

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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| THE NATIONAL ASSEMBLY PAPERS LAID | |
| DATE: 09 APR 2015 | DAY: Wednesday |
| TABLED BY: Hon. Naomi Waga MP Deputy Majority Whip | |
| CLERK-AT-THE-TABLE: Halima Ahmed | |

THE AUDITOR-GENERAL

ON

**COAST WATER WORKS DEVELOPMENT
AGENCY**

**FOR THE YEAR ENDED
30 JUNE, 2024**

REPUBLIC OF INDONESIA
KEMENTERIAN KEHUTANAN DAN
KONSERVASI ALAM

31 DEC 2024

AGANSI MANAJEMEN
KEBERHASILAN KEMENTERIAN



COAST WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2024**

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

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

Coast Water Works Development Agency
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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

| | |
|-----------|--|
| AFD | Agence Francaise De' development |
| BWSU | Bulk Water Supply Unit |
| CWWDA | Coast Water Works Development Agency |
| CBO | Community Based Organizations |
| CLSG | Conditional Liquidity Support Grant |
| CEO | Chief Executive Officer |
| CBK | Central Bank of Kenya |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| KIMAWASCO | Kilifi/Mariakani Water and Sanitation Company |
| MALWASCO | Malindi Water and Sanitation Company |
| MOWASCO | Mombasa Water and Sanitation Company |
| NRW | Non Revenue Water |
| PFM | Public Finance Management |
| PPE | Property Plant & Equipment |
| TAWASCO | Taveta Water and Sanitation Company |
| WB | World Bank |
| WSDP | Water and Sanitation Development Project |
| WSP | Water Service Provider |

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.

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2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Our identity

Coast Water Works Development Agency (CWWDA) is a corporate body established under the Provisions of the Water Act 2002 of the Laws of Kenya and it is domiciled in Kenya. Through Legal Notice Number 27 of 26th April 2019, and with reference to Water Act 2016, the Cabinet Secretary for Water and Sanitation established eight entities and named them 'Water Works Development Agencies' among them CWWDA with commencement date of 3rd May 2019 for this change.

CWWDA draws its mandate from the Water Act of 2016. As per the Act, the Agency's mandate includes;

- a. Undertake the development, maintenance and management of National Public Water works;
- b. Operate the water works and provide water services as a water service provider, until such a time the responsibilities for the operation and management of waterworks are handed over to a County Government, joint committee, Authority of County Government or water services provider,
- c. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d. Provide technical services and capacity building to such County Government and water providers,
- e. Provide to the Cabinet Secretary technical support in discharge of his or her functions under the Constitution and the Water Act 2016.

CWWDA is expected to contribute to accelerated delivery of water and sanitation services aimed at progressive realization of the right to water and reasonable standards of sanitation as provided for under Article 43 of the Constitution which states that, "*every person has the right to reasonable standards of sanitation and to clean and safe water in adequate quantities*".

b) Principal Activities

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

Vision

Universal access to clean water and sanitation services

Mission

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

Motto

The Coast Water Works Development Agency motto is "**Water for Generations**"

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Core Values

The agency draws its values from Article 10 of the Constitution on National Values and Principles of Governance as follows:

Teamwork

The Agency will fully subscribe to the principles of working together in executing our mandate.

Integrity The Agency will conduct its affairs in serving Kenyans by upholding the highest degree of honesty and responsiveness

Professionalism

The Agency's staff will effectively serve the public in a skillful manner and with the highest level of expertise

Accountability

The Agency shall exercise prudence in use of public resources to effectively serve the public and bear responsibility in all its undertakings.

Customer Focus

The Agency will endeavor to build close relationships with its customers in serving the public.

Transparency The Agency shall execute its mandate by upholding openness through regular engagement with all our stakeholders.

Innovation

The Agency will embrace new technology, creativity in its pursuit for effective service delivery and continuous improvement.

Inclusivity

The Agency is committed to engage its stakeholders in all its undertakings including decision making that will affect the lives of the public

Key Responsibilities

The key responsibilities of CWWDA include:

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

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Strategic direction.

Strategic Goals

In pursuit of its mandate, the Agency will pursue the following strategic goals which are as follows: -

- i. Increased access to water and sanitation services
- ii. Increased bulk water supply services
- iii. Enhanced human resources and institutional capacities
- iv. Enhanced resource mobilization

Strategic Objectives

Based on the identified strategic themes, CWWDA has resolved to focus on the accomplishment of various strategic objectives over a five-year period from July 2023 to June 2028. The strategic objectives reflect the key result areas that will respond to particular sets of strategic theme and challenges facing the agency.

The following are the strategic objectives: -

The following are the strategic objectives:

- i. To increase access to water from 57% in 2023 to 80% in 2027 and increase improved sanitation from 76% in 2023 to 90% in 2027.
- ii. To increase access to sewerage from 20% to 25% from 2023 to 2027.
- iii. To increase effectiveness of bulk water sources from 65% to 80% from 2023 to 2027.
- iv. To enhance human resource and institutional capacity.
- iv. To improve revenue collection from 69% to 95% from 2023 to 2027.
- v. To enhance resource mobilization

c) Key Management and other key information.

CWWDA day to day management is under the following key departments and the key management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

- Chief Executive Officer
- Deputy Director Technical Services
- Deputy Director Corporate Communication
- Deputy Director Finance
- Deputy Director Human resource and administration
- Deputy Director Internal audit.
- Deputy Director corporation secretary and Legal Services

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d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|------------|------------------------------------|-----------------------------------|
| 1. | Ag. Chief Executive Officer | Eng. Martin Tsuma |
| 2. | Deputy Director Technical Services | Eng. David Kanui |
| 3. | Deputy Director Corporate Services | Ms. Fatma Gakuria (December 2023) |
| 4. | Deputy Director - Finance | CPA Stephen Kivuva |
| 5. | Deputy Director- Internal audit. | CPA Hamadi Mwazito |
| 6. | Deputy Director Legal Services | Ms. Mary Okioma |
| 7. | Deputy Director HRM | Mr. Simon Charo |

e) Fiduciary Oversight Arrangements

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

- i) Finance, Human Resource and Administration Committee
- ii) Audit, Risk and Governance Committee
- iii) Technical, Planning and Development Committee
- iv) Assets Management Committee

f) Entity Headquarters

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

g) Entity Contacts

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

h) Entity Bankers

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

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MOMBASA

Co-operative Bank
Digo Road
P.O. Box 86039 – 80100

MOMBASA

Consolidated Bank of Kenya
Nkrumah Road
P.O Box

MOMBASA

i) Independent Auditors

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

NAIROBI

j) Principal Legal Advisor





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

NAIROBI





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3. THE BOARD OF DIRECTORS

The following Directors were in office as at 30th June 2024 during the year under review.

| NAME | POSITION | QUALIFICATIONS | OPERATIONS |
|---|--|---|---------------|
| <p>DR. DANIEL KATAMA MWARINGA</p>  | <p>Chairman Effective from 26th April, 2024</p> | <ul style="list-style-type: none"> • PhD in Communication • MA in Communication Studies • Bachelors Degree in Education (English/Literature) | Non-Executive |
| <p>HAFSWA ABDALLA DELE</p>  | <p>Director Effective from 1st February, 2023</p> | <ul style="list-style-type: none"> • Master in Operations Management(MBA) • Bachelor of Business Management Finance and Banking(BBM) | Non-Executive |
| <p>MOHAMED M. MWAHIMA</p>  | <p>Director Effective from 1st February, 2023</p> | <ul style="list-style-type: none"> • Certificate in Information and Communication Technology (ICT) | Non-Executive |
| <p>GEORGE MAINA KARIUKI – REP. PS NATIONAL TREASURY</p>  | <p>Director Effective from 5th July, 2022</p> | <ul style="list-style-type: none"> • BSc Statistical Mathematics & Computer Science | Non-Executive |

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| | | | |
|---|--|---|----------------------|
| <p>JUDITH MWABOSHA MWAMBURI</p>  | <p>Director</p> <p>Effective from</p> <p>1st February, 2023</p> | <ul style="list-style-type: none"> Leaving Certificate of Secondary School | <p>Non-Executive</p> |
| <p>FA. WALTER JEREMIAH OSELU - REP. PS MINISTRY OF WATER AND SANITATION</p>  | <p>Director</p> <p>Up to April 2024</p> | <ul style="list-style-type: none"> Master's in Business Administration – (Finance option) Bachelor of Education in Business Studies & Economics Certified Investment and Financial Analyst CIFA Member | <p>Non-Executive</p> |
| <p>HAMID MBARAK</p>  | <p>Director</p> <p>Effective 9. June 2023</p> | <p>LLB degree in Law</p> <p>Post graduate diploma KSL</p> | <p>Non-Executive</p> |
| <p>Eng. MARTIN TSUMA</p>  | <p>Ag, Chief Executive Officer</p> <p>From 24th March, 2021</p> | <ul style="list-style-type: none"> MTech.- Sustainable Energy Engineering BTech (Production Engineering) Professional Eng, EBK Corporate Member, IEK Certified Energy Manager Member Institute of Electrical and Electronics Engineering (IEEE) | <p>Executive</p> |

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4. KEY MANAGEMENT TEAM

During the FY 2023 - 2024 financial period, the following officers held key management positions

| Name of the Staff | Qualifications |
|---|---|
| <p>Eng. Martin Tsuma---- Ag.CHIEF EXECUTIVE OFFICER</p>  <p>Effective 24th March 2021</p> | <ul style="list-style-type: none"> • MTech.- Sustainable Energy Engineering • BTech (Production Engineering) • Professional Eng, EBK • Corporate Member, IEK • Certified Energy Manager • Member Institute of Electrical and Electronics Engineering (IEEE) |
| <p>Mr. Stephen Kivuva ----- DEPUTY DIRECTOR FINANCE</p>  | <ul style="list-style-type: none"> • BBA-Finance and Accounting • CPA-K |
| <p>Mr. Simon Charoh --- DEPUTY DIRECTOR HR&ADMINISTRATION</p>  | <ul style="list-style-type: none"> • Masters of Business Administration (Strategic Management) • Bachelor of Arts (Human Resource Management) • Diploma in Human Resource Management Registration - IHRM |
| <p>Ms. Mary Okioma – DEPUTY DIRECTOR CORPORATION SECRETARY</p> | <ul style="list-style-type: none"> • Bachelor of Law • Diploma in Law • Practicing Certificate 2020 |

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| | |
|--|--|
|  | |
| <p>Ms. Fatma Gakuria –DEPUTY DIRECTOR CORPORATE COMMUNICATIONS Up to December 2023</p>  | <ul style="list-style-type: none"> • Masters of Business Administration – Marketing • Bachelor of Education • Diploma in Management Public Relations Option |
| <p>Mr. Hamadi Mwazito -----DEPUTY DIRECTOR INTERNAL AUDIT</p>  | <ul style="list-style-type: none"> • Bachelor of Business Administration (Accounting & Finance) • CPA K |
| <p>Eng. David Kanui-----Ag DEPUTY DIRECTOR Infrastructure Development and Management</p>  | <ul style="list-style-type: none"> • MSC- Civil Engineering • BSc civil Engineering |

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5. CHAIRMAN'S STATEMENT

I am delighted to report the performance of CWWDA in the Annual Report and Financial Statements for the year ended 30th June, 2024.

Water assets and infrastructure Development Projects

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

During the year under review the water assets under development increased from Kshs 21,281,549,707 in the previous year to Kshs 22,547,057,064.

As the Water Supply and Sanitation Improvement Projects (WaSSIP) came close in December 2019, CWWDA embarked on more projects under Water and Sanitation Development Programs (WSDP). The WSDP is undertaking various projects which include Baricho Lot 3, Baricho Replacement Boreholes, Nyali pipeline, Baricho Wellfield Protection, Second Baricho-Kakukyuni Pipeline and Mombasa Water Distribution Works Tiwi Emergency Works.

Revenue

The year under review also recorded a huge increase in total revenue billed amounting to Kshs. 1,203,730,688 due to implementation new tariff. The Agency Collected a total of Kshs. 846,456,009 from the sale of bulk water to the water service providers. This represents a collection efficiency of 70 %. Further disbursements from the Government to subsidize on recurrent and development expenditures amounted to Kshs. 337,333,334 and Kshs. 515,406,113 Respectively.

Compliance

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

Performance

Under its mandate, CWWDA covers six Coast Counties with an estimate area of 83,630 km² and with it an estimated current population for the region being 4.4 million. Water demand has continued to rise with the current demand for the region estimated at 329,306 m³/day. With the current water production from all sources being 180,000 m³/day the gap is evidence and this is a daily concern to us as an Agency with the mandate of ensuring adequate water infrastructure in the region. In consultation with other stakeholders CWWDA also has strategized on providing infrastructure for piped water considering that currently the total population that is served with piped water is approximately 55% or 2.405 Million.

During the year the Agency through its four water schemes produced 49,162,914 m³ of water. It was able to bill the Water Service Providers 37,962,876 m³. This indicated a Non. Revenue Water level of 23%.

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Corporate Governance:

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

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

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

Stakeholder Management

CWWDA has various types of stakeholders who perform different roles complimentary to it. Some of these are: the various water institutions like WASREB, WARA, Water Appeals Board, Water Services Providers, Water Services Trust Fund, Community Based Organizations (CBO) the Hospitality Industry players among others.

Appreciation

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

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

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



DR. DANIEL KATAMA MWARINGA
CHAIRMAN

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6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Execution of our mandate

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

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

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

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

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

The water production under the below schemes has increased over time as shown in Table 1 below.

Table No 1. Production of water by different schemes

| | Marere | Mzima | Tiwi | Baricho | Total Prod.(m3) |
|-----------|---------------|--------------|-------------|----------------|------------------------|
| 2023-2024 | 2,606,800 | 14,640,000 | 2,139,013 | 29,777,101 | 49,162,914 |
| 2022-2023 | 1,778,430 | 14,782,000 | 2,241,122 | 27,498,196 | 46,299,748 |
| 2021-2022 | 2,534,000 | 14,609,000 | 2,257,654 | 27,359,364 | 46,760,018 |
| 2020-2021 | 2,902,535 | 14,618,182 | 2,062,185 | 25,749,835 | 45,332,737 |
| 2019-2020 | 3,441,893 | 14,760,000 | 2,394,188 | 23,183,100 | 43,779,181 |
| 2018-2019 | 2,398,000 | 14,473,729 | 1,876,911 | 23,363,930 | 42,112,570 |

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

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During the Financial year 2023-2024 the Agency was able to supply water to the five water service providers amounting to 37,962,876 m3 There was a 23% loss in terms of Non-Revenue Water. The table below shows how the four water schemes supplied to the Companies.

Table No.2. Supply of water by different schemes

| | Marere | Mzima | Tiwi | Baricho | Total Supply.(m3) |
|-----------|-----------|------------|-----------|------------|-------------------|
| 2023-2024 | 2,056,045 | 11,275,099 | 1,733,631 | 22,898,101 | 37,962,876 |
| 2022-2023 | 1,778,430 | 14,782,000 | 2,241,122 | 27,498,196 | 46,299,748 |
| 2021-2022 | 2,534,000 | 14,609,000 | 2,257,654 | 27,359,364 | 46,760,018 |
| 2020-2021 | 2,902,535 | 14,618,182 | 2,062,185 | 25,749,835 | 45,332,737 |
| 2019-2020 | 3,441,893 | 14,760,000 | 2,394,188 | 23,183,100 | 43,779,181 |
| 2018-2019 | 2,398,000 | 14,473,729 | 1,876,911 | 23,363,930 | 42,112,570 |

Non-Revenue Water:

This is water lost from dilapidated infrastructure and from commercial sources like faulty meters, theft of water, wrong billing, estimated billing etc.

The Agency has been struggling with this menace since its inception. A Lot of effort have been put in place to reduce the NRW since it impacts on the revenue side as well as water coverage and supply sufficiency. Every year hundreds of millions of shillings go to waste as a result of this.

| Year | Total NRW (m3) | Revenue Lost (Kshs) |
|-----------|----------------|---------------------|
| 2023-2024 | 11,200,038 | 380,801,292 |
| 2022-2023 | 7,998,204 | 159,964,080 |
| 2021-2022 | 7,512,494 | 150,249,880 |
| 2020-2021 | 7,227,614 | 144,552,280 |
| 2019-2020 | 6,798,900 | 135,978,000 |
| 2018-2019 | 7,016,125 | 140,322,500 |

Revenue collection

Coast Water Works Development Agency has had challenges with collection of its revenues that emanate from the bills generated and delivered to the WSPs. There has been a reluctance by these WSPs to pay in full their bills. For a very long time the efficiency level has been way below the standard set by WASREB of 90% and above.

Efforts to involve the Counties have yielded minimal results. The table below shows the revenue collection efficiency over the years.

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Table 3: Revenue collection trend For the Last Five Years

| Year | Billed Amount (Kshs) | Collected (Kshs) | Collection Efficiency (%) |
|-------------|-----------------------------|-------------------------|----------------------------------|
| 2023-2024 | 1,203,730,688 | 846,456,009 | 70% |
| 2022-2023 | 790,421,418 | 605,946,684 | 77% |
| 2021-2022 | 787,320,840 | 564,182,220 | 72% |
| 2020-2021 | 784,271,796 | 521,289,333 | 66% |
| 2019-2020 | 849,760,568 | 490,369,595 | 58% |

Working with Stakeholders

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

Appreciation

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


ENG. MARTIN TSUMA
Ag. CHIEF EXECUTIVE OFFICER

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7. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES FOR FY 2023-2024

Coast Water Works Development Agency draws its mandate from water Act 2016 as follows,

- i. Undertake the development, maintenance, and management of the national public waterworks within the six countries in the coastal region
- ii. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of governments or water services provider within whose area of jurisdiction or supply the water works is located
- iii. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee
- iv. Provide technical services and capacity building to such county governments and water services providers within its area as may be requested
- v. Provide Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Water Act, 2016.

CWWDA develops its annual work plans based on the above *mandate*. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2023/2024 as indicated below:

| S/No. | Performance Criteria/ Category Indicator Name | Unit of measure | Weight (%) | Status in year 2023-2024 |
|----------|--|-----------------|--------------|--------------------------|
| A | Financial Stewardship | | | |
| A1 | Absorption of Allocated Funds(GoK) | % | 2.00 | 1.691 |
| A3 | Absorption of Externally Mobilized Funds | % | 3.00 | 0.04 |
| A2 | Appropriation -In-Aid | Kshs | 2.00 | 0.0611 |
| A4 | Pending Bills Ratio | % | 3.00 | 0.0900 |
| | Weight Sub total | | 10.00 | 0.3558 |
| B | Service Delivery | | | |
| B2 | Business Process Reengineering | % | 3.00 | 0.1500 |
| B1 | Implementation of Citizens' Service Delivery Charter | % | 4.00 | 0.1200 |
| B3 | Resolution of Public Complaints | % | 3.00 | 0.0942 |

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| | | | | |
|----------|---|---|--------------|---------------|
| | Weight Sub total | | 10.00 | 0.3642 |
| C | Core Mandate | | | |
| C37_8 | Baricho Protection Works implemented | % | 8.00 | 0.2545 |
| C37_4 | Mombasa North Mainland (Nyali Area Phase 1) Program for Improvement of Water Services Implemented | % | 6.00 | 0.2215 |
| C37_3 | Mombasa Water Distribution Works for North Mainland (Short Term Works) Lot 1A Constructed. | % | 6.00 | 0.1886 |
| C37_1 | Mwache Dam Water Transmission Pipeline Implemented | % | 6.00 | 0.1800 |
| C37_11 | Mwache Dam Water Treatment Plant (WTP) Implemented. | % | 6.00 | 0.1800 |
| C37_2 | Pemba Dam and Water Treatment Plant Constructed/Rehabilitated | % | 6.00 | 0.1800 |
| C37_10 | Project Completion rate | % | 2.00 | 0.1000 |
| C37_9 | Second Baricho Kakuyuni Pipeline implemented | % | 8.00 | |
| C37_7 | Tiwi Boreholes Rehabilitated and Drilled | % | 5.00 | 0.2100 |
| C37_6 | Watamu Town Water Distribution Network Lot 2A Constructed | % | 7.00 | 0.2240 |
| | Weight Sub total | | 60.00 | 1.7386 |
| D | Implementation of Presidential Directives | | | |
| D1 | Implementation of Presidential Directives | % | 2.00 | 0.0600 |
| | Weight Sub total | | 2.00 | 0.0600 |

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| | | | | |
|---------------------|--|------|---------------|---------------|
| E | Access to Government Procurement Opportunities | | | |
| E1 | Access to Government Procurement Opportunities (AGPO) | Kshs | 3.00 | 0.1107 |
| | Weight Sub total | | 3.00 | 0.1107 |
| F | Promotion of Local Content in Procurement | | | |
| F1 | Promotion of Local Content in Procurement | Kshs | 2.00 | 0.0200 |
| | Weight Sub total | | 2.00 | 0.0200 |
| G | Cross - Cutting | | | |
| G1 | Asset Management | % | 1.00 | 0.0500 |
| G3 | Competence Development | % | 2.00 | 0.0608 |
| G11 | Corruption Prevention | % | 2.00 | 0.0624 |
| G4 | Disability Mainstreaming | % | 1.00 | 0.0350 |
| G5 | Gender Mainstreaming | % | 1.00 | 0.0310 |
| G9 | National Values and Principles of Governance | % | 2.00 | 0.0600 |
| G6 | Prevention of Alcohol and Drug Abuse | % | 1.00 | 0.0355 |
| G7 | Prevention of HIV Infections and Non-Communicable Diseases | % | 1.00 | 0.0305 |
| G10 | Road Safety Mainstreaming | % | 1.00 | 0.0304 |
| G2 | Youth Internships/ Industrial Attachments/ Apprenticeships | No | 1.00 | 0.0298 |
| | Weight Sub total | | 13.00 | 0.4254 |
| Total Weight | | | 100.00 | 3.0747 |

**Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024**

8. CORPORATE GOVERNANCE STATEMENT

Introduction

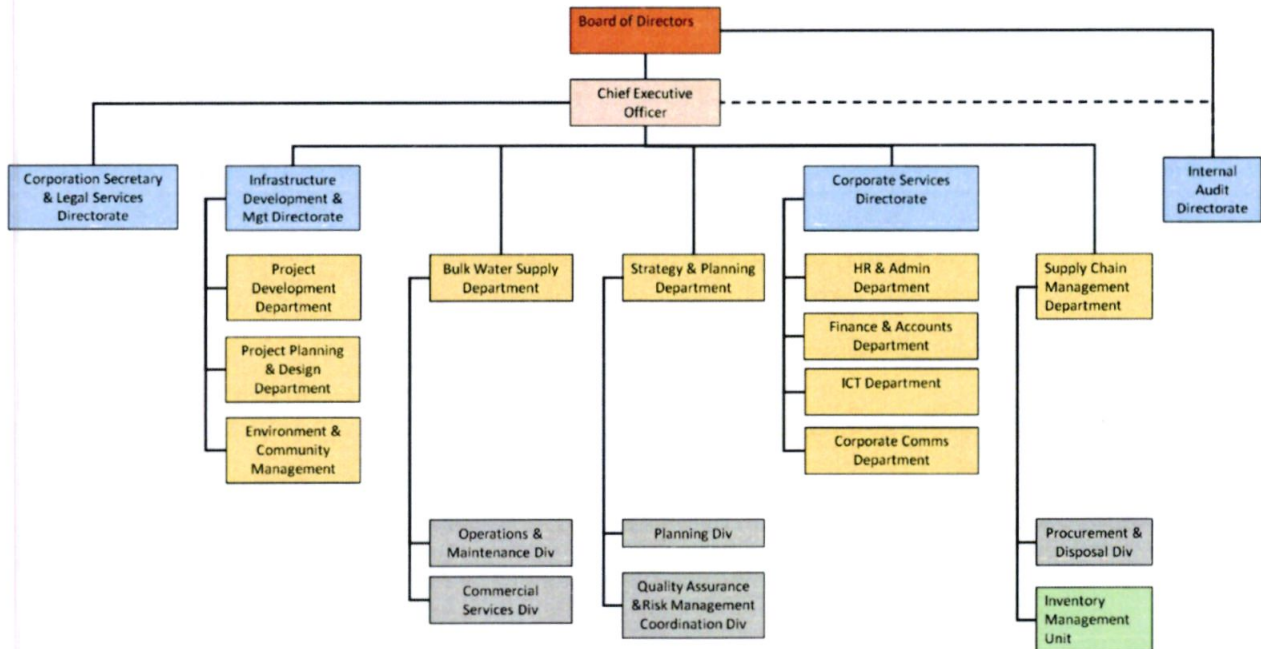
The agency is committed to maximizing business performance, generating appropriate levels of stakeholder's value and financial returns, and sustaining the growth and success of CWWDA.

Effective governance is achieved through a combination of strong process and structures, underpinned by the right values and culture. The principles of corporate governance are contained in the Constitution and The Public Officer Ethics Act, 2003 among other guidelines. CWWDA is in compliance with the governance tenets of the recently developed "Code of Governance for Government Owned Entities", Mwongozo. CWWDA is committed to ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory Corporate Governance requirements.

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

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

Organization structure



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Board Size, Composition and Appointment

The structure of CWWDA Board starts with the Board of Directors who are appointed by the Cabinet Secretary and all independent except the CEO. The Cabinet Secretaries in both the National Treasury and the Ministry of water and sanitation are represented in the Board by their duly appointed nominees. The Inspectorate of state Corporations is also represented in the board.

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

Roles and responsibilities of the Board and management

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

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

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

Separation of Roles and Responsibilities

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

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

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

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

Board Committees and Responsibilities

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

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

Conflict of Interest, Code of Conduct and Ethics

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

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

Accountability & Audit /Control Environment Management

a) Internal Auditors

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

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

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

b) Internal Controls and Risk Management

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

c) Relationship with Stakeholders

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

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

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

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

d) Annual Report and Accounts

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


ENG. MARTIN TSUMA
Ag. CHIEF EXECUTIVE OFFICER

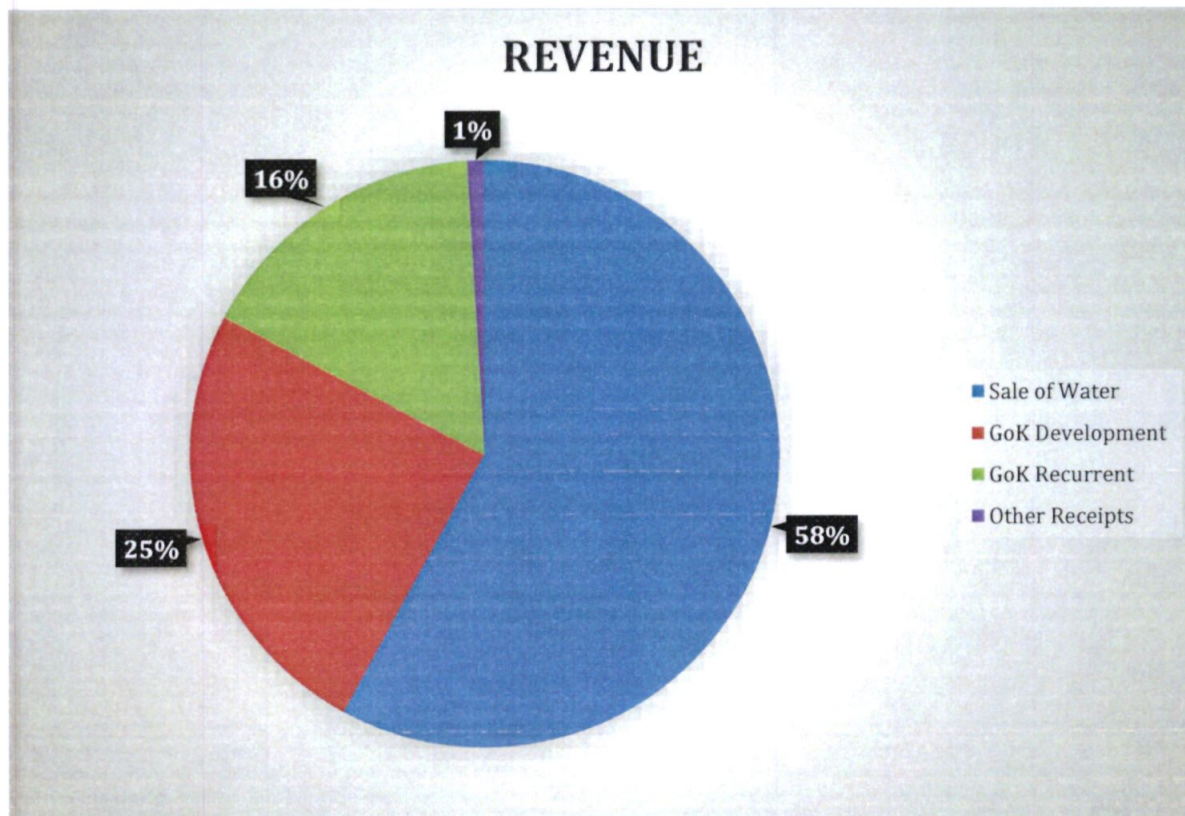
**Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024**

9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the financial year ending 30th June 2024, CWWDA generated total revenue amounting to Kshs. 2,076,366,036 against an expenditure of Kshs. 1,787,955,625

| Detail | Kshs | % |
|-----------------|----------------------|------------|
| Sale of Water | 1,203,730,688 | 58.0 |
| GoK Development | 515,406,113 | 24.8 |
| GoK Recurrent | 337,333,334 | 16.2 |
| Other Receipts | 19,895,901 | 1.0 |
| Total | 2,076,366,036 | 100 |

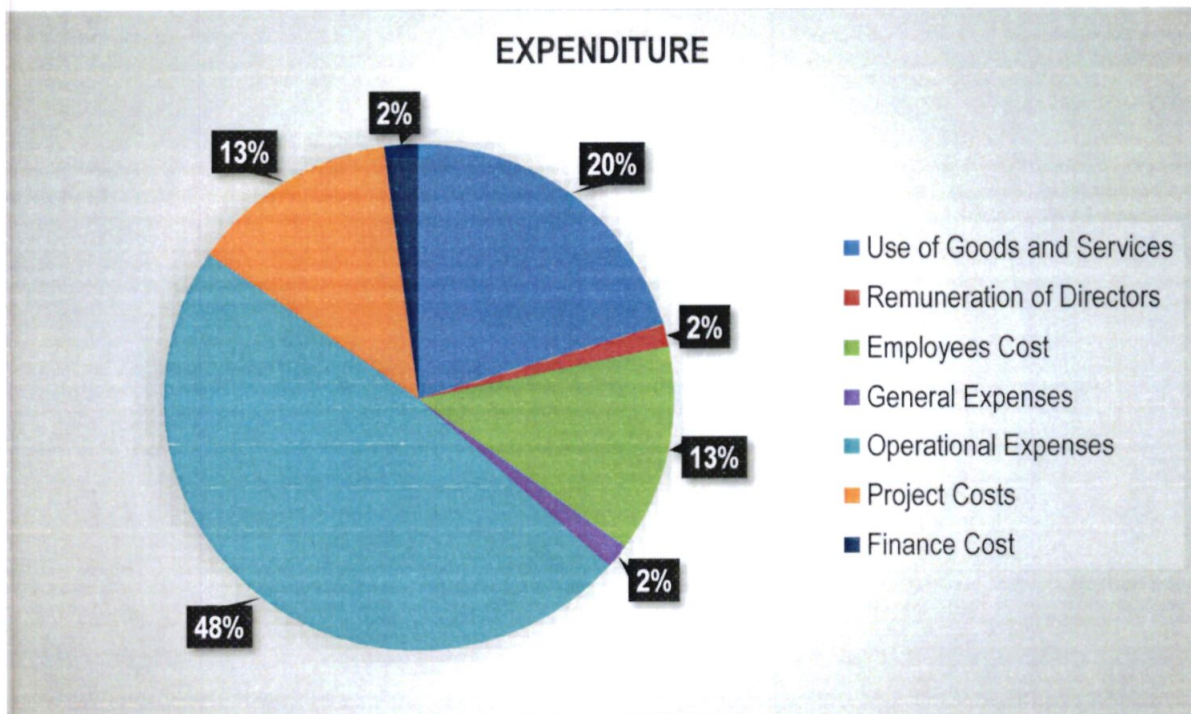


Expenditure

The total expenditure for year under review was Kshs. 1,787,591,293 with bulk of the same being utilized for operational Expenses, Use of Goods and Services and Projects among others as indicated below

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

| Expenditure | Kshs. | % |
|---------------------------|----------------------|------------|
| Use of Goods and Services | 363,648,679 | 20.3 |
| Remuneration of Directors | 25,059,759 | 1.4 |
| Employees Cost | 237,839,288 | 13.3 |
| General Expenses | 28,045,707 | 1.6 |
| Operational Expenses | 859,038,427 | 48.0 |
| Project Costs | 235,663,769 | 13.2 |
| Finance Cost | 38,712,000 | 2.2 |
| Total | 1,788,007,630 | 100 |



Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

Detailed Utilization of Revenue

a) Projects expenses

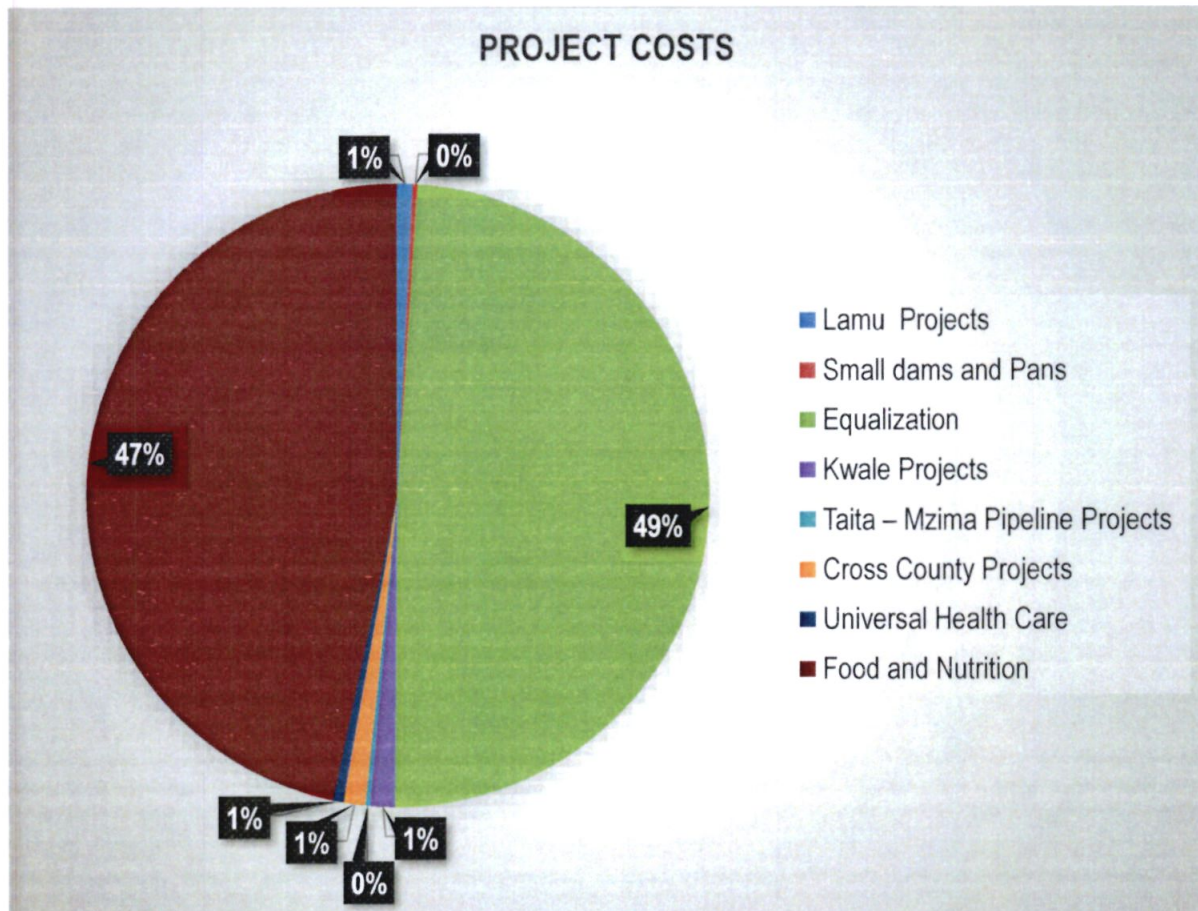
During the year under review, CWWDA undertook several projects under its Master plan as well as other projects during period.

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

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

| Project Name | Cost(Kshs) | % |
|---------------------------------|--------------------|------------|
| Lamu Projects | 1,936,420 | 0.8 |
| Small dams and Pans | 595,266 | 0.3 |
| Equalization | 115,603,628 | 49.1 |
| Kwale Projects | 3,090,823 | 1.3 |
| Taita – Mzima Pipeline Projects | 596,153 | 0.3 |
| Cross County Projects | 2,626,901 | 1.1 |
| Universal Health Care | 1,306,348 | 0.6 |
| Food and Nutrition | 109,908,230 | 46.6 |
| Total | 235,663,769 | 100 |

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The Agency planned to Implemented Several Projects in the financial year under review as indicated below,

| S/No | Project Name | Funding Programme | Allocated (Kshs) |
|------|---|-------------------|----------------------|
| 1 | Water & Sanitation Services Improvement Project | GoK | 157,000,000 |
| 2 | Improvement of Drinking Water & Sanitation Systems in Mombasa | GoK | 840,000,000 |
| 3 | Mwache Water Pipeline Extension | GoK | 100,000,000 |
| 4 | Dongo Kundu Water Supply Project BETA | GoK | 100,000,000 |
| 5 | Affordable housing water supply project | GoK | 40,000,000 |
| 6 | Mzima II Water Supply Project | GoK | 70,000,000 |
| 7 | Water Harvesting Projects | GoK | 110,000,000 |
| 8 | Coast WWDA Projects | GoK | 270,000,000 |
| | TOTAL | | 1,687,000,000 |

Most of these projects are ongoing including the Projects funded by World bank under WSDP Program.

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County Water Projects 2023 – 2024

These projects were initiated during the year although not fully funded

| S/No | Project Name | Funding Programme | Allocated (Kshs) |
|-------------|---|--------------------------|-------------------------|
| 1 | Kipao High Sch Water Project | GoK | 5,000,000 |
| 2 | Bura Anani High Sch Water Pro | GoK | 5,000,000 |
| 3 | Drilling of boreholes in Marungu | GoK | 10,000,000 |
| 4 | Drilling of boreholes in Ngongodinyi | GoK | 10,000,000 |
| 5 | Drilling and Equipping of Onjila Borehole | GoK | 15,000,000 |
| 6 | Construction of water harvesting at Midoina Sec Sch | GoK | 10,000,000 |
| 7 | Baricho Water Works | GoK | 20,000,000 |
| 8 | Drilling and Equipping of Baricho Borehole | GoK | 15,000,000 |
| 9 | Kipasho Water Project – Mkomani Ward | GoK | 20,000,000 |
| 10 | Barsheba Borehole | GoK | 10,000,000 |
| 11 | Dibe Water Project | GoK | 10,000,000 |
| 12 | Gubani Water Project | GoK | 8,000,000 |
| 13 | Hosingo Water Project | GoK | 10,000,000 |
| 14 | Kibusu Water Project | GoK | 9,000,000 |
| 15 | Kokona Water Project | GoK | 8,000,000 |
| 16 | Kongowea Borehole | GoK | 10,000,000 |
| 17 | Mboghoni Ward Borehole | GoK | 10,000,000 |
| 18 | Mwatate Ward Borehole | GoK | 10,000,000 |

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Operational Expenses

This is a major expenditure that the Agency incurred during the financial period with the main expenditure under this category being the electricity for water production in Baricho plant. These Expenses constitute 86% of the total expenditure under the category.

| Operational Expenses | Kshs. | % |
|---|--------------------|--------------|
| Electricity - Operations | 740,930,706 | 86.1 |
| Baricho Emergency Repairs | 4,071,553 | 0.5 |
| Chemical & other related materials | 22,512,549 | 2.6 |
| Bulky Water Operations | 2,446,240 | 0.3 |
| Maintenance/ Operations of Water Assets | 89,077,378 | 10.4 |
| Total | 859,038,426 | 100.0 |

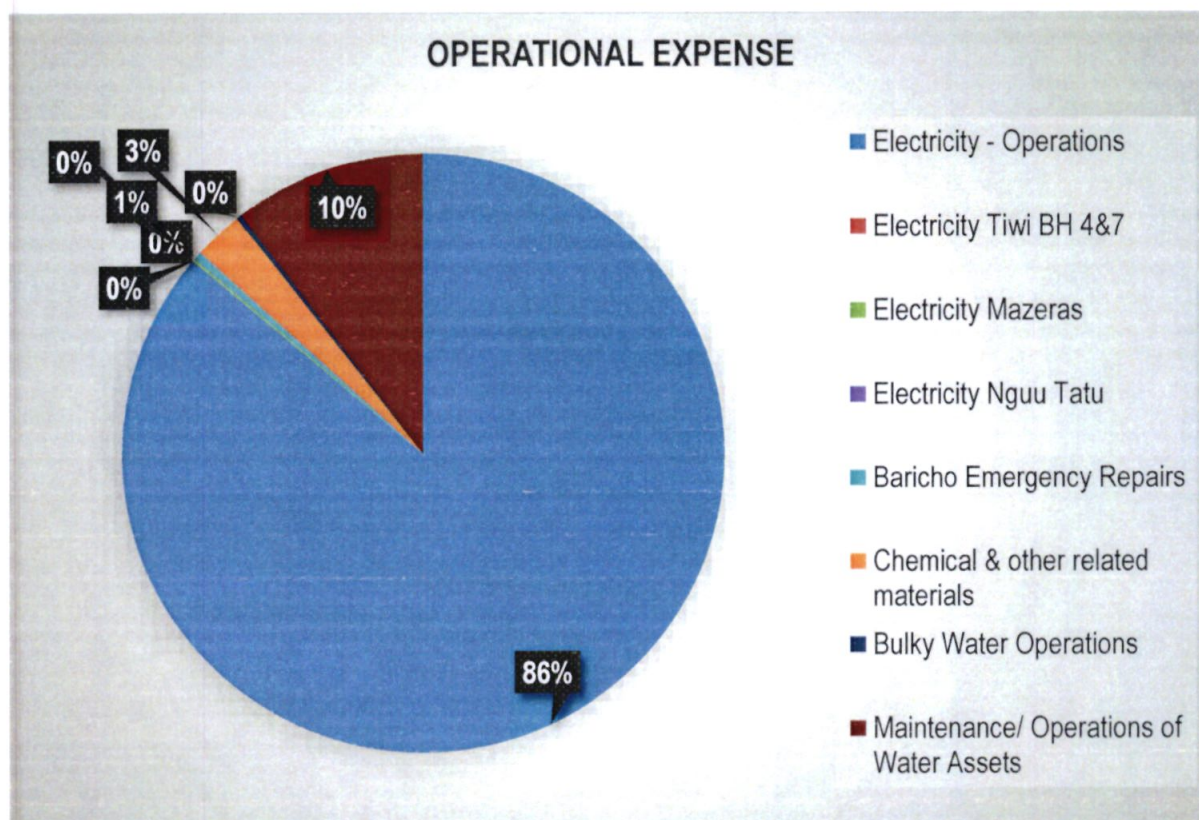
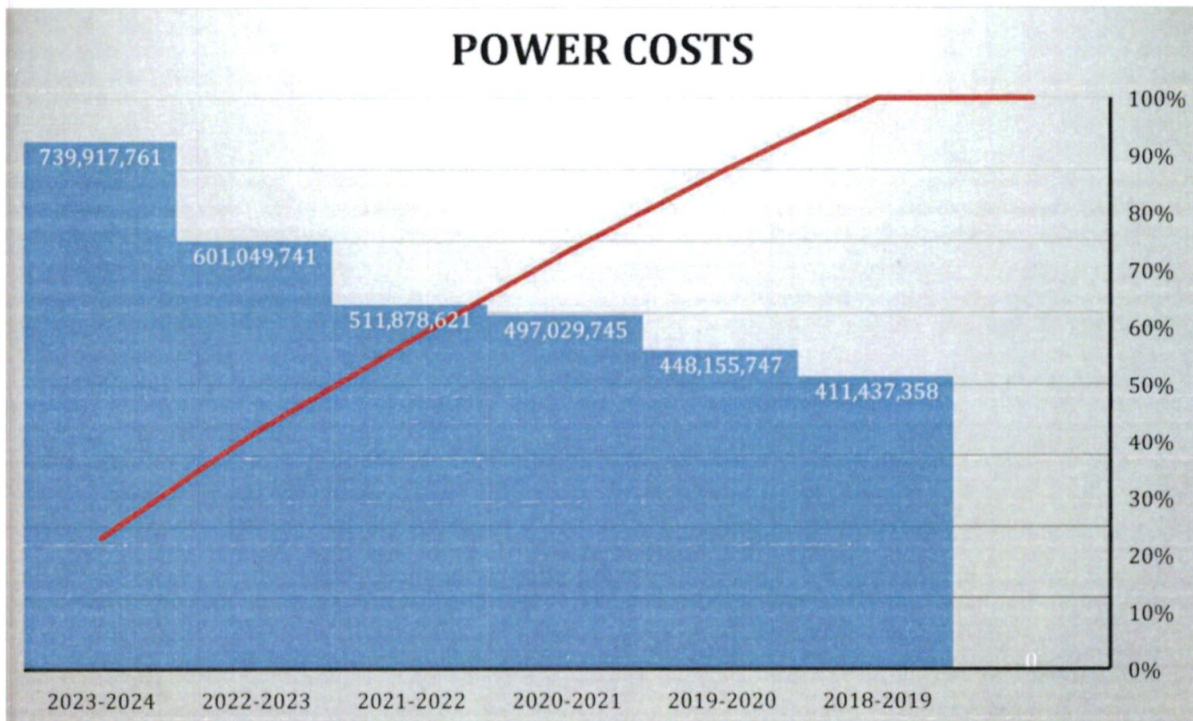


Table below show the trend of power bill over the last seven years which shows progressive increase in the trend with the last six years.

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Cost of power bill for the last six years.

| Year | Kshs |
|-----------|-------------|
| 2018-2019 | 411,437,358 |
| 2019-2020 | 448,155,747 |
| 2020-2021 | 497,029,745 |
| 2021-2022 | 511,878,621 |
| 2022-2023 | 601,049,741 |
| 2023-2024 | 740,930,706 |

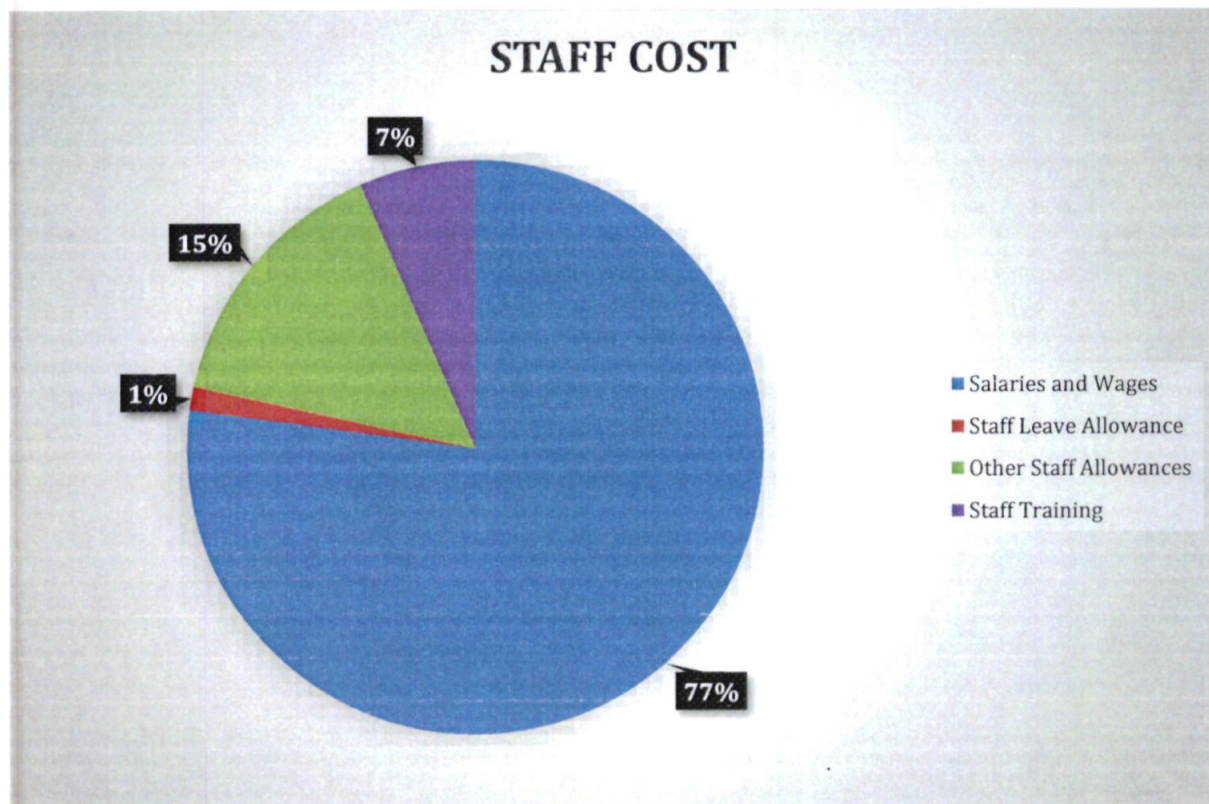


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Staff Costs

The summary of staff expenses is given by table below

| | Kshs | % |
|------------------------|--------------------|--------------|
| Salaries and Wages | 183,461,373 | 77.1 |
| Staff Leave Allowance | 3,215,418 | 1.4 |
| Other Staff Allowances | 35,597,730 | 15.0 |
| Staff Training | 15,564,767 | 6.5 |
| Total | 237,839,288 | 100.0 |



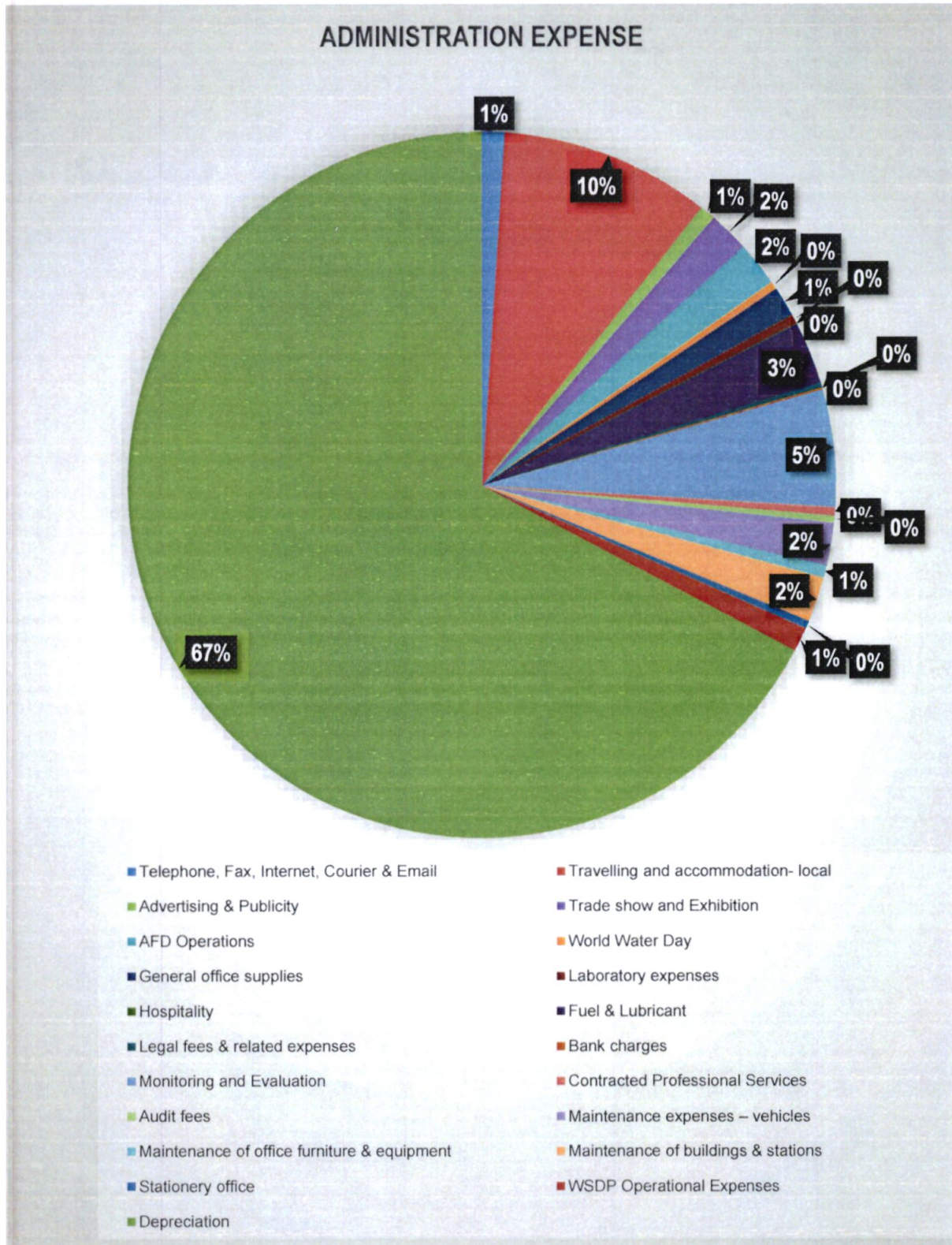
Use of Goods and Services

This Category of expenditures constitute 20% of the total costs of the Agency. Notable among the expenses is a provision of depreciation which has consumed 67% in overall. This Category covers administrative expenses that cut across all the departments and a myriad of Agency programmes.

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| NOTE 9 Use of Goods and Services | | |
|---|--------------------|------------|
| | Kshs | % |
| Telephone, Fax, Internet, Courier & Email | 3,796,237 | 1.0 |
| Travelling and accommodation- local | 34,710,581 | 9.6 |
| Advertising & Publicity | 2,557,462 | 0.7 |
| Trade show and Exhibition | 6,758,268 | 1.9 |
| AFD Operations | 7,409,799 | 2.0 |
| World Water Day | 1,281,400 | 0.4 |
| General office supplies | 5,051,137 | 1.4 |
| Laboratory expenses | 1,492,640 | 0.4 |
| Hospitality | 314,022 | 0.0 |
| Fuel & Lubricant | 10,340,729 | 2.8 |
| Legal fees & related expenses | 889,000 | 0.2 |
| Bank charges | 330,530 | 0.1 |
| Monitoring and Evaluation | 19,881,623 | 5.4 |
| Contracted Professional Services | 1,394,566 | 0.4 |
| Audit fees | 1,172,760 | 0.3 |
| Maintenance expenses – vehicles | 7,044,131 | 1.9 |
| Maintenance of office furniture & equipment | 2,088,494 | 0.6 |
| Maintenance of buildings & stations | 7,503,656 | 2.1 |
| Stationery office | 1,283,533 | 0.4 |
| WSDP Operational Expenses | 4,033,860 | 1.1 |
| Depreciation | 244,314,250 | 67.3 |
| TOTAL | 363,648,679 | 100 |

**Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024**



Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

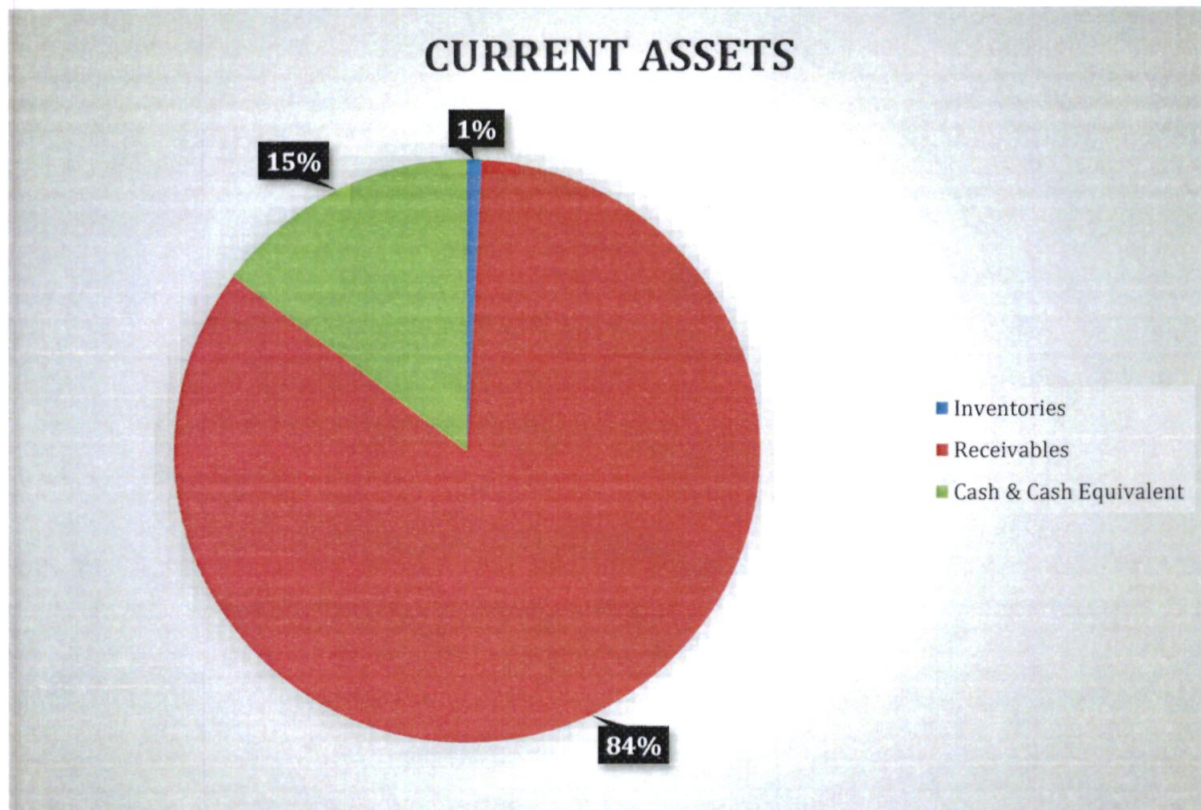
Assets and liabilities

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

a) Current assets

Under current assets, the receivables take the highest percentage (84%) of the assets cost as shown by table below. Under Inventories, machinery, pipes and fittings are held for continuous repair for our pipelines and this were the closing stock.

| Current Assets | Kshs. | % |
|------------------------|----------------------|------------|
| Inventories | 48,892,038 | 0.8 |
| Receivables | 4,121,219,804 | 84.5 |
| Cash & Cash Equivalent | 888,343,210 | 14.7 |
| Total | 5,058,455,052 | 100 |



Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

b) Non-current assets

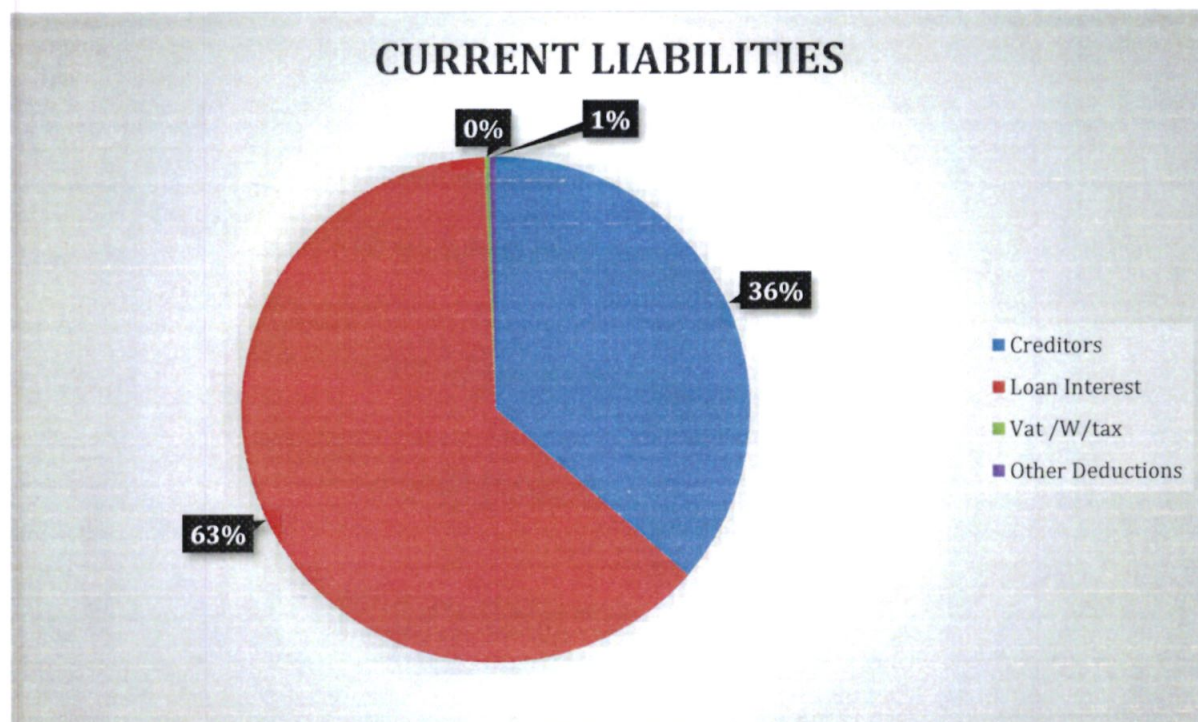
In this category, Work In Progress (WIP) takes 53% of the total cost while property, plant and equipment take the balance of 47%.

The WIP is attributable to various projects that are on-going at different stages of implementation funded by Government and Donors

c) Current liabilities

In this category, Accumulated loan interest and General Creditors are the main components as at 30th June 2024. CWWDA has not paid any interest for the Loans and this is attributable to the failure by WSPs to pay for their bulk water bills in full. A summary of the current liabilities is given by table below

| Current Liabilities | Kshs | % |
|----------------------------|----------------------|------------|
| Creditors | 726,597,968 | 36 |
| Loan Interest | 1,212,253,955 | 63 |
| Vat /W/tax | 12,075,198 | 0.6 |
| Other Deductions | 7,846,355 | 0.4 |
| TOTAL | 1,958,773,476 | 100 |



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d) Non -Current liabilities

The non-current liabilities are composed of the World Bank (WB) loan, AFD Loan, and ADB Loans.

e) Solvency, going concern and liquidity

As at 30th June 2024, CWWDA had a strong solvency base with assets valued at Kshs22,547,057,064 and liabilities valued at Kshs. 20,306,358,826 hence a net assets worth of Kshs 2,240,698,237 and this gives a good indication of a going concern status for the Agency

The current assets cover the current liabilities is above the minimum professional requirement of 2. Which is a positive Financial position. However, liquidity has been a challenge due to the huge pending bills from WSPs.

Quality assurance and value for money

High quality standards are taken very seriously as CWWDA undertakes its mandate. Effort made to ensure the projects are designed, implemented and maintained by applying strict standards that are applicable in all aspects. Inspection teams composed of officers with relevant skills and experience are constituted and inspection criteria developed at all stages of the projects implementation.

This ensures that there is value for money for the resources that are assigned to different task.

For the bulk unit, laboratory tests are conducted regularly to ensure the water that is released to the consumers is safe. In addition, CWWDA also ensures that chlorine and other chemicals that are required are procured and tested within the applicable standards.

As an agency, we do also appreciate the fact that not all consumers rely entirely on our water and in this regard, CWWDA offers laboratory services to the members of the public who wish to check the status of the water they are consuming. CWWDA has a monitoring and evaluation team in place..

Non-revenue water

This emanates from physical and commercial losses and is of big magnitude that demands attention all the time. A lot of water is lost from the four schemes due to their levels of dilapidation. The table below show the level of NRW per scheme as at 30.6.2024.

| | Schemes | | | | Total |
|----------------|-----------|------------|-----------|------------|------------|
| | Tiwi | Mzima | Marere | Baricho | |
| Production(m3) | 2,139,013 | 14,640,000 | 2,606,800 | 29,777,101 | 49,162,914 |
| Sales(m3) | 1,733,631 | 11,275,099 | 2,056,045 | 22,898,101 | 37,962,876 |
| NRW(m3) | 405,382 | 3,364,901 | 550,755 | 6,879,000 | 11,200,038 |
| NRW(%) | 19% | 23% | 21% | 23% | 23% |

Compliance with statutory requirements

During the financial year under review CWWDA complied with all the statutory requirements that are applicable. This includes deducting and submitting all taxes to Kenya Revenue Authority (KRA), NSSF deductions, NHIF and pension deductions among others. Only outstanding deduction is interest on pension which is yet to be settled.

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Pictures of bursts repairs that happen along our various water assets.



Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Introduction

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

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

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

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

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

Our People, Values and Processes

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

Diversity and Equal Opportunity

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

Our Culture and Values

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

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

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

Employee Welfare

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

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

Staff Training and Development

To ensure that CWWDA not only attracts but also retains the best talent, the agency aims to nurture people's careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions or specialism. Staff training and development are a prerequisite for employees' growth. In FY 2022/2023, training continued to focus on departmental technical competencies and people management skills at all levels.

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

Occupational Health and Safety

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

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

Zero Tolerance to Corruption

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

Corporate Social Responsibility and Investment

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

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

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

Environmental Sustainability Report

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

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

Approach

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

Environmental sustainability planning

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

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

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

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

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

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended June 30, 2024 which show the state of CWWDA

Principal activities

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

The main functions of CWWDA

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

Results

The results of the entity for the year ended 30th June, 2024 are set out on page 1 – 5.

Auditors

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

By Order of the Board

For and on its behalf



Mary Okioma
Corporation Secretary

Date 31/12/2024.....

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the CWWDA's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the agency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for CWWDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, CAP 446. The Directors are of the opinion that CWWDA's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2023, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the internal control systems.

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

Approval of the financial statements

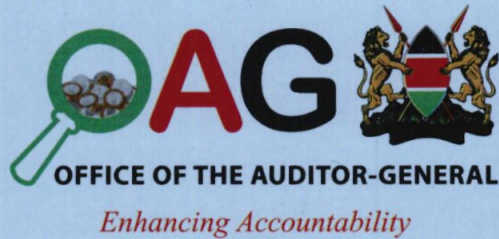
The agency's financial statements were approved by the Board on 29th August 2024 and signed on its behalf by:


DR. DANIEL KATAMA
CHAIRPERSON


ENG. MARTIN TSUMA
Ag. CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON COAST WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2024

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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, 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 are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Coast Water Works Development Agency set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cashflows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Coast Water Works Development Agency as at 30 June, 2024 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 Water Act, 2002 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following anomalies;

- i. The financial statements are prepared using an incorrect template instead of the template recommended for state corporations -SAGA's.
- ii. Note 17 to the financial statement reflects trade and other receivables balance of Kshs.4,121,219,804 which erroneously includes provision for bad and doubtful debts of Kshs.788,600 as receivables.
- iii. Comparative balance for accumulated surplus is erroneously indicated as Kshs.3,160,425 while the certified balance is reflected as Kshs.2,949,499,284.

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

2. Unsupported Capital Balance

The statement of financial position and the statement of changes in net assets reflects capital balance of Kshs.3,400,000. However, the balance is not supported.

In the circumstances, the accuracy and completeness of the capital balance of Kshs.3,400,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Coast Water Works Development Agency

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 qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,187,250,000 and Kshs.2,076,366,036 respectively, resulting to an under-funding of Kshs.1,110,883,964, or 35% of the budget. Similarly, the Agency spent Kshs.1,788,007,630 against actual receipts of Kshs.2,076,366,036 resulting to an under-utilization of Kshs.288,358,406, or 14% of the actual receipts.

The under-funding and under-expenditure may have affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

In the audit report of the previous financial year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved. Although Management has indicated that some of the issues are being acted upon and others have been finalized, no evidence was provided to support that status.

Other Information

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

In connection with my audit on the Coast Water Works Development Agency'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 and 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 conclusion 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. Lack of Gender Balance and Ethnic Distribution

Review of human resource records revealed that the Agency had a total of one hundred and sixty-two (162) employees, out of which one hundred and one (101), or about 62% were from the same ethnic group. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provide that no public establishment shall have more than one third of its staff from the same ethnic community. Similarly, one hundred and thirty-three (133) staff out of the one hundred and sixty-two (162), or 82% of the staff were male and twenty-nine (29), or 18% were female. This was contrary to Paragraph B.22(2) of the Human Resource Policies and Procedures Manual for Public Service of May, 2016 which stipulates that the Government will endeavor to have a gender balanced civil service by ensuring that not more than two-thirds (2/3) of positions in its establishment are filled by either gender.

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

2. Irregular Payments of Special Duty and Acting Allowances

The statement of financial performance and Note 11 to the financial statements reflects employee costs of Kshs.237,839,288. Included in this amount is Kshs.142,603 paid to two (2) members of staff as special duty allowances for nine months. This was contrary to the provisions of Section 5.7.2 of the Agency Human Resource Policies and Procedures Manual which requires that special duty allowances shall be paid for a maximum period of six (6) months or until the post is filled, whichever is earlier.

Further, out of the employee costs two (2) members of staff were paid acting allowances for ten (10) months amounting to Kshs.610,635. This was contrary to the provisions of Section 5.7.2 of the Agency Human Resource Policies and Procedures Manual which requires that acting allowance be paid to an employee for a period of not more than six (6) months within which the position should be advertised and competitively filled.

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

3. Unfunded Projects under County Water Project 2023-2024

During the year under review the Agency initiated County Water Project which was approved by Ministry of Water Sanitation and Irrigation on 18 December, 2023 for a budgetary allocation of Kshs.270 million. Based on this approval the Agency is yet to procure construction works for the project due to non-funding.

In the circumstances, the intended objectives for the project may not be achieved.

4. Project Verification

Physical project verification during the month of October 2024 on sampled Agency's projects revealed the following anomalies;

| | Project Name | Project Cost (Kshs) | Observation |
|----|---|---------------------|---|
| 1. | Supply of Water to Livestock Holding Ground at LDM Bachuma (Export Zone) Taita Taveta County - CWWDA/RT/TT/W/07/2022-2023 | 19,992,588 | Project not in use as the water was confirmed not fit for animal consumption. |
| 2. | Supply of Water to Mwatate Sheep and Goat Farm Pasture Irrigation Taita Taveta County - CWWPDA/RT/TVT/W/12/2022-2023 | 19,925,613 | Contractor was required to supply and install 4No. of 10 M ³ plastic tank which was to be placed on a 3-meter high on concrete slab. Instead, the contractor constructed and supplied only two tanks of 10 M ³ , two tanks costing Kshs.370,000 were not supplied. Cattle trough, of 4.0mX3.0m and all the necessary fittings, 30m away from old borehole costing Kshs.175,000 was not done. |
| 4 | 5. Maumau Memorial Girls Secondary and Kalkacha Primary School and Hola Secondary School Water Supply in Tana River County - CWWDA/RTTR/023/2022-2023 | 12,533,452 | Project not branded as required by the bill of quantity under preliminary and general item |
| | | 52,451,653 | |

Report of the Auditor-General on Coast Water Works Development Authority for the year ended 30 June, 2024



In the circumstances, value for money may not have been achieved.

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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on 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 Staff in Employment with Invalid Certification

The statement of financial performance and Note 11 to the financial statements reflects employee costs of Kshs.237,839,288. Review of reports on validation of employee's certificates by Kenya National Qualification Authority revealed that four (4) employees had invalid certificates and the qualifications of eleven (11) staff members were not verified. However, Management failed to act on the outcome of the verification exercise and the four employees with invalid certificate are still in employment.

In the circumstances, the regularity of the employment of the staffs with invalid and unverified certification could not be ascertained.

2. Stalled Projects

2.1 Makamini Dam Phase I Project (Dam, Treatment Plant and Pipeline Construction)

The Agency contracted for Design and Build of Makamini Dam – Phase I to start from 03 November, 2020 and be completed by 03 November, 2023 and an extension period of up to 03 March, 2024 for contract sum of Kshs.1,283,008,877. However, project implementation status report as at 30 September, 2024 indicates that the project stalled at 65%, with cumulative payments of Kshs.728,073,826, against an elapsed time of 127%. In addition, the last site meeting minutes state that the main challenges are delayed land acquisition process resulting in frequent disruption of works by section of Project Affected Persons (PAPs), slow supply rate of filter material and increase in the cost of construction materials.

2.2 Dongo Kundu Reservoir Pipeline Phase II (Line SC24)

The Agency contracted for the construction of water pipeline 4.2km, Mbuta Mosque-Dongo Kundu Reservoir Pipeline Phase II (Line SC24) at contract sum of Kshs.226,359,227 on 21 December, 2020. The contract period was previously ending on 20 November, 2021 but with an additional 12 months for the Defect Notification Period (DNP). The contract period was later extended to a new revised completion date to December 2022. The internal audit report dated March, 2024 and the Project Implementation Status Report as at 30 September, 2024 shows that the project stalled at progress rate of 40%, due to pipes price escalations and that the contractor faced serious challenges in procurement of steel pipes, lack of site for tank and challenges with new bypass road crossings. The cumulative payments amount was Kshs.81,954,525. Management attributed the delay and stoppage of works to budget cuts.

In the circumstances, value for money may not have been achieved on the stalled projects.

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 Board of Directors


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

In preparing the financial statements, Management is responsible for assessing the Agency's ability to 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 are in compliance with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how Management monitors compliance with



relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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 for 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 IFPP 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

10 January, 2025

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

| | Notes | 2023/2024 | 2022/2023 |
|---|-------|----------------------|----------------------|
| | | Kshs. | Kshs. |
| Revenue from Non-Exchange Transactions | | | |
| Grants | 7 | 852,739,447 | 851,259,030 |
| | | | 851,259,030 |
| Revenue from Exchange Transactions | | | |
| Operational Income | 6 | 1,203,730,688 | 791,658,920 |
| Other Incomes | 8 | 19,895,901 | 9,189,763 |
| TOTAL REVENUE | | 2,076,366,036 | 1,652,107,714 |

| EXPENSES | | | |
|---------------------------------|----|----------------------|----------------------|
| Use of Goods and Services | 9 | 363,648,679 | 340,754,982 |
| Board Expenses | 10 | 25,059,759 | 17,114,320 |
| Employees costs | 11 | 237,839,288 | 231,923,912 |
| General Expenses | 12 | 28,045,708 | 30,708,944 |
| Operational Expenses | 13 | 859,038,427 | 751,230,285 |
| Project Costs | 14 | 235,663,769 | 446,771,321 |
| Finance Costs | 15 | 38,712,000 | 44,530,462 |
| TOTAL EXPENSES | | 1,788,007,630 | 1,863,034,226 |
| Surplus/(Loss)before Tax | | 288,358,406 | (210,926,513) |

Ag. CHIEF EXECUTIVE OFFICER
 ENG. MARTIN TSUMA

SIGN.....
 Date... 31/12/2024.

HEAD OF FINANCE
 CPA STEPHEN M. KIVUVA
 ICPAK.NO.13560

SIGN.....
 Date... 31/12/2024.

CHAIRMAN OF THE BOARD
 DR. DANIEL KATAMA

SIGN.....
 Date... 31/12/2024.

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

| | Notes | 2023/2024 | 2022/2023 |
|--------------------------------------|-------|-----------------------|-----------------------|
| | | Kshs | Kshs |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Inventories | 16 | 48,892,038 | 42,144,379 |
| Receivables | 17 | 4,121,219,804 | 4,805,961,783 |
| Cash and Cash Equivalents | 18 | 888,343,210 | 907,281,610 |
| TOTAL CURRENT ASSETS | | 5,058,455,052 | 5,755,387,772 |
| NON CURRENT ASSETS | | | |
| Property ,plant and equipment | 19 | 8,062,702,906 | 7,782,742,512 |
| Work in progress | 20 | 9,425,482,769 | 7,743,419,423 |
| TOTAL NON CURRENT ASSETS | | 17,488,185,675 | 15,526,161,935 |
| TOTAL ASSETS (A) | | 22,546,640,727 | 21,281,549,707 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other Payables | 21 | 1,958,773,476 | 1,975,984,289 |
| Customer Deposits | | | |
| TOTAL CURRENT LIABILITIES | | 1,958,773,476 | 1,975,984,289 |
| NON -CURRENT LIABILITIES | | | |
| World bank loan | 22 | 4,754,658,653 | 4,754,658,653 |
| World bank loan Direct | | 2,033,412,733 | 2,033,412,733 |
| World Bank Loan AF | | 11,559,513,965 | 9,567,994,749 |
| TOTAL NON CURRENT LIABILITIES | | 18,347,585,351 | 16,356,066,135 |

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

| | | | |
|----------------------------------|--|----------------|----------------|
| TOTAL LIABILITIES (B) | | 20,306,358,827 | 18,332,050,424 |
| NET ASSETS (A-B) | | 2,240,281,900 | 2,949,499,283 |
| REPRESENTED BY: | | | |
| ACCUMULATED SURPLUS | | 1,948,523,494 | 3,160,425,796 |
| Surplus(Deficit) for the Period | | 288,358,406 | (210,926,513) |
| Capital | | 3,400,000 | 0 |
| TOTAL NET ASSETS AND LIABILITIES | | 2,240,281,900 | 2,949,499,283 |

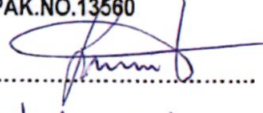
The Financial Statements set out on pages 1 to 5 were signed on behalf of Directors by:

Ag. CHIEF EXECUTIVE OFFICER
 ENG. MARTIN TSUMA

HEAD OF FINANCE
 CPA STEPHEN M. KIVUVA
 ICPAK.NO.13560

CHAIRMAN OF THE BOARD
 DR. DANIEL KATAMA

SIGN.....

SIGN.....

SIGN.....

Date...31/12/2024.

Date...31/12/2024.

Date...31/12/2024.

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Attributable to the owners of the controlling entity

| | Notes | Accumulated surplus | Reserves Total |
|--------------------------------|-------|----------------------|----------------------|
| | | Kshs | Kshs |
| Balance as at 1.7.2022 | | 3,160,425,796 | 3,160,425,796 |
| Surplus for the period | | (210,926,513) | (210,926,513) |
| | | | |
| Balance as at 1.7.2023 | | 2,949,499,283 | 2,949,499,283 |
| Reconciliation Adjustment | | (1,000,975,789) | (1,000,975,789) |
| Surplus/Deficit for the period | | 288,358,406 | 288,358,406 |
| Capital | | 3,400,000 | 3,400,000 |
| Balance as at 30.6.2024 | | 2,240,281,900 | 2,240,281,900 |

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17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

| | 2023/2024 | 2022/2023 |
|--|------------------------|------------------------|
| | Kshs | Kshs |
| Cash flows from operating activities | | |
| Receipts | | |
| Operational Income | 887,496,878 | 549,198,220 |
| Grants | 852,739,447 | 851,259,030 |
| Other Incomes | 19,895,901 | 9,189,763 |
| Total Receipts | 1,760,132,226 | 1,409,647,013 |
| Payments | | |
| Employees Costs | 237,839,288 | 231,923,912 |
| Goods and services | 127,254,849 | 110,978,033 |
| Remuneration of Directors | 25,059,759 | 17,114,320 |
| General Expenses | 28,045,707 | 30,708,944 |
| Operational Expenses | 910,033,979 | 1,098,098,894 |
| Project Costs | 235,663,768 | 446,771,321 |
| Finance Costs | 0 | 0 |
| Total Payments | 1,563,419,178 | 1,935,595,424 |
| Net cash flows from operating activities | 196,713,048 | (525,948,411) |
| Cash flows from investing activities | | |
| Purchase of property, plant, equipment and intangible assets | (524,274,644) | (25,414,127) |
| Proceeds from sale of property, plant and Equipments | | |
| Decrease in non-current receivables | | |
| Increase in investments | (1,682,063,346) | (1,680,316,862) |
| Net cash flows used in investing activities | (2,206,337,990) | (1,705,730,989) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 1,991,519,217 | 1,942,889,736 |
| Increase in deposits | | |
| Net cash flows used in financing activities | 1,991,519,216 | 1,942,889,736 |
| Net increase/(decrease) in cash and cash equivalents | (18,522,067) | (288,786,662) |
| | | |
| Cash and cash equivalents at 1 JULY 2023 | 907,281,609 | 1,196,071,272 |
| Cash and cash equivalents at 30 JUNE 2024 | 888,343,210 | 907,281,609 |

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18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30.6.2024

| | Original Budget | Adjustments | Final Budget | Actual on Comparable Basis | Percentage Utilization |
|---------------------------|----------------------|--------------------|----------------------|----------------------------|------------------------|
| | 2023 /2024 | 2023 / 2024 | 2023 / 2024 | 2023 / 2024 | 2023 / 2024 |
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Revenue | | | | | |
| Operation Income | 739,000,000 | 502,250,000 | 1,241,250,000 | 1,203,730,688 | 96%% |
| Recurrent GoK | 368,000,000 | 0 | 368,000,000 | 337,333,334 | 92% |
| Grants GoK | 515,406,113 | 0 | 515,406,113 | 515,406,113 | 100% |
| Donor AfD | 2,030,000,000 | (110,000,000) | 1,920,000,000 | 377,381,027 | 20% |
| Other Income | 8,250,000 | 0 | 8,250,000 | 19,895,901 | 241% |
| Total Revenue | 3,187,250,000 | 395,250,000 | 3,187,250,000 | 2,076,366,036 | 65% |
| | | | | | |
| Expenditure | | | | | |
| Use of Goods And Services | 372,379,000 | 0 | 372,379,000 | 363,648,679 | 98%% |
| Board Expenses | 30,000,000 | 0 | 30,000,000 | 25,059,759 | 84% |
| Employee Costs | 262,117,000 | 0 | 262,117,000 | 237,839,288 | 98% |
| General Expenses | 35,913,000 | 0 | 35,913,000 | 28,045,708 | 71% |
| Operational Expenses | 437,091,000 | 502,250,000 | 939,341,000 | 859,038,427 | 91% |
| Project Costs | 235,663,769 | 0 | 235,663,769 | 235,663,769 | 100% |
| Finance Costs | 38,712,000 | 0 | 38,712,000 | 38,712,000 | 100% |
| Total | 1,411,875,769 | 502,250,000 | 2,148,354,168 | 1,788,007,630 | 83% |

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NOTES

Operations Income

Approved bulk budget was Kshs 739,000,000 for the year under review and actual billing amounting to Kshs. 1,203,730,688. The increment is attributed to implementation of new bulk water tariff.

Approved Recurrent budget was Kshs 368,000,000 and all the funds were received with June allocation being received in July 2024.

GoK Grants of 100% includes Equalization funds received during the year which were not in the original budget. Other income increment is attributed to sale of scrap material which were budgeted at kshs. 2,000,000.

Total AFD loan receipt during the year was Kshs 344,138,200 against a budget of Kshs. 1,920,000,000.

Use of Goods and Services.

Expenditure under use of Goods and services of 98% implies the cost was within budget for the year under review.

Board Expenses and staff costs

Remuneration of Directors of the Board was Kshs. 25,059,759 inclusive of Honoraria for the chairman and Staff Cost was Ksh. 237,839,288 which were within the approved budget,

General Expenses

The overall expenditure under general expenses was within the approved budget for the year under review

Operations Expenses

The expenditure covers mainly production Electricity, Chemicals, Bulk operations and pipeline operational costs and was within budget approved for the year under review.

Project Costs

This is mainly for GoK funded projects and all were fully funded in the year under review.

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19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.

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

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ii) New Standards and Interpretation in use issue but not yet effective in Year Ended 30 June 2022

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

iii) **Early adoption of standards**

Coast Water Works Development Agency did not adopt any new or amended standards in year 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

a) **Revenue recognition**

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

b) **Budget information**

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

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c) Property, plant and equipment

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

| | |
|---------------------------|-------|
| Equipment | 12.5% |
| Furniture, Fittings | 12.5% |
| Computers | 33.3% |
| Water Infrastructure | 2.5% |
| Motor Vehicles and Cycles | 25% |

d) Inventories

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

e) Provisions

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

f) Contingent liabilities

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

g) Contingent assets

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

h) Nature and purpose of reserves

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

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maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

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

j) Foreign currency transactions

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

k) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete is handed over to the beneficially. Further borrowing costs are charged to the statement of financial performance.

l) Cash and cash equivalents

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

m) Taxation

Coast Water Works Development Agency is a non-commercial state corporation in the provision of essential services. No provision for taxation has been made.

5. Critical Accounting Estimates, Judgments and Assumptions

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

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

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

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

-

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

(b) Critical Accounting Estimates and Assumptions

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

(i) Useful lives of property and Equipment

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

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

(ii) Provision for Doubtful Debts

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

NOTE 6 Operational Income

The Agency's major sources of revenues are the water sales which are earned from the sale of bulk water to the WSPs and administrative fees that is earned from the lease of its assets to them. During the year, revenue was earned as follows:

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| | 2023/2024 | 2022/2023 |
|-------------------|----------------------|--------------------|
| | Kshs. | Kshs. |
| Bulky Water Sales | 1,203,730,688 | 791,658,920 |
| Total | 1,203,730,688 | 791,658,920 |

| WSP | KIMAWSCO | KWAWASCO | MALWASCO | MOWASCO | TAWASCO | TOTAL |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| PERIOD | | | | | | |
| Jul-23 | 17,098,280.00 | 7,211,780.00 | 11,309,560.00 | 23,193,580.00 | 9,115,640.00 | 67,928,840.00 |
| Aug-23 | 16,759,940.00 | 7,254,080.00 | 9,843,840.00 | 24,254,000.00 | 8,724,820.00 | 66,836,680.00 |
| Sep-23 | 32,944,538.00 | 15,423,182.00 | 17,216,376.00 | 38,855,336.00 | 13,891,448.00 | 118,330,880.00 |
| Oct-23 | 29,981,676.00 | 13,571,168.00 | 16,556,062.00 | 34,442,714.00 | 13,397,156.00 | 107,948,776.00 |
| Nov-23 | 30,466,584.00 | 13,634,442.00 | 16,773,050.00 | 40,554,486.00 | 12,813,886.00 | 114,242,448.00 |
| Dec-23 | 21,852,106.00 | 16,126,404.00 | 15,233,122.00 | 37,916,800.00 | 11,062,444.00 | 102,190,876.00 |
| Jan-24 | 27,936,202.00 | 14,329,062.00 | 17,416,296.00 | 40,972,754.00 | 11,222,312.00 | 111,876,626.00 |
| Feb-24 | 27,798,162.00 | 14,701,226.00 | 16,760,028.00 | 28,824,690.00 | 13,470,936.00 | 101,555,042.00 |
| Mar-24 | 30,164,902.00 | 14,031,800.00 | 15,352,802.00 | 32,394,214.00 | 12,731,096.00 | 104,674,814.00 |
| Apr-24 | 27,002,698.00 | 18,254,634.00 | 15,940,594.00 | 31,479,240.00 | 11,414,072.00 | 104,091,238.00 |
| May-24 | 26,708,190.00 | 12,800,218.00 | 16,180,158.00 | 27,697,794.00 | 11,414,072.00 | 94,800,432.00 |
| Jun-24 | 28,234,892.00 | 12,799,232.00 | 24,345,734.00 | 32,653,124.00 | 11,221,054.00 | 109,254,036.00 |
| TOTAL | 316,948,170.00 | 160,137,228.00 | 192,927,622.00 | 393,238,732.00 | 140,478,936.00 | 1,203,730,688.00 |

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NOTE 7 Grants

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

| Grant | AMOUNT | |
|-----------------|--------------------|--------------------|
| | 2023/2024 | 2022/2023 |
| GOK Recurrent | 337,333,334 | 362,477,936 |
| GOK Development | 515,406,113 | 488,781,094 |
| Total | 852,739,447 | 851,259,030 |

NOTE 8

Other Income

The agency earned other income from various sources as summarized below.

| DETAILS | AMOUNT | |
|---------------------------|-------------------|------------------|
| | 2023/2024 | 2022/2023 |
| Tender sales | 10,526,077 | 0 |
| Rent Received | 1,308,125 | 1,409,501 |
| Miscellaneous income | 1,368,172 | 0 |
| Sale of water to CBOs | 5,533,017 | 4,790,560 |
| laboratory charges | 306,320 | 453,000 |
| Water Tanker sales | 854,190 | 2,536,703 |
| Total other income | 19,895,901 | 9,189,764 |

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NOTE 9

| Use of Goods and Services | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Telephone, Fax, Internet, Courier & Email | 3,796,237 | 4,677,401 |
| Travelling and accommodation- local | 34,710,582 | 25,712,436 |
| Advertising & Publicity | 2,557,462 | 3,681,150 |
| Trade show and Exhibition | 6,758,268 | 5,041,188 |
| World Water Day | 1,281,400 | 2,032,300 |
| AfD Operations expenses | 7,409,799 | 1,632,232 |
| General office supplies | 5,051,137 | 5,784,085 |
| Laboratory expenses | 1,492,640 | 3,345,840 |
| Hospitality | 314,022 | 701,290 |
| Fuel & Lubricant | 10,340,729 | 8,714,785 |
| Legal fees & related expenses | 889,000 | 109,080 |
| Bank charges | 330,529 | 317,999 |
| Contracted professional services | 1,394,566 | 2,968,873 |
| Monitoring and Evaluation | 19,881,623 | 24,154,193 |
| Audit fees | 1,172,760 | 2,345,520 |
| Maintenance expenses – vehicles | 7,044,131 | 6,542,163 |
| Maintenance of office furniture & equipment | 2,088,494 | 1,792,454 |
| Maintenance of buildings & stations | 7,503,656 | 4,310,323 |
| WSDP Operations expenses | 4,033,860 | 2,957,240 |
| Stationery office | 1,283,533 | 932,742 |
| Covid -19 Expense | 0 | 1,916,000 |
| Depreciation | 244,314,250 | 231,085,689 |
| TOTAL | 363,648,679 | 340,754,982 |

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NOTE 10

| Board Expenses | 2023/2024 | 2022/2023 |
|-----------------------|-------------------|-------------------|
| | Kshs | Kshs |
| Board Allowances | 24,456,094 | 16,383,520 |
| Honoraria | 603,665 | 730,800 |
| TOTAL | 25,059,759 | 17,114,320 |

NOTE 11

| Employees Costs | 2023/2024 | 2022/2023 |
|------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Salaries and Wages | 183,461,373 | 192,478,541 |
| Staff Leave Allowance | 3,215,418 | 3,426,071 |
| Other Staff Allowances | 35,597,730 | 32,274,243 |
| Staff Training | 15,564,767 | 3,745,058 |
| Total | 237,839,288 | 231,923,912 |

NOTE 12

| General Expenses | 2023/2024 | 2022/2023 |
|---------------------------|-------------------|----------------------|
| | Kshs | Kshs |
| Office Electricity | 2,427,365 | 1,863,947.00 |
| Motor Vehicles Insurance | 2,488,779 | 1,889,423.20 |
| Resettlement compensation | 0 | 5,962,948.00 |
| Security Expense | 22,288,400 | 19,795,750.10 |
| WIBA | 841,164 | 1,196,876.00 |
| Total | 28,045,708 | 30,708,944.30 |

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NOTE 13

| Operating Expenses | 2023/2024 | 2022/2023 |
|---|--------------------|--------------------|
| | Kshs | Kshs |
| Electricity – Operations | 740,930,706 | 601,049,741 |
| Water Use Charges | 0 | 5,560,710 |
| Baricho Emergency Repairs | 4,071,553 | 9,978,846 |
| CLSG Expenses | 0 | 27,938,177 |
| Cost of Specialized Materials | 22,512,549 | 34,023,415 |
| Bulky Water Operations | 2,446,240 | 3,300,896 |
| Maintenance/ Operations of Water Assets | 89,077,378 | 69,378,501 |
| Total | 859,038,427 | 751,230,285 |

NOTE 14

| Project Costs | 2023/2024 | 2022/2023 |
|---------------------------------|--------------------|--------------------|
| | Kshs | Kshs |
| Lamu Projects | 1,936,420 | 29,848,365 |
| Small dams and Pans | 595,266 | 2,741,709 |
| Drought mitigation | 0 | 25,334,749 |
| Equalization | 115,603,628 | 248,837,778 |
| Taita – Mzima Pipeline Projects | 596,153 | 6,654,137 |
| Kwale Projects | 3,090,823 | 6,389,202 |
| Dongo Kundu | 0 | 8,247,279 |
| Cross County Projects | 2,626,901 | 14,282,180 |
| Universal Health Care | 1,306,348 | 16,698,866 |
| Food and Nutrition Projects | 109,908,230 | 87,737,058 |
| Total | 235,663,769 | 446,771,321 |

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NOTE 15

| Finance Cost | 2023/2024 | 2022/2023 |
|---------------------|------------------|------------------|
| | Kshs | Kshs |
| Financing cost | 38,712,000 | 44,530,462 |

NOTE 16

| | 2023/2024 | 2022/2023 |
|-------------------------------|-------------------|-------------------|
| | Kshs | Kshs. |
| Inventories | | |
| Machinery, Pipes and Fittings | 45,346,073 | 37,757,798 |
| Chemicals | 66,500 | 0 |
| Stationery | 1,288,267 | 1,735,560 |
| Water Inventory | 2,191,198 | 2,651,021 |
| Total | 48,892,038 | 42,144,379 |

NOTE 17

| | 2023/2024 | 2022/2023 |
|---|----------------------|----------------------|
| | Kshs | Kshs |
| Trade and Other Receivables | | |
| Mombasa Water and Sewerage Company Ltd | 1,376,575,489 | 1,638,664,903 |
| Malindi Water and Sewerage Company Ltd | 544,312,512 | 506,375,138 |
| Kilifi Mariakani Water and Sewerage Ltd | 854,103,006 | 947,973,999 |
| Kwale Water and Sewerage Company Ltd | 535,460,732 | 908,587,827 |
| Taveta Water and Sewerage Company Ltd | 782,540,381 | 776,226,904 |
| Lamu Water and Sewerage Company Ltd | 15,763,804 | 15,763,804 |
| Tana Water and Sewerage Company | 3,024,000 | 3,024,000 |
| Salary Advances | 1,145,830 | 2,098,843 |
| Prepaid Medical Cover | 5,124,032 | 5,148,570 |
| Prepaid Motor Insurance | 1,651,419 | 1,309,195 |
| Staff Imprest | 730,000 | 788,600 |
| Provision for bad and doubtful debts | 788,600 | |
| TOTAL | 4,121,219,804 | 4,805,961,783 |

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NOTE 18

| Cash and Cash Equivalent | 2023/2024 Kshs | 2022/2023 Kshs |
|---------------------------------|---------------------------|---------------------------|
| Development | 207,194,559 | 211,267,751 |
| Loan repayment | 236,286 | 236,286 |
| Projects | 130,829,794 | 425,544,470 |
| Drought Mitigation | 649,112 | 663,992 |
| Administration Fees | 4,437,578 | 311,927 |
| World Bank – AF | 75,268 | 76,333 |
| Bulk | 2,789,400 | 19,433,571 |
| Equalization | 21,001,344 | 26,337,296 |
| World Bank WSDP | 367,806,278 | 219,343,564 |
| AFD | 153,318,580 | 4,061,408 |
| KCB KISSIP | 5,011 | 5,011 |
| Total | 888,343,210 | 907,281,609 |

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NOTE 19
Property, Plant and Equipment

| | Motor Vehicles | Computers | Office Equipment | Furniture and Fittings | Water Equipment | Water Infrastructure | Land | Total |
|----------------------|----------------|------------|------------------|------------------------|-----------------|----------------------|-----------|----------------|
| As at 30.7.2022 | 262,030,492 | 56,749,121 | 43,483,562 | 19,667,739 | 450,115,231 | 8,739,876,853 | 150,000 | 9,572,072,998 |
| Additions | 0 | 1,800,680 | 486,447 | 9,000 | 23,118,000 | | | 25,414,127 |
| As at 30.6.2023 | 262,030,492 | 58,549,801 | 43,970,009 | 19,676,739 | 473,233,231 | 8,739,876,853 | 150,000 | 9,597,487,125 |
| Additions | | 148,500 | | | | 520,726,144 | 3,400,000 | 524,274,644 |
| As at 30.6.2024 | 262,030,492 | 58,698,301 | 43,970,009 | 19,676,739 | 473,233,231 | 9,260,602,997 | 3,550,000 | 10,121,761,769 |
| Depreciation | | | | | | | | |
| Net book Value | 262,030,492 | 48,471,883 | 38,286,078 | 13,731,655 | 412,961,196 | 571,542,991 | | 1,347,024,295 |
| Charge for year 2022 | 0 | 5,245,804 | 3,515,385 | 901,184 | 8,475,336 | 218,496,921 | | 236,634,630 |
| Net book Value | 262,030,492 | 53,717,687 | 41,801,463 | 14,632,839 | 421,436,532 | 790,039,912 | | 1,583,658,925 |
| Charge for year 2023 | 0 | 1,905,567 | 430,331 | 254,535 | 9,998,335 | 218,496,921 | | 231,085,689 |
| Net book Value | 262,030,492 | 55,623,254 | 42,231,794 | 14,887,374 | 431,434,867 | 1,008,536,833 | | 1,814,744,614 |
| Charge for year 2024 | 0 | 1,821,600 | 430,331 | 248,910 | 10,298,334 | 231,515,075 | | 244,314,250 |
| Net book Value | 262,030,492 | 57,444,854 | 42,662,125 | 15,136,284 | 441,733,201 | 1,240,051,908 | | 2,059,058,864 |
| As at 30.6.2020 | - | 8,435,148 | 5,227,772 | 5,701,222 | 66,020,503 | 4,221,811,392 | 150,000 | 4,307,346,037 |
| As at 30.6.2021 | 0 | 4,761,618 | 2,338,862 | 5,656,084 | 37,154,035 | 7,421,750,888 | 150,000 | 7,471,811,487 |
| As at 30.6.2022 | 0 | 3,031,434 | 1,682,099 | 5,034,900 | 28,678,699 | 7,949,836,941 | 150,000 | 7,988,414,073 |
| As at 30.6.2023 | - | 2,926,547 | 1,738,215 | 4,789,365 | 41,795,364 | 7,731,340,020 | 150,000 | 7,782,742,512 |
| As at 30.6.2024 | - | 1,253,447 | 1,307,884 | 4,540,455 | 31,500,030 | 8,020,551,089 | 3,550,000 | 8,062,702,905 |

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NOTE 20

| | 2023/2024 | 2022/2023 |
|----------------------------------|----------------------|----------------------|
| Work In Progress | Kshs. | Kshs. |
| Balance b/f | 7,743,419,423 | 6,063,102,562 |
| World Bank Baricho 3BHS | | 21,337,275 |
| Makamini Dam | 329,264,815 | 161,462,598 |
| Mwache Dam Treatment Plant | | 37,897,572 |
| Mwache Dam pipeline | 36,491,960 | 35,126,558 |
| North mainland Msa | 322,199,037 | 155,061,232 |
| Phase 1 Nyali | 157,503,587 | 110,489,881 |
| Protection Works Baricho | 118,512,177 | 485,189,379 |
| Baricho 2 Pipeline | 903,336,041 | 545,837,243 |
| Dongo Kundu Phase 2 | 0 | - |
| Sureca LTTA Mwache Dam | 132,165,852 | 51,567,329 |
| GKW STTA Mwache Dam | 180,533,621 | 73,499,992 |
| Office Block | 0 | - |
| WIP EMC Mwache Distribution | 22,782,400 | 2,847,800 |
| Transfer to Water Infrastructure | (520,726,144) | - |
| Total | 9,425,482,769 | 7,743,419,423 |

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NOTE 21

| Trade and Other Payables | 2023/2024 | 2022/2023 |
|---------------------------------|----------------------|----------------------|
| | Kshs. | Kshs |
| General Creditors | 726,597,969 | 1,975,984,289 |
| Loan interest | 1,212,253,955 | 0 |
| Vat/Wtax | 12,075,198 | 0 |
| Other Deductions | 7,846,354 | 0 |
| TOTAL | 1,958,773,476 | 1,975,984,289 |

NOTE 22

| | 2023/2024 | 2022/2023 |
|------------------------|-----------------------|-----------------------|
| World Bank Loan | Kshs. | Kshs |
| Balance B/F | 16,356,066,135 | 14,413,176,398 |
| WSDP Loan | 918,357,510 | 1,911,444,062 |
| WSDP Loan-Direct | 682,760,365 | |
| AFD Loan | 344,138,200 | 0 |
| AFD Loan Direct | 46,263,141 | 31,445,675 |
| TOTAL | 18,347,585,351 | 16,356,066,135 |

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Financial Risk Management

Financial Risk Management Objectives and Policies

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

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

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

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

The structure of managing risks and accountabilities;

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

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

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

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

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

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

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

(a) Liquidity Risk

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

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

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

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

(b) Market Risk

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

(i) Currency Risk

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

(ii) Price Risk

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

(iii) Interest Rate Risk

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

(c) Operational Risk

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

Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. Being a public entity CWWDA has related parties in this regard and operates under the national Government and Board of Directors.

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20. APPENDIX

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR GENERAL RECOMMENDATIONS

CWWDA has been audited up to 30th June 2023. and Final audit reports submitted. The following audit issues were outstanding as at the date of the report.

| Ref No | Reference no. on the external audit report | Issue/observation from the auditor | Management comments | Action point | Status as at 30 th June 2024 | Expected completion date |
|--------|--|--|--|----------------------|--|----------------------------|
| 1 | Unsupported Trade and Other Payables Balance | Creditors without support documents | The support invoices and contracts are available | CWWDA | Report to be availed for audit review for FY 2024 | 30 th June 2025 |
| 2 | Unsupported World bank loan | The balances were not reconciling with the figures at the National Treasury records. | CWWDA has already initiated reconciliations with national treasury | CWWDA-Finance Manger | The Agency is working with Treasury to resolve the matter. | 30 th June 2025 |
| 3 | Unsupported Property ,Plant and Equipment | Details not provided for review | Support available for review | CWWDA-Finance Manger | Records in place is support of the same. | 30 th June 2024 |
| 4 | Trade and other Receivables | The balances were not reconciling with the figures of WSPs | Reconciliation ongoing | CWWDA-CEO | Finalized and incorporated in the Annual report | 30 th June 2024 |
| 5 | Untransferred Complete Assets | Asset still in work in progress. | Assets now transferred to property plant and Equipments | CWWDA-Finance Manger | Finalized and incorporated in the Annual report | 30 th June 2024 |

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APPENDIX II: PROJECTS IMPLEMENTED BY THE AGENCY

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

| S/No | Project/Contract Name | Partner | Project Amount | Completion Date | Status |
|------|--|------------|---------------------|-----------------|------------------------------|
| 1 | Design and Building of Makamini Dam | GoK | Kshs. 1,200 million | Nov 2025 | Ongoing 40% complete |
| 2 | Dongo Kundu SEZ water project | GoK | Kshs. 500 Million | Dec 2025 | Ongoing 75% complete |
| 3 | Fish Landing Sites , Markets & Livestock holding Grounds | GoK | Kshs. 295 Million | Jun 2024 | complete |
| 4 | Baricho Protection Works (WSDP) | World Bank | Kshs. 791 Million | June 2024 | Completed |
| 5 | Baricho/Kakuyuni Second Pipeline (WSDP) | World Bank | Kshs. 1.9 Billion | Oct 2025 | Ongoing 95% complete |
| 6 | Mombasa North Mainland Lot 1A (WSDP) | World Bank | Kshs 781 Million | Oct 2025 | Ongoing 80 % Complete |
| 7 | Mombasa North Mainland (Nyali) phase 1 (WSDP) | World Bank | Kshs 516 Million | Oct 2025 | Ongoing 70% complete |
| 8 | Baricho Replacement B/Hs (WSDP) | World Bank | Kshs 414 Million | Mar 2024 | Completed |
| 9 | Mwache Water Treatment Plant (CKE1103) | AFD | Kshs. 7.0 Billion | N/A | Design & Tender Doc Complete |
| 10 | Mwache/South Mainland Pipeline(CKE1103) | AFD | Kshs. 5.5 Billion | N/A | Design & Tender Doc Complete |
| 11 | Likoni Emergency Works (Tiwi) (CKE1103) | AFD | Kshs. 319 Million | Jan 2025 | Ongoing 50% complete |
| 12 | Pemba Dam Rehabilitation | ADB | Kshs. 286 Million | May 2024 | Completed |
| 13 | Watamu Water Distribution Works Lot 2A | ADB | Kshs. 218 Million | Oct 2025 | Ongoing 95% Complete |
| 14 | Equalization Project | GoK | Kshs. 1.2 Billion | N/A | Ongoing |

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APPENDIX III: INTER-ENTITY TRANSFERS

| Break down of Transfers from the State Department of Water and Sanitation | | | | |
|--|----------------------------|----------------------|-----------------------|---------------------------------------|
| FY 2023/2024 | | | | |
| Recurrent | | | | |
| | Bank Statement Date | Amount (Kshs) | Amount (Kshs) | FY to which the amounts relate |
| Recurrent Funds July 2023 | 8/15/2023 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Aug 2023 | 9/8/2023 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Sept 2023 | 10/24/2023 | | 30,666,666.00 | 2023 - 2024 |
| Recurrent Funds Oct 2023 | 11/16/2023 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Nov 2023 | 12/6/2023 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Dec 2023 | 1/17/2024 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Jan 2024 | 2/9/2024 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Feb 2024 | 3/13/2024 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds Mar 2024 | 4/11/2024 | | 30,666,666.00 | 2023 - 2024 |
| Recurrent Funds Apr 2024 | 5/13/2024 | | 30,666,667.00 | 2023 - 2024 |
| Recurrent Funds May 2024 | 6/13/2024 | | 30,666,667.00 | 2023 - 2024 |
| | TOTAL | | 337,333,335.00 | |
| Development | | | | |
| | Bank Statement Date | Amount (KShs) | Amount (KShs) | FY to which the amounts relate |
| Water & Sanitation Services Improvement Project | 7/6/2023 | 40,000,000.00 | 205,000,000.00 | 2023 - 2024 |
| Improvement of Drinking Water & Sanitation Systems in Mombasa | | 125,000,000.00 | | |
| Mwache Water Pipeline Extension | | 40,000,000.00 | | |
| Equalization funds - Drilling and equipping of 8no bhs in Matuga IPC3 | 7/12/2023 | | 6,458,460.00 | 2023 - 2024 |

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| | | | | |
|---|------------|---------------|----------------|-------------|
| Equalization funds - Rumina Ward | 12/18/2023 | | 1,334,000.00 | 2023 - 2024 |
| Equalization funds - Magarini Const | 12/18/2023 | | 2,661,156.00 | 2023 - 2024 |
| Equalization funds - Mkapuni Batani | 12/18/2023 | | 925,529.80 | 2023 - 2024 |
| Equalization funds - Hola Pri | 12/18/2023 | | 870,556.10 | 2023 - 2024 |
| Equalization funds - Ruvuma Ward | 12/19/2023 | | 1,007,634.00 | 2023 - 2024 |
| Equalization funds - Lakeshore - Kiunga | 12/27/2023 | | 10,556,585.80 | 2023 - 2024 |
| Water & Sanitation Services Improvement Project | | 16,750,000.00 | | |
| Improvement of Drinking Water & Sanitation Systems in Mombasa | | 37,500,000.00 | | |
| Mwache Water Pipeline Extension | | 25,000,000.00 | | |
| Dongo Kundu Water Supply Project BETA | 3/4/2024 | 25,000,000.00 | 161,750,000.00 | 2023 - 2024 |
| Mzima II Water Supply Project | | 17,500,000.00 | | |
| Water Harvesting Projects | | 15,000,000.00 | | |
| Coast WWDA Projects | | 25,000,000.00 | | |
| Construction of Amu Water Supply | 4/19/2024 | | 3,404,418.00 | 2023 - 2024 |
| Equalization funds - Baricho Water Works Lot I&II (Procurement of Valves and Water Meters) | 4/19/2024 | | 5,793,103.50 | 2023 - 2024 |
| | 4/19/2024 | | 18,315,136.40 | |
| Equalization funds - Baricho Water Works LotI&II (Supply and Installation of Electric Items Lot 2A) | 4/19/2024 | | 23,538,860.80 | 2023 - 2024 |
| | 4/19/2024 | | 2,496,432.00 | |
| | 4/19/2024 | | 13,609,008.00 | |
| | 4/25/2024 | | 4,515,796.45 | |
| Equalization funds - Maumau Memorial Girls Sch water supply IPC1 | 6/13/2024 | | 3,155,780.00 | 2023 - 2024 |

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| | | | | |
|---|----------------------------|----------------------|-------------------------|---------------------------------------|
| Equalization funds - Kalkacha pri Sch water piping IPC1 | 6/13/2024 | | 9,377,672.00 | 2023 - 2024 |
| Equalization funds - Hola Mango Factory | 6/13/2024 | | 15,150,000.00 | 2023 - 2024 |
| Total | | | 489,920,128.85 | |
| | | | | |
| | | | | |
| Donor funds | | | | |
| | Bank Statement Date | Amount (Kshs) | Amount (Kshs) | FY to which the amounts relate |
| WSDP | 7/31/2023 | | 185,760,676.00 | 2023 - 2024 |
| WSDP | 12/31/2023 | | 150,000,000.00 | 2023 - 2024 |
| AfD | 2/21/2024 | | 344,138,200.00 | 2023 - 2024 |
| WSDP | 2/29/2024 | | 252,785,592.70 | 2023 - 2024 |
| WSDP | 2/29/2024 | | 126,153,630.00 | 2023 - 2024 |
| WSDP - GoK Counterpart | 6/30/2024 | | 25,485,984.15 | 2023 - 2024 |
| WSDP | 6/30/2024 | | 203,657,612.00 | 2023 - 2024 |
| Total | | | 1,287,981,694.85 | |