

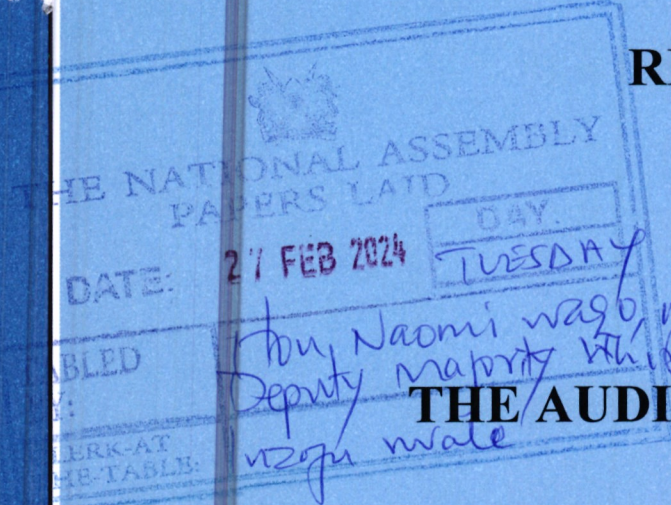
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



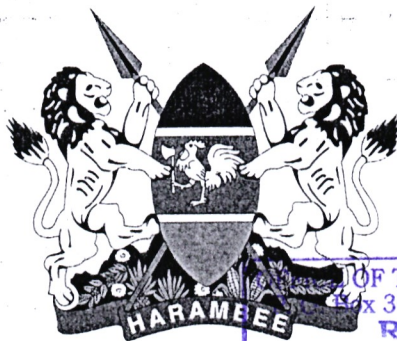
OF

THE AUDITOR-GENERAL

ON

**STATE DEPARTMENT FOR WATER AND
SANITATION**

**FOR THE YEAR ENDED
30 JUNE, 2023**



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

18 DEC 2023

RECEIVED

STATE DEPARTMENT FOR WATER AND SANITATION

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

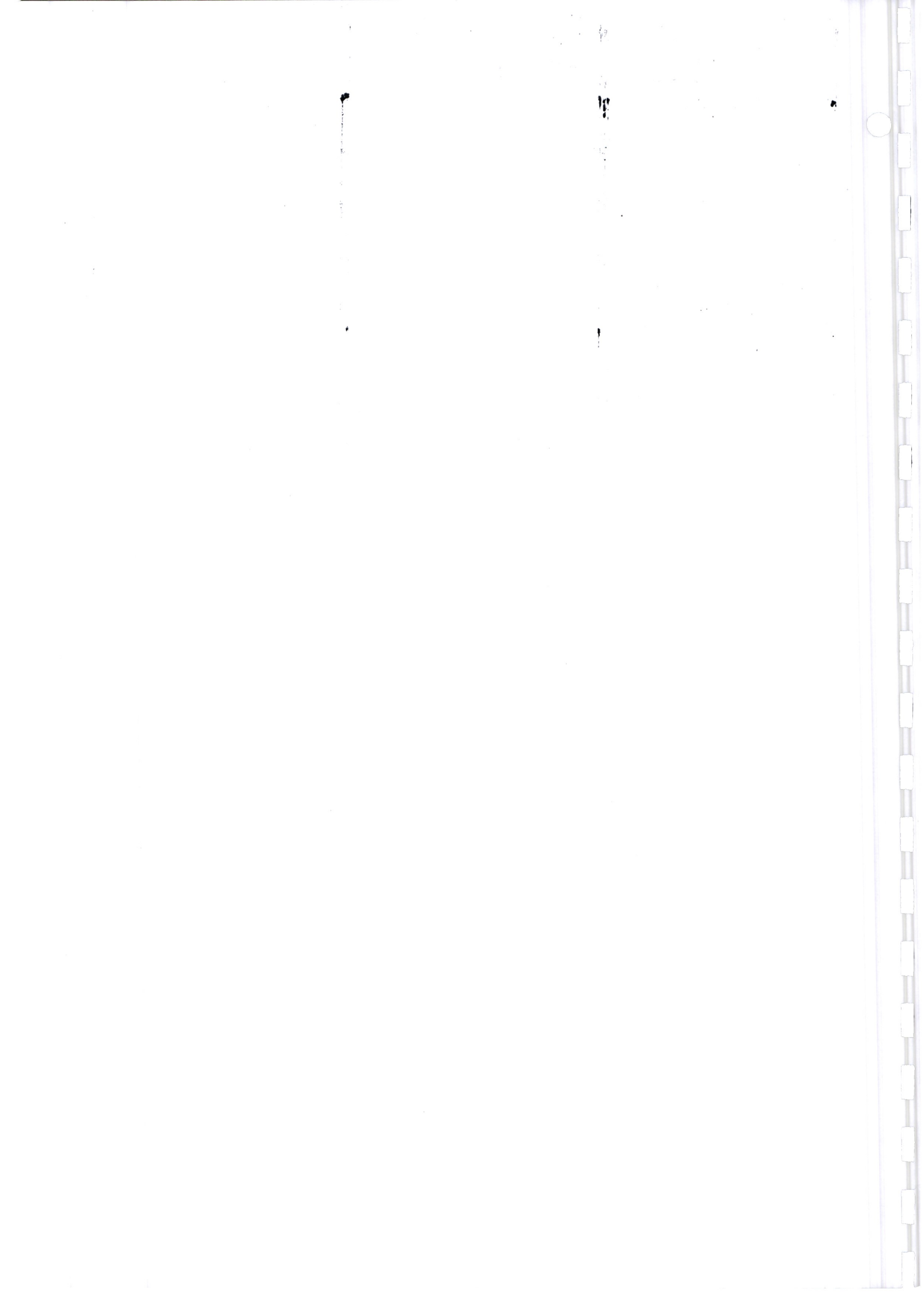


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1. Acronyms and Glossary of Terms

AIE	Authority to Incur Expenditure
CFO	Chief Finance Officer
HAU	Head of Accounting Unit
IPSAS	International Public Sector Accounting Standards
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPP	Public Private Partnership
BETA	Bottom-up Economic Transformation Agenda
MTP	Medium Term Plan
KEWI	Kenya Water Institute
WSDP	Water and Sanitation Development Programme
SDGs	Sustainable Development Goals

2. Key Entity Information and Management

(a) Background information

The State Department for Water and Sanitation under the Ministry of Water, Sanitation and Irrigation was established through Executive Order No. 1 of 2023 dated 6th January, 2023.

The State Department's mandate is guided by Key laws and policies as provided by the constitution of Kenya 2010, Water Act 2016, Kenya Water Institute (KEWI) Act 2001, Agenda 2063, SDGs No. 6 and 15, Vision 2030, MTP IV (2023-2027) Bottom-up Economic Transformation Agenda (BETA). These laws and policies emphasize the need for efficiency and better management in utilization of natural resources which is critical in achieving the Government's strategic goals of economic growth, poverty reduction and social stability.

The State Department is committed to the implementation of policies, legal and regulatory frameworks for promoting sustainability in water resources and trans-boundary waters management, improvement of water and sanitation services, irrigation while at the same time mitigating and adapting to the effects of land use and climate change. This strategic plan is aligned to MTP IV (2023-2027), SDGs No. 2, 6 and 15, Kenya Vision 2030, Bottom-up Economic Transformation Agenda (BETA), Agenda 2063 and the budget system through the Medium-Term Expenditure (MTEF). This shall form the basis for identifying development priorities and establishing deliverables under the Ministry's performance contract system.

The Vision of the State Department is universal access to adequate, safe and sustainably managed water resources and sanitation and its Mission is to "ensure good governance in the conservation, protection, water harvesting and storage, management and development of water resources and sanitation infrastructure, for national socio-economic development". The State Department is also guided by the national values as espoused by the Constitution of Kenya. These values are: Sustainable Development, Honesty and Integrity, Human Dignity, Teamwork and focus on results, Innovativeness and Participatory approach.

The mandate of the State Department involves development of policies and strategies to protect, conserve and manage water resources, achieve progressive realization of the right to water, sanitation and food security in accordance with article 43(b), (c) and (d) of the constitution for socio-economic development of the Nation. The functions of the State Department are; Water resources management policy and standards; Water catchment area conservation, control and protection; Water and sewerage services management policy; Waste water treatment and disposal policy; Water quality and pollution control; Management and Development of Trans boundary waters; Sanitation management; Management of public water schemes and community water projects and water harvesting for industrial and domestic use.

(b) Key Management

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

- i. Directorate of water
 - Department of Water Services
 - Department of Water Resource
 - Department of Trans boundary Waters

- ii. Directorate of shared services
 - Human Resource Management and Development Department
 - Central planning and Projects Monitoring Department
 - Finance Department
 - Accounts Department
 - Supply Chain Management Department
 - Administration General Department
 - Records Management Department
 - ICT Department
 - Public Communication Department
 - Internal Audit Department
 - Legal Department

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Cabinet Secretary	Mr. Zachariah M. Njeru
2	Accounting Officer	Julius Korir, CBS
3	Water Secretary	Eng. S. O. Alima, CBS
4	Secretary Administration	Stephen Kihara
5	Director, Human Resource Management and Development	Albert Mokua
6	Director, Sanitation Management	Eng. Fidelis Kyengo
7	Director, Water Storage and Flood Control	Eng. Martin Ngaa
8	Director, Water Sewerage and Sanitation Development	Eng. Mary Wamaita
9	Director, Department of Trans-Boundary Waters	Gladys Wekesa
10	Director, Department of Water Infrastructure Dev	Eng. Simon Korir
11	Director Special Programmes	Eunice Mugeru
12	Director National Water Services	Eng. Andrew M. Kinyua
13	Deputy Director Legal Department	Rose Nyakwana
14	Ag. Director Planning	Rolex Kirui
15	Head Finance	FA Walter J. Oselu
16	Head Accounts Unit	James K. Karori
17	Head Internal Audit	Abdi Sahal Ali
18	Head Records Management	Anne Munene
19	Chief Mechanical Engineer	Eng. Charles Nzuka
20	Head Public Communication	John Mwandikwa
21	Head Supply Chain Management Services	Aggrey Kituyi
22	Head, Information Communication Technology	Daniel Owino
23	Library Services	Josephat Odinga

Fiduciary Oversight Arrangements

i) Audit Committee Activities

- Reviewing and monitoring the external auditor's independence and objectivity, taking into consideration relevant professional and regulatory requirements. In fulfilling its duties, the committee reviews with the external auditors, the scope of their audit plan, system of internal audit reports, assistance given by management and its staff to the auditors and any findings and actions to be taken.
- Reviewing any related party transactions that may arise within the State Department.
- Reviewing communication between external auditors and management including responses on audit queries on the annual financial statement raised by the Auditor General.
- Following up on recommendations of the Parliamentary Accounts Committee (PAC)

ii) Public Finance Management Committee

This is the committee charged with the responsibility of implementation of the State Department's budget and its prudent management. The duties of the committee include:

- To review budgets, supplementary estimates and performance of budget against actual for the State Department in consultation with the Heads of Department.
- To participate in sector working groups
- To review and consider the cash flow plans
- To review the utilization of the cash limits and consider any changes as may be required;
- To review the utilization of the donor funds voted for the State Department
- To advise the accounting officer on the challenges related to the budget implementation
- To review and recommend the reallocation of payments
- To review and approve the submission of the payment returns, payroll IPPDs, pending bills and A-I-A returns for the State Department and recommend actions to be taken.

iii) Senior Management Committee

Senior Management Committee is comprised of the Cabinet Secretary, Principal Secretary, Water Secretary, Chief Executive Officers of all Water Agencies and Heads of departments in the Ministry who are mainly the AIEs holders.

The Committee reports on the progress of the projects in the Ministry and the level of expenditure and disbursement on quarterly basis.

The Committee also highlights the major challenges and the way forward in achieving the targets of the Ministry as regards performance.

iv) Other oversight activities

The Ministry undertakes Monitoring and Evaluation activities on regular basis. The Ministry has performance contracts signed between All Agencies and departments of the Ministry and the Cabinet Secretary, which are reviewed on quarterly basis.

Internal Auditors undertake systems audit regularly and advice on areas of improvement.

All recommendations and observations by the Office of the Auditor General and the Parliamentary Accounts Committee are followed up and acted upon in time.

(d) Ministry for Water, sanitation and Irrigation Head Quarter

P.O. Box 49720 - 00100
Maji House
Ngong Road
NAIROBI, KENYA

Entity Contacts

Telephone:(254) 020 - 2716103
E-mail: ps@water.go.ke
Website: www.water.go.ke

(e) Entity Bankers (all banks)

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA

(f) Independent Auditors

Auditor - General
Office of The Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
NAIROBI, KENYA

(g) Principal Legal Adviser

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

3. Statement of Governance

Mr. Zachariah M. Njeru

Cabinet Secretary, Ministry of Water, Sanitation and Irrigation.



Mr. Zachariah M. Njeru: - Cabinet Secretary for Water, Sanitation, and Irrigation is a visionary leader who is at the forefront of developing policies and strategies for the sustainable management of water resources, sanitation, and irrigation. Her diverse role entails a wide range of obligations, which include:

- Addressing key water scarcity and conservation challenges. Mr. Njeru is dedicated to ensuring equal access to safe drinking water for all Kenyans, and she is also devoted to supporting sustainable water resource management practises.
- Developing and implementing sanitation programmes to promote public health and hygiene standards across the country. Her dedication extends to addressing sanitation issues in both urban and rural locations, resulting in healthier populations.
- Advancing innovative irrigation practises to boost agricultural output and food security. Her efforts include utilising technology and environmentally friendly irrigation methods to promote a more resilient and productive agriculture industry.
- Actively collaborating with private-sector partners to facilitate investments in water infrastructure, sanitation, and irrigation projects through Public Private Partnerships (PPPs). He aims to expedite progress in these critical areas by using private sector experience and resources, encouraging efficiency and effectiveness in service delivery.

Njeru began his career in 1995 as a sales administrator at DT Dobbie before turning to peddling insurance plans.¹ Prior to joining Blueshield as branch manager in Meru, he

worked as an executive with Madison Insurance in Eldoret from 1998 to 2000.^[1] He was then appointed to the position of regional manager for the company's Rift Valley region (2003–2007), before engaging in politics.

Between 2008 and 2013, Njeru was a candidate for the Nakuru City Council and chaired the Finance and Multi-Purpose Committee. In 2010, he was elected chairman of the council's Public Health and AIDS Committee. In his capacity as public health chairman, he was able to start the construction of three clinics and one maternity facility, procure a new ambulance for the division, and start the purchase of a new disposal site.

Since 2015, he had been a sub-county administrator in Nakuru county. He is now the first full cabinet minister from Nakuru county. In 2022 he was nominated as the new Cabinet Secretary of Lands Housing and Urban Development.^[2] In early October 2023 Mr. Njeru gets reshuffled to the Ministry of Water, Sanitation & Irrigation where he serves as Cabinet Secretary

Management Committees established and their roles

i) Budget Implementation Committee

To oversee budget proposals and implementation during the financial year, proper Utilization, prudence use of resources.

ii) Project Implementation Committee

Oversee project implementation and advise on whether they are on the right track – value for money.

iii) Ministerial Human Resource and Advisory Committee

Advise the ministry on issues human capital.

iv) Asset Disposal Committee

Oversee the disposal of obsolete and unserviceable assets, and save the ministry from maintaining dead stock.

v) Corruption Prevention Committee

Checked on unethical behaviour in the organization and put in place remedies to address the same. Ensured resources were not abused.

vi) National Cohesion and Values Committee

Ensured statutory obligations of equity, fairness, transparency, accountability and core values of nationhood were upheld.

vii) Implementation of Citizen's Service Delivery and Resolutions of Public Complaints Committee

Oversaw the prompt provision of services to Wanjiku were delivered, and complaints handled effectively.

viii) Gender and Disability Mainstreaming Committee

Committee oversaw that nobody was discriminated against in the work place based on gender or disability.

ix) Prevention of HIV/Aids Infection Committee

Various campaigns were held by this committee such as sensitization, free testing and counselling sessions, distribution of condoms.

x) Alcohol and Substance Abuse Committee

Addressed workers who abused alcohol and drugs and were advised/counselled accordingly.

xi) Road Safety Committee

Holding of road safety campaigns and the roadworthiness of the ministry's vehicles were addressed.

Report on recent training and development in governance for those in key leadership

The State Department did not sponsor officers in key leadership for training due to Budget constraints.

4. Statement by the Cabinet Secretary

The Constitution of Kenya 2010 in chapter four on the Bill of Rights, articles 43b, 43c, and 43d states that every person has the right; to reasonable standards of sanitation, to be free from hunger and have adequate food of acceptable quality and to accessibility to clean and safe water in adequate quantities within a reasonable distance.

Executive Order No.1 dated 6th January 2023 outlined the Organization of Government of the Republic of Kenya and established the Ministry of Water, Sanitation and Irrigation. The Ministry is mandated to undertake; Water Resources Management Policy and Standards, Land Reclamation, Flood Control Management, Water Harvesting and Storage, Water and Sewerage Services Management Policy, Sanitation Management and Wastewater Treatment and Disposal Policy, and National Irrigation Policy and Management.

During financial year 2022/2023 the Ministry of Water, Sanitation and Irrigation achieved key milestones relating to the Government's Bottom-up Economic Transformation Agenda (BETA). These are outlined as follows; on **water coverage** the national water coverage increased from 69% to 71 %. This brought on board additional 950,000 people to have access to safe and clean drinking water and improved preventive health care. On **sanitation coverage** national coverage increased from 66% to 67%. This made direct contribution towards reduction of waterborne diseases and enabled cost savings on health care and promoted environmental protection against faecal matter and industrial effluents pollution.

With regard to **food security and nutritional** improvement to the Kenyan population, food production was boosted by increasing the National Irrigation acreage by about 100,000 acres. This achievement enhanced food security and economic growth by ensuring a more stable and consistent food supply especially to the rural and ASAL populations.

Further the Ministry finalized the **Water (Amendment) Bill 2023**. The Water (Amendment) Bill proposes to amend Water Act 2016 in order to operationalize Public Private Partnership (PPP) in the Water Sector. It also aligns the Water Sector to provisions of the Public Private Partnership (PPP) Act 2021 and its attendant PPP Regulations 2014 and 2017. Operationalizing of the **Irrigation Act 2019** by establishing and supporting new sector institutions and carrying out continuous sector policy reviews is progressing well.

In articulating its core mandate on water resources development, management and food security, the Ministry launched key **Priority Water, Sewerage and Irrigation Projects**. During the year the Ministry launched sixty (60) Water and Sanitation Projects. These projects will cost **KSh. 11 Billion** and serve **1,400,000** people upon completion. Key among the projects launched include: Kakamega last mile connectivity, Eldoret last mile connectivity, Kapenguria Sewerage Project, Bomet Mulot Water Project and Mwache Dam.

The Ministry also launched twenty (20) Irrigation Projects. These projects have a total acreage of at least **12,587** and will cost **KShs 5.5 Billion**. Key among the projects launched are Turkana Irrigation Development Project (1,864.25 acres), National Expanded Irrigation Programme (6,957.28 acres), Lower Kuja Irrigation Development Project (1,450 acres) and Galana Kulalu Irrigation Project (5,000 acres)

The Ministry completed and commissioned fifty-six (56) Water and Sanitation Projects. These projects have impacted more than one (1) million individuals (about 212,000 households) and are actively benefiting over 35 institutions. Water projects include; Murang'a urban last mile connectivity, Murang'a South last mile connectivity, Isiolo last mile connectivity, Kabarnet, Pemba, Garissa, Mavoko, Kericho, Watamu Town, Chogoria, Marsabit, Kendu Bay water projects, Kiptogot Kolongolo Water Project and Vihiga water project among others. Sanitation projects include; Malaba Sewerage, Oyugis sanitation project, Othaya Sewerage, Narok Sewerage, Chepararia Sewerage and Kikuyu Water and Sewerage project amongst others.

The Ministry has also completed at least ten (10) irrigation projects. These projects include; Supplemental Irrigation using harvested water (10,437.95 acres), Turkana Irrigation Development Project (1,864.25 acres), National Expanded Irrigation Programme (6,957.28 acres), Lower Kuja Irrigation Development Project (1,450 acres). These projects will benefit 25,856 beneficiaries who will earn a gross income of approximately Kshs. 7.2 billion annually from irrigation.

The Ministry also undertook high impact low cost projects in order to meet demand in the marginalised and low income areas that are out of reach from large government or donor funded projects. These projects fall under the category of **Small Projects and are mainly Boreholes and Water Pans**. Nationally, the Ministry undertook over three hundred (300) water pans and borehole projects for community water supply and micro-irrigation schemes. Further, close to fifty (50) **small-scale water supply and sanitation improvement projects** have been undertaken in public institutions including schools, public health facilities, police stations, and government installations amongst others.

Irrigation is a major contributor to the achievement of food security for Kenya as well as improving peoples' livelihoods and economic welfare. The irrigation potential is estimated at 1.913 million acres (765,575 ha) as per the National Water Master Plan 2030 without water

storage and can go up to 3 million acres (1.2 million ha). Out of this total potential 664,000 acres have been developed accounting for 35% coverage while out of the country's total arable land only 5.9% is equipped with irrigation infrastructure. This calls for concerted efforts towards increasing irrigation water use in a bid to increase yield to support food and nutrition security efforts and support growth in manufacturing vide agro-processing of surplus produce and value addition.

Due to dwindling financial resources, the Ministry has adopted new methods of attracting public and private capital as **New Financing for Water Infrastructure Development. This Financing models will enhance** mobilisation and injection of projects development capital into the water and irrigation sectors. This will increase coverage on water accessibility and food security improvement.

Under Development Partners Capital mobilisation model The Ministry of Water, Sanitation and Irrigation has prepared financing requirements for; the National Water and Sanitation Investment and Financing Plan (NAWASIP) whose budget is Kshs 995 Billion, the Horn of Africa Ground Water for Resilience Project comprising of four hundred (400) Boreholes within Wajir, Mandera, Garissa, Marsabit and Turkana Counties and whose budget is **KSh. 13.5 Billion**, the World Bank's Kenya Water, Sanitation and Hygiene (K-WASH) Programme for Results (PforR) whose budget is **Ksh. 20 Billion** and the Kimumu Sewerage Project supported by Belgium Government through G-to-G arrangement **serve 85,000** people within Kimumu area of Eldoret town and the University of Eldoret at an estimated cost of **Kshs. 3 billion**

Under the Public Private Partnership (PPP) model, The Ministry has prioritized 100 Large Dam projects for **Domestic and irrigation** water supplies **costing a total of Ksh.1.7 Trillion** for implementation under the PPP Framework. A further 1,000 small dams have also been identified and are under consideration for implementation under the PPP Model. The Ministry advertised thirty-three (33) Dam projects for implementation under the PPP framework whose evaluations and negotiations are ongoing.

The ministry will remain focused to realize the ultimate goal by utilizing allocated resources in the implementation of projects, programmes and policies that will ensure increased provision of water and sanitation services, food and nutrition security. This will lead to the realization of the National Development Goals under Vision 2030, Sustainable Development Goal No.6 on Water and Sanitation and Goal No. 2 on Zero Hunger; and the African Agenda 2063. The Ministry's mandate is aligned towards its contribution and actualization of the Government's Bottom-up Economic Agenda (BETA) before August 2027.

This Annual report is a crucial document which tracks the state of the Ministry's development and key achievements towards realization of universal access to water and sanitation services, increase in food security and sustainable management through implementation of developed

policies and strategies in the utilization of allocated resources. Equally, it provides opportunity to understand the challenges and emerging issues in the water, sanitation and irrigation sector. The report keeps the Ministry and stakeholders informed on progress and the bottlenecks to the Ministry's development. The Ministry ensures that the challenges impeding its sectors development are adequately addressed towards realization of right to clean and safe water, reasonable standards of sanitation and adequate food of acceptable quality for progressive national development agenda.

MR. ZACHARIAH NJERU
CABINET SECRETARY
MINISTRY OF WATER, SANITATION AND IRRIGATION

5. Statement by the Principal Secretary / Accounting Officer

During the review period, the Budget allocation for the Ministry was Kshs. 65,743,618,322 in financial year 2022/23 while actual expenditure was Kshs. 50,400,272,431 translating to 76% absorption level. The Recurrent approved budget was Kshs. 7,077,896,838 against an expenditure of Kshs, 5,011,878,551 translating to an absorption level of 70.8%. Further, the Development approved budget was Kshs. 59,395,444,574 against an expenditure of Kshs, 45,388,393,880 translating to an absorption level of 76.4%. The Ministry recurrent and development expenditure, per programme and sub-programme is presented below from tables 1 to 3.

Table 1: Analysis by Category of Expenditure: Recurrent (Kshs.)

Receipt/Expense Item	Approved Budget	Actual Expenditure
Receipts		
Exchequer releases	3,805,673,748	3,805,673,748
Proceeds from Sale of Assets	231,000,000	9,365,065
Other Receipts	2,311,500,000	1,196,839,738
Payments		
Compensation of Employees	638,904,825	643,093,350
Use of goods and services	90,818,265	78,828,802
Transfers to Other Government Units	5,602,477,936	4,245,826,218
Social Security Benefits	8,303,278	8,106,382
Acquisition of Assets	7,669,444	769,449

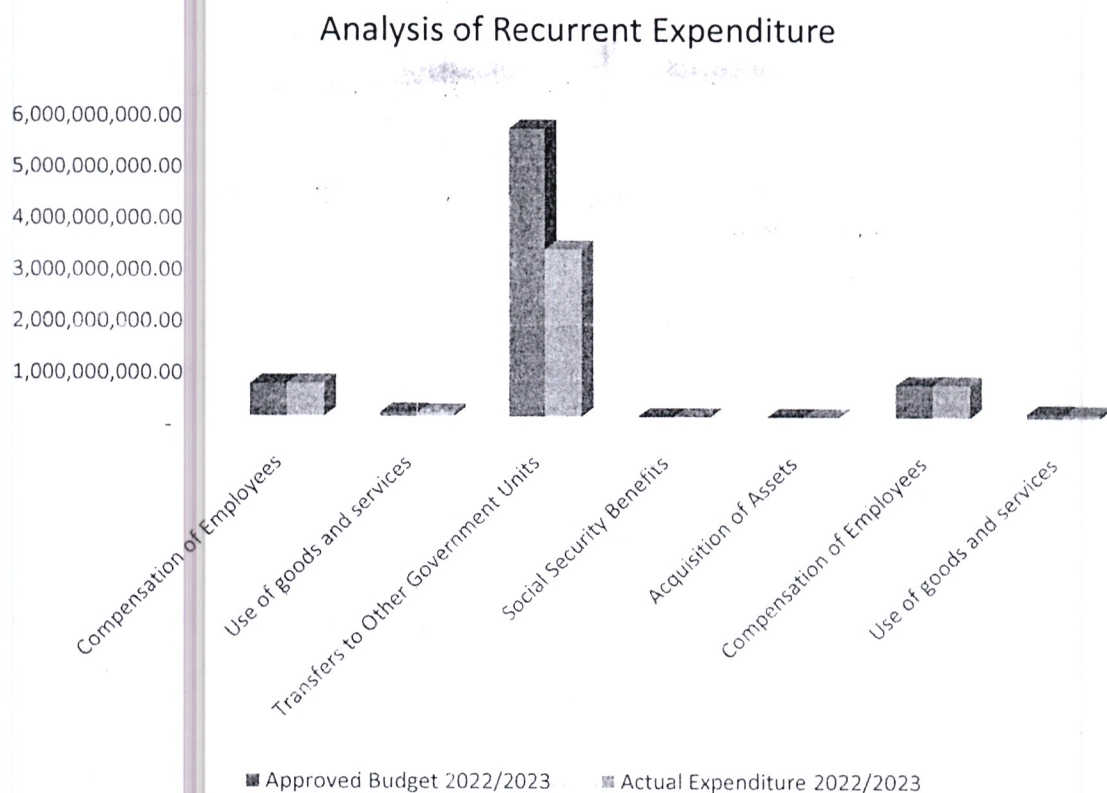


Table 2: Analysis by Category of Expenditure: Development (Kshs.)

Receipt/Expense Item	Approved Budget	Actual Expenditure
Receipts		
Proceeds from Domestic and Foreign Grants	650,000,000	86,561,032
Exchequer releases	26,593,302,660.00	22,422,692,123
Proceeds from Foreign Borrowings	32,152,141,914	22,879,140,725
Total Receipts	59,395,444,574.00	45,388,393,880
Payments		
Transfers to Other Government Units	58,262,444,574	44,409,554,822
Acquisition of Assets	1,133,000,000	987,500,921

Analysis of Development Expenditure

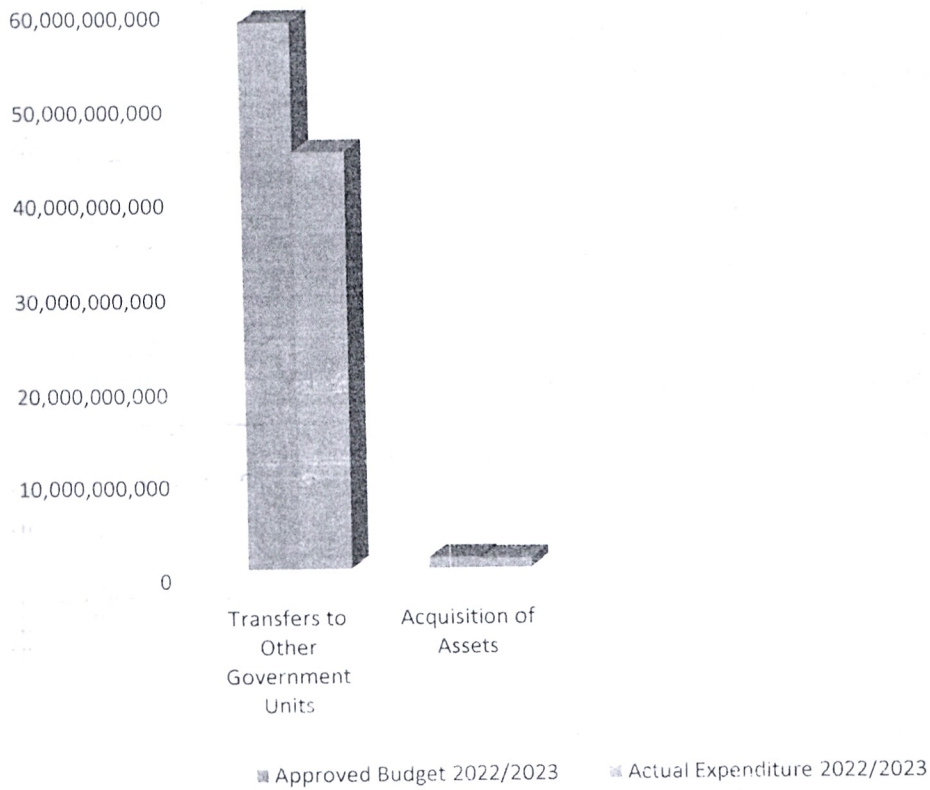
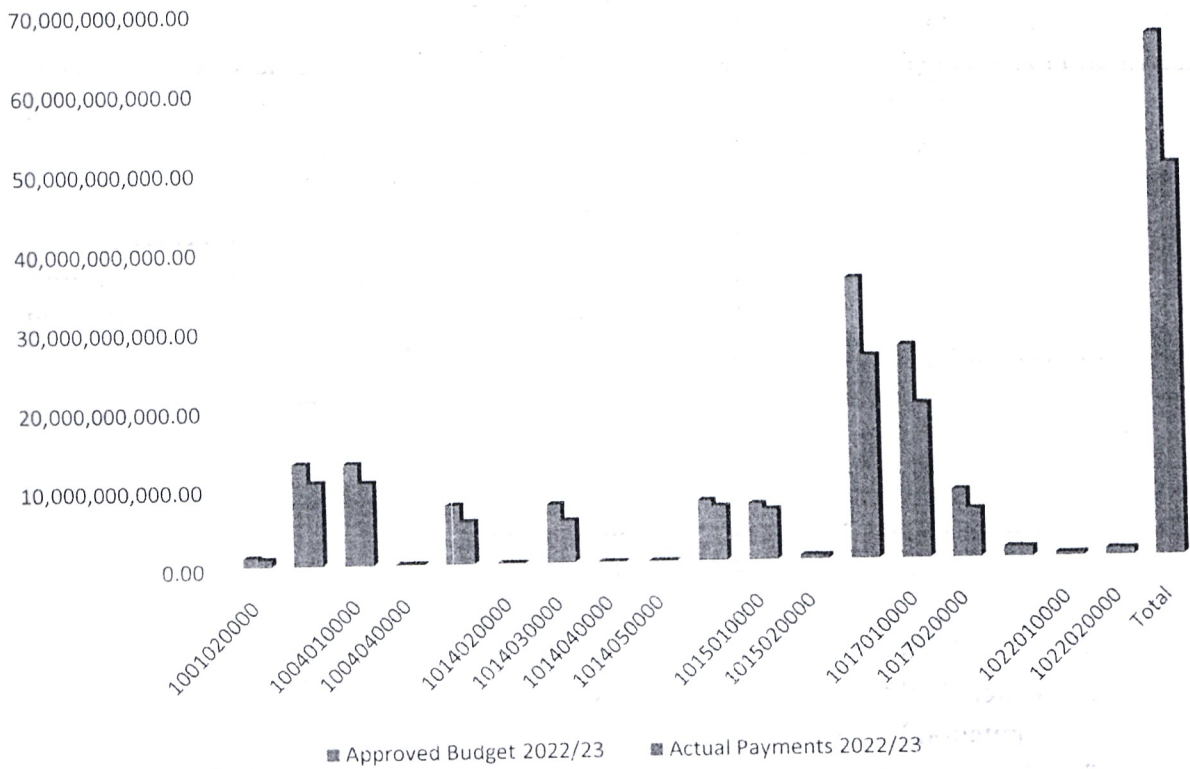


Table 3: Analysis by Category of Expenditure: Programmes (Kshs.)

Sub Program	Description	Approved Budget	Actual Payments
1001020000	Water policy Management	1,136,158,594.00	921,262,480.10
	Water Resources Management	12,928,526,599.00	10,466,981,365.20
1004010000	Water Resources conservation and Protection	12,848,526,599.00	10,390,345,938.60
1004040000		80,000,000.00	76,635,426.60
		7,399,320,321.00	5,323,654,761.20
1014020000		48,441,815.00	43,609,647.95
1014030000		7,332,584,032.00	5,264,356,095.90
1014040000		5,540,199.00	3,849,312.40
1014050000		12,754,275.00	11,839,704.95
		7,554,875,000.00	6,766,079,817.75
1015010000		7,054,875,000.00	6,302,914,575.25
1015020000		500,000,000.00	463,165,242.50
		35,457,544,389.00	25,634,272,383.05
1017010000		26,928,070,389.00	19,599,739,708.50
1017020000		8,529,474,000.00	6,034,532,674.55
		1,267,193,419.00	1,217,637,897.55
1022010000		396,250,000.00	396,250,000.00
1022020000		870,943,419.00	821,387,897.55
	Grand Total	65,743,618,322.00	49,335,581,381.65

Analysis of Expenditure per Programme



The State Department for Water and Sanitation under the Ministry of Water, Sanitation and Irrigation was established through Executive Order No. 1 of 2023 dated 6th January, 2023. The State Department's mandate is guided by key laws and policies as provided by the Constitution of Kenya Water Act 2016, Kenya Water Institute (KEWI) Act 2001, Legal Notice Number 252 of 2015, African Union Agenda 2063, United Nations 2030 for Sustainable Development (SDGs) No. 6 and 15, Kenya Vision 2030, Fourth Medium Term Plan (2023-2027), and the transformative government development aspirations as prescribed in the Bottom-Up Economic Transformation Agenda (BETA). These laws and policies emphasize the need for efficiency and better management in the utilization of natural resources to enable the government achieve its strategic goals of economic growth, poverty reduction and social stability.

The overarching role State Department is to develop policies and strategies to protect, conserve, and manage Water Resources, achieve progressive realization of the right to water, sanitation and food security for socio-economic development of the in fulfilment of article 43(b) (c) and (d) of the Constitution of Kenya.

The functions of the State Department as outlined in the Executive Order No. 1 of 2023 dated 6th January, 2023 are:

1. Water Resources Management Policy and Standards,
2. Water Catchment Area Conservation, Control and Protection,
3. Water and Sewerage Services Management Policy,
4. Waste Water Treatment and Disposal Policy,
5. Water Quality and Pollution Control,
6. Sanitation Management,
7. Management Public Water Schemes and Community Water Projects and
8. Water Harvesting and Storage for Domestic and Industrial Use

Provision of Various water and sanitation services and the programmes was done through the State Department Water and Sanitation and 16 water institutions comprising of 9 No. (Nine) Waterworks development agencies and 3 No. (Three) regulators, 2 No. (Two) training and research, Water Sector Fund and Water Appeals Board.

In the period under review, the State Department did put in place plans, systems and mechanisms to achieve gradual realization of the universal access to water and sanitation. This was to be achieved through short term and long term interventions; increasing water harvesting and storage capacity, construction/expansion of sewerage system, construction/expansion water supply networks, drainage and sanitation programmes.

The state department implemented three programmes and 5 sub-programmes. These were General Administration Planning and Support services programme with water Policy Sub-Programme; Water Resources Management programme with Water Resources conservation and

protection and Transboundary water sub-programmes: and Water and Sewerage Infrastructure Development programme with Sewerage Infrastructure Development and Sanitation Infrastructure Development & Management sub-programmes.

The budgetary allocations of both Recurrent and Development budget for the State Department was **Kshs. 66,943 Million** . The actual expenditure was **Kshs. 48,869 Million**, translating to absorption rate of 73% % , This was a significant budget decrease of 14 % from an allocation of **Kshs. 77,869 Million** in FY 2021/22 to **Kshs 66,943 Million** in FY 2022/23.

In the period under review, National Water Policy 2021, Water Resources Regulations (2021), Water Services Regulations, Water Harvesting and Storage Regulations, Hydrologists Rules and Regulations were finalised. Other key documents developed include; National Water and Sanitation Strategy (2020-2025), National Water Resources Management Strategy (NWRMS), National Water Harvesting and Storage Strategy (2020-2025). Further, Draft Sanitation Management Policy; Draft Water Development Fund and Bulk Water on Regulations; Draft Hydrologists Regulations, 2023; Hydrologist (Amendment) Bill 2023; Draft Intergovernmental Coordination Framework; draft Kenya Water Training and Research Institute (KEWATRI) Bill to repeal Kenya Water Institute Act 2021. Draft National Public Water and Sewerage Works Gazette Notice submitted to Attorney General for approval and publication;

There was increased access to improved water services from 67% 2021/22 to 70% 2022/23: improved access to urban sewerage services from 31 % in 2021/22 to 32% in 2022/23. This was achieved through completion of the following 19 projects; Kikuyu water and sewerage project, Pemba Intake water supply project , Chogoria Water Supply Project, Murang'a South Water Supply Project-Last Mile Connectivity, Murang'a Urban Water Supply Project-Last Mile Connectivity, Marsabit Water Supply Project, Garissa Water Supply Project-Last Mile Connectivity, Isiolo Water Supply and Sewerage Project-Last Mile Connectivity, Kabarnet Water distribution and connections, Kiptogot – Kolongolo Water Supply Project, Oyugis Water Supply and Sewerage Project, Othaya Sewerage Project-Last Mile Connectivity, Narok Sewerage Project, Olkalou Sewerage Project, Chepararia Sewerage Project, Kimugu Water Supply Mavoko drinking water supply projects, Homabay Cluster Water Supply Project, Expansion of Kisii Water Supply-Kegati Treatment Works, Kipkaren Dam Water Supply Project, Bamba-Mnagoni-Midoina -Ndharako Water Project. In addition, 25 schools and 15 Health Facilities were connected with water. 27 projects under Kenya Towns are in advance stages between 50% and 99% completed

To reduce Non-Revenue Water from the current 45% to acceptable levels of 20% by 2030, a Water Police unit was established and operationalized through Gazette Notice No.1043 of 31st January, 2023; Non-Revenue Water Management Standards were launched and dissemination to WSPs commenced ; Two (2) Memorandum of Understanding (MoUs for the reduction of Non-

Revenue Water in counties; Kericho and Embu Counties were signed and Draft TORs for engagement with Development Partners on smart water management prepared;

The State Department embarked on a several initiatives in line with the Bottom-Up Economic Transformative Agenda (BETA) to enhance water security for irrigation, domestic, industrial uses and hydro-power generation through Public-Private Partnership (PPP). To achieve this, Sixty-seven (67) dam's concept notes were completed and submitted to the National Treasury, feasibility and ESIA for 34 dam were developed for which solicited Expression of Interest (EOI) for 34 dams and prospective bidders received: 8 dams received Privately Initiated Proposals (PIPs) where three (3) proposals (Maragua IV, Mzima II pipeline and Ndarugu II) were approved for by the National Treasury

Under Water Resources Management, upgrading of 8 river gauging stations and 45 weather stations to telemetry were installed to enhance data and information collection; 144 critical catchment areas were identified for gazettement. Management plans for Dik-dik wetlands, Lamu sand-dunes and Kikuyu ground water conservation areas were developed; 4 sub catchment management plans were developed and implemented; Pate(Lamu), Tangulbei (Baringo) Nyenyu and Kangalema; Groundwater mapping for Wajir, Turkana and Marsabit County was finalized and ground water potential maps submitted. In addition, ground water mapping of Mandera County, Athi and Tana basin areas covering 17 counties has been commenced during the period under review.

On water harvesting and storage, the State Department completed Karimenu d and Yamo Dams. Measures were also initiated to fast-track completion of Thwake Dam (86% complete) to supply 150,000 cubic meters of water per day to Makueni County including Konza City and Mwache dam (5%) to supply 186,000 cubic meters of water per day to Mombasa, Kilifi and Kwale Counties.

The state department for Water and Sanitation in collaboration with e-citizen also initiated the development of an online system for application and renewal of water professional licenses.

Despite these achievements, there were some challenges during the review period that include; Slow project implementation due to Inadequate funding due to budget cuts and delayed exchequer releases; High cost of implementing Resettlement Action Plans (RAP); slow process of land acquisition/ compensation, wayleaves, forest moratorium for large infrastructure projects; Inadequate frameworks, management systems and enforcements for laws, policies, strategies and regulatory guidelines; many ongoing projects which are still incomplete for several years ,inflation which affects project costs, Non-recovery of loans for infrastructures developed using donor funds by WWDAs and transferred to the County governments for management and maintenance; Climate change and associated extreme weather conditions (flooding and drought) which threaten sustainable development of water resources; Environmental degradation and illegal encroachment of water catchment areas; Pollution of Water resources as result of low

sewerage coverage which poses a major threat to water quality and public health; High energy cost for treating and pumping water impeding affordability; High Non-revenue water level and water use inefficiency; vandalism of the water infrastructures and Trans-county water resources conflicts,

To address these challenges related to provision of water and sanitation services, The State Department will continue lobbying for enhanced budgetary allocation through the MTEF process and continue rationalizing its activities to match the allocated funds; The State Department will develop and implement strategies to reduce Non Revenue Water and enhance;- infrastructure financing; governance, intergovernmental cooperation ; monitoring and evaluation; coordination of securing/ acquisition of project sites/ wayleaves /compensation for large infrastructures; technology ; digitalization , management of trans-county water resources. The State Department will also prioritize maintenance and rehabilitation of the old water and sanitation infrastructure, implementing climate-smart projects and strengthening its human resource capacity to respond to the changing needs.

Julius Korir, CBS

PRINCIPAL SECRETARY

MINISTRY OF WATER, SANITATION AND IRRIGATION

1. Statement of Performance Against Predetermined Objectives for the FY2022/2023

Introduction

The key development objectives of the Ministry's 2018-2022 plan are to:

- a) To enhance sector governance and leadership through formulation and implementation of 4 no. Policies, 3no. Bills and 4no. Strategies in full compliance with the water Act of 2016 and Irrigation Act 2019
- b) To build human resource and financial capacity through training of 550 no. of staff annually, recruitment of 173 no. of staff and mobilization of Kshs 367.1 Bn by 2022
- c) To increase the per capita fresh water endowment from 527 MM3 to 700 MM3 through management, protection and conservation of water resources by 2022.
- d) To increase the percentage of national population with access to safe water from 60% in 2017 to 77% by the year 2022.
- e) To increase the percentage of national population with access to improved sanitation from 67% in 2020 to 85% by the year 2022
- f) To Increase water storage per capita from 4.5M3 to 14M3 by 2022, for domestic use, industrial use, irrigation, restoration and reclamation of degraded lands
- g) To increase area of land under irrigation from 484,000 in 2018 acres to 700000acres by 2022 and enhance sustainability of the irrigation schemes

Progress on attainment of Strategic development objectives

A review of the strategic plan 2018-2022 was done and the findings on extent of results achieved during the review period is presented in the table below:

Table 1.1: Summary of findings on the Implementation of Strategic Plan 2018-2022

Key Result Area	Outcome	Indicator	Key Achievement
Policy, legal and institutional framework	Good Governance in the Management of Water Resources and Irrigation services	Degree of implementation of enabling environment at all levels	<ul style="list-style-type: none"> • National Water Policy developed (Sessional Paper No. 1 of 2021), • Water Resources Regulations (2021), Water Services Regulations, Water Harvesting and Storage Regulations developed • Hydrologist Rules and Regulations Finalized • National Water and Sanitation Strategy (2020-2025) developed • National Water Resources Management Strategy (NWRMS) developed. • The National Water Harvesting and Storage Strategy (2020-2025) developed • Three (3) Water sector institutions (WSTF, WWSA, WASREB) established; Criteria for WWSA developed • 9 WWDAs established • Miscellaneous Amendments Bill (Water Act, 2011 revised) • Hydrologists' Registration Board constituted and Gazetted • Water sector inter-governmental framework developed but regulations pending. • KEWI Act (2018) revision ongoing • Development of draft transboundary water policy
Management, protection and conservation of National and Transboundary water resources	Increased availability of safe and adequate water resources	Total Renewable Water Resources (TRWR) per capita in m ³ /yr/cap	<ul style="list-style-type: none"> • Mapping for 3 Counties has been completed (Central Turkana, Marsabit and Wajir). Mapping Mandera is ongoing. • 149 Water resources monitoring stations established/rehabilitated and operationalized. 63 RGS surface water monitoring stations have been upgraded to telemetric, • Water quality surveillance and pollution control was conducted in 20 counties, 102 pollution sources in 14 counties polluting Lake Victoria were mapped • 11.5 KM of Athi River cleaned

Key Result Area	Outcome	Indicator	Key Achievement
			<ul style="list-style-type: none"> • 40 SCMPs developed and implemented • 1500No. of registered water contractors and professionals gazetted • Installed 15 telemetric hydromet stations • Dam designs completed and Resettlement Action Plan developed for Angololo Multipurpose Dam • 6 Flood monitoring stations were installed
Water, Sewerage and Sanitation Development and Expansion - Access and Coverage	Enhanced accessibility of water services	Proportion of national population with access to safe drinking water service	<ul style="list-style-type: none"> • Special Economic Zones (SEZs) in Naivasha Industrial Park (Naivasha) and Dongo Kundu (Mombasa) water supply projects have been connected with water, • 45 health facilities have been connected with water • Urban population with access to safe water increased from 69% to 90%; • Rural population with access to safe water increased from 55.9% to 60% • Nationally, access to water has increased from 65.5% to 72%; • Rural and Urban poor (marginalized/ population) accessing safe water is 893,835 • Last-mile water connectivity done for 688,000 connections; • 258 schools connected with water
	Enhanced accessibility of Sanitation services	Proportion of national population using improved sanitation services	<ul style="list-style-type: none"> • Urban population with access to improved sanitation decreased from 74.8% to 65% • Rural population with access to improved sanitation increased from 56% to 64% • Sewerage coverage increased from 26.1% in 2021 to 32% in 2022; • Rural and Urban poor (marginalized/ population) accessing safe water/sanitation is 685,295.
Water Harvesting, Storage, Flood control	Enhanced Water Storage and Availability	Water storage per capita in m3/cap	<ul style="list-style-type: none"> • Karimenu II Dam complete and Operational • Yamo Dam completed • Three (3) peace dams: Kases in West Pokot; Fom in Marsabit and Naku'etum in Turkana were completed.

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Key Result Area	Outcome	Indicator	Key Achievement
			<ul style="list-style-type: none"> • Thwake Dam Ongoing at 84% physical progress • Itare Dam stalled at 27% due to court case • Ruiru II Dam at preliminary stage, delay in implementation due to land acquisition problems • 156 water pans and small dams were constructed • 35kms of dykes constructed in Lower Nzoia • 2 flood early warning systems installed in Nyandarua and Budalangi
Human resource capacity	Enhanced human resources capacity and management	<ul style="list-style-type: none"> • No. of staff recruited annually • No. of staff Trained Annually 	<ul style="list-style-type: none"> • 300 officers trained • 106 staff recruited • 728 staff promoted • Automation of Human Resource Records at 40% • 100% of statutory and third-party deductions undertaken • 525 pension documents processed • Rehabilitation of Maji house building at 90%
Partnerships and collaboration for resource mobilization	Enhanced partnerships and resource mobilization for the water sector	Amount in Kshs. Billion mobilized	Ksh. 293.3 billion secured from the National Treasury Kshs. 2.8 billion allocated through the Equalization Fund

2. Environmental and Sustainability Reporting

The State Department for Water and Sanitation exists to transform lives. This purpose is achieved through addressing key water scarcity and conservation challenges by ensuring equal access to safe drinking water, developing and implementing sanitation programmes to promote public health and hygiene standards across the country, Advancing innovative irrigation practises to boost agricultural output and food security and Actively collaborating with private-sector partners to facilitate investments in water infrastructure and sanitation, projects through Public Private Partnerships (PPPs). Below is a brief highlight of our achievements in each pillar:

a) Sustainability Strategy and Profile

The ministry has developed and submitted the National Water Policy to the Cabinet for approval. The ministry has also engaged a consultant to develop various regulations under: Water Services, Water Resources, Water Harvesting and Storage and the Water Tribunal to guide on implementation of the Water Act 2016.

The ministry has also drafted various strategies under: Water Services and Sanitation, National Water Resources Management, Water Harvesting and Storage.

To implement the planned programmes and projects, the ministry needs adequate resource allocation. The budget has been enhanced from Ksh. 60 Billion to Ksh.65 Billion. the ministry acts as an enabler to the “Big Four Agenda” through its various initiatives that include: Dongo Kundu water project in Mombasa, Economic Processing Zone in Athi river, and Industrial Park at Naivasha.

The ministry oversees many projects and as a result 160 projects have been completed under NEIP, 9,900 acres have been rehabilitated and under production, 7,100 water pans constructed and 32 small dams rehabilitated across 20 Counties.

The ministry has also supported the Building Bridges Initiatives by connecting 100 schools to clean water, building 100 pans with total water storage capacity of 2.1 trillion cubic metres, completing 118 boreholes in ASAL and 67 water projects are at different stages of completion. The ministry of water has brought together different stakeholders by organizing the Kenya Sanitation Conference from 25th to 31st October 2019 which was attended by 1,800 stakeholders from all over the world to discuss various sanitation matters.

b) Environmental performance

All water sector institutions under the ministry have been directed to put 10% of the project area coverage by planting trees. The Ministry facilitated the coordination and planting of 150,000 seedlings within various catchment basins of Mwache, Lamu, Hornabay, Kwale, Kitui and Migori. A total of 77,200 exotic trees, 67,900 indigenous trees and 4,900 fruit trees were planted

from March to May, 2022. The Ministry has a further target to plant one million indigenous trees and 200,000 fruit trees.

The Ministry in collaboration with National Water and Storage Authority undertook Improvement of flood mitigation structures along River Nzoia where 23.27Km of dykes were constructed to reduce the impacts of flood along River Nzoia

c) Employee welfare

During the period under review, the following activities were achieved: -

- Wage bill a total Ksh. 643,102,023.45 was spent
- Internship – 30 interns were deployed in different departments to enhance their skills
- Industrial attachments- 48 students were offered attachments in the Ministry
- Re-designations – 8 officers
- Exits – 19 officers
- Forty (40) officers benefited from pre- retirement training this financial year.
- Performance appraisal: A total of 420 officers set targets, 365 were appraised at midterm and only 102 at end term. The department is fast tracking the harmonization of GHRIS with IPPD for enhanced effectiveness in performance management.
- Mental health and wellbeing: The Ministry had a counsellor to address the same. Efforts are underway to establish a unit to facilitate full operations of the mental health champions.
- Employee health and safety – The Ministry organized in house vaccination of employees.
- Provision of tea for members of staff is inadequate; Registry officers need to be issued with milk as a safety measure.
- Drinking water is available in the kitchenettes.
- Staff members are facilitated towards compliance with the MOH Covid 19 guidelines including provision of sanitizers and observance of social distance in sitting arrangements in the offices.
- The Human Resource Department established a unit in human resource to address any matter pertaining the OSHA as part of compliance

d) Operational practices

The ministry allocated Ksh. 159,752,037 to youth, women and Persons with disability enterprises out of a total budget of Ksh. 887,275,465 procurement budget for recurrent vote as per the performance contract. In the financial year ending 30th June a total of Ksh. 377,742,570 worth of tenders/quotation were awarded to Persons with disability enterprises from both recurrent and development vote of the ministry.

e) Community Engagements-

The State department for water and sanitation undertook the following CSR programs in the following areas:

Tree planting in the following catchment basins: Mwache, Lamu, Homabay and Kwale. The State department in collaboration with CBOs and Public Primary and Secondary schools, mobilised restoration of forest areas in various counties including Kakamega, Kilifi, Nakuru, Vihiga, Bomet Meru and Kericho counties. This resulted in a total of 663,466 trees planted.

In addition, the State Department also established a one-acre vegetable demonstration farm at Lodokejek Primary School in Samburu County. This will help promote nutrition of the Learners and the surrounding community.

Statement of Management Responsibilities

Section 81 (1) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer for a National Government Entity shall prepare financial statements in respect of that entity. Section 81 (3) requires the financial statements so prepared to be in a form that complies with relevant accounting standards as prescribed the Public Sector Accounting Standards Board of Kenya from time to time.

The Accounting Officer in charge of the *State Department for Water and Sanitation* is responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Accounting Officer in charge of the *State Department for Water and Sanitation* accepts responsibility for the entity'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 (IPSAS). The Accounting Officer is of the opinion that the *entity's* financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2023, and of the entity's financial position as at that date. The Accounting Officer in charge of the *State Department for Water and Sanitation* further confirms the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

The Accounting Officer in charge of the *State Department for Water and Sanitation* confirms that the entity has complied fully with applicable Government Regulations and the terms of external financing covenants (where applicable), and that the entity's funds received during the year under audit were used for the eligible purposes for which they were intended and were properly accounted for. Further the Accounting Officer confirms that the entity's financial statements have been prepared in a form that complies with relevant accounting standards prescribed by the Public Sector Accounting Standards Board of Kenya.

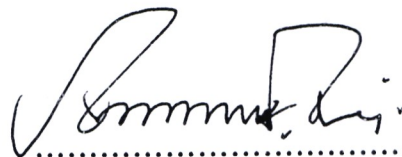
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Approval of the financial statements

The *entity's* financial statements were approved and signed by the Accounting Officer on 27/09/2023.



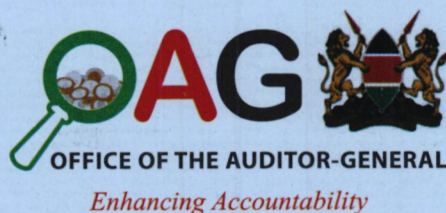
.....
Name : Julius Korir, CBS
Principal Secretary



.....
Name: James K. Karori
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REPORT OF THE AUDITOR-GENERAL ON STATE DEPARTMENT FOR WATER AND SANITATION FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the State Department for Water and Sanitation set out on pages 1 to 36, which comprise of the statement of assets and liabilities as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts then ended, and a summary of significant accounting policies and other explanatory information in

Report of the Auditor-General on State Department for Water and Sanitation for the year ended 30 June, 2023

accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations, which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the State Department for Water and Sanitation as at 30 June, 2023, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unreconciled Grants and Transfers to Other Government Entities

The statement of receipts and payments reflects grants and transfers to other Government entities amounting to Kshs.49,398,190,210 as disclosed in Note 8 to the financial statements. The grants and transfers comprise of current grants to Government agencies and other levels of Government of Kshs.4,245,826,218, capital grants of Kshs.45,032,364,270 and other capital grants and transfers of Kshs.119,999,722. However, review of the financial statements of the following agencies reflects unexplained variances when compared with the amounts disbursed from the State Department as follows:

Agency Name	State Department Amount (Kshs.)	State Agencies Amount (Kshs.)	Variance Amount (Kshs.)
Central Rift Valley Water Works Development Agency	670,875,000	649,781,094	21,093,906
Coast Water Works Development Agency	691,477,936	570,019,476	121,458,460
North Rift Valley Water Works Development Agency	195,250,000	200,760,998	(5,510,998)
Upper Tana Catchment Natural Resources Management Project	509,482,688	469,482,688	40,000,000
Tanathi Water Works Development Agency	308,500,000	343,440,654	(34,940,654)

In the circumstances, the accuracy and completeness of the grants and transfers to other Government entities totalling to Kshs.49,398,190,210 could not be confirmed.

2. Unexplained Variances in Proceeds from Foreign Borrowing

The statement of receipts and payments reflects proceeds from foreign borrowing of Kshs.23,620,622,153 as disclosed in Note 3 to the financial statements. However, the supporting schedule reflects an amount of Kshs.22,879,140,725 resulting to an unexplained variance of Kshs.741,481,428.

In the circumstances, the accuracy and completeness of proceeds from foreign borrowing of Kshs.23,620,622,153 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the State Department for Water and Sanitation Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe 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 a final budget and actual receipts on comparable basis of Kshs.65,743,618,322 and Kshs.51,141,753,859 resulting to an under-funding of Kshs.14,601,864,463 or 22% of the budget. Similarly, the State Department spent Kshs.51,116,489,113 against an approved budget of Kshs.65,743,618,322 resulting to an under-expenditure of Kshs.14,627,129,209 or 22% of the budget.

The under-funding and under-performance affected the planned activities of the State Department and may have impacted negatively on service delivery to the public.

2. Unpaid Pending Payables

Annex 1 to the financial statements reflects pending bills totalling Kshs.263,289,149. Management has not explained why the bills were not settled during the year when they occurred. The State Department is therefore at risk of incurring significant interest costs and penalties with their continued delay in payment.

Failure to settle bills during the year to which they relate to distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

3. Variances in Pending Bills

Annex 1 to the financial statements reflects pending bills totalling Kshs.263,289,149. However, the amount excludes pending bills that were not posted in IFMIS by the end of the financial year ended 30 June, 2023 for Government Advertising Agency amounting to Kshs.1,181,893, for newspaper advertising space, and Kshs.1,829,339 owed to a property firm for rent between 15 May-15 July, 2023 and Kshs.20,000,000 owed to a beach resort for conference facilities. Further, the list of pending bills had payment vouchers that had different departmental voucher numbers with the one posted in IFMIS and therefore it was not possible to confirm the accuracy and completeness of the pending bills as tabulated below.

Item	Physical Voucher No.	IFMIS Voucher No.	Amount (Kshs.)
Multi-Function Colour Printer (6)	011689	STD 00121	1,755,000
Commercial Airplane Travel	011799	STD 10258	2,248,714
8 Desk Top Computers	012058	STD0120585	1,600,000

In addition, there were pending bills from a supplier totalling Kshs.1,037,000 which had no supplier invoice attached for supply of toners 380A series (8), 312A series (3), ECOSYS M2020 DN Printer (1) while a pending bill from a limited company amounting to Kshs.1,115,000 for supply of fifty (50) water dispensers and thirty (30) electric room heaters was supported by an Invoice dated 4 July, 2023, a date after the financial year ended on 30 June, 2023.

In the circumstances, the accuracy, completeness and regularity of the pending bills amounting to Kshs.263,289,149 could not be confirmed.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Years Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board and The National Treasury Circular.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Ownership Documents for Construction of Partakilat Water Supply Project in Narok County - Kilgoris Sub-County

As previously reported, the State Department paid an amount of Kshs.56,182,293 to a company for construction of Partakilat Water Supply Project in Narok County Kilgoris Sub-County. The State Department awarded the tender to a contractor at a contract sum of

Kshs.374,678,383. The scope of works included construction of an 8-meter-high embankment small dam with a storage capacity of 300,000 cubic meters, construction of 3.3 kilometer - 160mm diameter HDPE rising water main from the dam to ground storage tank, construction of 250 cubic meters ground masonry tank with estimated prices of Kshs.3,145,424, construction of 6.8 kilometer 160/110 mm diameter HDPE water distribution pipeline, land acquisition for dam site and some parts on a 10m high steel tower, erecting 288 cubic meters capacity steel tank on a 10m high steel tower with estimated prices of Kshs.11,965,388 and constructing a composite filter unit for water treatment whose budget would be sourced from contingencies and savings.

The contract that was signed on 7 December, 2020 had an expected completion date of 17 December, 2021 and works commenced on 18 December, 2020. However, the project had not been completed two (2) years after the planned completion period.

Further, records provided for audit revealed that the State Department was to acquire land on which the dam is being constructed at a cost of Kshs.14 million. However, inspection of the project raised the following issues of concern;

- (i) Ownership documents for parcels of land on which the dam was to be constructed could not be confirmed.
- (ii) At the time of project commencement, the land owners had not legally transferred the said parcels of land and the sale agreements between the State Department and the vendors were not provided for audit.

In absence of title deeds for the land on which the dam and the tanks are being constructed, the State Department is exposed to land disputes which may arise as the dam may have been built on a private land using public resources.

2. Incomplete Drilling of Boreholes

The statement of receipts and payments reflects acquisition of assets payments of Kshs.988,270,370 as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.789,443,694 in respect to construction and civil works, out of which Kshs.272,084,980 is in respect of drilling of boreholes. However, an amount of Kshs.145,544,692 or 53% was paid out as advance payments for drilling of twenty-eight (28) boreholes. The advance payments were not in the terms and conditions of the contract agreement. Further, included in the advance payment is a payment made to one contractor who was awarded a contract at a sum of Kshs.20,544,692 but was paid in full. The drilling of boreholes commenced on 18 May, 2023 and were expected to be completed on 14 November, 2023. However, review of the completion status in November, 2023 revealed that none of the boreholes had been completed and the projects were behind schedule.

In the circumstances, value for money on Kshs.145,544,692 spent on drilling twenty-eight (28) of boreholes could not be confirmed.

3. Delay in Completion of Capital Projects

3.1 Consultancy Services on Land Degradation Assessment (LADA) and Model Projection for Degradation Security for Upper Kerio Valley and Upper Ewaso Nyiro North River Watersheds

As previously reported, the effective date of the contract for the project was 28 October, 2020 with a commencement date of 27 November, 2020. The project was scheduled to be completed within 120 working days, by 31 May, 2021 out of which the consultant requested for an extension to 30 June, 2022. However, no evidence has been provided to confirm whether the project has been completed as at 30 June, 2022 and all the deliverables executed as per the terms of contract.

In the circumstances, the delayed project completion indicates poor planning, implementation and monitoring of the project.

3.2 Delayed Completion of Project awarded in Financial Year 2020/2021

3.2.1 Borehole Drilled at Muthuini Primary School in Kieni Constituency

The tender for drilling and equipping of borehole, construction of an elevated tank, plumbing works and supply of green house at Muthuini Primary School in Kieni Constituency in Nyeri County was signed on 28 July, 2021 at a contract sum of Kshs.9,389,062 with a completion date of 15 March, 2022. Physical inspection carried out in the month of August, 2023 revealed that, the contractor had abandoned the site. Further, out of the contract sum of Kshs.9,389,092, works valued at Kshs.5,646,400 had been completed resulting to incomplete works valued at Kshs.3,742,662.

In addition, the performance security of Kshs.938,906 which expired on 26 September, 2022 had not been renewed.

The delayed completion of the project reflects poor planning, monitoring and implementation of the project and could result to damages and increased costs due to price variations.

3.2.2 Abandoned Borehole Project at Njiiri School

The tender for drilling and equipping of borehole at Njiiri High School in Murang'a County was awarded at cost of Kshs.9,430,012 and the contract signed 29 July, 2021 with an expected completion date of 10 November, 2021. On 24 February, 2022, the contractor was paid Kshs.5,813,700. However, physical inspection carried out in the month of August, 2023 revealed that the contractor had abandoned the site and works valued Kshs.3,783,612 had not commenced two (2) years after commencement. Further, performance security from a bank of Kshs.943,001 which expired on 30 September, 2021 had not been renewed. The school therefore continues to incur unplanned expenditure on use of water which could have been avoided had the project been completed as scheduled.

Delayed completion of the project indicates poor planning, monitoring and implementation of the project and could result to penalties and increased costs due to price variations.

3.3 Murang'a Lot 3 Irrigation Project – Un-Approved Utilization of Contingency Amount and Lack of Budget for the Variation of Works

The statement of receipts and payments reflects grants and transfers to other government agencies of Kshs.49,398,190,210 as disclosed in Note 8 to the financial statements. This amount includes Kshs.19,683,925 paid to a local company for Murang'a Irrigation Project Lot 3. The project was scheduled to be completed within twelve (12) months on 14 April, 2021 which was extended by a cumulative sixteen (16) months with a new expected completion date of 14 August, 2023. However, the accounting officer approved extra works at a cost of Kshs.31,495,936 for which works valued at Kshs.18,871,445 were to be paid from the contingency and the balance of Kshs.12,624,491 was to be covered by additional budget allocation. However, Management did not provide evidence for the additional budget. This is contrary to Regulation 132 (1) of Public Procurement and Asset Disposal Regulation, 2020 which states that contract variations or amendments envisaged under Section 139(1)(b) of the Act for goods, works and services may either emanate from procuring entity on its own volition or from the contractor because of circumstances that were not foreseen during project design. Regulation 132(4) of the Public Procurement and Asset Disposal Regulations, 2020 also requires that any additional funding required shall be secured and committed prior to a variation of contract under Section 139(1)(a) of the Act.

Further, physical inspection carried out on 09 August, 2023 revealed that the project had not been completed and there was no documentary evidence of an extension to the contract period which had expired.

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

3.4 Delay in Completion of Kanyenyaini Irrigation Project

The tender for Kanyenyaini irrigation project was awarded to a firm at a contract sum of Kshs.176,482,346 on 21 September, 2021 with a completion date of 21 September, 2022. The project was extended to a new completion date of 20 August, 2023. However, physical inspection carried out in the month of August, 2023 revealed the following anomalies:

- i. The project had not been completed by 20 August, 2023 and no documentary evidence of an extension was provided review.
- ii. An advance payment guarantee of Kshs.20,296,469 for the contract issued by a housing finance company on 17 May, 2023 that had expired on 17 September, 2023 exposing the State Department to losses in the event of default.
- iii. Performance bond of Kshs.8,824,117 issued by a bank on 16 May, 2023 that had expired on 14 September, 2023 and Management has not provided evidence of a valid performance bond.
- iv. No approvals was given for the over payments and there is lack of budget for the extra works. It was therefore not possible to confirm whether Management complied with the provisions of Regulation 132(1) and (4) of Public Procurement and Asset Disposal Regulation, 2020.

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

3.5 Unsatisfactory Implementation of Sagana River Restoration Project

The statement of receipts and payment reflects acquisition of assets expenditure of Kshs.988,270,370 as disclosed on Note 10 to the financial statements. This amount includes Kshs.117,888,926 paid during the year in respect to Sagana River Restoration Project. The contract for this project was awarded on 9 January, 2019 to two (2) international firms in a joint venture with a local company at a contract sum of Kshs.1,194,801,722 and fully funded by the Kenyan Government. The Project was expected to be completed by July, 2020.

The Project scope of works included construction of Sagana Diversion Weir, construction of two cascading 18-meter-high dams on Kahiti stream, laying of 12 kilometer of 250 to 280 mm ha UPVC water transmission line, construction of one 2,500 cubic meters balanced tank, laying and testing of 17 kilometer of 110 mm diameter UPVC distribution line and construction of six (6 No.) distribution tanks of capacity 250 cubic meter each out of which five (5) tanks were at foundation level and one had not commenced at the time of audit.

Site visit carried out in August, 2023 revealed that payments totalling Kshs.443,681,794 or 37% of the contract sum had been paid and the project was at 40% completion level three (3) years after the planned completion date. Further, the revised approved project extension was not provided for audit.

In addition, the State Department did not provide the ownership documents or any memorandum of understanding with the relevant agencies to confirm the ownership of the land on which the tanks were constructed.

In the circumstances, the delay in project completion is an indication that the State Department and the contractor have not complied with the terms of the contract and value for money may not be realized.

3.6 Delay in Completion of Maragua Bulk Water Supply and Irrigation Project

The Ministry of Water, Sanitation and Irrigation signed a contract with a corporation on 14 February, 2020 for the construction of Maragua bulk water supply and irrigation project at a sum of Kshs.889,397,520. The works commenced on 16 July, 2020 with an expected completion date of 15 January, 2022 which was extended to 15 January, 2023. The scope of works included construction of a 14m high composite dam, 8,000 cubic meters per day full water treatment plant at Gakoigo and laying of 4 kilometer of OD 400mm UPVC treated water main line to Maragua town.

An interim certificate of completion was issued certifying that works were inspected and certified as complete on 15 January, 2023 with a defect liability period starting 15 January, 2023 to 14 January, 2024. However, the resident engineer had compiled a list of the defects that needed to be repaired before issuance of the final certificate of completion. The Ministry issued a taking over certificate to Murang'a South Water and Sewerage Company on 8 February, 2023 requesting it to take over the daily operations of the water project. Audit inspection carried out in the month of August, 2023 revealed the following.

- i. Payment certificate number 10 and 11 amounting to Kshs.243,049,149 have been pending since February, 2022 to date.
- ii. The project was complete and handed over to Murang'a South Water and Sewerage Company, though still under the defect liability period. However, treated water was not flowing well in the decanting trough but rather was overflowing on the sides of the trough. In addition, the doors of the staff houses had huge gaps at the bottom of the door which may allow pests and storm water to enter in the houses.
- iii. The signed contract agreement indicated a contract sum of is Kshs.889,397,520. However, the works were valued at Kshs.999,352,768 resulting to an over valuation by Kshs.109,955,248 whose authority for overpayment has not been provided.
- iv. The treatment plant is constructed on a parcel of land owned by a coffee cooperative society with an understanding that water Company will have uninterrupted use of the property as per the boundaries agreed upon, without undue interference during the entire project life. However, no documentation in support of this understanding was provided for audit review. There is risk of loss of capital investments in the event that the Cooperative Society opt to sell the land on which the project stands in the future.
- v. The delayed payments to the contractor may lead to litigations with penalties, interest, claims and escalation of costs for the idle assets and loss of public funds.

In the circumstances, the value for money for the amount paid to the contractor could not be confirmed due to delay in project completion and unauthorized additional costs.

4. Anomalies in Payments from Equalization Funds Projects

During the year, the State Department received funds from the Equalization Fund amounting to Kshs.567,848,071, deposited in an Equalization Fund account which had an opening bank balance of Kshs.71,890,897. An amount of Kshs.595,512,434 was paid through national agencies to clear pending bills for the period 2016 to 2019 in respect of several projects including donor funded projects. However, physical inspection of donor funded projects revealed that six (6) contractors were paid an amount totalling Kshs.84,994,377 from the Equalization Fund account for projects implemented by Water and Sanitation Development Project (WSDP) through Coastal Water Works Development Agency (CWWDA) for the Baricho Water Works Lot I and III project meant for protection works for the wellfield. However, the same works that were paid through the Equalization Fund were also included in the payment by WSDP Project to a local contractor contracted by CWWDA amounting to Kshs.862,444,722 for the Baricho Water Works Lot I and III project meant for protection works for the wellfield.

In the circumstances, there is possible loss of funds totalling to Kshs.84,994,377 due to lack of clarity and overlap of payments by Coast Water Works Development Agency and also through Equalization Fund.

5. Lack of a Valid Contract

The Ministry of Water, Sanitation and Irrigation entered into a contract on 28 October, 2020 with a local company for consultancy services to undertake land degradation assessment (LADA) and model projection for degradation security for Upper Kerio Valley and Upper Ewaso Nyiro North River Water Watershed. The commencement date was 27 November, 2020, being thirty (30) days after the effective date. The contract was initially scheduled to be completed within one hundred and twenty (120) working days by 31 May, 2021 but was revised and extended to 30 June, 2022.

As at the time of audit in October, 2023, the revised contract period had lapsed and had not been extended. During the period between 30 June, 2022 and 30 June, 2023, Management continued to engage the consultant without a valid contract and an amount of Kshs.5,831,100 had been paid. Further, as at the time of audit, the consultant had achieved the expected deliverables yet Management had delayed the issue of a completion certificate and payment of IPC 3 and 4 for more than thirty (30) days after the receipt of the invoices.

In the circumstances, the continued delayed payments may lead to unnecessary interest and penalties.

6. Overpayment to a Contractor

The Ministry of Water, Sanitation and Irrigation entered into a contract with a local company on 21 May, 2021 for the construction of Kanini Irrigation Project in Tharaka Nithi County at a contract sum of Kshs.34,409,368. The contractor handed over the project to the Ministry after inspection by the contract administration, inspection committee on 11 October, 2022 and a completion certificate issued to the contractor on 26 May, 2023. However, the State Department paid the contractor a sum of Kshs.39,910,703 resulting to an overpayment of Kshs.5,501,335 which has not been explained nor supported. As at the time of audit in October, 2023, the overpayment had not been recovered.

In the circumstances, there is possible loss of public funds of Kshs.5,501,334 arising from the overpayment.

7. Unauthorized Reallocations on Acquisition of Assets

The statement of receipts and payments reflects acquisition of assets amounting to Kshs.988,270,370 as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.254,660,290 that comprises of Kshs.177,716,197 for drilling of unspecified number of boreholes, procurement of tonners and stationeries of Kshs.68,309,500, per diem spent on tender evaluation committee members to evaluate companies awarded to drill boreholes of Kshs.5,875,800 and hiring of helicopter from a local company for the Cabinet Secretary to attend a meeting in Wajir County amount of Kshs.2,758,793. However, these items were not budgeted for under pre-feasibility, feasibility and appraisal studies vote. Further, no authority from the Accounting Officer on the reallocation of funds and reasons for misclassification of the expenditure was provided. This is contrary to Regulation 99(1) and (2) of the Public Finance Management (National Government) Regulations, 2015 which provides that as a general rule, the classification of financial transactions in national government entity's accounts shall be

based on the standard chart of accounts approved by The National Treasury and the approved estimates of expenditure shall form the basis of the accounts for the financial year.

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

8. Over Staffing and Noncompliance with One Third of Basic Salary Rule

Analysis of payroll for the month of June, 2023 revealed that 19 employees received a net pay which was below one-third (1/3) of their basic pay contrary to Section 19(3) of the Employment Act, 2007 and the Public Service Human Resource Policies and Procedures Manual 2016 Section C.1(3). Further, according to June, 2023 payroll, it was observed that the State Department had processed salaries and allowances for five hundred and twenty-five (525) officers against an approved staff establishment of four hundred and thirty (430) officer, leading to an overstaffing by ninety-five (95) officers.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Weak Internal Controls in Stores and Lack of Inventory Management

Review of the State Department stores and stock cards revealed the following weaknesses:

- i. There is lack of stock take reports as the Department did not conduct stock take at the close of the financial year and is therefore exposed to stock losses;
- ii. Excessive stocks – The stock card balances as at 30 June 2023 indicate unsupported stocks issued to the users while some stock cards revealed slow movement of stocks. The low demand for the stock items by the user departments

raises concerns why stock purchases was done for slow moving items at the close of the financial year;

- iii. There is lack of inventory management system for recording stock received or issued. The manual stock cards are also not regularly updated.

In the circumstances, effectiveness of controls implemented in the stores department to safeguard against possible losses could not be confirmed.

2. Lack of an Approved Strategic Plan

Review of strategic plan documents revealed that the State Department lacks an approved strategic plan as the plan that covered the period 2018-2022, had expired.

In the circumstances, the State Department may not effectively manage and align its activities with long-term objectives.

3. Weaknesses in Risk Management

The State Department does not have a comprehensive Risk Policy Document that provides a framework for minimizing risks by enhancing mitigative and corrective measures thereby maximizing potential opportunities. Further, risk assessment was not conducted during the year under. As a result, there was no identification, assessment and rating of risks nor development of strategies to deal with identified risks, so as to provide reasonable assurance that the Department's objectives would be achieved.

In the absence of a risk management framework, Management may fail to identify potential risks and the corresponding mitigating measures to be taken during the unfortunate events.

4. Weak Monitoring and Evaluation Culture

The annual work plan provided for the financial year revealed that Monitoring and Evaluation (M&E) reports were not prepared and submitted to the directorate responsible. In the absence of the Monitoring and Evaluation reports, it was not possible to confirm whether the programs in the work plan for 2022-2023 were effectively and efficiently implemented and whether priority areas were identified for intervention, resource allocation and reallocation.

In the circumstances, effective strategies to ensure that performance takes place according to work-plans and expected results are realized in an effective and efficient manner could not be confirmed.

5. Grounded Motor Vehicles in Private Garages

Review of the motor vehicles' register revealed that out of the fourteen (14) vehicles that have been grounded at private garages, three (3) are grounded for a period exceeding ten (10) years, three (3) for more than three (3) years and and the four (4) for a period of over one year, with no indication of repair or disposal. However, Management has not instituted proper control systems to eliminate theft, security threats, losses, wastage and misuse of the assets as required under Regulation 139(1)(a) of Public Finance

Management (National Government) Regulations, 2015 which states that the Accounting Officer of a national government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse.

In the circumstances, the effectiveness of controls on asset management by the State Department could not be confirmed.

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

Responsibilities of 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 (Cash Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Ministry's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the State Department or to cease operations.

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

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

Those charged with governance are responsible for overseeing the State Department 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the State Department to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the State Department to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 January, 2024

11/11/11

State Department for Water and Sanitation
Annual Report and Financial Statements for the year ended 30th June 2023

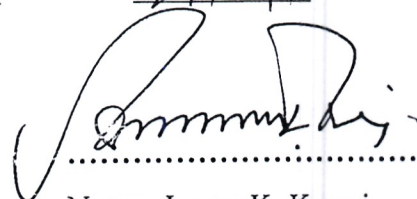
4. Statement of Receipts and Payments for the Year ended 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Receipts			
Proceeds From Domestic and Foreign Grants	1	86,561,032	712,657,972
Exchequer Releases	2	26,228,365,871	32,504,141,463
Proceeds From Foreign Borrowings	3	23,620,622,153	28,237,574,118
Proceeds From Sale of Assets	4	9,365,065	308,000,000
Other Receipts	5	1,196,839,738	1,526,031,046
Total Receipts		51,141,753,859	63,288,404,599
Payments			
Compensation of Employees	6	643,093,350	698,557,117
Use of Goods and Services	7	78,328,802	77,560,775
Grants and Transfers to Other Government Entities	8	49,398,190,210	61,516,304,273
Social Security Benefits	9	8,106,382	3,300,199
Acquisition of Assets	10	988,270,370	991,454,179
Total Payments		51,116,489,113	63,287,176,543
Surplus/(Deficit)		25,264,746	1,228,056

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2023 and signed by:



Name: Julius Korir, CBS
Principal Secretary



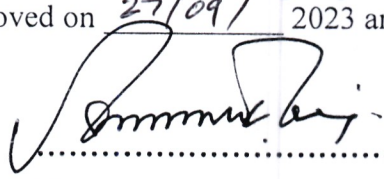
Name: James K. Karori
Head of Accounting Unit
ICPAK M/No. 3972

5. Statement Of Financial Assets And Financial Liabilities As At 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial assets			
Cash and cash equivalents			
Bank balances	11A	356,018,783	248,126,020
Cash balances	11B	824,863	241,472
Total cash and cash equivalents		356,843,646	248,367,492
Imprests and advances	12	2,055,334	-
Total financial assets		358,898,980	248,367,492
Financial liabilities			
Third party deposits and retention	13	333,392,762	246,757,632
Net financial assets		25,506,218	1,609,859
Represented by			
Fund balance b/fwd.	14	1,609,859	14,873,797
Prior year adjustment	15	(1,368,387)	(14,491,995)
Surplus/ (Deficit) for the year		25,264,746	1,228,056
Net financial position		25,506,218	1,609,859

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2023 and signed by:


Name : Julius Korir, CBS
Principal Secretary


Name: James K. Karori
Head of Accounting Unit
ICPAK M/No. 3972

6. Statement of Cash Flows For The Year Ended 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Operating Activities			
Receipts			
Proceeds from domestic and foreign grants	1	86,561,032	712,657,972
Exchequer releases	2	26,228,365,871	32,504,141,463
Other receipts	5	1,196,839,738	1,526,031,046
Total Receipts		27,511,766,641	34,742,830,481
Payments			
Compensation of employees	6	643,093,350	698,557,117
Use of goods and services	7	78,828,802	77,560,775
Transfers to other government units	8	49,398,190,210	61,516,304,273
Social security benefits	9	8,106,382	3,300,199
Total Payment		50,128,218,744	62,295,722,364
Net receipts/(payments)		(22,616,452,103)	(27,552,891,883)
Adjusted For:			
Adjustments during the year			
Decrease/(Increase) in accounts receivable	15	(2,055,334)	-
Increase/(Decrease) in deposits and retention	16	86,635,130	73,905,144
Prior year adjustments	17	(1,368,387)	(14,491,995)
Net Cash Flow from Operating Activities		(22,533,240,694)	(27,493,478,734)
Cash flow From Investing Activities			
Proceeds from sale of assets	4	9,365,065	308,000,000
Acquisition of assets	10	(988,270,370)	(991,454,179)
Net Cash Flows from Investing Activities		(978,905,305)	(683,454,179)
Cash flow From Financing Activities			
Proceeds from foreign borrowings	3	23,620,622,153	28,237,574,118
Net cash flow from financing activities		23,620,622,153	28,237,574,118

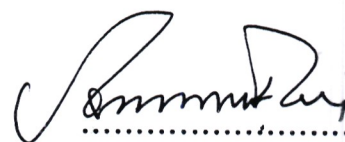
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Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Net increase in cash and cash equivalents		108,476,154	60,641,205
Cash & Cash Equivalent at Start of The Year	11A+B	248,367,491	187,726,285
Cash & Cash Equivalent at End of The Year	11A+B	356,843,645	248,367,491

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/09/2023 and signed by:



Name: Julius Korir, CBS
 Principal Secretary



Name: James K. Karori
 Head of Accounting Unit
 ICPAK M/No. 3972

State Department for Water and Sanitation
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7. Statement of Comparison of Budget and Actual Amounts for FY2022/2023

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
RECEIPTS						
Proceeds from Domestic and Foreign Grants	659,000,000	-9,000,000	650,000,000	86,561,032	563,438,968	13%
Exchequer releases	42,255,000,000	-11,856,023,592	30,398,976,408	26,228,365,871	4,170,610,537	86%
Proceeds from Foreign Borrowings	38,634,124,881	-6,481,982,967	32,152,141,914	23,620,622,153	8,531,519,761	73%
Proceeds from Sales of Assets	308,000,000	-77,000,000	231,000,000	9,365,065	221,634,935	4%
Other Receipts	2,080,500,000	231,000,000	2,311,500,000	1,196,839,738	1,114,660,262	52%
Total	83,936,624,881	-18,193,006,559	65,743,618,322	51,141,753,859	14,601,864,463	
PAYMENTS						
Compensation of Employees	822,000,000	-183,095,175	638,904,825	643,093,350	-4,188,525	101%
Use of goods and Services	157,815,108	-66,996,843	90,818,265	78,828,802	11,989,464	87%
Transfers to Other Government Units	81,532,124,881	-17,667,202,371	63,864,922,510	49,398,190,210	14,466,732,300	77%
Social Security Benefits	25,000,000	-16,696,722	8,303,278	8,106,382	196,896	98%
Acquisition of Assets	1,399,684,892	-259,015,448	1,140,669,444	988,270,370	152,399,074	87%
Total	83,936,624,881	-18,193,006,559	65,743,618,322	51,116,489,113	14,627,129,209	

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NOTES:


- I. The underutilization on proceeds from domestic and foreign grants of 87% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- II. The underutilization on Proceeds from sale of assets of 96% is as a result of under collection by SAGAs due to devolvement that shifted revenue collection to the county governments.
- III. The underutilization on proceeds from foreign borrowing of 29% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- IV. The underutilization on Transfers to other Government entities of 24% is due to lack of exchequer funding.
- V. The underutilization on Acquisition of assets of 13% is due to lack of exchequer funding.

The entity financial statements were approved on 27/09/2023 and signed by:



.....

Name : Julius Korir, CBS
Principal Secretary



.....

Name: James K. Karori
Head of Accounting Unit
ICPAK M/No. 3972

*State Department for Water and Sanitation
Annual Report and Financial Statements for the year ended 30th June 2023*

13 (a) Statement Of Comparison of Budget and Actual Amounts: Recurrent for FY2022/23

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Exchequer releases	4,359,000,000	-553,326,252	3,805,673,748	3,805,673,748	-	0%
Proceeds from Sales of Assets	300,000,000	-77,000,000	231,000,000	9,355,065	221,634,935	4%
Other Receipts	2,080,500,000	231,000,000	2,311,500,000	1,196,839,738	1,114,660,262	52%
Total	6,747,500,000	-399,326,252	6,348,173,748	5,011,878,551	1,336,295,197	
PAYMENTS						
Compensation of Employees	822,000,000	-183,095,175	638,904,825	643,093,350	- 4,188,525	101%
Use of goods and Services	157,815,108	-66,996,843	90,818,265	78,828,802	11,989,464	87%
Transfers to Other Government Units	5,728,000,000	-125,522,064	5,602,477,936	4,245,826,218	1,356,651,718	76%
Social Security Benefits	25,000,000	-16,696,722	8,303,278	8,106,382	196,896	98%
Acquisition of Assets	14,684,892	-7,015,448	7,669,444	769,449	6,899,995	10%
Total	6,747,500,000	-399,326,252	6,348,173,748	4,976,624,201	1,371,549,547	

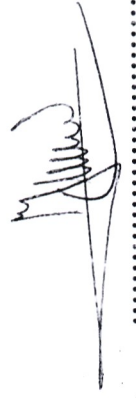
NOTES:

- I. The underutilization on Transfers to other government units of 42% is due to lack of exchequer funding.
- II. The underutilization on Use of goods and services of 13% is due to lack of exchequer funding.
- III. The underutilization on Transfers to other government units of 42% is due to lack of exchequer funding.
- IV. The underutilization on Acquisition of assets of 90% is due to insufficient allocation of funds in items that cannot be subdivided.

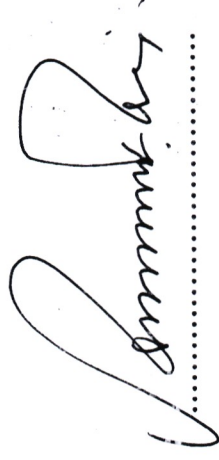
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- V. The underutilization on other receipts of 48% is as a result of under collection by SAGAs due to devolvement that shifted revenue collection to the county governments.
- VI. The underutilization on Proceeds from sale of assets of 96% is as a result of under collection by SAGAs due to devolvement that shifted revenue collection to the county governments.

The entity financial statements were approved on 27/09/ 2023 and signed by:


.....

Name : Julius Korir, CBS
Principal Secretary


.....

Name: James K. Karori
Head of Accounting Unit
ICPAK M/No. 3972

*State Department for Water and Sanitation
Annual Report and Financial Statements for the year ended 30th June 2023*

13 (b) Statement of Comparison of Budget and Actual Amounts: Development for FY2022/2023

Receipt/Expense Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis D	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Proceeds from Domestic and Foreign Grants	659,000,000	(9,000,000)	650,000,000	86,561,032	563,438,968	13%
Exchequer releases	37,896,000,000	(11,482,697,340)	26,593,302,660	22,422,692,123	4,170,610,537	84%
Proceeds from Foreign Borrowings	38,634,124,881	(6,481,982,967)	32,152,141,914	23,620,622,153	8,531,519,761	73%
Total Receipts	77,189,124,881	(17,793,680,307)	59,395,444,574	46,129,875,308	13,265,569,266	78%
Payments						
Transfers to Other Government Units	75,804,124,881	(17,541,680,307)	58,262,444,574	45,152,363,992	13,110,080,582	77%
Acquisition of Assets	1,385,000,000	(252,000,000)	1,133,000,000	987,500,921	145,499,079	87%
Total Payments	77,189,124,881	(17,793,680,307)	59,395,444,574	46,139,864,913	13,255,579,661	78%
Surplus/Deficit				(9,989,605)		

NOTES:

- I. The underutilization on proceeds from domestic and foreign grants of 87% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- II. The underutilization on proceeds from foreign borrowing of 29% was due to Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.

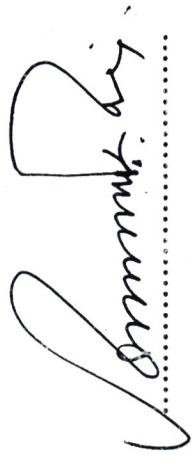
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- III. The underutilization on transfer to other government units of 24% was as a result of Sagas not requisitioning for funds due to delay in project implementation as a result of lengthy procurement process and lengthy funds flow processes in donor funded projects.
- IV. The underutilization on Acquisition of assets of 13% is as a result of low absorption in Drought Resilience Programme in Northern Kenya caused by lengthy funds flow processes in donor funded projects.

The entity financial statements were approved on 27/09/2023 and signed by:


.....

Name : Julius Korir, CBS
Principal Secretary


.....

Name: James K. Karori
Head of Accounting Unit
ICPAK M/No. 3972

*State Department for Water and Sanitation
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13 (c) Budget Execution by Programmes and Sub-Programmes for FY2023

Program	Sub Program	Description	Approved Budget	Actual Payments	Variance
0		Default - non-programmatic	0	-994,307,323.20	994,307,323.20
	0	Default - non-programmatic	0	-994,307,323.20	994,307,323.20
1001000000		General Administration, Planning and Support Services	1,136,158,594.00	921,262,480.10	215,081,102.90
	1001020000	Water policy Management	1,136,158,594.00	921,077,491.10	215,081,102.90
1004000000		Water Resources Management	12,928,526,599.00	10,588,016,023.25	2,340,510,575.75
	1004010000	Water Resources conservation and Protection	12,848,526,599.00	10,511,380,396.65	2,337,145,002.35
	1004040000		80,000,000.00	76,635,426.60	3,364,573.40
1014000000			7,399,320,321.00	5,445,230,748.05	1,954,089,572.95
	1014020000		48,441,815.00	43,572,577.95	4,869,237.05
	1014030000		7,332,584,032.00	5,386,059,703.75	1,946,524,328.25
	1014040000		5,540,199.00	3,870,312.40	1,669,886.60
	1014050000		12,754,275.00	11,728,153.95	1,026,121.05
1015000000			7,554,875,000.00	7,065,442,132.75	489,432,867.25
	1015010000		7,054,875,000.00	6,602,276,890.25	452,598,109.75
	1015020000		500,000,000.00	463,165,242.50	36,834,757.50
1017000000			35,457,544,389.00	25,834,525,830.70	9,623,08,558.30
	1017010000		26,928,070,389.00	19,693,871,498.90	7,234,198,890.10
	1017020000		8,529,474,000.00	6,140,654,331.80	2,388,819,668.20
1022000000			1,267,193,419.00	1,217,639,397.55	49,554,021.45
	1022010000		396,250,000.00	396,250,000.00	0
	1022020000		870,943,419.00	821,389,397.55	49,554,021.45
		Grand Total	65,743,618,322.00	51,088,358,147.60	14,655,260,174.40

8. Notes to the Financial Statements

1. Statement of Compliance and Basis of Preparation

The financial statements have been prepared in accordance with Cash-basis International Public Sector Accounting Standards (IPSAS) as prescribed by the Public Sector Accounting Standards Board (PSASB) and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB. The accounting policies adopted have been consistently applied to all the years presented.

2. Reporting Entity

The financial statements are for the *State Department for Water and Sanitation*. The financial statements encompass the reporting entity as specified under Section 81 of the PFM Act 2012

3. Reporting Currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Government and all values are rounded to the nearest Kenya Shilling.

Significant Accounting Policies

The accounting policies set out in this section have been consistently applied by the *State Department for Water and Sanitation* for all the years presented.

a) Recognition of Receipts

The *Entity* recognises all receipts from the various sources when the event occurs, and the related cash has been received.

(i) Transfers from the Exchequer

Transfers from the exchequer are recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving *entity*.

(ii) External Assistance

External assistance is received through grants and loans from multilateral and bilateral development partners. Grants and loans shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/loan in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice. A similar recognition criteria is applied for loans received in the form of a direct payment. During the year ended 30th June 2023, there were no instances of non-compliance with terms and conditions which have resulted in cancellation of external assistance loans.

(iii) miscellaneous receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

Significant Accounting Policies (Continued)

b) Recognition of payments

The Entity recognises all payments when the event occurs, and the related cash has been paid out by the *Entity*.

i) Compensation of Employees

Salaries and wages, allowances, statutory contribution for employees are recognized in the period when the compensation is paid.

ii) Use of Goods and Services

Goods and services are recognized as payments in the period when the goods/services are paid for. Such expenses, if not paid during the period where goods/services are consumed, shall be disclosed as pending bills.

iii) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained and a summary provided for purposes of consolidation.

Significant Accounting Policies (Continued)

iv) In-kind contributions

In-kind contributions are donations that are made to the Entity in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the *Entity* includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

v) Third Party Payments

Included in the receipts and payments, are payments made on the entity's behalf to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties in the statement of receipts and payments as proceeds from foreign borrowings or grants.

c) 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. A bank account register is maintained, and a summary provided for purposes of consolidation.

d) Restriction on Cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third party deposits and retentions. As of 30th June 2023, this amounted to Kshs333,392,762 compared to Kshs246,757,632 in prior period as indicated. There were no other restrictions on cash during the year.

Significant Accounting Policies (Continued)

e) Imprests and advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year are treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or Authority to Incur Expenditure (AIE) holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

f) Third party deposits and retention

For the purposes of these financial statements, deposits and retentions held on behalf of third parties have been recognized on an accrual basis (as accounts payables). This is in recognition of the government practice of retaining a portion of contracted services and works pending fulfilment of obligations by the contractor and to hold deposits on behalf of third parties. This is an enhancement to the cash accounting policy adopted for National Government Ministries and Agencies. Other liabilities including pending bills are disclosed in the financial statements.

g) Pending Bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items. When the pending bills are finally settled, such payments are included in the Statement of Receipts and Payments in the year in which the payments are made.

h) Budget

The budget is developed on a comparable accounting basis (cash basis except for imprest and deposits and retentions, which are accounted for on an accrual basis), the same accounts

classification basis, and for the same period as the financial statements. The original budget was approved by Parliament in June 2022 for the period 1st July 2022 to 30th June 2023 as required by Law and there were two supplementary adjustments to the original budget during the year.

A comparison of the actual performance against the comparable budget for the financial year under review has been included in the financial statements. Government Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers.

i) Comparative Figures

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

j) Subsequent Events

There have been no events after the financial year end with a significant impact on the financial statements for the year ended 30th June 2023.

k) Prior Period Adjustment

During the year, errors that have been corrected are disclosed under note 26 explaining the nature and amounts.

l) Related Party Transactions

Related party means parties are related if one party has the ability to:

- a) Control the other party or
- b) Exercise significant influence over the other party in making financial and operational decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties regardless of whether a price is charged.

Significant Accounting Policies (Continued)

m) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Note xx and Annex 7 of this financial statement is a register of the contingent liabilities in the year.

Notes to the Financial Statements (continued)

4 Proceeds from Sale of Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Receipts from Sale of Certified Seeds and Breeding Stock	9,365,065	308,000,000
Total	9,365,065	308,000,000

5 Other Receipts

Description	2022-2023	2021-2022
	Kshs	Kshs
Receipts from Sales by Non-Market Establishments collected as AIA	1,196,839,738	1,526,031,046
Total	1,196,839,738	1,526,031,046

6 Compensation to Employees

Description	2022-2023	2021-2022
	Kshs	Kshs
Basic salaries of permanent employees	412,566,768	464,072,746
Personal allowances paid as part of salary	230,526,582	234,484,371
Total	643,093,350	698,557,117

Notes to the Financial Statements

1 Proceeds from Domestic and Foreign Grants

Name of Donor	Date received	Indicate whether it was a direct payment	Amount in foreign currency	2022-2023	2021-2022
				Kshs	Kshs
Grants received from Bilateral Donors (Foreign Governments)				65,561,032	548,027,531
Grants received from Multilateral Donors (International Organizations)				21,000,000	164,630,441
Total				86,561,032	712,657,972

2 Exchequer releases

Description	2022-2023	2021-2022
	Kshs	Kshs
Total Exchequer Releases for quarter 1	9,728,239,417	9,979,732,507
Total Exchequer Releases for quarter 2	3364875232	6634864331
Total Exchequer Releases for quarter 3	4947935176	5531724130
Total Exchequer Releases for quarter 4	8187316047	10357820496
Total	26,228,365,871	32,504,141,464

3 Proceeds from Foreign Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
Foreign Borrowing - Direct payments	-	28,112,729,901
Foreign Borrowing-Drawdowns through Exchequer	23,620,622,153	124,844,217
Total	23,620,622,153	28,237,574,118

Notes to the Financial Statements (Continued)

7 Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Utilities, Supplies and Services,	5,167,617	7,790,997
Communication, Supplies and Services	1,407,271	1,296,790
Domestic Travel and Subsistence, and Other Transportation Costs	23,322,868	21,325,828
Foreign Travel and Subsistence, and other transportation costs	2,645,636	2,635,882
Printing, Advertising and Information Supplies and Services	733,740	342,378
Training Expenses	1,476,329	1,869,741
Hospitality Supplies and Servi	3,743,646	4,902,345
Specialised Materials and Supp	1,804,859	4,773,237
Office and General Supplies and Services	1,638,475	3,678,353
Fuel Oil and Lubricants	5,839,000	5,429,050
Other Operating Expenses	23,079,826	10,964,574
Routine Maintenance - Vehicles	6,257,025	7,564,206
Routine Maintenance - Other Assets	1,712,510	4,987,393
TOTAL	78,828,802	77,560,775

Notes to the Financial Statements (Continued)

8 Grants and Transfers to other Government Entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Transfers to National Government entities		
Current Grants to Government Agencies and other Levels of Government	4,245,826,218	4,903,973,740
Capital Grants to Government Agencies and other Levels of Government	45,032,364,270	56,492,906,655
Other Capital Grants and Trans	119,999,722	119,423,878
TOTAL	49,398,190,210	61,516,304,273

8 b: Transfers to self – reporting entities in the year

The above transfers were made to the following self-reporting entities in the year:

Ref	Description	Recurrent	Development	2022-2023
		Kshs	Kshs	Kshs
	Transfers to SAGAs and SCs			
1	Lake Victoria North Water Works Dev. Agency	143,000,000	364,250,000	507,250,000
2	Lake Victoria South Water Works Dev. Agency	138,000,000	2,007,290,107	2,145,290,107
3	Kenya Water Institute	183,267,050	290,546,310	473,813,360
4	Water Resources Authority	453,999,999	226,750,000	680,749,999
5	Tanathi Water Works Development Agency	116,000,000	192,500,000	308,500,000
6	North Rift Valley Water Works Development Agency	65,000,000	130,250,000	195,250,000
7	National Water Harvesting and Storage Authority	353,000,000	478,875,000	831,875,000
8	Coast Water Works Development Agency	344,901,957	346,575,979	691,477,936
9	Northern Water Works Development Agency	92,000,000	648,746,542	740,746,542
10	Athi Water Works Development Agency	372,943,359	2,161,500,000	2,534,443,359
11	National Irrigation Authority	184,500,000	3,888,737,500	4,073,237,500
12	Regional Centre on Ground Water Resource Education	69,200,000	37,500,000	106,700,000
13	Tana Water Works Development Agency	173,000,002	796,735,798	969,735,800

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14	Central Rift Valley Water Works Development	161,000,002	509,874,998	670,875,000
15	Water Sector Trust Fund	90,777,404	1,079,200,000	1,169,977,404
16	Hydrologists Registration Board	24,583,333	-	24,583,333
17	Water And Sanitation Development Project	-	500,000,000	500,000,000
18	Kenya Water Security and Climate Resilience	-	570,125,000	570,125,000
19	Thwake Multipurpose Water Development Project	-	218,024,266	218,024,266
20	Upper Tana Natural Resources Management Project	-	509,482,688	509,482,688
21	Coastal Region Water Security and Climate Resilience Project	-	969,422,722	969,422,722
	TOTAL	2,965,173,106	15,926,386,910	18,891,560,016

9 Social Security Benefits

	2022-2023	2021-2022
	Kshs	Kshs
Government pension and retirement benefits	8,106,382	3,300,199
Total	8,106,382	3,300,199

10 Acquisition of Assets

Non - Financial Assets	2022-2023	2021-2022
	Kshs	Kshs
Construction and Civil Works	789,443,694	925,308,830
Overhaul of Vehicles and Other Transport Equipment	188,878	-
Purchase of Specialised Plant, Equipment and Machinery	580,571	89,600
Research, Studies, Project Preparation, Design & Supervision	198,057,227	66,055,749
Total	988,270,370	991,454,179

Notes to the Financial Statements (Continued)

11 Cash and Bank Accounts

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts (Note 11 A)	356,018,783	248,126,020
Cash on hand (Note 11 B)	824,863	241,472
Total	356,843,646	248,367,491

11A: Bank Accounts

Name of Bank, Account No. & currency	Amount in bank account currency	Indicate whether recurrent, Development, deposit etc.	Exc rate (if in foreign currency)	2022-2023	2021-2022
				Kshs	Kshs
Central Bank of Kenya, 1000456997, Recurrent, Kes		Recurrent	-	21,785,745	779,136
Central Bank of Kenya, 1000457007, Development, Kes		Development	-	840,276	589,251
Central Bank of Kenya, 1000457015 Deposits, Kes		Deposit	-	333,392,762	246,757,632
Total				356,018,783	248,126,020

11B: Cash on hand

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash in hand – Held in domestic currency	824,863	241,472
Total	824,863	241,472

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Name of Officer	Date Imprest Taken	Amount Taken	Amount Surrendered	Balance
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Notes to the Financial Statements (Continued)

Detailed Cash is as follows:

Description	2022-2023	2021-2022
	Kshs	Kshs
Headquarters, Maji House Building, Cash office	824,863	241,472
Total	824,863	241,472

12 : Imprests and Advances

Description	2022-2023	2021-2022
	Kshs	Kshs
Government Imprests	2,055,333	-
Total	2,055,333	-

	Insert Current FY	% of the total	Insert Comparative FY	% of the total
	2022/2023	%	2021/2022	%
Under one year	2,055,334	100%	-	100%
Total	2,055,334	100%	-	100%

Imprests and advances Aging analysis.

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		Kshs	Kshs	Kshs
ANNE NJERI MUNENE	10/05/2023	25,200.00	NIL	25,200.00
KENNEDY MUSUMBA	07/06/2023	148,600.00	NIL	148,600.00
JOSEPH N. KARIUKI	30/05/2023	78,000.00	NIL	78,000.00
CHARLES MUSILI NZUKA	06/05/2023	37,800.00	NIL	37,800.00
MATHEW AMBUCHI	07/06/2023	67,200.00	NIL	67,200.00
BEATRICE MURITHI	10/05/2023	15,000.00	NIL	15,000.00
CHARLES NDIRANGU	25/05/2023	58,800.00	NIL	58,800.00
SAMUEL K. KOIMA	06/05/2023	38,800.00	NIL	38,800.00
CAROL KAMENE NZUKI	16/05/2023	42,000.00	NIL	42,000.00
BONIFACE WAMBUA	10/05/2023	93,000.00	NIL	93,000.00
PATRICIA MUTUA	10/05/2023	43,900.00	NIL	43,900.00
FIDELIS KYENGO	16/05/2023	84,000.00	NIL	84,000.00
MARGARET N. WAFULA	06/05/2023	15,000.00	NIL	15,000.00
EMMY ANANGWE	07/06/2023	52,500.00	NIL	52,500.00
SIMON K. KIPLANGAT	30/05/2023	518,334	NIL	518,334
MARY MUMBE KITHEKA	10/05/2023	15,000.00	NIL	15,000.00
MAURICE OPONDO	15/06/2023	63,000.00	NIL	63,000.00
AGGREY KITUI	30/05/2023	31,500.00	NIL	31,500.00
ROBERT ZINGY ADEGA	07/06/2023	19,600.00	NIL	19,600.00
VIRGINIA WAWERU	07/06/2023	78,400.00	NIL	78,400.00
KENNETH KINOTI MERO	06/05/2023	117,700.00	NIL	117,700.00
JARED O. ARUCHO	10/05/2023	31,500.00	NIL	31,500.00
PATRICIA NGINA KIARIE	06/05/2023	25,200.00	NIL	25,200.00
LEONARD MOCHOGE	25/05/2023	143,000.00	NIL	143,000.00
FRANCISCA LERUK	25/05/2023	34,000.00	NIL	34,000.00
GEOFFREY RONO	30/05/2023	94,000.00	NIL	94,000.00
KENAN BRIAN TAMBA	10/05/2023	34,300.00	NIL	34,300.00
TOTAL		2,055,334		2,055,334

13 Third party deposits and retention

Description	2022-2023	2021-2022
	Kshs	Kshs
Retention	333,392,762	246,757,632
Total	333,392,762	246,757,632

14 Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Accounts	248,126,019	187,344,483
Cash in hand	241,472.00	381,802
Imprests and advances		-
Third party deposits and retention	(246,757,632)	(172,852,488)
Total	1,609,859	14,873,797

15 Prior Year Adjustments

	Balance b/f from previous year as per audited financial statements	Adjustments during the year relating to prior periods	Adjusted ** Balance b/f Current Year
Description of the error	Kshs	Kshs	Kshs
Bank Account Balances	248,126,020	(1,368,387)	356,018,783
Cash In Hand	241,472	-	824,863
Imprests and advances	-	-	-
Third party deposits and retention	(246,757,632)	-	(246,757,632)
Others (<i>Specify</i>)	-	-	-
	1,609,860.00	(1,368,387)	241,473

** (The adjusted balances are not carried down on the face of the financial statement. Entity to provide disclosure on the adjusted amounts)(Explain whether the prior year relates to errors noted in prior year, changes in estimates or accounting policy. Provide explanations for the prior year adjustments made their nature and effect on the fund balance of the entity).

16 (Increase)/ Decrease in Advances and Imprests

Description	2022-2023	2021-2022
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	Kshs	Kshs
Receivables As At 1 st July (A)	-	-
Receivables As At 30 th June (B)	2,055,334	-
(Increase)/ Decrease in Receivables (C=(B-A))	2,055,334	-

(Receivable as at 1st July for Current FY should be the same as receivable as at 30th June for previous FY)

17 Increase/ (Decrease) in Retention and Third-Party Deposits

Description	2022-2023	2021-2022
	Kshs	Kshs
Payables As At 1 st July	246,757,632	172,852,488
Payables As At 30 th June	333,392,762	246,757,632
Increase/ (Decrease) In Payables	86,635,130	73,905,144

Notes to the Financial Statements (Continued)

Related Party Disclosures

The following comprise of related parties to the *State department for water and sanitation*

- i) Key management personnel that include the Cabinet Secretaries and Accounting Officers
- ii) Other Ministries Departments and Agencies and Development Projects;
- iii) County Governments; and
- iv) State Corporations and Semi-Autonomous Government Agencies.

18 Other Important Disclosures

27.1 Related party transactions:

Description	2022-2023	2021-2022
	Kshs	Kshs
Key Management Compensation	-	-
Transfers to Related Parties		
Transfers to SCs and SAGAs	49,398,851,263	61,516,304,273
Transfers to Development Project	-	-
Total Transfers to Related Parties	49,398,851,263	61,516,304,273

27.2 Pending Accounts Payable (See Annex 1)

Description	Balance b/f Previous FY	Additions for the period	Paid during the year	Balance c/f Current FY
	Kshs	Kshs	Kshs	Kshs
Construction of Civil Works	-	36,375,267	-	36,375,267
Supply of Goods	-	121,691,274	-	121,691,274
Supply of Services	66,128,568	39,094,040	-	105,282,423
Total	66,128,567.80	197,160,581.00	-	263,348,964.00

27.3: Other Pending Payables (See Annex 3)

Description	Balance b/f Previous FY	Additions for the period	Paid during the year	Balance c/f Current FY
	Kshs	Kshs	Kshs	Kshs
Amounts due to Third Parties	246,757,632	110,458,000	(23,822,870)	333,392,762
Total	246,757,632	110,458,000	(23,822,870)	333,392,762

Other important disclosures (continued)

27.4 External Assistance

	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
Description	Kshs	Kshs
External Assistance received as Loans and Grants	23,707,183,185	28,950,232,090.
Total	23,707,183,185	28,950,232,090.

a) External assistance relating loans and grants

	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
Description	Kshs	Kshs
External Assistance received as Loans	23,620,622,153	28,237,574,118
External Assistance received as Grants	86,561,032	712,657,972
Total	23,707,183,185	28,950,232,090

b) Classes of providers of external assistance

	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
Description	Kshs	Kshs
Multilateral Donors	23,707,183,185	28,950,232,090
Total	23,707,183,185	28,950,232,090

c) Purpose and use of external assistance

Description	<i>Insert Current FY</i>	<i>Insert Comparative FY</i>
	Kshs	Kshs
Transfers to other Government Units	23,707,183,185	28,950,232,090
Total	23,707,183,185	28,950,232,090

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Notes to the Financial Statements (Continued)

27.8 Progress on follow up of Prior Years Auditor-General's recommendations.

The following is the summary of issues raised by the Auditor-General during the prior year and management comments that were provided.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
968	Variances between the Financial Statements and Confirmations from Other Government Agencies	The Ministry received confirmations from 3 rd parties and reconciliations has been done	Unresolved	30th June 2023
969	Pending Bills	The bills could not be paid due to insufficient recurrent budget allocation. However, the Ministry has been giving priority to pending bills, some of them have been cleared.	Unresolved	30th June 2023
969.13	Unreported Pending Bills	The bills could not be disclosed since they had not been verified; these bills have since been verified and paid	Unresolved	30th June 2023
969.2	Unsupported Pending Bills	The pending payables were subjected to audit verification and determined not to be payable and hence eliminated from the current	Unresolved	30th June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
969.3	Outstanding Compensation Claims and Legal Fees	pending payables The Ministry has made several requests for additional budget from the National Treasury for the purpose of defraying these pending bills but the funds have not been forthcoming.	Unresolved	30th June 2023
970	Budgetary Control and Performance	The Ministry is also working closely with the National Treasury by providing cash flow requirements to the National Treasury to enable timely facilitation for exchequer.	Unresolved	30th June 2023
971	Delay in Exchequer Releases	Cash flows were affected by the Covid 19 pandemic	Unresolved	30th June 2023
972	Unresolved Prior Years Matters	The ministry wishes to state that all the matters that were not resolved in the prior year have since been resolved apart from issues that are recurring in nature	Unresolved	30th June 2023
973	Unsatisfactory Implementation of Project -	The contractor used the advance payment for equipment, plant, materials and mobilization	Unresolved	30th June 2023

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Sagana River Restoration Project	as evidenced in paid Interim payment Certificates. (Copy of forwarding memo attached for ease of reference)		
974	Lack of a Complete Fixed Asset Register and Ownership Documents	The Water Appeals Board Operations budget and staff are still managed under the Ministry and therefore their vehicles are fuelled and managed by the transport section within the Ministry.	Unresolved	30th June 2023
975	Irregular Disposal of Motor Vehicles	The management wishes to state as that these vehicles were grounded and originally in the custody of the water department in Migori county.	Unresolved	30th June 2023
976.1	Kanini Irrigation Project Tharaka Nithi	The project was not completed on the grounds the contractor sited which included prevalence of heavy rainfall, difficulties due to the need for extra quantities compared to those in the initial contract arising from the resident engineer's instructions and strict	Unresolved	30th June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
976.2	Maragua Bulk Water Supply and Irrigation Project	COVID-19 protocols that limited the movement from one region to the other. The Contractor has been granted an Extension of Time without cost these safeguards the Ministry from incurring any additional project costs not in the budget and ensure there is value for money.	Unresolved	30th June 2023
977	Inconsistent Budgeting and Reporting of Projects	The Program's activities were budgeted for under Item 3110500: Civil Works. This classification reflects the economic activity of the Program.	Unresolved	30th June 2023
978	Ineffective Audit Committee	The process of recruiting of new audit committee members have been initiated by the Head of Internal Audit Unit.	Unresolved	30th June 2023

Guidance Notes:

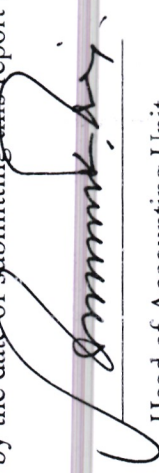
- (i) Use the same reference numbers as contained in the external audit report.

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- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management.
- (iii) Before approving the report, discuss the timeframe with the appointed focal persons within your entity responsible for implementation of each issue.
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.



Accounting Officer



Head of Accounting Unit

State Department for Water and Sanitation
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9. Annexes

Annex 1 - Analysis of Pending Accounts Payable

Supplier of Goods or Services	Date invoiced/ contracted	Particulars	Original Amount	Balance at the beginning of the year	Addition During the year	Amount paid During the year	Outstanding Balance	Comments
				a	b	c	d=a+b-c	
Construction of civil works								
Leebarn Builders LTD	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
Jossie Construction LTD	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
Spirit Mws(Proprietary) Ltd	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
M/S Dallo Holdings Limited	30/06/2023	Construction of Orinie Earth Dam	1,375,267.00	-	-	-	1,375,267.00	
klopp Ltd	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
African Water drilling Limited	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
Tunafuel Limited	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	
Trans Africa Water Systems LTD	30/06/2023	Drilling, Equipping and Solarization of Borehole.	5,000,000.00	-	-	-	5,000,000.00	

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Rosmas Enterprises	30/06/2023	Supply of Toners	2,500,000.00	-	-	-	2,500,000.00
Cutwise Enterprises	30/06/2023	Office Furniture	580,000.00	-	-	-	580,000.00
Kayoo Greenwise Solutions	30/06/2023	Laptop Computers	1,347,500.00	-	-	-	1,347,500.00
Melkam Services Traders	30/06/2023	Supply of Toners	1,000,000.00	-	-	-	1,000,000.00
Eliste Agencies	30/06/2023	Supply of Toners	900,000.00	-	-	-	900,000.00
Kanding and Company	30/06/2023	Supply of Toners	849,000.00	-	-	-	849,000.00
Laprisen Systems and Supplies	30/06/2023	Office Furniture	962,887.00	-	-	-	962,887.00
Legine Solutions	30/06/2023	Ms office and windows	5,000,000.00	-	-	-	5,000,000.00
Jazip Investments	30/06/2023	Office Stationery	958,000.00	-	-	-	958,000.00
Heldonn Company Limited	30/06/2023	Printing of Handbook	2,497,500.00	-	-	-	2,497,500.00
Kalvahar Enterprises	30/06/2023	Supply of Toners	1,020,000.00	-	-	-	1,020,000.00
Berakah Solutions	30/06/2023	Supply of Toners	1,965,000.00	-	-	-	1,965,000.00
Brick Chick Limited	30/06/2023	Router and photocopying Machine	878,000.00	-	-	-	878,000.00
Bekali Services	30/06/2023	Computer Antivirus	1,200,000.00	-	-	-	1,200,000.00
Keldo Enterprises	30/06/2023	Desktop Computers	1,600,000.00	-	-	-	1,600,000.00
Le Shangri La Company Limited	30/06/2023	Binding Machine & Office furniture	359,360.00	-	-	-	359,360.00
Jakinder Limited	30/06/2023	Supply of Shredders	2,400,000.00	-	-	-	2,400,000.00
Giwells Limited	30/06/2023	Laptop Computers	2,700,000.00	-	-	-	2,700,000.00
Sannec Limited	30/06/2023	Photocopying papers and Toners	1,910,000.00	-	-	-	1,910,000.00
CityGate Enterprises Limited	30/06/2023	Supply of Toners	1,089,000.00	-	-	-	1,089,000.00
Wisebuys General Supplies Limited	30/06/2023	Supply of Toners	1,920,000.00	-	-	-	1,920,000.00

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Bluu Oak Enterprises	30/06/2023	Supply of Printers	1,423,500.00	-	-	-	1,423,500.00
Curent Customs Limited	30/06/2023	Water Dispensers & Electric room Heaters	1,115,000.00	-	-	-	1,115,000.00
Milhan Enterprises	30/06/2023	Supply of Printers	3,200,000.00	-	-	-	3,200,000.00
Nokela Agencies	30/06/2023	Office Furniture	830,124.00	-	-	-	830,124.00
Staaliz Agencies	30/06/2023	Geographical Information System Software	1,975,400.00	-	-	-	1,975,400.00
Kiluwani Agencies	30/06/2023	Laptop Computers	2,500,000.00	-	-	-	2,500,000.00
Inforterm Investment Limited	30/06/2023	Supply of Toners	2,000,000.00	-	-	-	2,000,000.00
Theshaaz General Supplies	30/06/2023	Supply Hard disks	3,375,000.00	-	-	-	3,375,000.00
Ponika Enterprises Limited	30/06/2023	Computer Laptops And UPS	2,250,000.00	-	-	-	2,250,000.00
Splash General Supplies	30/06/2023	Supply of Toners	740,000.00	-	-	-	740,000.00
Great Grace Agencies	30/06/2023	Supply of Toners	1,717,000.00	-	-	-	1,717,000.00
Sodari Limited	30/06/2023	Supply of Toners	980,000.00	-	-	-	980,000.00
Offlimit Brands	30/06/2023	Fireproof Cabinets	1,029,000.00	-	-	-	1,029,000.00
Tania System Management Limited	30/06/2023	Tablet Computers	1,143,330.00	-	-	-	1,143,330.00
El Onge ventures	30/06/2023	Printer and Toners	1,037,000.00	-	-	-	1,037,000.00
Meanit Limited	30/06/2023	Box Files	1,500,000.00	-	-	-	1,500,000.00
Bogetutu Investments	30/06/2023	Branded File folders and envelopes	1,275,000.00	-	-	-	1,275,000.00
The Yatch Limited	30/06/2023	Computer Laptops	2,600,000.00	-	-	-	2,600,000.00
Mugama Traders	30/06/2023	Flash Disks and Toner	800,000.00	-	-	-	800,000.00
Depacom Services	30/06/2023	Windows OS and Wifi router	380,000.00	-	-	-	380,000.00
Chrisang Contactors Limited	30/06/2023	Photocopying	1,050,000.00	-	-	-	1,050,000.00

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Petka Premier Investments	30/06/2023	Acoustic Doppler Velocimeter	921,750.00	-	-	-	921,750.00
Brasley Enterprises	30/06/2023	Console Cables and Xline UPS	401,000.00	-	-	-	401,000.00
Demmys Ltd	30/06/2023	Supply of Toners	6,300,000.00	-	-	-	6,300,000.00
Shelly Merchants Limited	30/06/2023	Supply of Toners	1,000,000.00	-	-	-	1,000,000.00
Rugavid Limited	30/06/2023	Supply of Toners	480,000.00	-	-	-	480,000.00
Nisitech Limited	30/06/2023	Branded Banners, Clothes and Caps	910,000.00	-	-	-	910,000.00
Sub Total			120,597,846.00	-	-	-	120,597,846.00
Supply of Services							
Pro Flight Limited	30/06/2023	Air Travel Services	1,250,000.00	-	-	-	1,250,000.00
Nation Media Group Limited	30/06/2023	Advertisement Space World Water Day	696,000.00	-	-	-	696,000.00
Emela Safaris & Limited	30/06/2023	Commercial Airplane Travels	1,951,755.00	-	-	-	1,951,755.00
Finetops Enterprises	30/06/2023	Office Furniture	1,452,788.20	-	-	-	1,452,788.20
Differential Systems	30/06/2023	Developing PPP Investors Engagement Portal	2,810,000.00	-	-	-	2,810,000.00
Pro Flight Limited	30/06/2023	Air Travel Services	1,731,718.00	-	-	-	1,731,718.00
Seven Skies Information & Research	30/06/2023	Consultancy services	1,737,000.00	-	-	-	1,737,000.00
Sarova Panafic	30/06/2023	Conference Facility	665,000.00	-	-	-	665,000.00
Vacani Resort	30/06/2023	Conference Facility	796,948.40	-	-	-	796,948.40
Trascend Media Group Limited	30/06/2023	Medai Outreach Consultancy Services	1,836,311.11	-	-	-	1,836,311.11
Sarova Whitesands Beach Resort	30/06/2023	Conference Facility	20,000,000.00	-	-	-	20,000,000.00

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Trawell Company Limited	30/06/2023	Commercial Airplane Travels	2,248,714.00	-	-	-	2,248,714.00
Prism Towers Limited	30/06/2023	Payment of Rent	1,829,339.80	-	-	-	1,829,339.80
Government Advertisin Agency	30/06/2023	Advetising of Services	1,181,893.25	-	-	-	1,181,893.25
Kenya Pipeline Company Limited	30/06/2022	Conference Facility	297,000.00	-	-	-	297,000.00
Silver Africa Tours and Travel	30/06/2022	Air Tickets	219,680.00	-	-	-	219,680.00
Hotel Waterbuck	30/06/2022	Conference Facility	348,000.00	-	-	-	348,000.00
Angani Tours and Travel	30/06/2022	Air Tickets	995,760.00	-	-	-	995,760.00
Angani Tours and Travel	30/06/2022	Air Tickets	317,965.00	-	-	-	317,965.00
Kenya Water institute	30/06/2022	Conference Facility	354,020.00	-	-	-	354,020.00
Naivasha Country Hotel/Sawela	30/06/2022	Conference Facility	915,000.00	-	-	-	915,000.00
Silver Africa Tours and Travel	30/06/2022	Air Tickets	2,618,952.00	-	-	-	2,618,952.00
Geoscintex Limited	30/06/2022	Leak Detecting Equipments	7,548,000.00	-	-	-	7,548,000.00
Bechy Tours and Travel Ltd	30/06/2022	Air Tickets	8,260,230.00	-	-	-	8,260,230.00
M/s Calsams and Gidkemtomms Consultancy Co. LTD	30/06/2022	Consultancy services	5,593,520.00	-	-	-	5,593,520.00
Sub-Total			67,655,594.76	-	-	-	67,655,594.76
Legal Services							
Vincent Alukhula Malika - vs- the AG (Civil Suit No. 290 of 2012, Kakamega) AG/GC/MWD/432/12 Dated 7th March, 2018	2017/2018	Legal Charges and Services	1,812,855.00	-	-	-	1,812,855.00

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Sarah PensularMuyekane -vs- the AG (Vihiga SPMCC No 14 of 2011) AG/GCMENR/375/11 dated 23rd November, 2016	2016/2017	Legal Charges and Services	1,009,713.00	-	-	-	1,009,713.00
Ahmed Abubakar Hassan (Kisumu HCC No. 14 of 2002) AG/GC/MENWNR/62/5/06 TED 28th January, 2015	2014/2015	Legal Charges and Services	2,440,916.40	-	-	-	2,440,916.40
Charles Muchira Tamba (Kakamega HCC No. 13 of 2014) AG/WATER/97/2015 dated 13th September, 2014	2014/2015	Legal Charges and Services	2,422,103.00	-	-	-	2,422,103.00
Wycliff Madara -vs- Pascal Okumu & Attorney General (Busia PMCC No. 88 of 2006) AG/GC/MWD/8/06 dated 1st November, 2013	2013/2014	Legal Charges and Services	261,184.80	-	-	-	261,184.80
John Chomba T/A Range Merchants - vs- the Hon. Attorney General [Milimani CMCC 1063 of 2018 (formerly HCC 1323/2001)] AG/CAR/MENR/27/01 dated 26th August, 2019	2019/2020	Legal Charges and Services	29,809,967.80	-	-	-	29,809,967.80
Eliud Nduguto -vs-the Hon. Attorney General (Kerugoya SPMCC No. 89 of 2008) AG/GC/MWD/1/08 dated 19th February, 2020	2019/2020	Legal Charges and Services	522,020.80	-	-	-	522,020.80
Zingo Investments Ltd - vs- Attorney General & Another	2011/2012	Legal Charges and Services	381,680.00	-	-	-	381,680.00

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Name	Brief Transaction Description	Date Payable Contracted	Original amount	Amount Paid To-Date	Outstanding Balance Current Year	Outstanding Balance Previous Year	Comments
			a	b	c=a-b		
Others (RETENTION)							
Gratimo holdings		30/06/2023	4,397,480.00	-	-	4,397,480.00	
Jorjeof gen supplies		30/06/2023	2,442,969.00	-	-	2,442,969.00	
Benma technical		30/06/2023	2,313,979.00	-	-	2,313,979.00	
Reer akim		30/06/2023	1,945,969.20	-	-	1,945,969.20	
Power & solar group		30/06/2023	1,823,263.70	-	-	1,823,263.70	
Maalyeel holdings		30/06/2023	1,794,520.00	-	-	1,794,520.00	
Dido & sons		30/06/2023	1,592,366.00	-	-	1,592,366.00	
Northlink investment		30/06/2023	1,573,102.00	-	-	1,573,102.00	
El adai construction		30/06/2023	1,397,163.40	-	-	1,397,163.40	
Benma technical		30/06/2023	1,382,725.00	-	-	1,382,725.00	
Milisileen merchants		30/06/2023	1,355,366.30	-	-	1,355,366.30	
Al bana company		30/06/2023	1,352,351.65	-	-	1,352,351.65	
Alfemo investments		30/06/2023	1,343,670.10	-	-	1,343,670.10	
Amarole civil co		30/06/2023	1,327,005.25	-	-	1,327,005.25	
Baslum hardware		30/06/2023	1,253,000.00	-	-	1,253,000.00	
Grave construction		30/06/2023	1,251,477.60	-	-	1,251,477.60	
Power & solar co		30/06/2023	1,212,097.00	-	-	1,212,097.00	
Liban suppliers		30/06/2023	1,200,954.00	-	-	1,200,954.00	
Enegi ltd		30/06/2023	1,184,764.00	-	-	1,184,764.00	
Ama sagirini		30/06/2023	1,178,583.00	-	-	1,178,583.00	
Fence agencies ltd		30/06/2023	1,151,750.00	-	-	1,151,750.00	
Oceanic construction ltd		30/06/2023	1,121,140.00	-	-	1,121,140.00	

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Hiforce hydraulic	30/06/2023	1,119,947.00	-	-	1,119,947.00
Liban suppliers	30/06/2023	1,089,790.00	-	-	1,089,790.00
Power & solar co	30/06/2023	1,084,465.00	-	-	1,084,465.00
Geocast agencies	30/06/2023	1,064,057.00	-	-	1,064,057.00
Easy time K ltd	30/06/2023	1,023,750.00	-	-	1,023,750.00
Trilcon project	30/06/2023	1,012,344.80	-	-	1,012,344.80
Debee construction	30/06/2023	987,546.25	-	-	987,546.25
Raken ltd	30/06/2023	976,256.95	-	-	976,256.95
Makaratasi ltd	30/06/2023	973,161.10	-	-	973,161.10
Maaly66l holdings	30/06/2023	970,769.20	-	-	970,769.20
Sangole construction	30/06/2023	965,861.00	-	-	965,861.00
Zoppelin engineering	30/06/2023	965,178.00	-	-	965,178.00
Riang services	30/06/2023	962,264.00	-	-	962,264.00
Amarole civil co	30/06/2023	956,400.00	-	-	956,400.00
Kimbisa agencies	30/06/2023	936,524.40	-	-	936,524.40
Nawal Gen co ltd	30/06/2023	933,522.85	-	-	933,522.85
Sadasa ltd	30/06/2023	922,441.90	-	-	922,441.90
Dresscol ltd	30/06/2023	913,700.00	-	-	913,700.00
Roks trading co ltd	30/06/2023	894,980.00	-	-	894,980.00
Garofet ltd	30/06/2023	854,114.00	-	-	854,114.00
Loris construction	30/06/2023	827,100.00	-	-	827,100.00
Marcannoconstn	30/06/2023	826,641.60	-	-	826,641.60
Madey investment	30/06/2023	817,756.00	-	-	817,756.00
Pioneer engineering ltd	30/06/2023	815,038.50	-	-	815,038.50
Magic touch	30/06/2023	802,190.00	-	-	802,190.00
Ace papers	30/06/2023	787,610.00	-	-	787,610.00
Farjanoconstn	30/06/2023	768,000.00	-	-	768,000.00
Sasawa construction	30/06/2023	767,045.00	-	-	767,045.00

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Mzeeu investment	30/06/2023	762,660.00	-	-	762,660.00
Bain ridge holdings	30/06/2023	733,950.00	-	-	733,950.00
Mostles solution	30/06/2023	720,131.00	-	-	720,131.00
Tuti holdings	30/06/2023	704,300.00	-	-	704,300.00
Insight logistic ltd	30/06/2023	703,920.00	-	-	703,920.00
Namlink co ltd	30/06/2023	677,733.70	-	-	677,733.70
Pit-bull agencies	30/06/2023	666,980.00	-	-	666,980.00
Tuti holdings	30/06/2023	645,180.90	-	-	645,180.90
Nyonyoro hardware	30/06/2023	632,784.00	-	-	632,784.00
Dido & sons	30/06/2023	617,696.00	-	-	617,696.00
Worldlink construction	30/06/2023	608,830.00	-	-	608,830.00
Kahin construction	30/06/2023	569,560.50	-	-	569,560.50
Loris construction	30/06/2023	525,310.00	-	-	525,310.00
Farjanoconstn	30/06/2023	523,695.00	-	-	523,695.00
Bain ridge holdings	30/06/2023	517,854.70	-	-	517,854.70
Ziyale investments	30/06/2023	514,090.00	-	-	514,090.00
Dido & sons	30/06/2023	508,894.00	-	-	508,894.00
Naks ltd	30/06/2023	503,680.00	-	-	503,680.00
Nawal Gen contractors	30/06/2023	503,522.80	-	-	503,522.80
Rangikoconstn	30/06/2023	474,668.00	-	-	474,668.00
Ziyale investments	30/06/2023	470,730.00	-	-	470,730.00
Park co ltd	30/06/2023	460,300.00	-	-	460,300.00
Scan constn	30/06/2023	443,541.70	-	-	443,541.70
Quard traders	30/06/2023	426,859.90	-	-	426,859.90
Dido & sons	30/06/2023	426,058.60	-	-	426,058.60
Tate centre supplies	30/06/2023	423,515.00	-	-	423,515.00
Karura engineering	30/06/2023	400,000.00	-	-	400,000.00
Easy time	30/06/2023	357,658.90	-	-	357,658.90

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Park co ltd	30/06/2023	348,970.00	-	-	348,970.00
Glaco holdings	30/06/2023	341,160.00	-	-	341,160.00
Sangole construction	30/06/2023	335,495.00	-	-	335,495.00
Bilcom solutions	30/06/2023	333,483.80	-	-	333,483.80
Kahin construction	30/06/2023	293,908.90	-	-	293,908.90
Glaco holdings	30/06/2023	292,516.50	-	-	292,516.50
Mortacol int	30/06/2023	282,404.80	-	-	282,404.80
Ceescop international	30/06/2023	266,933.30	-	-	266,933.30
Amrole civil constructors	30/06/2023	259,630.50	-	-	259,630.50
Dubee constn	30/06/2023	259,566.70	-	-	259,566.70
Mashin	30/06/2023	244,680.00	-	-	244,680.00
Kulan groups	30/06/2023	242,689.50	-	-	242,689.50
Naks ltd	30/06/2023	209,259.90	-	-	209,259.90
Sadasa	30/06/2023	206,610.30	-	-	206,610.30
Biyo Africa	30/06/2023	165,440.00	-	-	165,440.00
Masteered seed tech	30/06/2023	160,100.00	-	-	160,100.00
Marcan contractors	30/06/2023	147,361.60	-	-	147,361.60
Kananahu contractors	30/06/2023	125,630.00	-	-	125,630.00
Waso building	30/06/2023	112,333.50	-	-	112,333.50
Liban supplies	30/06/2023	101,834.90	-	-	101,834.90
lafeyconst	30/06/2023	101,198.50	-	-	101,198.50
Tanathi south w.b	30/06/2023	100,000.00	-	-	100,000.00
Rift valley south w.b	30/06/2023	100,000.00	-	-	100,000.00
Lake victoria south w.b	30/06/2023	100,000.00	-	-	100,000.00
Northern services co ltd	30/06/2023	93,211.00	-	-	93,211.00
Tom emonde	30/06/2023	87,523.00	-	-	87,523.00
Kaboi building	30/06/2023	72,425.00	-	-	72,425.00
Kaya enterprises	30/06/2023	25,000.00	-	-	25,000.00

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Charise Mutuku	30/06/2023	15,000.00	-	-	15,000.00
Anthony Njoroge	30/06/2023	15,000.00	-	-	15,000.00
Benjamin Musyoka	30/06/2023	10,000.00	-	-	10,000.00
Michael Kimtai	30/06/2023	10,000.00	-	-	10,000.00
Charise Mutuku	30/06/2023	6,000.00	-	-	6,000.00
Stephen psengu	30/06/2023	5,000.00	-	-	5,000.00
Shadrack muthoka	30/06/2023	5,000.00	-	-	5,000.00
Posh systems	30/06/2023	5,000.00	-	-	5,000.00
Laban Odupa	30/06/2023	5,000.00	-	-	5,000.00
Julius Chepkwony	30/06/2023	5,000.00	-	-	5,000.00
Kaya enterprises	30/06/2023	5,000.00	-	-	5,000.00
Modern outlet ent	30/06/2023	5,000.00	-	-	5,000.00
Burhan	30/06/2023	5,000.00	-	-	5,000.00
Jackson k kihara	30/06/2023	4,000.00	-	-	4,000.00
cash balance of previous yrs	30/06/2023	571.45	-	-	571.45
Sinohydro	30/06/2023	7,207,686.10	-	-	7,207,686.10
NIA	30/06/2023	8,382,939.40	-	-	8,382,939.40
Hawaka	30/06/2023	694,880.90	-	-	694,880.90
Synohydro	30/06/2023	4,564,936.35	-	-	4,564,936.35
NIA	30/06/2023	384,538.45	-	-	384,538.45
Bargrove	30/06/2023	215,502.70	-	-	215,502.70
Synohydro	30/06/2023	6,341,822.30	-	-	6,341,822.30
Spinners	30/06/2023	1,276,146.75	-	-	1,276,146.75
Sinohydro	30/06/2023	11,187,332.30	-	-	1,187,332.30
Spinners ventures	30/06/2023	512,230.55	-	-	512,230.55
Sinohydro	30/06/2023	8,020,368.60	-	-	8,020,368.60
Lafey	30/06/2023	3,322,548.50	-	-	3,322,548.50
WagtechAfrica	30/06/2023	1,108,613.30	-	-	1,108,613.30

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Safeways enterprises	30/06/2023	566,682.80	-	-	566,682.80
NIA	30/06/2023	9,110,343.00	-	-	9,110,343.00
Sinohydro corporation	30/06/2023	8,708,108.70	-	-	8,708,108.70
Sinohydro corporation	30/06/2023	12,076,558.80	-	-	2,076,558.80
Tech world africa ltd	30/06/2023	5,586,415.50	-	-	5,586,415.50
Regional ventures	30/06/2023	581,370.00	-	-	581,370.00
NIA	30/06/2023	14,809,236.40	-	-	14,809,236.40
Lafey construction ltd	30/06/2023	5,618,229.30	-	-	5,618,229.30
Irdion& Patience	30/06/2023	530,960.00	-	-	530,960.00
Release of retention held on ministry vouchers	30/06/2023	2,561,868.70	-	-	2,561,868.70
Techworldafrica ltd	30/06/2023	3,226,064.65	-	-	3,226,064.65
Brown built engineering	30/06/2023	2,492,184.50	-	-	2,492,184.50
Drill well ltd	30/06/2023	842,450.00	-	-	842,450.00
Drill well ltd	30/06/2023	830,400.00	-	-	830,400.00
Regional ventures	30/06/2023	564,640.00	-	-	564,640.00
Lafey construction	30/06/2023	2,996,581.45	-	-	2,996,581.45
sinohydro corporation ltd	30/06/2023	8,517,930.35	-	-	8,517,930.35
Regolma limited	30/06/2023	2,451,057.65	-	-	2,451,057.65
Wagtechafrica ltd	30/06/2023	2,075,745.30	-	-	2,075,745.30
Yashinoya trading &constr	30/06/2023	810,666.00	-	-	810,666.00
Lafey construction	30/06/2023	4,187,354.60	-	-	4,187,354.60
Regolma ltd	30/06/2023	3,177,829.70	-	-	3,177,829.70
Techworld	30/06/2023	2,908,768.00	-	-	2,908,768.00
Dziwe construction	30/06/2023	396,680.60	-	-	396,680.60
Baran international	30/06/2023	3,504,842.85	-	-	3,504,842.85
Toddy engineering company	30/06/2023	22,904,894.60	-	-	22,904,894.60
Sinohydro corporation ipc 5	30/06/2023	21,023,474.85	-	-	21,023,474.85
Sinohydro corporation ipc 3	30/06/2023	15,428,461.00	-	-	15,428,461.00

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Regolma ltd	30/06/2023	6,351,060.80	-	-	6,351,060.80
Sinohydro corporation	30/06/2023	6,593,289.00	-	-	6,593,289.00
Saminia investment	30/06/2023	3,519,691.00	-	-	3,519,691.00
Baran international ltd	30/06/2023	3,504,842.85	-	-	3,504,842.85
Wil square co ltd	30/06/2023	2,054,469.20	-	-	2,054,469.20
African drilling	30/06/2023	980,660.00	-	-	980,660.00
Marsland const. & gen supp ltd	30/06/2023	852,535.85	-	-	852,535.85
Shibawa general ent ltd	30/06/2023	774,866.00	-	-	774,866.00
Jossie construction ltd	30/06/2023	500,000.00	-	-	500,000.00
Leebarn builders ltd	30/06/2023	500,000.00	-	-	500,000.00
Pioneer engineering ltd	30/06/2023	500,000.00	-	-	500,000.00
Aquaflow logistics ltd	30/06/2023	500,000.00	-	-	500,000.00
Geotronics engineering ltd	30/06/2023	500,000.00	-	-	500,000.00
Captain drilling ltd	30/06/2023	500,000.00	-	-	500,000.00
Rotalink engineering co ltd	30/06/2023	500,000.00	-	-	500,000.00
Panviva ltd	30/06/2023	500,000.00	-	-	500,000.00
Omar salimbaslum ltd	30/06/2023	500,000.00	-	-	500,000.00
Quitech investment ltd	30/06/2023	500,000.00	-	-	500,000.00
Durdur construction co ltd	30/06/2023	500,000.00	-	-	500,000.00
Falam construction co ltd	30/06/2023	500,000.00	-	-	500,000.00
Meiko ltd	30/06/2023	500,000.00	-	-	500,000.00
Kiweweconstruction&supp ltd	30/06/2023	500,000.00	-	-	500,000.00
Earth construction ltd	30/06/2023	500,000.00	-	-	500,000.00
Enkare drilling limited	30/06/2023	500,000.00	-	-	500,000.00
Hydrainfusion enterprise ltd	30/06/2023	500,000.00	-	-	500,000.00
Koya enterprises	30/06/2023	500,000.00	-	-	500,000.00
Nizer rock drill (k) ltd	30/06/2023	500,000.00	-	-	500,000.00
Sinetechelectronics ltd	30/06/2023	500,000.00	-	-	500,000.00

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Topmost jengineering ltd	30/06/2023	500,000.00	-	-	500,000.00
Mount kenya drilling ltd	30/06/2023	500,000.00	-	-	500,000.00
Vekem agencies ltd	30/06/2023	500,000.00	-	-	500,000.00
Gold spike co ltd	30/06/2023	500,000.00	-	-	500,000.00
Synch power solutions ltd	30/06/2023	500,000.00	-	-	500,000.00
Rhino technical works	30/06/2023	500,000.00	-	-	500,000.00
Upright co ltd	30/06/2023	500,000.00	-	-	500,000.00
Marguea limited	30/06/2023	434,949.15	-	-	434,949.15
Sath construction	30/06/2023	289,761.00	-	-	289,761.00
Mwashua enterprises	30/06/2023	179,097.70	-	-	179,097.70
Grand Total		3,392,761.65	-	-	33,392,761.65

Annex 3 – Summary of Fixed Asset Register

Asset class	Historical Cost b/f (Kshs) Previous Year	Additions during the year (Kshs)	Disposals during the year (Kshs)	Transfers in/(out) during the year	Historical Cost c/f (Kshs) Current Year
Buildings and structures	925,308,830.00	789,443,694.00	-	-	1,714,752,524.00
Transport equipment	-	188,878.00	-	-	188,878.00
Office equipment, furniture and fittings	89,600.00	580,571.00	-	-	670,171.00
ICT Equipment	66,055,749.00	198,057,227.00	-	-	264,112,976.00
Total	991,454,179.00	988,270,370.00	-	-	1,979,724,549.00

Annex 4 – List of Projects implemented by the State Department for Water and Sanitation

Ref	Project Name	Principal activity of the project	Accounting Officer	Project consolidated in these financial statements(yes/no)
1	Water and Sanitation Development Project	Improvement of Water Supply and Sanitation	Project Manager	No
2	Kenya Water Security and Climate Resilience Project	Natural Resource Management	Project Manager	No
3	Coast Region Water Security and Climate Resilience	Dam construction	Project Manager	No
4	Thwake Multipurpose Project	Dam construction	Project Manager	No
5	Upper Tana Natural Resources Management Project	Natural Resource Management	Project Manager	No

Annex5 – List of SCs, Sagas and Public Funds Under (Insert Entity's Name)

Ref	SC, SAGA or Public Fund's name	Amount transferred during the year	Inter- entity reconciliations done? (yes/no)
1	Lake Victoria North Water Works Dev. Agency	507,250,000	Yes
2	Lake Victoria South Water Works Dev. Agency	2,145,290,107	Yes
3	Kenya Water Institute	473,813,360	Yes
4	Water Resources Authority	680,749,999	Yes
5	Tanathi Water Works Development Agency	308,500,000	Yes
6	North Rift Valley Water Works Development Agency	195,250,000	Yes
7	National Water Harvesting and Storage Authority	1,623,125,000	Yes
8	Coast Water Works Development Agency	691,477,936	Yes
9	Northern Water Works Development Agency	740,746,542	Yes
10	Athi Water Works Development Agency	2,534,443,359	Yes
11	National Irrigation Authority	4,073,237,500	Yes
12	Regional Centre on Ground Water Resource Education	106,700,000	Yes
13	Tana Water Works Development Agency	969,735,800	Yes
14	Central Rift Valley Water Works Development	670,875,000	Yes
15	Water Sector Trust Fund	1,169,977,404	Yes
16	Hydrologists Registration Board	24,583,333	Yes
17	Water And Sanitation Development Project	500,000,000	Yes
18	Kenya Water Security and Climate Resilience	570,125,000	Yes
19	Thwake Multipurpose Water Development Project	218,024,266	Yes
20	Upper Tana Natural Resources Management Project	509,482,688	Yes
21	Coastal Region Water Security and Climate Resilience Project	969,422,722	Yes

Annex 6 – Contingent Liabilities Register

	Nature of contingent liability	Remarks
1	Vincent Alukhula Malika - vs- the AG (Civii Suit No. 290 of 2012, Kakamega) AG/GC/MWD/432/12 Dated 7th March, 2018	Case not settled
2	Sarah PensularMuyekane -vs-the AG (Vihiga SPMCC No 14 of 2011) AG/GCMENR/375/11 dated 23rd November, 2016	Case not settled
3	Ahmed Abubakar Hassan (Kisumu HCC No. 14 of 2002) AG/GC/MENWNR/62/5/06 TED 28th January, 2015	Case not settled
4	Charles Muchira Tamba (Kakamega HCC No. 13 of 2014) AG/WATER/97/2015 dated 13th September, 2014	Case not settled
5	Wycliff Madara -vs- Pascal Okumu & Attorney General (Busia PMCC No. 88 of 2006) AG/GC/MWD/8/06 dated 1st November, 2013	Case not settled
6	John Chomba T/A Range Merchants - vs- the Hon. Attorney General [Milimani CMCC 1063 of 2018 (formerly HCC 1323/2001)] AG/CAR/MENR/27/01 dated 26th August,2019	Case not settled
7	Eliud Nduguto -vs-the Hon. Attorney General (Kerugoya SPMCC No. 89 of 2008) AG/GC/MWD/1/08 dated 19th February, 2020	Case not settled
8	Zingo Investments Ltd - vs-Attorney General & Another (Nairobi CMCC No. 4163 of 2011) AG/GC/NLS/296/11	Case not settled

*State Department for Water and Sanitation
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Annex 7: List of Bank Accounts

ENTITY	BANK	BRANCH	A/C NUMBER
Ministry of Water and Sanitation - Recurrent	CBK	Hail Selassie	1000456997
Ministry of Water and Sanitation- Development	CBK	Hail Selassie	1000457007
Ministry of Water and Sanitation- Deposit	CBK	Hail Selassie	1000457015
Ministry of Water and Sanitation- CBK165	CBK	Hail Selassie	1000457023
Equalization Fund	CBK	Hail Selassie	1000457198
Water and Sanitation Development Project -WSDP			1000457201
Coastal Region Water Security Climate Resilience			1000457217

Annex 8- Reports Generated from IFMIS

IFMIS financial reports to be presented on request.

