2	50
Intangible Assets	33.3	3

Assets are not depreciated in the year of acquisition.

WSPs and CBOs Assets acquired on behalf of WSPs and CBOs shall not be depreciated

**Changes in accounting policies and estimates – IPSAS3**

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

**Financial Risk**

The Board assumes that no un-expected changes in level of funding required to support its investment plans. This may be due to changes in National priorities which currently places water at a high level against competing national needs or unreliable donor support.

**Conclusion**

The Board is a Non Commercial Parastatal under the Ministry of Environment and Natural Resources, thus the operations are not for profit.

## 2. Non-current Assets Movement Schedule

Asset Class	Cost (Kshs)	Additions (Kshs)	Totals (Kshs)	Accumulated Depreciation B/F (Kshs)	Depreciation 2013/2014 (Kshs)	Accumulated Depreciation C/F (Kshs)	Net book Value as at 30/6/2014 (Kshs)	Net book value as at 30/6/2013 (Kshs)
Furniture & Fittings 12.5%	3,135,182	-	3,135,182	2,254,470	391,898	2,646,368	488,814	88,714
Motor vehicles 25%	2,087,720	-	2,087,720	2,087,720	-	2,087,720	-	-
Plant & Machinery 12.5%	2,328,737	-	2,328,737	2,132,411	196,326	2,328,737	-	196,326
Land 0%	8,401,550	-	8,401,550	-	-	-	8,401,550	8,401,550
Computers, UPS & Printers, office Equip 33.3%	4,290,727	193,270	4,483,997	2,494,323	662,561	3,156,884	1,327,113	1,796,413
<b>Assets Acquired under ADB project</b>								
Water Pipelines 5%	658,501,343	-	658,501,343	-	-	-	658,501,343	658,501,343
Sewerage Lines 5%	131,276,646	-	131,276,646	-	-	-	131,276,646	131,276,646
Buildings 2%	162,773,515	-	162,773,515	-	-	-	162,773,515	162,773,515
Storage Tanks & Reservoirs 2%	74,233,062	-	74,233,062	-	-	-	74,233,062	74,233,062
Electro-Mechanical Tools & Equipment 6.67%	184,300,452	-	184,300,452	-	-	-	184,300,452	184,300,452
Fixtures & Fittings 12.5%	1,910,115	-	1,910,115	-	-	-	1,910,115	1,910,115
Computers, UPS & Printers 33.3%	15,834,053	-	15,834,053	-	-	-	15,834,053	15,834,053
Meters 20%	103,239,739	-	103,239,739	-	-	-	103,239,739	103,239,739
Boreholes 2%	167,126,009	-	167,126,009	-	-	-	167,126,009	167,126,009
Motor vehicles 25%	22,235,391	-	22,235,391	-	-	-	22,235,391	22,235,391
Intangible Assets* 33.33%	609,820,577	-	609,820,577	-	-	-	609,820,577	609,820,577
	<b>2,151,494,818</b>	<b>193,270</b>	<b>2,151,688,088</b>	<b>8,968,924</b>	<b>1,250,785</b>	<b>10,219,709</b>	<b>2,141,468,379</b>	<b>2,142,521</b>

\*Intangible assets: this is made up of consultancies under the project

\*Assets acquired under AfDB project have not been depreciated since the GAAPs principle on "matching expense to income" was not met

*KW  
+ depreciation is not done as it does not agree with company policy*



### Inventories

The Board did not have any stocks as at end of the financial year. Inventories are stated at the lower of cost and net realizable value.

### 4. Accounts Receivables

Receivables are recognized at fair value. No provision is made for impairment of receivables. As there is no objective evidence that the Board will not be able to collect the amounts due to it according to the terms of original receivable.

		2013/2014 Kshs	2012/2013 Kshs
WSPs	20	201,635,597	197,946,359
General Consumers(Baringo Schemes)		16,935,214	21,619,779
Staff		6,098,730/	13,785,574
KPLC (Pre-paid)		23,410/	26,421
Davis & Shirtliff		15,354,920/	3,466,996
Foundation Piling Ltd		-	1,816,331
		<b>240,047,871</b>	<b>238,661,459</b>

### 5. Deposits

	2013/2014 Kshs	2012/2013 Kshs
Rent (Mugi Properties)	60,000/	60,000
Electricity (KPLC)	30,000/	30,000
Water (NAWASSCO)	5,000/	5,000
	<b>95,000</b>	<b>95,000</b>

### 6. Cash and Cash Equivalents

	2013/2014 Kshs	2012/2013 Kshs
KCB General Account	477,259/	-
KCB EU-ACP Account	4,027/	816,397
Standard Bank -London	967/	950
KCB Development funds - GOK	237,836,912/	98,802,649
KCB Revenue Account	111,566/	412,622
KCB Kenya/Italy Account	11,254,751/	25,612,690
Cash in Hand	2,720/	5,550
KCB Consumer Deposit Account	2,897,346/	2,458,587
KCB Unicef Account	7,284,435/	10,753,420
	<b>259,869,982</b>	<b>138,862,865</b>

<b>7. Accounts Payable</b>	<b>2013/2014</b>	<b>2012/2013</b>
	<b>kshs</b>	<b>kshs</b>
<b>Administration-</b>		
June salaries (Gross)	4,456,674	-
June salaries (KBT)	734,270	-
Staff Gratuity and Pension	2,803,876	5,578,778
<b>Trade creditors-</b>		
Consumer deposits	2,897,346	2,458,587
KPLC (Kabarnet, sch & DWO)	3,129,017	7,918,646
KCB General Account	-	8,067,206
KCB Olkalou Account	-	521
General trade creditors	6,036,845	6,145,291
<b>KENYA ITALY Creditors-</b>		
Retention Kenya Italy	7,732,300	9,635,210
<b>Unicef Creditors-</b>		
Chepunyo Ltd	1,485,770	1,485,770
Retention Unicef	774,992	-
<b>EU-ACP Creditors-</b>		
Hotel Cathey	-	113,000
<b>Development Creditors-</b>		
Drought Mitigation projects	-	1,887,650
ADB projects	14,622,239	14,622,239
Oriental Construction	-	7,882,813
Nairobi Iron Mongers	279,523	279,523
Machiri LTD	1,175,641	1,175,641
Retention money Olkalou	5,708,813	5,708,813
Retention money adb	198,502	198,502
Kiri Consult Ltd	-	1,441,381
Batiment Consulting Ltd	-	577,941
Tertiary Consulting Engineers Ltd	-	3,287,340
Gibb Consulting Engineers Ltd	-	5,823,824
Foundation piling Ltd (Retention)	-	781,596
General Development Creditors	22,574,920	-
General Development Retentions	1,411,280	-
	<b>79,422,006</b>	<b>85,070,270</b>

**8. Assets and liabilities from the National Water Conservation and Pipeline Corporation and the**

State Department of Water have not been formally transferred to the Board. Once these Assets are transferred they will appear in the Board's Accounts.



## 9. Capital and Reserves

Year ended 30 June 2014	Capital Fund Kshs	Revenue Reserves Kshs	Totals  Kshs
Balances at start of year	1,000,585,204 ✓	244,039,844 ✓	1,244,625,048
Funds received during the year	79,000,000 ✓		- 79,000,000
Surplus for the year	-	119,955,682 ✓	119,955,682
<b>Balances end of the year</b>	<b>1,079,585,204 ✓</b>	<b>363,995,526 ✓</b>	<b>1,443,580,730</b>

### a) Capital Fund

This represents accumulated equity investment over the years

### b) Reserves

This represents accumulated surplus/deficit over the years.

## 10. Income

	2013/2014 Kshs	2012/2013 Kshs
Agency Fees	125,332,026	123,152,592
Government Grants	299,029,045 ✓	115,973,050
Incomes from larger Baringo Scheme & CBOs	19,026,016	16,818,022
UNICEF	2,029,716 ✓	5,492,601
KIDDP		- 64,057,792
EU-ACP	2,055,018 ✓	1,998,007
SNV/Netherlands		- 886,500
Other Incomes	1,031,920 ✓	878,300
<b>Total</b>	<b>448,503,741</b>	<b>329,256,864</b>

**11. Administrative Expenses**

	2013/2014 Kshs	2012/2013 Kshs
Accessories for computers & printers	2,110,410	2,252,229
Advertising, Publicity & Trade shows	6,538,656	2,000,520
Courier & Postal Services	232,640	354,340
Electricity & Water	904,221	883,079
General Office expenses/supplies	1,093,111	2,599,310
Publishing & Printing	1,052,704	1,590,981
Subscription to newspapers & publication	794,680	464,580
Insurance expenses	5,449,877	6,071,594
Telephone & Internet Expenses	554,586	844,917
Official Entertainment	631,500	569,515
Personnel Emoluments	60,832,560	59,545,510
Staff Welfare expenses	506,367	310,400
Travelling & Accommodation	9,828,891	12,887,254
<b>Total</b>	<b>90,530,202</b>	<b>90,374,229</b>

**12. Work-in-Progress**

Part of the assets acquired under the Olkalou Water Project whose works are continuing have been treated as work-in-progress in the accounts until that project component is completed and handed over.

	2013/2014 kshs	2012/2013 kshs
Olkalou Town Water Project	115,602,391	115,602,391
Itare Dam W/S	82,883,447	37,902,948
Chemususu Phase II W/S	19,825,350	2,097,700
Kirandich Phase II W/S	25,724,264	15,959,357
	<b>244,035,452</b>	<b>171,562,395</b>

*Handwritten notes:*  
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 - figures in shaded column are waiting figures to be used for audit  
 - figures in unshaded column are budgeted figures



### 13. Repairs of Water Supplies and support to schemes

	2013/2014 kshs	2012/2013 kshs
Drought Mitigation, borehole dev, rehab of W/S, support to IDPs & W/S schemes and Maintenance & Repairs	188,871,876	217,119,196
Kenya Youth Empowerment Project(KKV)	-	4,468,166
Planning & Design	-	2,746,120
Development of Pans and Dams	17,616,716	-
Development of Lodwar wellfields	13,602,712	-
	<b>220,091,304</b>	<b>224,333,482</b>

### 14. Loan ADf

The ADF loan is on-lending to the Board. The Government of Kenya took the loan from ADB. However, there were no funds in relation to loans received during the year. The figures are brought forward from previous audited accounts of Rift Valley Water Supply and Sanitation Project

### 15. Deferred Payments

	2013/2014 kshs	2012/2013 kshs
UNICEF	501,652	-
KIDDP	-	-
EU-ACP	-	-
SNV/Netherlands	-	-
	<b>501,652</b>	<b>-</b>

### 16 Transfers from other Government

	2013/2014 Kshs	2012/2013 Kshs
Government Grants	299,029,045	115,973,050
UNICEF	2,029,716	5,492,601
KIDDP	-	64,057,792
EU-ACP	2,055,018	1,998,007
SNV/Netherlands	-	886,500
<b>Total Government Grants &amp; Subsidies</b>	<b>303,113,779</b>	<b>188,407,950</b>



**17 Rental Services**

Bill Board

	2013/2014 Kshs	2012/2013 Kshs
Bill Board	300,000	-
	300,000	-

**18. Income**

Agency Fees

Incomes from larger Baringo Scheme & CBOs

	2013/2014 Kshs	2012/2013 Kshs
Agency Fees	125,332,026	123,152,592
Incomes from larger Baringo Scheme & CBOs	19,026,016	16,818,022
	144,358,042	139,970,614

**19 Other Income**

Sale of tender

Laboratory fees

Advertisements

Tankering Services

	2013/2014 Kshs	2012/2013 Kshs
Sale of tender	427,000	677,000
Laboratory fees	234,920	175,800
Advertisements	70,000	-
Tankering Services	-	25,500
	731,920	878,300

**20. Related Party Relations**

The Board operates under a Licence issued by Water Services Regulatory Board. The Water Act 2002 requires water services to be under the Water Services Boards but executes the function by use of Agents. The Board has therefore entered into Service Provision Agreements (SPAs) with these Agents and earns agreed upon fees. These agents are called Water Service Providers