

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 12 MAR 2026

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TABLED  
BY:

Rep. Leader of the Majority  
Party  
HON. DWEN BATHAMO

CLERK-AT  
THE-TABLE:

MERCY CHUMO

**THE AUDITOR-GENERAL**

**ON**

**WATER AND SANITATION DEVELOPMENT  
PROJECT (IDA CREDIT NO. 6029  
AND 6030 - KE)**

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

**STATE DEPARTMENT FOR WATER AND  
SANITATION**



PROJECT NAME: WATER AND SANITATION DEVELOPMENT PROJECTKENYA  
IMPLEMENTING ENTITY: STATE DEPARTMENT FOR WATER AND SANITATION  
PROJECT GRANT/CREDIT NUMBER: 6029 & 6030 KE

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ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2025

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

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**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
Comparative FY	Financial year preceding the current financial year.
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project's official name is Water and Sanitation Development Project.

#### **Objective**

The key objective of the project is to improve water supply and sanitation services in selected coastal and north-eastern regions in Kenya.

#### **Address**

The project headquarters offices are in MAJI House (Nairobi), Nairobi County, Kenya. The address of its registered office is Ministry of Water, Sanitation and Irrigation,

**Contacts:** The following are the project contacts

P.O. Box: 49720, **Nairobi.**

Telephone: (254) 716103

E-mail: [ps@water.go.ke](mailto:ps@water.go.ke)

Website: [www.water.go.ke](http://www.water.go.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

<b>Project Start Date:</b>	09/03/2018
<b>Project End Date:</b>	31/10/2025
<b>Project Coordinator:</b>	Mr. Wilfred Amwata
<b>Project Development Partner:</b>	World Bank

**2.3 Project Overview**

<b>Line Ministry or State departments/ County Department</b>	Ministry of Water, Sanitation and Irrigation, State Department for Water and Sanitation
<b>Project number</b>	P156634
<b>Strategic goals of the project</b>	The strategic goals of the project are as follows: (i) Contribute to the Government vision 2030 and its medium-term plan (M-TP4). (ii) Increase Water and Sanitation Coverage in select Coastal and North-Eastern regions. (iii) Improve Performance of Water Service Providers affected by COVID 19 pandemic.
<b>Summary of Project Strategies for achievement of strategic goals</b>	The project management aims to achieve the goals through the following means: (i) Implementation of Water and Sanitation infrastructure. (ii) Development of Performance Improvement plans
<b>Other important background information of the project</b>	The Project is being constructed in selected Counties and the counties are responsible for the supervision of the construction works.

<b>Areas that the project was formed to intervene</b>	The project was formed to intervene in the following problems/gaps: <ul style="list-style-type: none"><li>(i) Water supply demand deficit</li><li>(ii) Non -existent/low Sanitation coverage in the target areas.</li><li>(iii)High Non- Revenue Water</li><li>(iv)Development of Gender Action Plans for Wajir and Garissa.</li></ul>
<b>Project duration</b>	8 Years

## **Project Information and Overall Performance (Continued)**

### **2.4 Bankers**

The following are the bankers for the project:

#### **Special purpose accounts at Central Bank**

- (i) Designated Account B (DA-A)  
Central Bank of Kenya  
ACCOUNT Number; 100394177  
Nairobi
- (ii) Designated account A(DA-B)  
Central Bank of Kenya  
Account number; 1000394077  
Nairobi
- (iii) Water Sanitation Project Account  
Central Bank of Kenya  
Account Number; 1000457201  
Nairobi

### **Commercial Banks**

- (iv) Coast Water Works Development Agency  
Kenya Commercial Bank  
Account Number 1240218648  
Mombasa Branch
- (v) Water Sector Trust Fund  
Equity Bank  
Account Number; 0180280425687  
Upper Hill Branch
- (vi) Northern Water Works Development Agency  
Kenya Commercial Bank  
Account Number; 1283235579  
Garissa Branch
- (vii) Water Services Regulation Board  
National Bank  
Account Number; 01071032110300  
Upper Hill Branch
- (viii) Kwale Water and sewerage company  
Kenya Commercial BANK

Account Number; 1240284225  
Kwale Branch

(ix) Kilifi Water and Sewerage Company  
Kenya Commercial BANK  
Account Number; 1239146469  
Kwale Branch

(x) Malindi Water and Sewerage Company  
Kenya Commercial Bank  
Account Number 1236141776  
Malindi Branch

(xi) Taita Taveta Water and Sewerage Company  
Kenya Commercial BANK  
Account Number 1242765387  
Voi Branch

(xii) Mombasa Water and Sewerage Company  
Equity Bank  
Account Number: 1560276782381  
Moi Avenue Branch, Mombasa

(xiii) Wajir Water and Sewerage Company  
Equity Bank  
Account Number: 1030278635680  
Wajir Branch

(xiv) Garissa Water and Sewerage Company  
Equity Bank  
Account Number; 0580279720179  
Garrissa Branch

## **2.5 Independent Auditor**

The project is audited by the Auditor General, Office of the Auditor General,  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 001000  
Nairobi, Kenya

**2.6 Roles and Responsibilities**

No	Names	Title designation	Key qualification	Responsibilities
1	Julius K. Korir, CBS	Principal Secretary	BSC in Agricultural Economics	Accounting Officer
2	Wilfred Amwata	Project Coordinator	BSC Civil Engineering	Coordinate implementation of approved project activities.
3	Virginia W. Waweru	Accountant	B. Com and CPA(K)	Processing of payments and preparing financial reports.
4	Denis Ouko	Procurement and logistic officer.	Diploma in supply chain management.	Support procurement and logistic.

**2.7 Funding summary**

The Project is for a duration of 8 years from 2017 to 2025 with an approved budget of US\$ US\$ 314,285,428 equivalent to Kshs 37,613,263,721 as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Development Partner Commitment		Amount received to date – (30 <sup>th</sup> June 2025)		Undrawn balance to date	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
<b>(i) Grant</b>	-	-	-	-	-	-
<b>(ii) Loan</b>						
World Bank	285,714,025	34,613,263,721	265,390,972	32,151,196,254	20,323,053	2,462,067,467
<b>(iii) Counterpart funds</b>						
Government of Kenya	28,571,403	3,000,000,000	2,641,429	320,000,000.	22,328,332	2,680,000,000
<b>Total</b>	<b>314,285,428</b>	<b>37,613,263,721</b>	<b>268,032,401</b>	<b>32,471,196,254</b>	<b>46,253,027</b>	<b>5,142,067,467</b>

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2025)		Cumulative amount paid to date – (30 <sup>th</sup> June 2025)		Unutilised balance to date (30th June 2025)	
	Development Partner currency	Kshs	Development Partner currency	Kshs	Development Partner currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>	-	--	-	-	-	-
<b>(i) Loan</b>						
World Bank	265,390,972	32,151,196,254	206,560,292	25,024,063,332	58,830,680	7,156,485,066
<b>(ii) Counterpart funds</b>						
Government of Kenya	2,641,429	320,000,000.	2,374,971	287,719,507.00	266,458.25	32,280,493
<b>Total</b>	<b>268,032,401</b>	<b>32,471,196,254</b>	<b>208,935,263</b>	<b>25,311,782,839</b>	<b>59,097,138.39</b>	<b>7,188,765,559</b>

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

- i) *Budget performance against actual amounts for the current year and for cumulative to-date,*

Year	Budget Amount	Actual Amount	Absorption Rate%
2024/25 FY	5,880,000,000	4,303,989,485	73.20%
<b>Cumulative To date</b>	<b>38,861,000,000</b>	<b>32,342,266,426</b>	<b>83.22%</b>

- ii) *Physical progress based on outputs and outcomes since project commencement,*

The overall project progress is 78%. This includes the financing gap for the completion of Baricho Lot 3 and Replacement of three boreholes in Baricho well field which have been completed. This has resulted in supply of 33,000m<sup>3</sup>/day providing water supply to 220,000 people. The other works contracts are at different levels of implementation and upon completion will contribute to the project development objective results of improving water and sanitation in the Coastal and North-eastern regions to serve a total of 2,023,700 people.

- iii) *Indicate the absorption rate for each year since the commencement of the project.*

Financial Year	Budget Amount	Disbursed Amount	Absorption Rate
2018/2019	3,041,000,000	442,000,000	14.5%
2019/2020	1,350,000,000	1,066,788,629	79.0%
2020/2021	8,580,000,000	8,457,675,494	99.5%
2021/2022	5,317,500,000	3,358,966,745	63.43%
2022/2023	5,567,500,000	5,499,999,999	99.9%
2024/2025	5,880,000,000	4,303,989,485	73.18%

- iv) *List the implementation challenges and recommend the next steps.*

- *Initial delay in finalization of County Participation Agreements – No action*

- *Slow movement of funds to Water Service Provider Project Accounts. –Funds to be transferred within ten (10) days. A notification to be sent to all MDs immediately money is transferred to CRF account.*
- *Delay in finalization of Procurement of project consultants – Bank procurement team to guide the IAs on how to address procurement comments. For the supervising consultants, this is on the critical path and urgent guidance required especially for Kwale.*
- *COVID -19 pandemic that affected progress of the planned activities- This is a continuing effect, all implementing agencies have devised mechanisms that comply with the issued guidelines that allows progress of the planned activities.*
- *High staff turn-over of project team members that has led to slow actualization of the planned activities – IA’s to put in place mechanisms to motivate and retain PCU staff for the entire project period.*
- *Delay in submitting supporting documents by IAs for expenditure incurred- More FM trainings.*
- *Some IA’s are not able to install the project goods purchased as the installation package did not incorporate installation component. To achieve the intended objective of the goods purchased, installation must be expedited. It is therefore proposed that the IA’s expedite completion of the procurement process to ensure installation of procured goods finalized.*
- *Delay in releasing budget amount allocated for RAP implementation- IA’s to engage the County Governments to ensure timely release of RAP budget as delay in this will affect commencement and progress of works contracts.*

## **2.9 Summary of Project Compliance:**

- i) *Include significant cases of non-compliance with applicable laws and regulations, e.g., treasury circulars on project investment management, PFM Act 2012 and Kenya Vision 2030 flagship projects, and essential external financing agreements/covenants,*

Procurement and implementation of the project follows strictly the applicable laws and regulations and there has been no cases of non-compliance.

- ii) *Include consequences suffered on account of non-compliance or likely to be suffered.* No consequences suffered.
  
- iii) *Indicate mitigation measures taken or planned to alleviate the adverse effects of actual or potential consequences of non-compliance.* Planned measures include stoppage of works until all the required corrective measures are put in place.

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

*Section 81(2)(f) /Section 164 (2)(f)* of the Public Finance Management Act, 2012, requires that the Accounting Officer include a statement of the national government entity's performance against predetermined objectives at the end of each financial year.

The key development objectives of the *project's agreement/* plan are to:

- a) Improve water supply and sanitation services in select coastal and north eastern regions in the Republic of Kenya and
  
- b) Improve the financial performance of water services providers and provide support to COVID-19 emergency interventions

#### **Progress on the attainment of strategic development objectives**

To implement and cascade the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic, and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified to track progress and performance measurement.

Below, we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<i>Water and Sanitation Development Project</i>	To improve water supply and sanitation services in select coastal and north eastern regions in the Republic of Kenya and improve the financial performance of water services providers and provide support to COVID-19 emergency interventions	Increased access to water and sanitation services	Number of people with existing connections benefiting from more hours per day of water services. (Number)	By end of FY 2024/25 a total of 723,526 people benefitted from more hours of water service in project areas by completing 19 contracts.
			Increased hours of water supply per day	17 Hours majorly by completing Baricho protection and Baricho Kakuyuni pipeline.
			<i>Overall Physical project % completion</i>	78%
	Improving the financial performance of water services providers and provide support to COVID-19 emergency interventions	Improved performance of water service providers	Number of companies benefited	By end of FY 2024/25, 77 Water service providers received the Conditional Liquidity Support Grant. Overall, data provided by WSPs suggests that the grant facility was successful in cushioning WSP cash-flow shortages during the most critical phase of the pandemic.

#### **4. Environmental and Sustainability Reporting**

Given the importance of water for life and society, it is natural that this is identified as a central issue for Water companies and to manage responsibly through their CSR practices to the benefit of local populations. This is happening in the projects being implemented even though slowly. Indeed, as we have seen that water is becoming increasingly focused as a global and local issue, it has also become more focused as a CSR issue by the water companies. We can conclude that there is a lot of remaining opportunity as the private sector is not engaged at a level proportional to the severity of the issue. This provides an opportunity for companies to do better for society in an area, which is critical to all their stakeholders resulting in significantly strengthened relations and brand visibility. However, this is not all. Given the criticality of water, there are also huge opportunities for Water companies to engage in a way that adds great value for society, while also being profitable and lowering their risk levels considerably.

With the recent announcement of the new Sustainable Development Goals and the recognition of the role of the private sector in achieving the goals, private sector leaders are aligning their strategies to support the implementation of Goal 6 – Ensure availability and sustainable management of water and sanitation for all. This initiative inspires Water companies and all players in the water sector to work actively with their own footprint, while engaging in transparency and collective action for more sustainable water management.

Water and Sanitation is being developed to increase water and sanitation coverage that will benefit 2million Kenyan's in the target areas that will transform their living standards with reduced cases of waterborne diseases.

##### **1. Sustainability strategy and profile**

To ensure sustainability in operation of the developed water and sanitation infrastructure, Financial and economic analysis have been carried out to determine the financial benefits against operation costs expected during operation of the projects. Energy saving systems have been considered at design stage that will lower the operation costs and to minimize Non-revenue water losses, master meters have been proposed in manageable District Metering Areas coupled with non-revenue water performance contracts.

## **2. Environmental performance**

Implementation of the project activities strictly follows the provisions of the developed Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) and Environmental and social safeguards will be implemented in accordance with the Kenyan legislation. Environmental licenses are delivered by NEMA in due time prior to implementation of works.

## **3. Employee welfare**

Assessment of the implementing agencies has been done and training needs incorporated in the annual work plans. During implementation the contractors comply with Occupational Safety and Health Act to ensure safety of the workers

### **Marketplace practices-**

#### **a) Responsible Supply chain and supplier relations-**

The project strictly follows the banks procurement guidelines coupled with the provisions of Procurement and Disposal Act 2015 that promotes competitive bidding process.

#### **b) Responsible ethical practices**

In the effort of maintaining ethical and anti-corruption practices and enabling responsible political involvement, the project maintains anti-corruption posters in all project sites and encourages enhanced reporting and addressing corruption incidences.

#### **c) Regulatory impact assessment**

Continuous stakeholder monitoring of the projects to ensure compliance to Social and Environmental safeguards including mitigation measures.

#### **4. Community Engagements**

The project entails community participation for a more inclusive engagement in order to incorporate their comments during planning and design of the projects. The communities are also engaged in carrying out unskilled labour works that improves their economic wellbeing.

The project strictly follows the banks procurement guidelines coupled with the provisions of Procurement and Disposal Act 2015 that promotes competitive bidding process

## 5. Statement of Project Management Responsibilities

The Principal Secretary for the Ministry of Water, Sanitation and Irrigation, State department of Water and Sanitation and the Project Coordinator Water and Sanitation Development are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2025.

This responsibility includes (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.


The Principal Secretary State department of Water and Sanitation and the Project Coordinator Water and Sanitation Development accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal Secretary for the Ministry of Water, Sanitation and Irrigation, State department of Water and Sanitation and the Project Coordinator Water and Sanitation Development are of the opinion that the Project's financial statements give a true and fair view of the state of the Project's transactions during the financial year ended June 30, 2025, and of the Project's financial position as at that date. Principal Secretary for the Ministry of Water, Sanitation and Irrigation, State department of Water and Sanitation and the Project Coordinator Water and Sanitation Development further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control.


The Principal Secretary for the Ministry of Water, Sanitation and Irrigation, State department of Water and Sanitation and the Project Coordinator Water and Sanitation Development confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

### Approval of the Project Financial Statements

The Project financial statements were approved by the Principal Secretary for the State Department for Water and Sanitation and the Project Coordinator on 28/11 2025 and signed by

  
.....  
**Julius Korir, CBS**  
Principal Secretary

  
.....  
**Wilfred Amwata**  
Project Coordinator

  
.....  
**Virginia Waweru**  
Project Accountant  
ICPAK NO: 16952

# REPUBLIC OF KENYA

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*Enhancing Accountability*

HEADQUARTERS  
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P.O Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR GENERAL ON WATER AND SANITATION DEVELOPMENT PROJECT (IDA CREDIT NO. 6029 AND 6030 - KE) FOR THE YEAR ENDED 30 JUNE, 2025 – STATE DEPARTMENT FOR WATER AND SANITATION**

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### **PREAMBLE**

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

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

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 Transitional IPSAS financial statements of Water and Sanitation Development Project – IDA Credit No.60290 and 60230-KE set out on pages 1 to 30 which comprise of the statement of financial position as at 30 June, 2025, and the

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*Report of the Auditor General on Water and Sanitation Development Project (IDA Credit No.6029 and 6030 KE) for the year ended 30 June, 2025 – State Department for Water and Sanitation*

statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the transitional IPSAS financial statements present fairly, in all material respects, the financial position of Water and Sanitation Development Project (WSDP) as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis (including the transitional provisions permitted under IPSAS 33) and comply with the Financing Agreement No.6029 and 6030 both dated 21 June, 2017 between the republic of Kenya and the International Development Association (IDA) and the Public Finance Management Act, 2012; and The National Treasury and Economic Planning Circular No. 3 of 14 April, 2025.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Financial Statements**

The financial statements presented for audit review had the following inaccuracies;

- i. The statement of financial performance reflected World Bank loan revenue of Kshs.2,436,051,546, however, supporting schedules were not provided for audit review.
- ii. The statement of financial performance reflects miscellaneous revenue of Kshs.266,468,806. However, the amount was not supported
- iii. The statement of financial performance reflected reflects adjustment of closing balance - Garissa County amount of Kshs.54,360,553 which was not explained or supported with a schedule
- iv. Deferred income of Kshs.1,107,117,996 is erroneously reported in the statement of financial performance under revenue instead of reporting in the statement of financial position under liabilities. In addition, the amount has not been supported with a schedule.
- v. The statement of financial performance reflects use of goods and services of Kshs.1,124,790,872. However, the amount was not supported with schedules. In addition, Note 7 to the financial statements reflects use of goods and services amount of Kshs.1,125,783,616 which includes payables of Kshs.992,774 which was not supported.
- vi. Reported prepayments balance of Kshs.2,133,127 is not supported with a schedule
- vii. Opening intangible assets balance of Kshs 87,353,974 and the closing balance of Kshs.148,867,406 is not supported with a schedule.
- viii. The reported opening property, plant and equipment balance of Kshs. 12,405,788,352 differ with the audited balance of the previous year of

Kshs.12,493,142,326. In addition, the previous year balance was reported under IPSAS (Cash Basis) and as such has not been adjusted for retentions deducted and paid out as at 30 June, 2024 and advance payments given to the suppliers and recovered up to 30 June, 2024. Further, work in progress during the year of Kshs.1,948,135,341, was not supported.

- ix. The statement of financial position reflects trade and other payables opening and closing balance of Kshs.424,278,571 and Kshs.702,574,168 respectively, which was not supported with a schedule.
- x. Adjustments for assets and liabilities in the statement of changes in net assets are not supported with a schedule

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

## **2.0 Inaccuracies in Cash and Cash Equivalents**

### **2.1 Cashbook**

The statement of financial position and as disclosed in Note 8 to the financial statements reflects cash and cash equivalents balance of Kshs.8,295,883,555 while detailed projects bank accounts reported cash and cash equivalents balance of Kshs.7,188,765,559 resulting in an unexplained variance of Kshs.1,107,117,996. Review of bank reconciliation statements revealed that Mombasa Water and Sanitation Company, Northern Water Works Development Authority, and Wajir Water and Sanitation Company reported balances of Kshs.585,398,378, Kshs.13,564,323 and Kshs.506,422,268 respectively. However, Management did not provide the entities' bank reconciliation statements for review.

### **2.2 Special Accounts**

Project's special deposit accounts maintained at Central Bank of Kenya reflects closing balances of Kshs.233,230,216 (Euro.1,740,519) and Kshs.827,202,728 (Euro.5,529,430) respectively. However, Management has not disclosed these balances in the statement of financial position. This was contrary to the requirement of International Public Sector Accounting Standards (IPSAS) No. 23-Revenue from non-exchange transactions.

In addition, the statement of special (designated) account reconciliation indicates amount withdrawn and expenditure not claimed totaled Euro. 30,018,612(Kshs.4,490,784,355) and Euro. 24,470,555 (Kshs. 3,660,795,028) respectively as at 30 June, 2025 (Exchange Rate 1Euro=Kshs.149.6).

In the circumstances, accuracy, validity and completeness of the cash and cash equivalents balance could not be confirmed.

### 3. Variances in the Project Bank Accounts

Note 8 to the financial statements reflects cash and cash equivalents balances disbursed to the respective County Revenue Fund accounts rather than the actual balances held in the implementing agencies' project accounts.

In addition, the submitted bank reconciliation statements from the implementing agencies revealed the following variances between the reported balances and the balances in the project account as at 30 June, 2025;

Details	Reported Balance (Kshs)	Reconciled Balance (Kshs)	Variance (Kshs)
Kwale County	717,452,627	16,705	717,435,922
CWWDA	86,282,849	135,033,049	(48,750,200)
WSTF	2,033,135,476	2,033,188,921	(53,445)
Kilifi County	1,551,659,373	7,039	(1,551,652,334)
Garissa County	309,743,043	1,878,601	307,864,442
Taita Taveta County	614,904,494	3,986,668	610,917,826

In the circumstances, the accuracy and completeness of the cash and cash equivalents could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Water and Sanitation Development Project (WSDP) 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

##### 1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.5,880,000,000 and actual on comparable basis of Kshs.4,578,589,713 resulting to under-funding of Kshs.1,576,010,515 or 27% of the budget. Similarly, the Project spent an amount of Kshs.3,180,905,718 out of the actual receipts of Kshs.4,578,589,713 resulting to under-utilization of Kshs.1,397,683,994 or 31% of the receipts.

The underfunding and under-utilization may have impacted negatively on the achievement of planned activities and affected service delivery to the public.

## **2. Project Implementation Status**

Review of the project implementation status as at 30 June, 2025 revealed that a number of contracts continue to experience delays, scope changes, terminations, re-tendering and slow payment of certified works. These challenges have collectively contributed to time and cost overruns and have placed the achievement of the full project development objectives by the closing date at risk. The status of each major contract, including physical and financial progress, key achievements is detailed in **Appendix 1**:

My opinion is not modified in respect of these matters.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the effect of 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**

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

In the audit report of the previous year, several issues were raised under Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved some of the issues or given any explanation for failure to resolve them as at 30 June, 2025 as shown in **Appendix 2**.

### **Other Information**

The Management is responsible for the Other Information set out on page iii to xix which comprise of Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and, Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

#### 1.0 Garissa Water and Sewerage Company

The statement of financial position reflects property, plant and equipment balance of Kshs.14,450,491,834. The following observations were made;

#### 1.1 Construction of Office Block in Garissa and a Laboratory/Administration Building in Dadaab

Included in this balance are additions in respect to construction of an office block in Garissa and a laboratory/administration building in Dadaab amounting to Kshs.55,356,059 with a 6-month duration starting 2 December, 2024. As at the time of audit in July, 2025, an amount of Kshs.8,160,464 had been paid. The Project, originally due to end on 2 June, 2025, received a 4-month extension to 3 October, 2025 with defect liability period ending on 4 April, 2026. As of 31 March, 2025, progress was 9% against a 67%-time lapse, and the contractor was not on-site.

Physical verification on 9 July, 2025 revealed that the Garissa office block has been done only up to the first-floor slab and the Dadaab laboratory has been done up to lintel beams, with extensive pending works remaining in superstructure, walling, roofing, finishes, fittings, installations, furniture, car shed, and septic tank.

In the circumstances, value for money for the expenditure incurred could not be confirmed.

#### 1.2 Delay in Rehabilitation and Construction of Boreholes Group 3

Included in this balance are additions in respect to rehabilitation and construction of Boreholes - Group 3 amount of Kshs.151,679,740 with an original contract period of eight (8) months, commencing on 9 April, 2021 and initially scheduled for completion on 9 December, 2021. However, the contract has since been subjected to seven successive

time extensions of approximately 44 months with an eight-month defects liability period extending to 2 May, 2026

As per the Progress Report dated 30 June, 2025, the overall progress of the permanent works stood at 82% as stated: Works at Bogyar, Bulla Nyanya, Bulla Kaheir, Weldoni and Mathargisi are at 95%, 88%, 85% 87% and 87% progress respectively and are almost complete with the elevated tank and minor finishes remaining while works at Mathamaraoub and Biyamathow are both at 90% with the soak pits and water dispensing platform not done. For the two sites at 5% all the civil works are pending while for all the other sites except Bogya, the tanks and some finishing works are remaining to be executed and joint inspections.

In the circumstances, the project may not be completed on time and the intended purpose of the project may not be achieved.

## **2.0 Kwale Water and Sewerage Company**

The statement of financial position reflects property, plant and equipment balance of Kshs.14,450,491,834. The following observations were made;

### **2.1 Contract for Construction of Collector, Transmission Lines, Borehole, Drilling and Auxiliary Works**

Included in this balance is an amount of Kshs.326,646,326 additions in respect to construction of collector and transmission lines, boreholes, and auxiliary works vide contract No:KE-KWAWASCO-206973-CW-RFB and a contract agreement dated 14 September, 2021 at an original contract price of Kshs.688,606,879 and a contract period of 12 months with a completion date of 30 September, 2022. However, the contract has undergone multiple variations, extending the completion date by 33 months to 30 June, 2025 and increasing the contract sum by an amount of Kshs.126,213,529 to Kshs.814,820,407. As of 31 May, 2025, physical progress stood at only 57%. In addition, the original performance bond of Kshs.20,658,207 expired on 30 April, 2025 and was neither renewed nor adjusted upwards to reflect the increased contract sum, leaving the project without valid security for over six months. Further, against certified works of Kshs.326,646,326, payments of Kshs.322,689,010 were made, retaining only Kshs.3,957,316 or 1.21% instead of Kshs.32,664,633 which is the contractual rate of 10%, resulting in a shortfall in retention monies of Kshs.28,707,317.

In the circumstances, public funds have been exposed to a significant risk of loss and value for money may not be achieved from implementation of this project

### **2.2 Laying of Distribution lines from Mabokoni Reservoir to Ukunda Town and Environs.**

Included in this balance is an amount of Kshs 476,989,159 additions in respect to laying of distribution lines from Mabokoni Reservoir to Ukunda Town and its Environs vide a contract dated 14 September, 2021 for a contract sum of Kshs.742,498,671 and

completion due by 30 September, 2022. However, review of the interim payment certificate revealed out of the certified amounts to date of Kshs.476,989,159, payments totalling Kshs.462,145,038 have been made with an amount of Kshs.14,844,121 (3%) deducted as retentions instead of the contractual amount of Kshs.38,159,133 (8%), resulting in an understatement of Kshs.23,315,012. In addition, no justification was provided for applying 8% instead of the statutory 10% retention rate. In addition, the contract sum was increased from Kshs.742,498,671 by Kshs.61,705,716 to Kshs.804,204,387 through Variation Order No.4 and Amendment No. 3 dated 21 March, 2025. Evidence of approval from the Project Management Unit/Co-ordinator or World Bank “no objection” letter was not provided for audit.

In the circumstances, Management did not comply with contractual and statutory provisions and the Project may not be delivered in time.

### **3.0. Kilifi -Mariakani Water and Sewerage Company**

The statement of financial position reflects property, plant and equipment balance of Kshs.14,450,491,834. The following observations were made;

#### **3.1. Construction of Sludge Facility in Mtwapa and Mtondia**

Included in the balance are construction of sludge facility in Mtondia and Mtwapa vide tender number KE-KIMAWASCO-416959-CW-RFB at a contract price of Kshs.351,375,054 and a contract period of nine (9) months commencing on 8 November, 2024. However, field verification on 10 July, revealed that the contractor had abandoned the site. In addition, there was no access to the site as the road leading to the site had been turned into a dumping site.

In the circumstances, value for money for Kshs.351,375,054 may not be achieved.

#### **3.2 Construction of Kilifi and Mtwapa Water Distribution Works**

Included in this balance is Kshs.84,685,712 additions in respect to construction of water distribution works in Kilifi and Mtwapa vide tender number KE-KIMAWASCO-142995-CW-RFB at a contract price of Kshs.515,809,759 with a commencement of 25 June, 2021 and initial completion date of 30 September, 2022. The contract has since been extended six times with the final extension date on 31 January, 2025. However, the contract has since not been completed resulting to delayed delivery of works by 45 months. However, the contract has since not been completed resulting to delayed delivery of works by 45 months.

Field verification carried out on 9 July, 2025 to the site revealed outstanding works at Distribution Line MY09 of Chamber covers and market posts which were not installed as well as construction works which were not complete while Distribution Line MX18 had Chamber covers marker posts which have not been installed

In the circumstances, value for money for the expenditure on the projects could not be confirmed.

#### **4.0. Mombasa Water and Sewerage Company**

The statement of financial position reflects property, plant and equipment balance of Kshs.14,450,491,834. Included in this balance is an amount of Kshs.45,608,580 additions in respect to two mobile workshop lorries. Physical verification of the lorries revealed supply and installation of MiFi solutions and laptops in each vehicle have not been done as required by the Bills of Quantities (BoQ). In addition, the BoQ specified 14R20 tyres, yet the vehicles were fitted with 12R22.5 tyres. The inspection report indicated tyres fitted as 14R20, raise serious doubts about the authenticity and independence of the inspection and acceptance process. Further, despite training on operation of the mobile workshops being a contractual requirement, no documentation or evidence of such training was provided, yet the full contract sum was paid.

In the circumstances, the value for money for the expenditure could not be confirmed.

#### **5. Wajir Water and Sewerage Company-Delay in Construction and Sludge Management works**

Wajir Water and Sewerage Company (WAJWASCO) engaged a local contractor for construction of sludge management works and operational auxiliary facilities- KE-WAJWASCO-30393-CW-RFB at a contract sum of Kshs.578,346,421 for a contract period of 8 months. The works commenced on 28 February, 2025 with expected completion date of 6 November, 2025.

The development of the treatment plant comprised of two (2) treatment units; Septage and Night Soil Pond System which comprised; Tanker discharge Bay and Inlet Chute, Coarse and fine screens unit, Anaerobic Ponds. (2nr, 30-day detention), Facultative Ponds 3 nr in parallel, constructed wetland, Sludge drying beds, Site building and 18 m3 elevated water storage tank. However, at the time of physical verification on 12 July, 2025 progress of the works is estimated at 10% and the contractor was not on site.

In the circumstances, value for money for the expenditure could not be confirmed.

#### **6.0 Taita Taveta Voi Water and Sanitation Company**

The statement of financial position reflects Property, Plant and Equipment balance of Kshs.14,450,491,834. The following observations were made;

##### **6.1 Delay in Construction of Second Baricho Kakuyuni Water Supply Project**

Included in this balance is an amount of Kshs.92,368,448 additions in respect to construction of second Baricho Kakuyuni Water Supply Project awarded to a contractor on 13 April, 2022 through tender number KE-CWSB-232660-CW-RFB at a contract price of Kshs.1,994,872,823. The contract was for a period of twenty-four months with the initial completion date on 25 April, 2024. However, the contract has since faced time variations four times with the latest interim completion date revised from 25 April, 2024 to 31 August, 2025.

In the circumstances, value for money the expenditure could not be confirmed.

## **6.2 Delay in the Supply of One-Track Mounted Rig Fully Equipped Cleaning Equipment**

Review of procurement documents revealed the contract for the construction of Baricho Well-Field Protection Works was awarded to a contractor on 17 November, 2021 vide tender number KE-CWSB-23052-CW-RFB at a contract price of Kshs.791,253,843.

Further review of the Bills of Quantities item No.1.13.1 revealed that the contract included supply of one track with telescopic-boom mounted crane and one-track mounted rig fully equipped for the cleaning/redevelopment of the wells, including air pump, water pump and borehole investigation camera at a cost of Kshs.133,340,507.20. However, only one track with telescopic boom mounted crane of Kshs.16,661,206.9 was supplied while the cleaning equipment of kshs.116,679,300.3 has not yet been supplied.

In the circumstances, non-delivery of critical specialised equipment may affect the operational integrity of the Baricho well.

## **7. Water Drilling and Equipping of Exploratory Wells in Wajir County**

Northern Water Development Agency engaged a local contractor for Water Drilling and Equipping of four (4) exploratory Wells with a contract price of Kshs.152,600,346 at various places in Wajir County with the original project duration of six (6) months from December, 2024 with an estimated completion date of 3 June, 2025.

Physical verification on 11 and 12 July, 2025 revealed the following pending works:

- i. Two (2) water kiosks pending roof slab erection, installation of plastic tanks, and plumbing works.
- ii. Seven (7) Reverse Osmosis Units (30% complete) -Pending installation, awaiting completion of water kiosks and training of staff and water company.
- iii. Construction of 13 km HDPE Pipelines (63mm–90mm diameter, 75% complete with 2.5 km of pipeline pending at Ademasajida and testing of laid pipes and chambers pending.
- iv. Construction of four (4) cattle troughs (50% complete)-Construction yet to commence, pending completion of fencing and water kiosks.
- v. Fencing of four (4) Borehole Sites (75% complete):1 No. borehole site pending fencing (materials available).
- vi. Installation of five (5)10m<sup>3</sup> Plastic Tanks on Elevated Platforms (80% complete)-1 No. 10m<sup>3</sup> plastic tank on elevated platform pending construction.

In the circumstances, delays in these tasks have impacted negatively on the project's completion.

## **8. Lack of Ownership Documents**

Nakuru Water and Sanitation Company (NaRuWasco) engaged a local supplier for the Supply and delivery of five (5) motorbikes through a contract No.NRW/9/2024-2025 signed on 21 January, 2025 at a contract price of Kshs.1,436,660. The motorbikes were delivered on 30 January, 2025. Physical verification of the assets on 3 July, 2025 revealed the logbooks were not in the name of the Company contrary to section 7 of The Traffic Act (Registration Plates) Rules No. 62 of 2016.

In the circumstances, Management is in breach of the law

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

#### **Conclusion**

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

#### **Basis for Conclusion**

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

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

#### **Conclusion**

As required by the Financing Agreement Credit No.6029 and 6030-KE dated 21 June,2017 between International Development Association (IDA) and the Republic of Kenya, I report, based on my audit, that:

- i. 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.

- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The International Development Association (IDA) Financing Agreement Credit No.6029 and 6030-KE dated 21 June,2017 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

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

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

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

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

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

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

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

**Nairobi**

**28 November, 2025**

**Appendices**  
**Appendix 1: Project's Implementation Status**

<b>Contract Reference and Description</b>	<b>Contract Amount in Kshs.</b>	<b>Amount Paid in Kshs.</b>	<b>Status</b>
Construction of Mombasa North Mainland Short Term Water Distribution System	920,351,211	760,624,419	Original scope 99% Additional scope 95% -Contract substantially completed on 27 June, 2025.
Construction of North Mainland (Nyali) Works-formerly KWS&CRP 2	589,861,167	550,033,876	Progress 98.8%. -Project at DLP. contractor finalizing Snag List including customer connections
Dadaab Pipeline Extension	143,993, 558	111,552,182	Progress at 93% Pending works are consumer connections, supply of meters and chlorinators
Construction of pilot on-site sanitation facilities	114,650,542	88,024,286	Progress at 90%
Construction of One Hundred (100),10M3 Plastic Tank Support Platform and Associated Fittings in Garissa County	9,801,421	4,704,681	Progress at 48% Contractor submitted a termination letter to GAWASCO -Contract has been terminated and to be closed at 48%.
Construction of 12 Ablution Blocks	177,673,373	62,107,566	Progress at 68%
Water works distribution system for Mtwapa Town	850,001,993	472,586,068	Progress at 64.2% - Works on Transmission line not yet commenced affected by lack of financial resources by the contractor.
Pipeline Replacement, Extension and Augmentation (Primary, secondary, tertiary & service mains), Bulk meters and consumer connections – Short-	707,773,818	530,826,175	Progress at 98% Physical works complete Joint inspection before DLP done on 5 June 2025, project substantially complete - Last mile connections on-

*Report of the Auditor General on Water and Sanitation Development Project (IDA Credit No.6029 and 6030 KE) for the year ended 30 June, 2025 – State Department for Water and Sanitation*

<b>Contract Reference and Description</b>	<b>Contract Amount in Kshs.</b>	<b>Amount Paid in Kshs.</b>	<b>Status</b>
term phase in Malindi & Gongoni			
Construction of 10 Ablution blocks in Malindi & Watamu	121,436,746	90,686,532	Progress at 97% Omar site has a pending court issue with the matter coming up for hearing on 22 July 2025.
Construction of 1 Waste to Value Faecal Sludge Treatment Plant in Malindi Town	587,480,229	188,830,099	Progress at 54% Physical works ongoing Progress is behind schedule
Construction of 1 Faecal Sludge Treatment Plant in Watamu Town	226,017,053	150,795,702	Progress at 75% - Civil works ongoing (road and landscaping), to be completed by end of July 2025
Rehabilitation & Extension of Mombasa Water Supply and Distribution Lot 2B.	815,229,180	681,503,557	Overall progress at 76%
LOT 1/Improvement of storm water outlets and combined sewer overflows in Mombasa Island	459,091,415	251,627,659	Overall progress is 68.17% Progress has stalled
Rehabilitation of the Kipevu wastewater treatment system and pumping stations	240,623,534	151,685,616	Overall progress is 65%.
Construction of 15 No. Ablution Blocks in Mombasa County	196,530,590	110,214,947	Overall progress is 78.46% Pending finalization of Shallow wells
Upgrade of water distribution systems for Voi, Taveta, Mwatate and Wundanyi towns	859,714,132	628,502,364	Physical Progress at 76%
Construction of a Storage warehouse for	32,884,390	25,814,122	

*Report of the Auditor General on Water and Sanitation Development Project (IDA Credit No.6029 and 6030 KE) for the year ended 30 June, 2025 – State Department for Water and Sanitation*

<b>Contract Reference and Description</b>	<b>Contract Amount in Kshs.</b>	<b>Amount Paid in Kshs.</b>	<b>Status</b>
pipes, fittings and portable equipment with 3No offices and washrooms and extension of office block at Voi town.			Revised physical progress following termination at 87% works ongoing as part of VO No.1 for the ongoing Office Block Contract.
Construction of an Office Block for TAVEVO Water & Sewerage Company Ltd	103,555,254	43,611,811	progress at 54% Considering works done by the previous contractor-23%
Construction of 8 ablution blocks 2 at Voi, 1 at Maungu, 2 at Wundanyi, 1 at Mwatate and 2 at Taveta.	90,013,163	41,805,943	Overall Progress of Works at 56%. Contract Terminated and retendered
Completion Works for Proposed Construction and Equipping of a Combined Water and Wastewater Quality Testing Laboratory	47,187,165	42,301,136	Progress is at 94%
Pilot On-Site Sanitation Facilities (Eco-san and Ablution blocks)	409,706,720	298,904,354	Work Progress is 98% Ablution blocks in 20 out of 21 schools completed. ICF ablution block not yet handed over due to lack of water.
Construction of Sanitary Lanes	131,451,925	10,516,154	87.5% of the original scope. Only 3 PAPs remaining to be compensated

## Appendix 2: Unresolved Prior Year Audit Matters

No.	Issue Title
1.	Payments exceeding the contract ceiling amount and expired contract
2.	Water distribution works for Mtwapa Town
3.	Increased Consultancy Costs for Services for the Design and Supervision of Water Supply and Sanitation Works
4.	Delay in Completion of Construction of Storage Warehouse for Pipes, Fittings and Portable Equipment Lot 1
5.	Abandoned and Stalled Works for Construction of Ablution Blocks
6.	Contract for the Supply of Upgrade of Water Distribution Systems to Voi, Mwatate, Wundanyi and Taveta
7.	Construction and Equipping of a Combined Water and Waste Water Quality Testing Laboratory
8.	Abandoned Construction of Office Block at Voi Town Lot II
9.	Contract for Water Distribution Works for Watamu Town -Lot 2B
10.	Construction of Faecal Sludge Treatment Plant in Watamu Town Lot 3B
11.	Delay in Completion of Faecal Sludge Treatment Plant in Malindi Town
12.	Irregular Variation of the Contract Sum for Consultancy Services for Design
13.	Delay in Construction of Ablution Blocks in Mombasa County
14.	Improvement of Storm Water Outlets and combined Sewer Overflows in Mombasa Island
15.	Rehabilitation and Extension of Mombasa Water Supply Distribution Works
16.	Additional Costs Occasioned by Delay in Completion of Kipevu Waste Water Treatment Plant and Additional Costs
17.	Construction of Short- Term Water Distribution System Lot 1A at Mombasa North Mainland by Coastal Water Works Development Agency
18.	Avoidable Costs -Interest on Delayed Payments
19.	Misapplication of Projects Funds

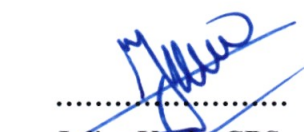
**Water and Sanitation Development Project**

**Annual Report and Financial Statements for the financial year ended June 30, 2025**


**7. Statement of Financial Performance for the Year Ended 30th June 2025.**

	Notes	2024/25
		Kshs
<b>Revenue</b>		
Revenue Transfers	5	25,000,000
World Bank Loan Revenue	5	2,436,051,546
Miscellaneous Revenue	5	266,468,806
Adjustment of Closing Balance - Garissa County	5	54,360,553
Bond Performance Encashed	5	3,286,995
Deferred Income	5	1,107,117,996
<b>Total revenue</b>		<b>3,892,285,896</b>
<b>Expenses</b>		
Other grants and transfers	6	329,559,289
Use of goods and services	7	1,124,790,872
<b>Total expenses</b>		<b>1,454,350,161</b>
<b>Surplus for the year</b>		<b>2,437,935,735</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

  
.....  
**Julius Korir, CBS**  
Principal Secretary

  
.....  
**Wilfred Amwata**  
Project Coordinator

  
.....  
**Virginia Waweru**  
Project Accountant  
ICPAK NO: 16952

*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*


**8. Statement of Financial Position as at 30th June 2025**

	Note	2024/2025	1 <sup>st</sup> July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	8	8,295,883,555	5,857,947,820
Receivables	9	700,441,041	424,278,571
Prepayments	10	2,133,127	
Intangible Assets	11	148,867,406	87,353,974
<b>Total Current Assets</b>		<b>9,147,325,129</b>	<b>6,369,580,365</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	12	14,450,491,834	12,405,788,352
<b>Total Non- Current Assets</b>		<b>14,450,491,834</b>	<b>12,405,788,352</b>
<b>Total Assets (a)</b>		<b>23,568,400,790</b>	<b>18,775,368,717</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	13	702,574,168	424,278,571
<b>Total Current Liabilities</b>		<b>702,574,168</b>	
<b>Total Liabilities (b)</b>		<b>702,574,168</b>	<b>424,278,571</b>
<b>Net Assets (a-b)</b>		<b>22,895,242,795</b>	<b>18,351,090,146</b>
<b>Represented By:</b>			
Accumulated Surplus		<b>22,895,242,795</b>	<b>18,351,090,146</b>
<b>Total Net Assets</b>		<b>22,895,242,795</b>	<b>18,351,090,146</b>

The financial statements were approved on 28/11/2025 and signed by:

  
Julius Korir, CBS  
Principal Secretary

  
Wilfred Amwata  
Project Coordinator


  
Virginia Waweru  
Project Accountant  
ICPAK NO: 16952

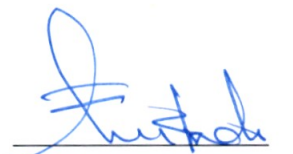
9. Statement of Changes in Net Assets for the Year ended 30 June 2025


Description	Accumulated Surplus
	Kshs
<b>As at 30<sup>th</sup> June 2024 (Cash Basis)</b>	<b>18,351,090,146</b>
<b>Adjustments:</b>	
Accounts Receivables	700,441,041
Prepayments owed Cost Centers	2,133,127
Intangible Assets	61,513,432
Equipment	67,245,971
Motor Vehicles	29,322,170
Civil works	1,948,135,341
<b>Sub-Total</b>	<b>2,106,216,914</b>
<b>Liabilities recognition</b>	
Accounts Payables	(702,574,168)
<b>Sub -Total</b>	<b>(702,574,168)</b>
<b>As at 30<sup>th</sup> June,2025</b>	<b>22,895,242,795</b>
<b>Surplus for the year</b>	<b>2,437,935,735</b>
<b>As at 30th June 2025</b>	<b>22,895,242,795</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 28/11/2025 and signed by:

  
 Julius Korir, CBS  
 Principal Secretary

  
 Wilfred Amwata  
 Project Coordinator

  
 Virginia Waweru  
 Project Accountant  
 ICPAK NO: 16952


*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

**10. Statement of Cashflow for the year ended 30<sup>th</sup> June 2025**

Description	Note	2024/25
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
GOK Counterpart Funding	5	25,000,000
Loan Revenue	5	2,436,051,546
Adjustment of Closing Balance - Garissa County	5	54,360,553
Deferred Income	5	1,107,117,996
<b>Total Receipts</b>		<b>3,622,530,093</b>
<b>Payments</b>		
Grants Payable	6	329,559,289
Use of goods and services	7	1,124,790,872
<b>Total Payments</b>		<b>1,454,350,161</b>
<b>Net cash flow from operating activities</b>		<b>2,168,179,932</b>
<b>Cashflow from investing activities</b>		
<b>Receipts for non-financing activities</b>		
Receipt for Non-Financing Activities		
Purchase of computers	12	67,245,971
Motor Vehicles/ Cycles	12	29,322,170
Certified Works Capitalised	14	1,684,856,369
Intangibles Assets	11	61,513,432
<b>Net cash flows from Financing activities</b>		
Interest Earned	5	266,468,806
Bond Performance Encashed	5	3,286,995
Net cash flow from financing activities		269,755,801
<b>Total Net Cashflows</b>		<b>2,408,519,383</b>
<b>Cash and cash equivalent at end of Period ended 01st July 2024</b>		<b>5,857,947,820</b>
<b>Cash and cash equivalent at end of Period ended 30th June 2025</b>		<b>8,295,883,555</b>
<b>Total Net Cashflows</b>		<b>2,437,935,735</b>

  
Julius Koria, CBS  
Principal Secretary

  
Wilfred Amwata  
Project Coordinator

  
Virginia Waweru  
Project Accountant  
ICPAK NO: 16952

*Water and Sanitation Development Project*

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**11. Statement of Comparison of Budget and Actual Amounts for the Year ended 30th June 2025**

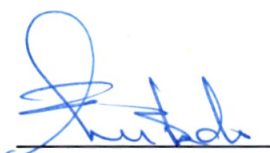
Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
<b>Revenue</b>	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers	70,000,000	(40,000,000)	30,000,000	25,000,000	5,000,000	80%
World bank Loan Revenue	4,440,581,620	(1,132,917,618)	3,330,436,215	2,436,051,546	1,571,010,515	73.15%
World bank Loan Capital	3,359,418,380	(857,082,382)	2,519,563,785	1,874,810,467	644,753,318	74.41%
Miscellaneous Revenue	-	-	-	274,600,228	(274,600,228)	100%
<b>Total Revenue</b>	<b>7,850,000,000</b>	<b>(1,990,000,000)</b>	<b>5,880,000,000</b>	<b>4,578,589,713</b>	<b>1,576,010,515</b>	
<b>Payments</b>						
Employee costs						
Use of goods and services	2,094,774,327	(780,000,000)	1,314,774,327	1,180,348,355	134,425,972	89.77%
Advances to WSPs	2,100,000,000	(450,000,000)	1,650,000,000	329,559,288	1,320,440,711	19.97%
Certified Works	3,655,225,673	(760,000,000)	2,915,225,673	1,670,998,075	1,244,227,598	57.31%
<b>Total Payments</b>	<b>7,850,000,000</b>	<b>(1,990,000,000)</b>	<b>5,880,000,000</b>	<b>3,180,905,718</b>	<b>4,184,572,471</b>	
<b>Surplus</b>	-	-	-	<b>1,397,683,994</b>	<b>(1,397,683,994)</b>	

**Note:**

The total loan from the World Bank during the year was kshs 4,278,989,485. It is distributed to Loan Capital of Kshs 1,874,810,467 which is charged to Cashflow Statement and Kshs 2,436,051,546 as capital Revenue charged to statements of performance.



**Julius Korir, CBS**  
Principal Secretary



**Wilfred Amwata**  
Project Coordinator



**Virginia Waweru**  
Project Accountant  
ICPAK NO: 16952

## 12. Notes to the Financial Statements

### 1. General Information

WSDP is established by and derives its authority and accountability from Water Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide conditional and unconditional grants to the Counties and to assist in financing the development of and management of water and sanitation services in the marginalised and underserved areas.

### 2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

### 3. Adoption of New and Revised Standards

#### i) *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>There was no impact of the standard to the Entity</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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Annual Report and Financial Statements for the financial year ended June 30, 2025***

Standard	Effective date and impact:
	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>There was no impact of the standard to the Entity</p>
<p>IPSAS 45- Property Plant and Equipment</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>There was no impact of the standard to the Entity</p>
<p>IPSAS 46 Measurement</p>	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>There was no impact of the standard to the Entity</p>

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Standard	Effective date and impact:
<p>IPSAS 47- Revenue</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.  There was no impact of the standard to the Entity</p>
<p>IPSAS 48- Transfer Expenses</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.  There was no impact of the standard to the Entity</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p><b><i>Applicable 1<sup>st</sup> January 2026</i></b>  The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.  There was no impact of the standard to the Entity</p>
<p>IPSAS 50: Exploration For &amp; Evaluation of Mineral Resources</p>	<p><b><i>Applicable 1<sup>st</sup> January 2027</i></b>  The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ol style="list-style-type: none"> <li data-bbox="446 1489 1447 1568">i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li data-bbox="446 1579 1447 1691">ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26.</li> <li data-bbox="446 1702 1447 1906">iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.</li> </ol>

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Standard	Effective date and impact:
	There was no impact of the standard to the Entity

***ii) Early adoption of standards***

The Entity did not early – adopt any new or amended standards in the financial year.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

**ii) Revenue from exchange transactions**

**Interest income**

Interest income relates interest earned on the bank balances on a monthly basis. The amount is recognised upon receipt.

**b) Budget information**

The original budget for FY 2024/2025 was approved by Parliament in April 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded reduced appropriations of KShs 1,970,000,000 on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 1 under section 7 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment.

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

**Notes to the financial statements**

**d) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

**e) Intangible assets**

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

**f) Research and development costs**

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

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

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***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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

**Notes to the financial statements**

**g) Financial instruments**

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

*Financial assets*

*Classification*

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

**Subsequent measurement**

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

**Amortized cost**

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

*Water and Sanitation Development Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2025*

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or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

***Water and Sanitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**Fair value through net assets/ equity**

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

**Fair value through surplus or deficit**

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

**Trade and other receivables**

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

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

***Financial liabilities***

***Classification***

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

**h) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method.

***Water and Sanitation Development Project***

***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

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

***Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**Inventories (Continued)**

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of WSDP.

**i) Provisions**

Provisions are recognized when Water and Sanitation Development project present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where Water and Sanitation Development project expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

***Contingent assets***

Water Sector Trust Fund 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 Water Sector Trust Fund 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.

**j) Nature and purpose of reserves**

WSDP creates and maintains reserves in terms of specific requirements.

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

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

**Notes to the financial statements**

**l) Employee benefits**

**Retirement benefit plans**

Water and Sanitation Development Project does not provide for contribution plans for post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**m) Foreign currency transactions**

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

**n) Borrowing costs**

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

**o) Related parties**

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

***Water and Sanitation Development Project***  
***Annual Report and Financial Statements for the financial year ended June 30, 2025***

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**Notes to the financial statements**

**p) Service concession arrangements**

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

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

**r) Subsequent events**

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

**Notes to the financial statements**

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

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

Provisions were raised and management determined an estimate based on the information available.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material. There were no provisions made in the period.

*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements

5.Revenue Transfers

Description	Insert Current FY
	KShs
<b>Unconditional Transfers</b>	
GoK Counter Part funding	25,000.000
<b>Transfers from Development partners</b>	
World bank-Loan Revenue	2,436,051,546
World Bank-Loan Capital	1,842,937,943
World Bank -Loan	73,324,874
Deferred Income	1,107,117,996
<b>Total Unconditional Transfers (a)</b>	<b>5,484,432,359</b>
<b>Other Incomes</b>	
Adjustment of Closing Balance - Garissa County	54,360,553
Bond Performance Encashed	3,286,995
Interest Earned	266,468,806
<b>Total Conditional Transfers (b)</b>	<b>324,116,354</b>
<b>Total Transfers for the Year (a + b)</b>	<b>5,808,548,713</b>

6. Other transfers and grants

Description	FY 2024/25
	Kshs
Total Grants Paid	329,559,289
<b>Total</b>	<b>329,559,289</b>

*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

**Notes to the financial statements (Continued)**

**7. Use of Goods and Services**

<b>Description</b>	<b>FY 2024/25</b>
	<b><u>Kshs</u></b>
Domestic Travel & Accommodation	262,521,487
Printing, Advertising & Information Supplies	5,951,175
Other Operating Expenses	1,016,010
Fuel, Oil and Lubricants	25,986,587
Routine Mainuance - Vehicles	44,071,894
Consultancy Services - Technical & Professional	587,584,258
Conference and Hospitality	31,856,746
Insurance Costs	16,063,474
Public Participation	46,633,944
Security	1,163,981
Communication	5,878,284
Office Stationaries	11,618,470
Training and Workshop	23,450,875
Sanitary expenses	45,856
Licenses, Subscriptions and Fees	3,777,434
Electricity bills	5,000,000
water chemical costs	4,277,040
Bank Charges -WHT on interest on deposits	45,014,067
Legal fees	2,879,292
<b>Total paid in the year</b>	<b>1,124,790,872</b>
Add: Pending bills for the year	992,744
<b>Grand Total</b>	<b>1,125,783,616</b>

**8. Cash and Cash Equivalentents**

<b>Description</b>	<b>2024/25</b>	<b>1<sup>st</sup> July 2024</b>
	<b><u>Kshs</u></b>	
Cash in Bank	8,295,883,555	5,857,947,820
Total Cash and Cash Equivalentents		
<b>Total</b>	<b>8,295,883,555</b>	<b>5,857,947,820</b>

*Water and Sanitation Development Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the financial statements (Continued)

**Project Bank Accounts**

<b>Details</b>	<b>30 June,2025</b>	<b>31 December, 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Central Bank of Kenya [A/c No (MoWSI	770,266,939	1,234,975,708
KWALE COUNTY A/c No 1240284225	717,452,627	304,909,837
CWWDA A/c No 1240218648	86,282,849	367,806,278
MOMBASA COUNTY 1560276782381	585,398,378	239,029,280
WSTF A A/c No /c No 0180280425687	2,033,135,476	2,384,087,059
NWWDA 1283235579	13,564,323	21,337,463
WASREB A/c No 01071032110300	-	-
Kilifi county A/c No 1239146469	1,551,659,373	616,096,110
WAJIR COUNTY: A/c No 1030278635680	506,422,268	161,019,738
GARISSA COUNTY A/c No 0580279720179	309,743,043	231,231,800
TAITA TAVETA COUNTY A/c No 1242765387	614,904,494	297,610,548
<b>Total local currency balances</b>	<b>7,188,765,559</b>	<b>5,857,947,820</b>

**9. Accounts Receivables**

<b>Description</b>	<b>2024/25</b>	<b>1<sup>st</sup> July 2024</b>
	<b>Kshs</b>	<b>Kshs</b>
Advance Payment Recoverable	276,162,470	-
Retention Money from World Bank	424,278,571	424,278,571
<b>Total</b>	<b>700,441,041</b>	<b>424,278,571</b>

*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

**Notes to the financial statements (Continued)**

**Aging Analysis**

Description	2024/25		1 <sup>st</sup> July 2024	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	-	-
Between 2-3 years	-	-	-	-
Over 3 years	-	-	-	-
<b>Total (a+b)</b>	-	0%	-	0%

**10. Prepayments**

Description	30th June 2025	01st July 2024
	Kshs	Kshs
Un utilized motor vehicle insurance premiums as at 30 <sup>th</sup> June 2025		-
<b>Total</b>	2,133,127	-
<b>Total</b>	<b>2,133,127</b>	

**11. Intangible Assets**

Description	30th June 2025	01st July 2024
	Kshs	Kshs
Soft ware systems procured	148,867,406	87,353,974
<b>Total</b>	<b>148,867,406</b>	<b>87,353,974</b>
<b>Analysed as below;</b>		
Balance b/d	87,353,974	-
<b>Additions during the year</b>	61,513,432	
<b>Balance c/d</b>	<b>148,867,406</b>	-

*Water and Sanitation Development Project*  
*Annual Report and Financial Statements for the financial year ended June 30, 2025*

Notes to the Financial Statements (Continued)

13. Property Plants and Equipment's

Cost	ICT Equipment	Motor vehicles/ Cycles	Furniture and fittings	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As At 1July 2024 (opening balances)</b>	<b>301,374,187</b>	<b>921,266,572</b>	<b>58,655,536</b>	<b>11,124,492,057</b>	<b>12,405,788,352</b>
Additions	67,245,971	29,322,170	-	1,684,856,369	1,781,424,510
Disposals	-	-	-	189,954,098	189,954,098
Transfers (AIA)	-	-	-	73,324,874	73,324,874
<b>As at 30<sup>th</sup> June 2025</b>	<b>67,245,971</b>	<b>29,322,170</b>	<b>58,655,536</b>	<b>1,948,135,341</b>	<b>2,044,703,482</b>
<b>Depreciation and Impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 1July 2025</b>	<b>368,620,158</b>	<b>950,588,742</b>	<b>58,655,536</b>	<b>13,072,627,398</b>	<b>14,450,491,834</b>
Depreciation charge for the year	-	-	-	-	-
Impairment loss					
Transfers/ Adjustments	-	-		-	-
<b>As at 30<sup>th</sup> June 2025</b>					
<b>Net Book Values</b>	<b>368,620,158</b>	<b>950,588,742</b>	<b>58,655,536</b>	<b>13,072,627,398</b>	<b>14,450,491,834</b>
<b>As at 1<sup>st</sup> July 2024</b>	<b>301,374,187</b>	<b>921,266,572</b>	<b>58,655,536</b>	<b>11,124,492,057</b>	<b>12,405,788,352</b>
<b>As at 30<sup>th</sup> June 2025</b>	<b>368,620,158</b>	<b>950,588,742</b>	<b>58,655,536</b>	<b>13,072,627,398</b>	<b>14,450,491,834</b>

*Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025*

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

**14. Trade and other payables**

Description	2024/25		1 <sup>st</sup> July 2024		
	Kshs		Kshs		
<b>Total trade and other payables</b>				-	
	<b>Civil Works</b>	<b>Goods and services</b>	<b>Total</b>		
Kilifi Water Co.	53,324,520	992,744	53,324,520		
Mombasa County	71,288,598	-	71,288,598		
Taita Taveta County	65,340,980	-	65,340,980		
	<b>190,946,842</b>	<b>992,744</b>	<b>189,954,098</b>		
Advance Payment payable to Financier	85,215,628		85,215,628		
Prepayments owed Cost Centres	2,133,127	2,133,127	2,133,127		
<b>Ageing analysis: (Trade and other payables)</b>		<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year			-	-	-
<b>Total</b>			-	-	-

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

**6. Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as of 30th June 2025 are not included in the Statement of Financial Assets since the line items are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule, which shows the flow of funds voted in the year. These funds have been reported as loans received in the year under the Statement of Receipts and Payments.

**15. Special Deposit Accounts Movement Schedule**

Description	30th June,2025	1st July 2024
	EUR	EUR
<b>(i) A/C Name: Water and Sanitation Development Ac No: 1000394177</b>		
<b>Opening balance</b>	924,050.22	2,873,859.87
Total amount deposited in the account	33,626,929.20	22,290,190.35
Total amount withdrawn (as per Statement of Receipts & Payments)	29,021,549.42	24,240,000.00
Closing balance (as per SDA bank account reconciliation attached)	5,529,430.00	924,050.22
<b>(ii) A/C Name: Water and Sanitation Development Ac No: 1000352008</b>		
<b>Opening balance</b>	1,740,519.00	20,740,524.00
Total amount deposited in the account	-	10,103,654.00
Total amount withdrawn (as per Statement of Receipts & Payments)	-	29,103,659.00
Closing balance (as per SDA bank account reconciliation attached)	<b>1,740,519.00</b>	<b>1,740,519.00</b>

(The Special Deposit Account(s) reconciliation statement(s) has (have) been attached as Appendix 3 support these closing balances.

## **7. Related Party Disclosures**

### **Nature of related party relationships**

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

### **Government of Kenya**

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

## **8. Events after the Reporting Period**

There was adjusting event after the reporting period.

## **9. Ultimate And Holding Entity**

The Entity is a project under the Ministry of Water, Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

## **10. Currency**

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kenya shillings


**16. Annexes**


**Annex 1: Prior Year Auditor-General's Recommendations**


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
4.1	<p>Budget Absorption Delay in signing the subsidiary agreements with participating Counties. Article V of the Financing Agreement on effectiveness required the execution of the subsidiary agreement on behalf of the recipient and the project Implementing Entity before 120 days after the signing of the financing agreement. It is noted that the participating agreements were entered into on 14th June 2019 more than one and half year since deadline. The delay in signing the agreements has negatively impacted the disbursement of project to the implementing entities and consequent delays in the achievement of the project objectives.</p> <p>Project coordinator This issue was resolved under the financial year 2020/2021 and two disbursements were made to the Implementing entities. Total budget absorption was 99%</p>		Resolved	<p>This issue was resolved under the financial year 2020/2021 and two disbursements were made to the Implementing entities. Total budget absorption was 99%</p>

**Water and Sanitation Development Project  
Annual Report and Financial Statements for the financial year ended June 30, 2025**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: ( <i>Resolved / Not Resolved</i> )	Timeframe:
	<p>Delay in signing the subsidiary agreements with participating Counties. Article V of the Financing Agreement on effectiveness required the execution of the subsidiary agreement on behalf of the recipient and the project Implementing Entity before 120 days after the signing of the financing agreement. It is noted that the participating agreements were entered into on 14th June 2019 more than one and half year since deadline. The delay in signing the agreements has negatively impacted the disbursement of project to the implementing entities and consequent delays in the achievement of the project objectives.</p>	<p>There was delay in signing the participating agreements between the CCWDA that the only condition for the project effectiveness (9<sup>th</sup> March,2018) This was due to the complex nature of implementing WSDP for the counties to receive the proceeds of the credit a subsidiary/loan/participation Agreement had to be executed. The delay in finalizing the agreements was due to the change of execution agreements</p>	<p>Wilfred Amwata  Project coordinator</p>	

  
.....  
**Julius Korir, CBS**  
*Principal Secretary*

  
.....  
**Wilfred Amwata**  
**Project Coordinator**

  
.....  
**Virginia Waweru**  
Project Accountant  
**ICPAK Member No: 16952**

**Water and Sanitation Development Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex 2:**

**Inter Entity Transfers.**

<b>Project Name:</b>		<b>Water and Sanitation Development Project</b>		
<b>Break down of transfers from the State Department of 2025</b>				
<b>a.</b>	<b>Government Counterpart funding</b>	<b>Bank Statement Date</b>		
	Ministry of Water Sanitation and Irrigation	25/05/2025	25,000,000	2024/2025
		<b>Total</b>	<b>25,000,000</b>	
<b>B.</b>	<b>Direct payments</b>			
	China and International Water and Electric	18/06/2025	73,324,874	2024/2025
		<b>Total</b>	<b>73,324,874</b>	
<b>C.</b>	<b>Others</b>			
	Conditional Support Liquidity Grants	Various	329,559,289	2024/2025
		<b>Total</b>	<b>329,559,289</b>	
		<b>Total (A+B+C)</b>	<b>402,884,163</b>	

**Water and Sanitation Development Project**  
**Annual Report and Financial Statements for the financial year ended June 30, 2025**

**Annex: 3**

**Fixed Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs)</b>	<b>Additions during the year (Kshs)</b>	<b>Disposals during the year (Kshs)</b>	<b>Transfers in/(out) during the year</b>	<b>Historical Cost c/f (Kshs) 2024/2025</b>
Land					
Computers/ Equipment's/ Generators	301,374,187	67,245,971	-	-	368,620,158
Motor Vehicles, Motor cycles and Tuk tuk	921,266,572	29,322,170	-	-	950,588,742
Office furniture-Chairs, tables, Filing cabinets etc	58,655,536	-	-	-	58,655,536
Civil Works	11,124,492,057	1,948,135,341	-	-	13,072,627,398
<b>Total</b>	<b>12,405,788,352</b>	<b>2,044,703,482</b>	<b>-</b>	<b>-</b>	<b>14,450,491,834</b>

**Annex 4: Other Support Documents**

- i. Signed confirmations from beneficiaries in Transfers to Other Government Entities
- ii. Bank Reconciliations statement as at 30th June 2025
- iii. Board of Survey Report
- iv. Special Deposit Account(s) reconciliation statement(s)



# MOMBASA WATER SUPPLY & SANITATION CO.LTD

MIKINDANI STREET OFF NKRUMAH ROAD, P.O. BOX: 1100-80100 MOMBASA, KENYA  
Tel: +254 726 313 006, +254 735 655 650 Email: info@mombasawater.co.ke

Our Ref: MWSSC/MD/082/VOL.VI/152

Date: 1<sup>st</sup> August, 2025

Principal Secretary  
Ministry of Water & Sanitation and Irrigation  
Maji House, Upper hill,  
Off Ngong road,  
P.O. Box 49720 - 00100

**NAIROBI**

Telephone: +254 020 2716103, 4900000

Fax: +254 020 2727622

Email: [ps@water.go.ke](mailto:ps@water.go.ke)

Attn: WSDP Project Coordinator

Dear Sir,

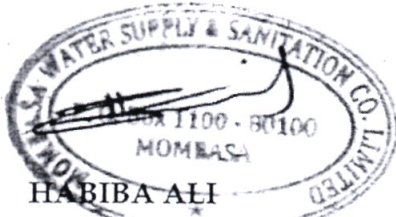
**RE: CONFIRMATION OF IDA FUNDS RECEIVED UNDER WATER AND  
SANITATION DEVELOPMENT PROJECT (WSDP) - FINANCIAL YEAR 2025-2026**

This is to confirm that during the financial year 2025/2026, County Government of Mombasa transferred Kshs. 585,006,308.70 to Mombasa Water Supply and Sanitation Co. Ltd- WSDP project bank account to implement activities under the Water & Sanitation Development Project (WSDP) as detailed in the table below.

S/N	Payment Reference	Amount in Kshs.
1.	9 <sup>th</sup> Disbursement Received on 16-07-2025	585,006,308.70
<b>Total</b>		<b>585,006,308.70</b>

Yours faithfully,

**FOR: MOMBASA WATER SUPPLY & SANITATION COMPANY LIMITED**



**HABIBA ALI**

**Ag. MANAGING DIRECTOR**



Tvo/HQ/WSDP/139/Vol .2/57

21<sup>st</sup> July, 2025.

National Project Coordinating Unit,  
Water & Sanitation Development Project,  
Ministry of Water, Sanitation and Irrigation,  
Maji House, Upper hill, Nairobi.  
P.O BOX 49720 – 00100,  
**NAIROBI.**

Dear Sir,

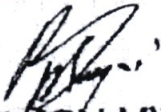
**RE: CONFIRMATION OF FUNDS RECEIVED FOR WATER AND SANITATION  
DEVELOPMENT PROJECT**

Reference is made to the above subject matter.

We hereby write to you confirming receipt of Kshs **Kshs. 610,805,126.40** received by Tavevo water & sewerage Co. Ltd on 18<sup>th</sup> July 2025 being the 9<sup>th</sup> Disbursement of the project into the Project account.

Thank you for your continued support, guidance and cooperation.

Yours Faithfully,

  
**BENSON MWANGOI**  
**MANAGING DIRECTOR**



**KWALE WATER AND SEWERAGE COMPANY LTD**

P.o. Box 18-80403 Tel: 412014155

E-mail: [info@kwalewater.co.ke](mailto:info@kwalewater.co.ke) Website: [www.kwalewater.co.ke](http://www.kwalewater.co.ke)

Date: 19/11/2025

The Principal Secretary  
Ministry of Water, Sanitation and Irrigation  
P.O. BOX 49720-00100  
**NAIROBI**

**Attn: WSDP Project Coordinator**

**RE: CONFIRMATION OF FUNDS RECEIVED UNDER WATER AND  
SANITATION DEVELOPMENT PROJECT (WSDP), IDA CREDIT NO. 6030-KE  
– FINANCIAL YEAR 2024-2025**

This is to confirm that in 2024/2025 financial year, we received WSDP funds amounting to Kshs. 717,436,049.06 (in figures) as detailed in the table below.

S/N	Payment Description	Payment Reference	Amount in Kshs.	Date received in Project Account
1.	9 <sup>th</sup> Disbursement – July 2025		717,436,049.06	28/08/2025
<b>Total</b>			717,436,049.06	

**Note**

Kshs. 717,436,049.06 disbursed on 10<sup>th</sup> July 2025 was held at the CRF until on the 28<sup>th</sup> August 2025.

  
**Eric Parmet**

.....  
**Managing Director**



WAJIR WATER & SEWERAGE COMPANY LIMITED (WAJWASCO)

P.O. BOX 708 – 70200 WAJIR, KENYA  
E – Mail wajirwasco@gmail.com

Ref. No. WAJWASCO/WSDP/DISP/9/VOL. 01

9th September, 2025

PRINCIPAL SECRETARY

MINISTRY OF WATER, SANITATION & IRRIGATION

PO BOX 49720-00100

NAIROBI KENYA

ATT: WSDP PROJECT COORDINATOR

RE: CONFIRMATION OF FUNDS RECEIVED UNDER WATER & SANITATION DEVELOPMENT PROJECT (WSDP) IDA CREDIT NO.60300 KE-FINANCIAL YEAR 2024-2025.

This is to confirm that in the year 2024-2025 Financial, We Received WSDP funds amount of Kshs Five Hundred and Five Million Nine Hundred Sixty Nine Thousand Two Hundred Sixty One Shillings & Ninety Cent. (505,969,261.90) as detailed in the table below.

S/No.	Payment Description	Payment Reference	Amount In Kshs	Date Received In The Project Account
1.	WSDP 9 <sup>th</sup> Disbursement	RTGS	505,969,261.90	15/7/2025

Yours Faithfully

MANAGING DIRECTOR

WAJWASCO  
P.O. BOX 708-70200, WAJIR

Date:.....

Roble Ahmed Subow

Managing Director

Wajir Water & Sewerage Company Limited (Wajwasco)

P.O Box 708-70200



**NORTHERN WATER WORKS DEVELOPMENT AGENCY**

[www.nwwda.go.ke](http://www.nwwda.go.ke)

Tel: 046-2103598  
Cell: 0711559995  
E-mail: [info@nwwda.go.ke](mailto:info@nwwda.go.ke)

Maji House  
Kismayu Road  
P. O. Box 495-70100, Garissa

**Ref: No.** NWWDA/WP/122 Vol.III/(207)

**Date:** 22<sup>nd</sup> August, 2024

The Principal Secretary  
Ministry of Water, Sanitation and Irrigation  
P.O. BOX 49720-00100  
**NAIROBI**

**Attn:** WSDP Project Coordinator

**RE: CONFIRMATION OF FUNDS RECEIVED UNDER WATER AND SANITATION DEVELOPMENT PROJECT (WSDP), IDA CREDIT NO. 60300-KE – FINANCIAL YEAR 2024-2025**

This is to confirm that in 2024/2025 financial year, we received WSDP funds amounting to Kshs. Forty Three Million, Two Hundred Sixty Thousand, Two Hundred Sixty Three only as detailed in the table below.

S/N	Payment Description	Payment Reference	Amount in Kshs.	Date received in Project Account
1.	Direct Transfer		35,260,263.00	01/16/2025
2.	Direct Transfer		8,000,000.00	03/03/2025
<b>Total</b>			<b>43,260,263.00</b>	

CPA Andrew Rage Eysimkele  
**CHIEF EXECUTIVE OFFICER**

Date 01/07/2025

Report of the Board of Survey on the Cash and Bank Balances of WSDP as at the close of business on 1/07/2025

The Board, consisting of - (Names and Official titles)

**Mr. Douglas Mutai** - Chairman

**Mr. Adoyo Erick** - Member

**Mr Eugene Buluma** - Member

assembled at the office of WSDP Accounts office at 10:00 A.m.(time) on the 01/07/2025

as the following cash was produced: -

Notes .. .. .	Sh. <u>NIL</u>
Silver .. .. .	Sh. <u>NIL</u>
Copper .. .. .	Sh. <u>NIL</u>
Cheques as per details on reverse .. ..	Sh. <u>NIL</u>

It was observed that cheques amounting to Sh. NIL cts NIL had been on hand for more than 14 days prior to the date of the survey.

The cash consists of East African currency and does not contain any demonetized coin or notes.

The Cash Book reflected the following balances as at the close of business on the 30<sup>th</sup> June, 2025

Cash on hand .. .. .	Sh. <u>NIL</u>
Bank balance .. .. .	Sh. <u>770,273,060.25</u>

The Bank Certificate of Balance showed a sum of Sh. 770,266,939.10 standing to the credit of the account on 30<sup>th</sup> June 2025

The difference between this figure and the Bank Balance as shown by the Cash Book is accounted for in the Bank Reconciliation Statement (F.O. 30) attached.



Chairman

Date **1<sup>st</sup> July 2025**



Members of the Board

GPK (L)

**LIST OF CHEQUES INCLUDED AS PART OF CASH ON HAND**

<i>Cheque No.</i>	<i>Drawer</i>	<i>Date of Cheque</i>	<i>Date Received</i>	<i>Amount</i>

**WATER AND SANITATION DEVELOPMENT PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.60290/60300: DA-A

Bank Account No.: 1000394177 Held with CENTRAL BANK OF KENYA

		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			120,513,363.70
	<b>Less:</b>			
2	Total amount documented			90,513,378.26
<b>3</b>	<b>Outstanding amount to be documented</b>			<b>29,999,985.44</b>
	<b>Represented by:</b>			
4	Ending Special account Balance as as 30 June 2025			5,529,430.00
5	Amounts claimed but not credited as at 30 June 2025			-
6	Amounts withdrawn and not claimed			<b>24,470,555.44</b>
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
<b>9</b>	<b>Total advance to Special Account Year ended 30 June 2025</b>			<b>29,999,985.44</b>

Discrepancy between total appearing on line 3 and 9

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

**The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs**

*Signature*

**AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY**

DATE: 05/08/2025

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**WATER AND SANITATION DEVELOPMENT PROJECT  
STATEMENT OF SPECIAL (DESIGNATED) ACCOUNT RECONCILIATION  
FOR THE YEAR ENDED 30 JUNE 2025**

Credit No.: IDA LOAN CREDIT NO.60290/60300: (DA-B)

Bank Account No.: 1000352008 Held with CENTRAL BANK OF KENYA

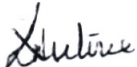
		NOTES	AMOUNT EURO	AMOUNT EURO
1	Amount advanced by IDA			99,803,985.19
	<b>Less:</b>			
2	Total amount documented			68,044,854.36
<b>3</b>	<b>Outstanding amount to be documented</b>			<b>31,759,130.83</b>
	<b>Represented by:</b>			
4	Ending Special account Balance as as 30 June 2025			1,740,519.00
5	Amounts claimed but not credited as at 30 June 2025			-
6	Amounts withdrawn and not claimed			<b>30,018,611.83</b>
7	Service Charges (if not included in lines 5 and 6 above)			-
8	Interest earned (if included in Special Account)			-
<b>9</b>	<b>Total advance to Special Account Year ended 30 June 2025</b>			<b>31,759,130.83</b>

Discrepancy between total appearing on line 3 and 9

**Notes:**

- 1 Explain the discrepancy between totals appearing on lines 3 and 9 above (e.g amount due to be refunded to cover ineligible expenditures paid from the Special/Designated Account)
- 2 Indicate if amount appearing on line 6 is eligible for financing by IDA and provide reasons for not claiming the expenditures

**The amount appearing on line 6 is eligible for financing by World Bank and shall be documented in subsequent IFRs**

  
AUTHORISED REPRESENTATIVE  
RESOURCE MOBILISATION DEPARTMENT  
THE NATIONAL TREASURY

DATE: 05-08-2025