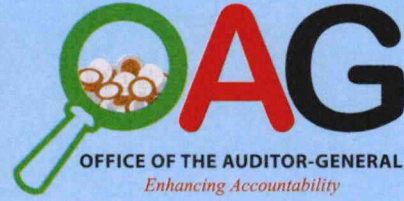



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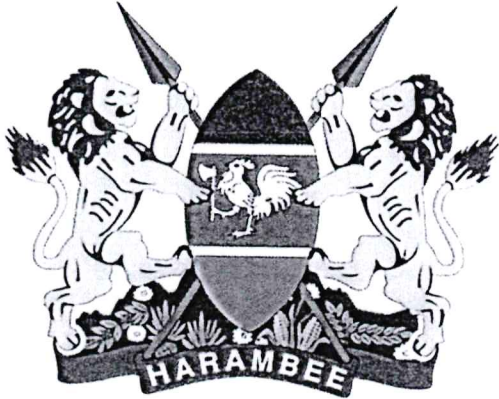
THE AUDITOR-GENERAL

ON

**NORTHERN WATER WORKS
DEVELOPMENT AGENCY**

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

7 9 SEP 2025



NORTHERN WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
30TH JUNE 2025**

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



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1. Acronyms and Definition of Key Terms

- ❖ **NWWDA**-Northern Water Works Development Agency
- ❖ **IPSAS**-International Public Sector Accounting Standards
- ❖ **CEO**-Chief Executive Officer
- ❖ **GM**-General Manager
- ❖ **CPA**-Certified Public Accountant
- ❖ **ICPAK**-Institute of Certified Public Accountants of Kenya.
- ❖ **CIFA**-Certified Investment and Financial Analyst
- ❖ **ESAMI**-Eastern and Southern African Management Institute
- ❖ **MBA**-Masters in Business Administration
- ❖ **BBM**-Bachelors of Business Management
- ❖ **MSC**-Masters in Science
- ❖ **IEK**-Institute of Engineering of Kenya
- ❖ **Ph. D**-Doctor of Philosophy
- ❖ **MA**-Masters of Art
- ❖ **BA**-Bachelor of Arts
- ❖ **MCIPS**-Member of the Chartered Institute of Procurement and Supply
- ❖ **MKISM**-Member of the Kenya Institute of Supplies Management
- ❖ **AfDB**-African Development Bank
- ❖ **TWWDA**-Tana Water Works Development Agency
- ❖ **MTP**-Medium Term Plan
- ❖ **GOK**-Government of Kenya
- ❖ **SCAC**-State Corporation Advisory Committee
- ❖ **SRC**-Salary and Remuneration Commission
- ❖ **MARWASCO**-Marsabit Water and Sewerage Company
- ❖ **Km**-Kilometre
- ❖ **M³** - Cubic Metre
- ❖ **NDMA**-National Drought Management Authority
- ❖ **ERP**-Enterprise Resource Planning
- ❖ **BADEA**-Arab Bank for Economic Development in Africa
- ❖ **OPEC**-Organization of the Petroleum Exporting Countries



2. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Northern Water Works Development Agency (NWWDA) was earlier established as Northern Water Services Boards through a Kenya Gazette Notice No. 1716 dated 12th March 2004 as a State Corporation under the State Corporations Act and the Water Act 2002. The water Act 2016 was enacted and the Northern Water Services Board, was gazetted as Northern Water Works Development Agency vide special issue of Kenya Gazette No. 28 dated 26th April 2019.

Northern Water Works Development Agency covers an area of 244,809 Km² (about 42% of Kenya land mass according to the Census 2019) with a population of approximately 3.5 million people and approximately 70% of livestock population in Kenya. The Agency is responsible for the development, maintenance and management of water and sewerage infrastructure in 6 counties namely: -Garissa, Wajir, Mandera, Isiolo, Samburu and Marsabit.

The mandate of the Agency is the efficient and economical provision of water and sanitation services within its area of Jurisdiction. The Agency fully appreciates its responsibilities in meeting its strategic objectives and mandate. In order to meet these objectives, the Agency is striving to ensure it embraces good corporate governance and service delivery so as to have a positive impact in the region.

Water Services

The water sources are mainly ground water. There are few water supplies having their sources in rivers namely Garissa, Isiolo and Masalani water supply. Surface water collected in pans is also an appreciable source of water. It is used raw and sometimes with filtration from wells beside them. Sewerage Services are only available in Isiolo and Garissa. Other towns have on-site sanitation system.

The cost of maintaining water services is quite high. This is because majority of the water supplies are boreholes and almost all involve pumping.

Offices

Northern Water Works Development Agency has its Head office in Garissa town. It is based at the Maji House Building.

(b) Principal Activities

The principal activities of the Agency are the provision of water and sanitation services in its area of jurisdiction as per the Water Act 2016.

(c) Key Management

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

1. Board of Directors
2. Chief Accounting Officer (CEO)
3. Management



No.	Designation	Name
1.	Board Chairlady	Hon. Nasri Sahal Ibrahim
2.	Board Member	Hon. Elias Bare Shill
3.	Board Member	Mr. Osman Abdi Sirat
4.	Board Member	Dr. John Ltalipen Lekuton
5.	Board Member	Ms. Christine Chepkoech Kibet
6.	Board Member	Mr. James Sitiency
7.	Board Member	Mr. Benson Giuthua
8.	Board Member	Dr. Okoth Owuor

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	CPA. Andrew Rage Eysimkele
2.	GM, Infrastructure Development	Eng. Nelson K. Maritim
3.	Finance and Accounts Manager	CPA. Amina Issa Hussein
4.	Principal Supply Chain Mgt Officer	Dr. Benedict M. Kimwaki

(e) Fiduciary Oversight Arrangements

Board Committees

The ultimate oversight authority of Northern Water Works Development Agency is exercised by the Board of Directors through the Full Board. To ensure that good corporate governance is enhanced and that power is properly exercised in the stewardship of the corporation's total portfolio of assets and resources to maintain stakeholder value. The Board of Directors has established four committees:

1. **Finance and Resource Mobilization Committee**, chaired by Mr. Osman Abdi Sirat with Miss Christine Chepkoech Kibet, Mr. Benson Giuthua and Dr. Okoth Owuor as the members.
2. **Technical Services Committee**, chaired by Miss Christine Chepkoech Kibet with Hon. Elias Bare Shill, and Dr. Okoth Owuor as the members.
3. **Audit and Risk Committee**, chaired by Hon. Elias Bare Shill with Dr. John Ltalipen Lekuton, Mr. Benson Giuthua and Mr. James Sitiency as the members, and
4. **Human Resources & Administration Committee**, chaired by Dr. John Ltalipen Lekuton with Mr. Osman Abdi Sirat, Mr. Benson Giuthua and Mr. James Sitiency as the members.

The above committees' meetings are guided by the Board Almanac and they meet on quarterly basis and deliberate on issues as defined in their Terms of Reference and make necessary recommendations to the Board on all issues delegated to them.



Board Meetings

The Agency has four scheduled meetings per year and meets as necessary to deliberate on specific or urgent matters. In the year ended 30th June 2025 the Board met seven times. The above committee meetings are guided by the Board Almanac and they meet on quarterly basis and deliberate on issues as defined in their Terms of Reference and make necessary recommendations to the Board on all issues delegated to them.

(f) Entity Headquarters

Northern Water Works Development Agency
Maji House Kismayu Road
P.O Box 495- 70100
Garissa, Kenya

(g) Entity Contacts

Telephone: (254) 046-2103598
Fax: (254)046-2103197
E-mail: info@nwwda.go.ke

(h) Entity Bankers

Kenya Commercial Bank Limited
Garissa Branch
P.O Box 143-70100
Garissa, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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



1. THE BOARD OF DIRECTORS



Hon. Nasri Sahal Ibrahim

Hon. Nasri Sahal Ibrahim is the current Chairperson of the Board who has a lot of experience dealing with community leadership in the arid region of North - Eastern part of Kenya for over 41 years. She has also been involved in volunteer work with different Non-profit Organisations both in Nairobi and Wajir County. She started her working life as a teacher after graduating from Iregi Teachers College with a certificate in Teaching. Additionally, she pursued her diploma and bachelor's degree in business management from The East African University. She later joined politics and had served as a Member of Wajir County Assembly as Nominated MCA from 2013 to 2017, culminating in her appointment as a Member of the Kenya National Assembly from 2017 to 2022.

Mr. Elias Bare Shill is a Board Member. He is currently the Chair of Audit and Risk Committee. He has over 49 years of experience in leadership and as a political activist in the Northeastern part of Kenya. He started his working life as a Teacher after graduating from Kagumo Teachers Training College with a certificate in Teaching. Additionally, he pursued a Bachelor's Degree in Education from University of London. He later joined politics and had served as a Member of Parliament for Fafi Constituency serving under the Kenya National Assembly.



Hon. Elias Bare Shill



Mr. Osman Abdi Sirat

Mr. Osman Abdi Sirat is a Board Member. He is currently the Chair of Finance and Resource Mobilisation Committee. He has over 47 years of experience in teaching and administration. He started his working life as a Teacher after graduating from St. Mary's Teachers Training College with a certificate in Teaching. Additionally, he pursued a Bachelor's Degree in Psychology and Teacher Education from Bristol University and Msc. Education Management from Ulster University. He worked as an Assistant Director in charge of Youth and environment, youth and gender, and later as a Deputy Principal at Thika college of Sharia and Islamic studies from 2011 to 2013. He later joined Umma University and served as a Registrar from 2013 to 2016.



THE BOARD OF DIRECTORS (Continued)



Dr. John Ltalipen Lekuton

Dr. John Ltalipen Lekuton is a Board Member. He is currently the Chair of Human Resource and Administration committee. He holds a Doctor of Philosophy degree in International Economics & Development; M.A in Economics- (Monetary and Fiscal Policy) and Bachelor of Economics - (Summa Cum laude) from Howard University, Washington D.C. He is experienced economist with good grasp of economic and financial matters. He is also exposed and conversant with how policies are formulated and implemented by the parliament of Kenya. His areas of interest are in regional integration, economic security, community and Youth development, Micro and small enterprises and HIV/AIDS prevention. He is a Member of Diplomacy Scholars Association of Kenya (DIPSAK). Currently, Dr. Lekuton is a lecturer at the Department of Diplomacy and International Studies, University of Nairobi.

Miss Christine Chepkoech Kibet is a Board Member. She is currently the Chair of Human Resource committee. She has over 16 years of experience in management, administration and as dedicated Human Resource generalist responsible for oversight in County Public service. She started her working life as a Board Member at Namoe Sacco after graduating from Karatina University with a bachelor's in business management. Additionally, she is currently pursuing her master's in business administration from Kenya Methodist university. She worked as a Trainer on Organizational capacity building at DCDC Laikipia



Ms Christine Chepkoech Kibet

North and as an Administrator at Mt Kenya Baptist school. She is currently working as a part time member in the Public Service Board in Laikipia County and also as a member in several committees at National Forum level representing Laikipia County Government to date.



THE BOARD OF DIRECTORS (Continued)



Mr. James Sitiency

Mr. James Sitiency is an inspectorate of state corporation representative.

Dr. Okoth Owuor is the representative of the Principal Secretary, Ministry of Water, Sanitation and Irrigation to the Agency.



Dr. Okoth Owuor



Mr. Benson Giuthua

Mr. Benson Giuthua is the Cabinet Secretary of The National Treasury representative to the Agency



THE BOARD OF DIRECTORS (Continued)



**CPA Andrew Rage
Eysimkele**

MBA(Finance),BBM, CPA(K), CIFA

CPA Andrew Rage Eysimkele is the Chief Executive Officer. He has over 19 years' experience in public sector, in the fields of Finance, Accounting, Auditing and Management. He previously served as the Acting CEO from November 2021 to August 2023 and before that he was the Finance & Administration Manager of the institution. Before joining the Agency, he has worked with the National Treasury for over 5 years as an Accountant and prior to that as a Postal Officer with Postal Corporation of Kenya. He holds MBA Finance from Kenyatta University and a Bachelor of Business Management, Finance and Banking option from Karatina University. He is a CPA (K) holder and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a graduate of CIFA and a registered member of the Institute of Certified Investment and Financial Analyst. He has also attended several courses, workshops, seminars and trainings.

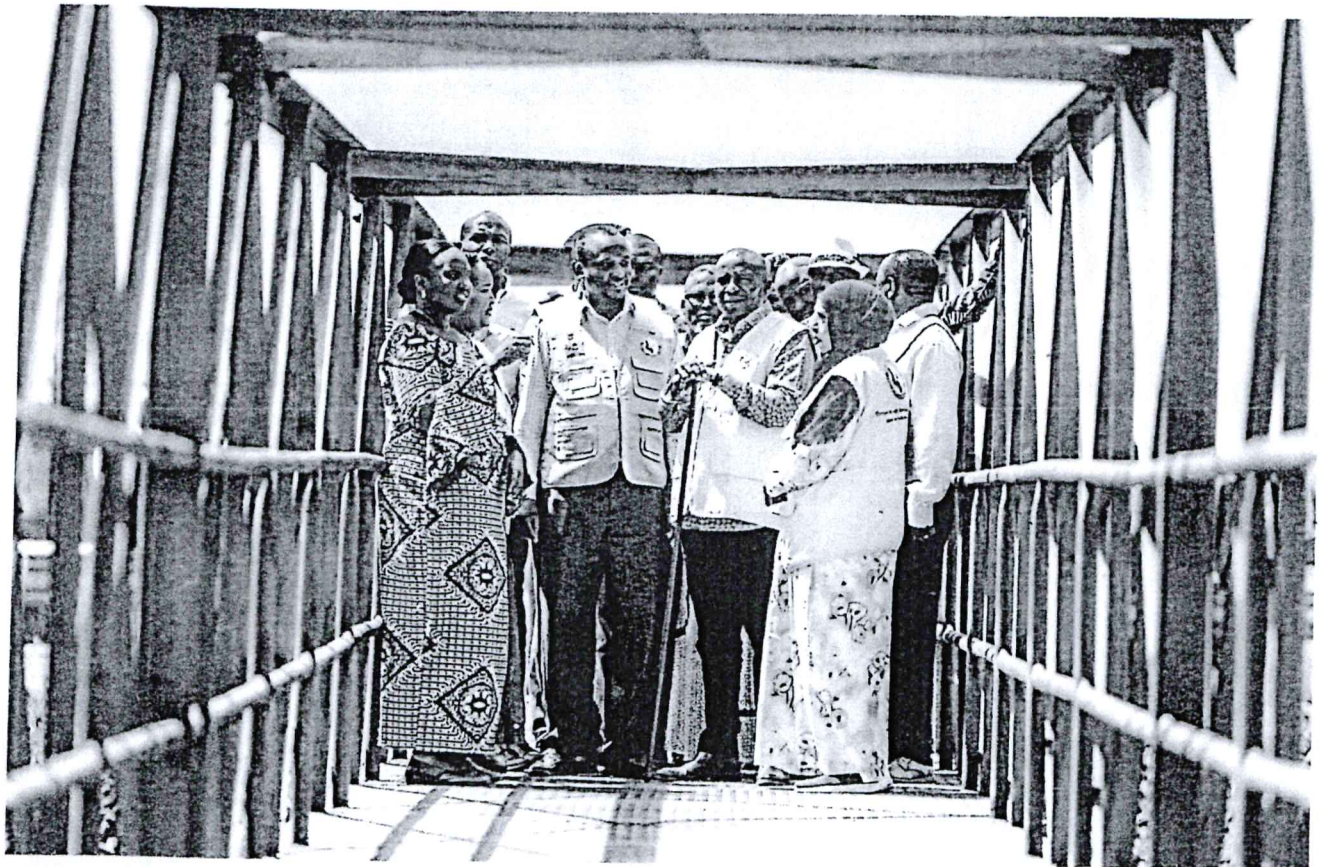


Figure 1: The Chairperson of the Board together with the Chief Executive Officer (CEO) received His Excellency the Deputy President for an inspection of the completed Yamo Dam and the ongoing construction works of the Maralal Water Supply Project – Phase One at the official signing of the Performance Contract in Maji House.

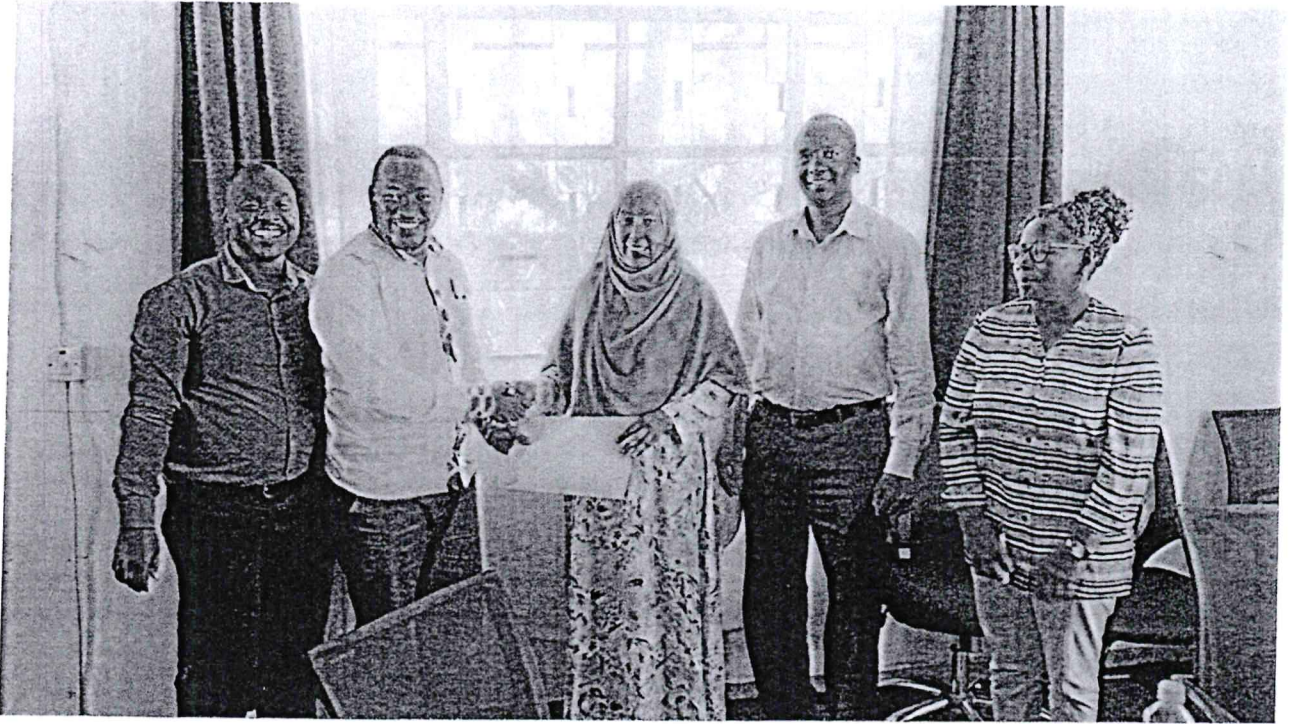


Figure 2: The Chairperson of the Board, Director Christine Kibet together with the Chief Executive Officer (CEO) during the Performance contracting Evaluation meeting with the Public Service Performance Management Services (PSPMS) team.



Figure 3: The Cabinet Secretary for the Ministry of Water, Sanitation, and Irrigation, Eng. Mugaa Murithi Eric was accompanied by the Chairperson of the Board and the Chief Executive Officer (CEO) while visiting the completed Yamo Dam project and the site designated for the construction of the Maralal Water Supply Project.



Figure 4: The Chairperson of the Board in collaboration with the Ministry of Water, Sanitation and Irrigation and other water sector institutions participated in a week-long Ministerial tree-planting exercise in Kirisia Forest, Samburu County.



Figure 5: His Excellency The President William Samoei Ruto, The Cabinet Secretary for the Ministry of Water, Sanitation, and Irrigation, Eng. Mugaa Murithi Eric, The Principal Secretary Mr. Julius Korir accompanied by the Chairperson of the Board and the Chief Executive Officer (CEO) during inspection of Manderla Water and Sanitation Project under ADB program.

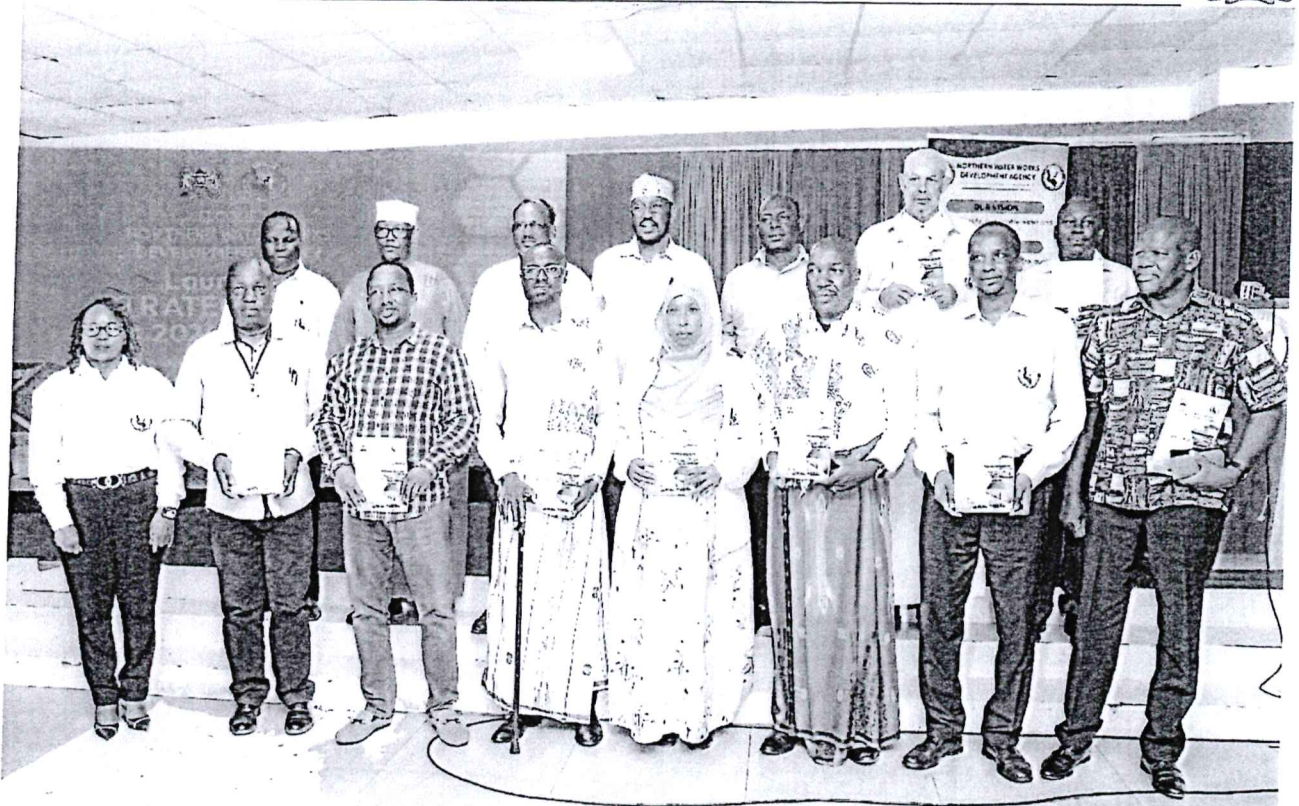


Figure 6: The Cabinet Secretary for the Ministry of Water, Sanitation, and Irrigation, Eng. Mugaa Murithi Eric, The Principal Secretary Mr. Julius Korir accompanied by the Board and the Chief Executive Officer (CEO) during the NWWDA launch of the strategic plan 2024-2028



3. KEY MANAGEMENT TEAM

CPA Andrew Rage Eysimkele
MBA(Finance), BBM, CPA(K), CIFA



CPA Andrew Rage Eysimkele is the Chief Executive Officer. He has over 18 years' experience in public sector, in the fields of Finance, Accounting, Auditing and Management. He previously served as the Acting CEO from November 2021 to August 2023 and before that he was the Finance & Administration Manager of the institution. Before joining the Agency, he has worked with the National Treasury for over 5 years as an Accountant and prior to that as a Postal Officer with Postal Corporation of Kenya. He holds MBA Finance from Kenyatta University and a Bachelor of Business Management, Finance and Banking option from Karatina University. He is a CPA (K) holder and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He is also a graduate of CIFA and a registered member of the Institute of Certified Investment and Financial Analyst. He has also attended several courses, workshops, seminars and trainings.

Eng. Nelson K. Maritim

MBA (Strategic Management), MSc in Civil Engineering

Eng. Nelson K. Maritim has over 23 years' experience in public sector, in the fields of Civil and Structural Engineering, Materials, Water Engineering and Management, Strategic Management and Project Management. He is currently the General Manager, Infrastructure Development of Northern Water Works Development Agency overseeing the Technical Services namely Planning and Design, Implementation of Water and Sewerage Infrastructure Developments and emergency Coordination. Before joining the Agency, he has worked with the County Government of Uasin Gishu as County Executive Committee Member for Lands, Housing, Physical Planning and Urban Development for 5 years, Chief Officer for Lands, Housing and Physical Planning for 3 years, Chief Officer Roads, Transport and Public Works for 2 years, Director, Eldoret Water and Sanitation Company for 2 years, Lecturer, Civil and Structural department, Moi University for 4 years and Masinde Muliro University of Science and Technology for 5 years, Assistant Engineer, Ministry of Roads, Transport and Public Works for 1 year and Assistant Engineer, Maiyo & Partners Consulting Engineers for 1 year. He holds MSc in Civil (Structural Option) Engineering and MBA in Strategic Management from Jomo Kenyatta University of Agriculture and Technology, Bachelor of Science Degree in Civil Engineering from University of Nairobi and Diploma in Project Management from Kenya Institute of Management. He is a registered Professional Engineer and a Member of the Institution of Engineers of Kenya (IEK) in good standing. He has attended several professional courses, workshops, seminars and trainings locally and overseas.





CPA. Amina Issa Hussein
MBA(Finance), BBS, CPA(K)



CPA. Amina Issa Hussein is currently the Finance and Accounts Manager after acting for the same position previously. She has over 14 years' experience in both Public and Private sector in the fields of Finance, Accounting, Auditing and Management. She previously served as the Internal Auditor before being appointed as Management Accountant. Before joining the Agency, she has worked with the private sector over 5 years as an Accountant. She holds an MBA in Finance from Kenyatta University and a Bachelor of Business Studies, Accounting option from Islamic University in Uganda. She is a CPA (K) holder and a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing. She has also attended several courses, workshops, seminars and trainings

Dr. Benedict M. Kimwaki
Ph.D,MA,BA,MCIPS, MKISM,

Dr. Benedict M. Kimwaki is the Head of Supply Chain Management for the Agency from 2009 to present. He is a Transformational leader with over 20 years of professional experience delivering results in both the private and the public sectors. Proven experience in developing, articulating, and reviewing policies to enhance service delivery to the public, especially the marginalized and under-served populations. He has vast Experience working with governmental agencies, donor communities and local stakeholders in development planning. Additionally, he has proven expertise in interpreting policies and providing strategic guidance on setting up of implementation frameworks, as well as ensuring service delivery structures align with the overall national development agenda, the new constitution, and all set legal, ethical, and supply chain requirements. Before joining the Agency, he has worked with the private sector over 5 years as Procurement Officer.



He holds a Ph.D in Supply Chain Management from Jomo Kenyatta University, Masters in Project Planning and Management from the Nairobi University, Bachelors of Business Administration from Kenya Methodist University and Graduate Diploma in Purchasing and Supplies Management from Chartered Institute of Purchasing and Supply Management-UK. He has also attended several courses, workshops, seminars and trainings. He has authored and published several journals in the field of Supply Chain Management.

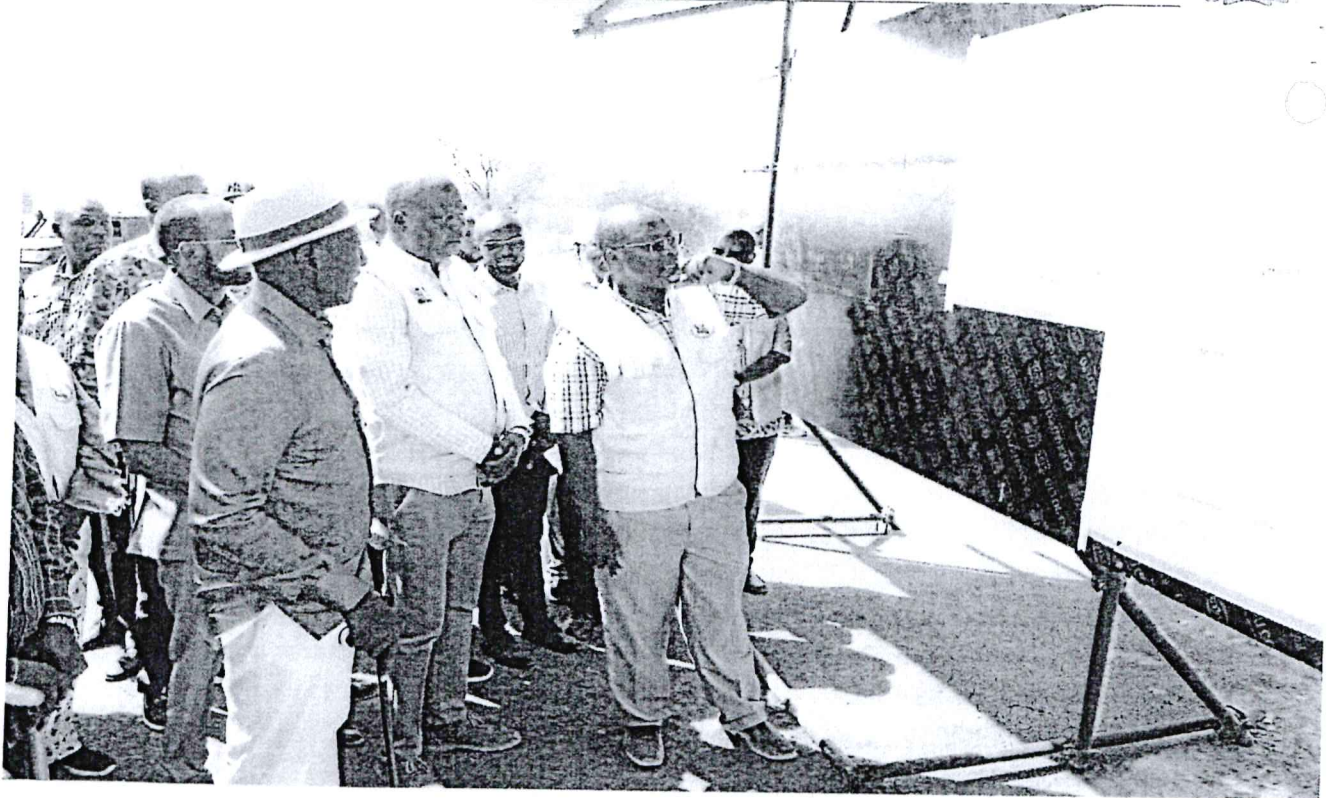


Figure 7: His Excellency The President William Samoei Ruto, The Cabinet Secretary for the Ministry of Water, Sanitation, and Irrigation, Eng. Mugaa Murithi Eric, The Principal Secretary Mr. Julius Korir accompanied by the Chairperson of the Board and the Chief Executive Officer (CEO) during inspection of Manderla Water and sanitation Project under ADB program.



Figure 8: The Chief Executive Officer (CEO) received His Excellency the Deputy President for an inspection of the completed Yamo Dam and the ongoing construction works of the Maralal Water Supply Project – Phase One.



Figure 8: The Chief Executive Officer (CEO) speaking at the Water Sanitation and Irrigation Conference



Figure 10: The Cabinet Secretary for the Ministry of Water, Sanitation, and Irrigation, Eng. Mugaa Murithi Eric, The Principal Secretary Mr. Julius Korir accompanied by the Board and the Chief Executive Officer (CEO) during the NWWDA launch of the strategic plan 2024-2028

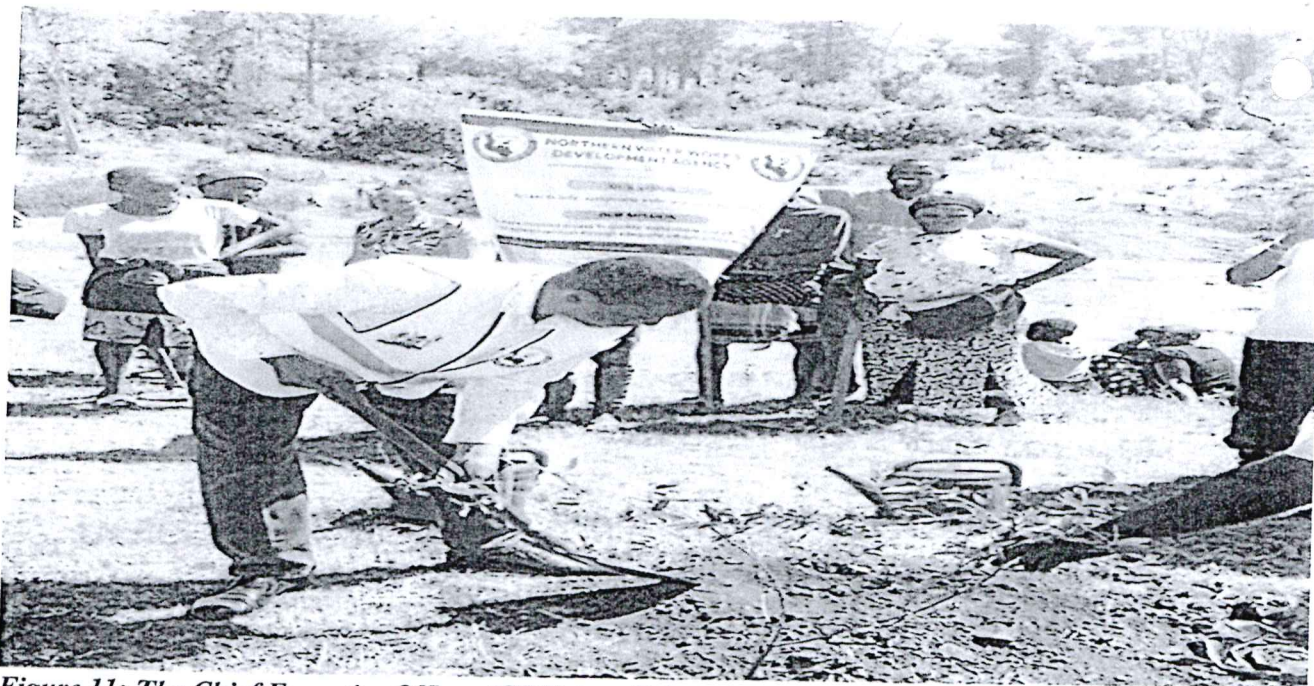


Figure 11: The Chief Executive Officer (CEO) in collaboration with the Ministry of Water, Sanitation and Irrigation and other water sector institutions participated in a week-long Ministerial tree-planting exercise in Kirisia Forest, Samburu County.

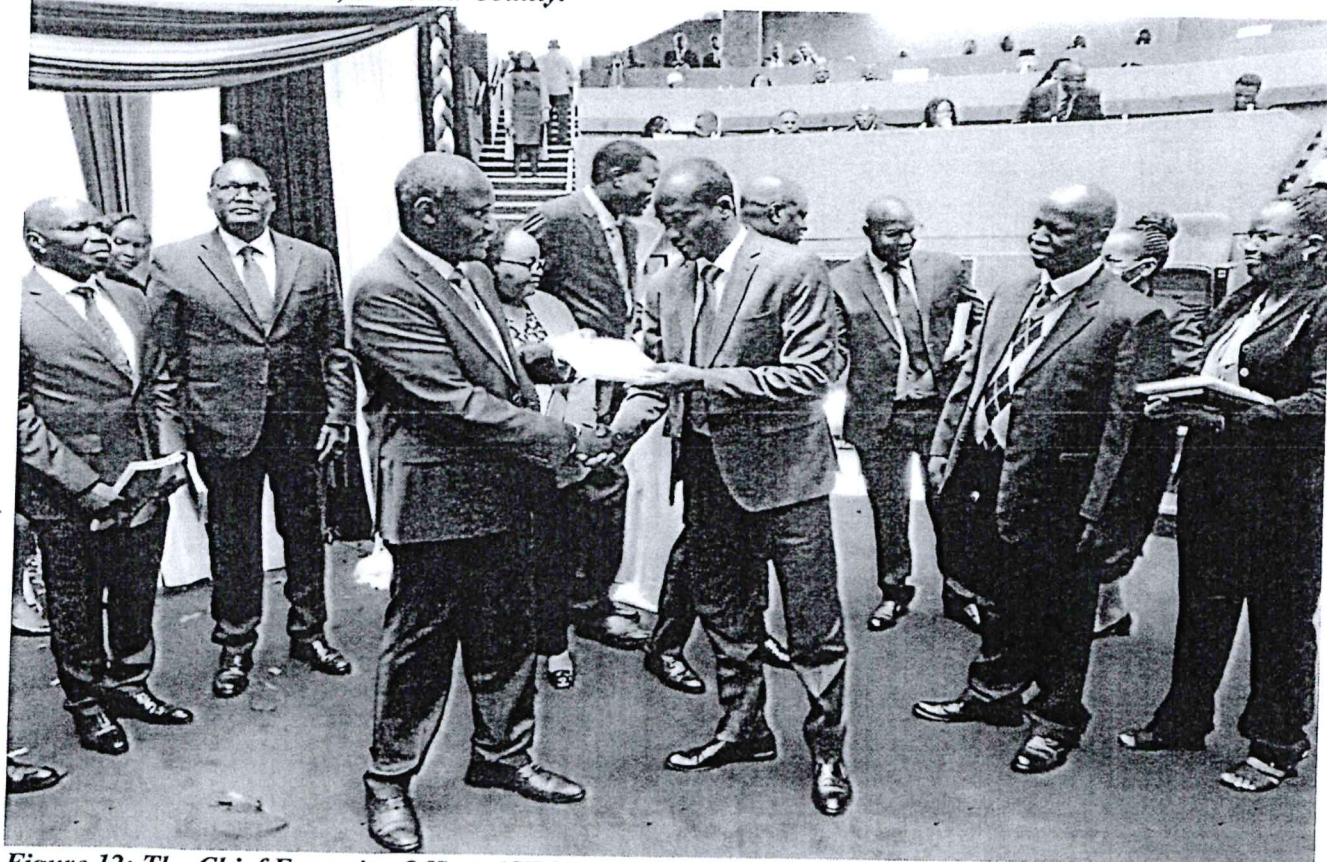


Figure 12: The Chief Executive Officer (CEO) participating in the launch of the FY 2025/26 Budget Preparation Process, which was presided over by the Cabinet Secretary for the National Treasury and Economic Planning, CPA Hon. John Mbadi.

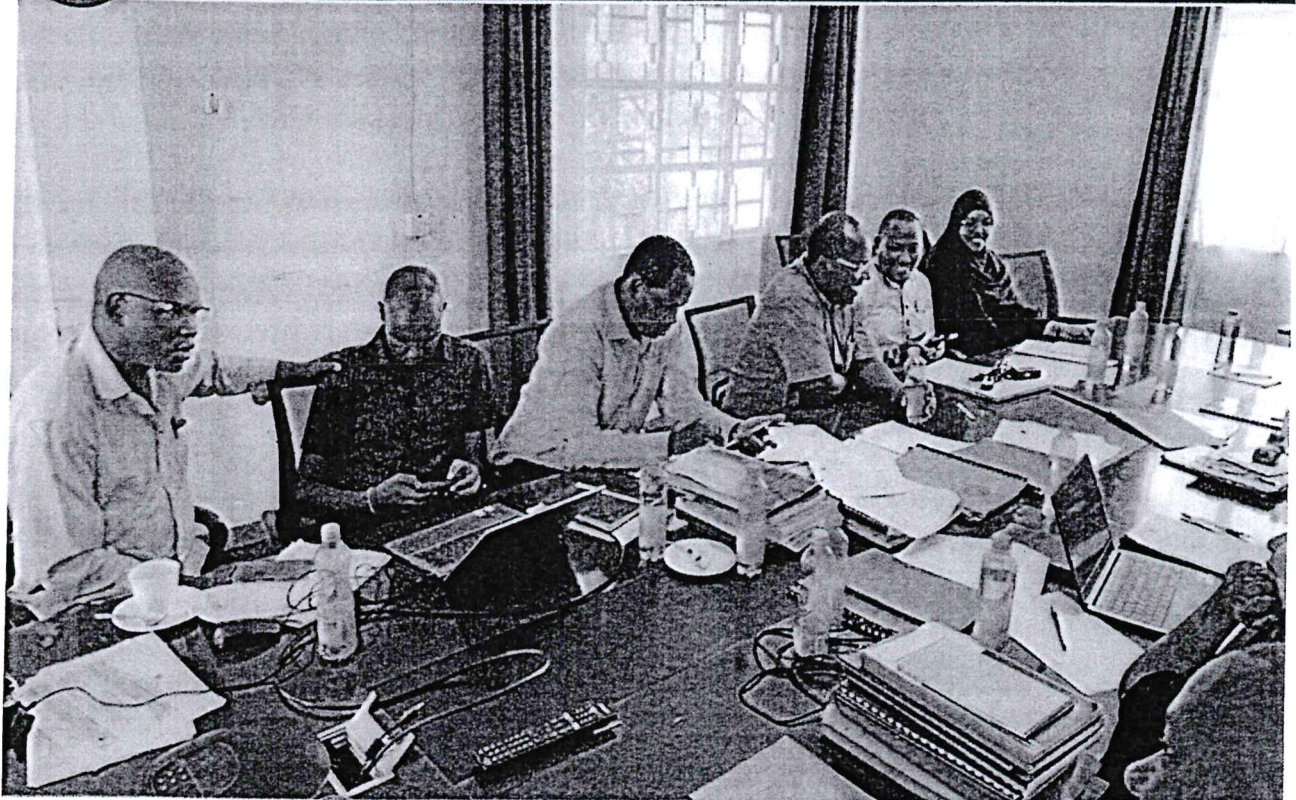


Figure 13: The Members of the Board, together with the Chief Executive Officer (CEO) and management team during the Performance contracting Evaluation meeting with the Public Service Performance Management Services (PSPMS) team.



4. CHAIRPERSON'S STATEMENT



I am gratified to present this Annual Report and Financial Statements of Northern Water Works Development Agency (NWWDA) for the year ended 30th June 2025. On behalf of the Board of Directors, I wish to take this opportunity to acknowledge the efforts shown by the entire Northern Water Works Development Agency's staff in ensuring that our mandate of providing water and sanitation infrastructure within our area of jurisdiction is attained. As always, the Agency continues to demonstrate consistent and reliable performance for the benefit of all our stakeholders.

Key Activities

Under its core mandate of infrastructure development, the Agency has continued with its implementation of infrastructural programmes geared towards increasing access to safe water and sanitation, which are the key enablers in the Bottom-Up Economic Transformation Agenda (BETA) as anchored in the Fourth Medium Term Plan (MTP IV).

This report highlights the Agency's achievements and challenges during the financial year. Just to highlight some achievements during the Year under review, the Agency through GOK funds has the successfully constructed 3 No. projects namely, Eldas Languraa Water Supply Project, Extension of Griftu-Bilatulamin Water Supply Project and Expansion of Eldas Water Supply Project in Wajir county respectively which are partly already serving the intended communities.

Due to experienced tremendous infrastructural and population growth in Maralal township, the Agency in conjunction with the Ministry of Water Sanitation and Irrigation constructed Yamo dam which was completed in the previous years and has now impounded water. The next phase of the project being construction of Maralal Water Supply project, is now at 16% complete which includes a conventional water treatment plant with a capacity of 9,000M³ per day and will in future provide adequate water supply for the people of Maralal town and its environs.

Additional during the year, the Agency in collaboration with TWDDA continued the implementation of capital works in various counties under the Africa Development Bank (AfDB)/Government of Kenya (GOK) co-funded Kenya towns sustainable water supply and sanitation programme whose objective is to improve access, quality, availability and sustainability of water and waste services in regional centres and towns. The projects are Marsabit water and sewerage project, Mandera water and sewerage project, Isiolo last mile connectivity and Garissa last mile connectivity. The projects are at different stages of completion. One of the challenges highlighted is the issue of Road crossing and cost overruns specifically Mandera, that we fear will delay the completion of Mandera water and sewerage project. We have also observed and continue observing the Ministry of Health guidelines and other presidential directives.



Performance

I am pleased to note that, the review of the HR instrument on March 2025 has now been approved by the Public Service Commission (PSC) and the Agency is waiting on the new Salary Structure to be approved by the Salaries and Remuneration Commission (SRC).

During the year, the Agency has developed and launched a new strategic plan for the year 2024-2028 which will give the Agency a strategic direction and ensure it operates efficiently, address the region's unique water challenges and achieve its mission of providing sustainable water solutions for the next five years.

Future outlook

The Agency shall continue to ensure progressive realisation of the right to clean and safe water in adequate quantities and reasonable standards of sanitation, this will contribute to the attainment of national development agenda.

I also appreciate the Ministry of Water, Sanitation and Irrigation, The National Treasury and Planning, Development partners, Regulatory authorities and all other stakeholders for their guidance, continued support and co-operation. Let me say thank you once more to, all members of staff, my fellow board of directors, and all other stakeholders whom I have not mentioned. It is my sincere belief and hope that we will overcome all these challenges.

SIGNED BY:

HON.NASRI SAHAL IBRAHIM

CHAIRPERSON

Date...22/09/2025



5. REPORT OF THE CHIEF EXECUTIVE OFFICER



It is my great pleasure to present this Annual report and financial statements for the year ended 30th June, 2025. The agency has recorded key milestones in its mandate of development of water and sewerage infrastructure and general management. As an Agency, we are keen on the value for money for all the projects that we implement. This is by ensuring that projects are cost effective and meets the community needs. One of the key highlights from this year, is the successful construction of 3 No. projects namely, Eldas Languraa Water Supply Project, Extension of Griftu-Bilatulamin Water Supply Project and Expansion of Eldas Water Supply Project in Wajir county respectively which are partly already serving the intended communities.

After the completion of Yamo dam last financial year, the dam has now impounded water. The next phase of the project being construction of Maralaal Water Supply project is now at 16% complete which includes a conventional water treatment plant with a capacity of 9,000M3 per day and will in future provide adequate water supply for the people of Maralal town and its environs.

The agency covers a region which water is a scarce commodity and in our delivery of this vital commodity we are faced with a number of challenges; the cost of water production is very high, as pumping constitutes a major component, because of the vast region and limited water infrastructure, water sources are generally far apart hence long walking distances. To correct this and make water available to the people, heavy investments are required to put up new infrastructure as many areas are not adequately served. The Agency has also experienced delays in exchequer releases.

Despite all that, the Agency made remarkable improvement in project implementation. We ensured that most projects were completed in time and a good number of ongoing ones are at remarkable progress.

The Agency continued to adopt Performance Contract Management Approach in line with the Government reforms initiatives. During the financial year, the Agency signed a contract with the Ministry of Water, Sanitation and Irrigation for implementation and cascaded the said targets to Heads of Departments/Divisions. This approach improved the utilization of the available resources leading to better service delivery and better value for money in the Agency activities.



Also within the year under review, the Agency achieved the following milestones:

- i) The Agency improved on performance contract scores from 2.92 in FY 2022/23 to 2.57 in FY 2023/2024 and expecting positive trend this year.
- ii) Review of the HR instruments has now been approved waiting for new Salary Structure to be approved by the Salaries and Remuneration Commission (SRC).
- iii) The Agency enhanced its operational efficiency, by undertaking automation of internal processes hence improving automation index from 54% to 58%.

Challenges

- i) Inadequate budgetary allocation especially recurrent budget.
- ii) Delay of disbursement of allocated funds leading to delay in honouring commitments and obligations which leads to the public losing confidence in the Agency.
- iii) Insecurity due to clan conflicts and transboundary water conflicts may hinder the completion of projects.
- iv) Inadequate water resources: Lack of enough storage structures i.e dams to sustain existing utilities.
- v) Inadequate staffing levels

Water and Sanitation Facilities Developments

During the year, the Agency completed construction of a number of projects and continued implementation of other infrastructural projects.

Donor Projects

The Agency had several donor projects which are at different levels of implementation. These are as listed below:

A) BADEA/OPEC PROGRAM

1. Garissa Sewerage Project

The Garissa sewerage project is serving a population of over 120,000 persons within Garissa and its environs. The phase I project commenced in June 2009 and is 100% complete.

The project has improved the sanitation coverage of Garissa town from 20% to 40%. The project is currently 100% complete only awaiting commissioning.

The following has been undertaken: -

- i) Construction of 20Kms of sewer line 300-900mm concrete pipeline.
- ii) Construction of 5No. waste stabilization ponds
- iii) Access Roads and site works
- iv) Construction 25Kms secondary lines
- v) Connection of 1000No. households
- vi) Construction of manholes
- vii) Construction of office block

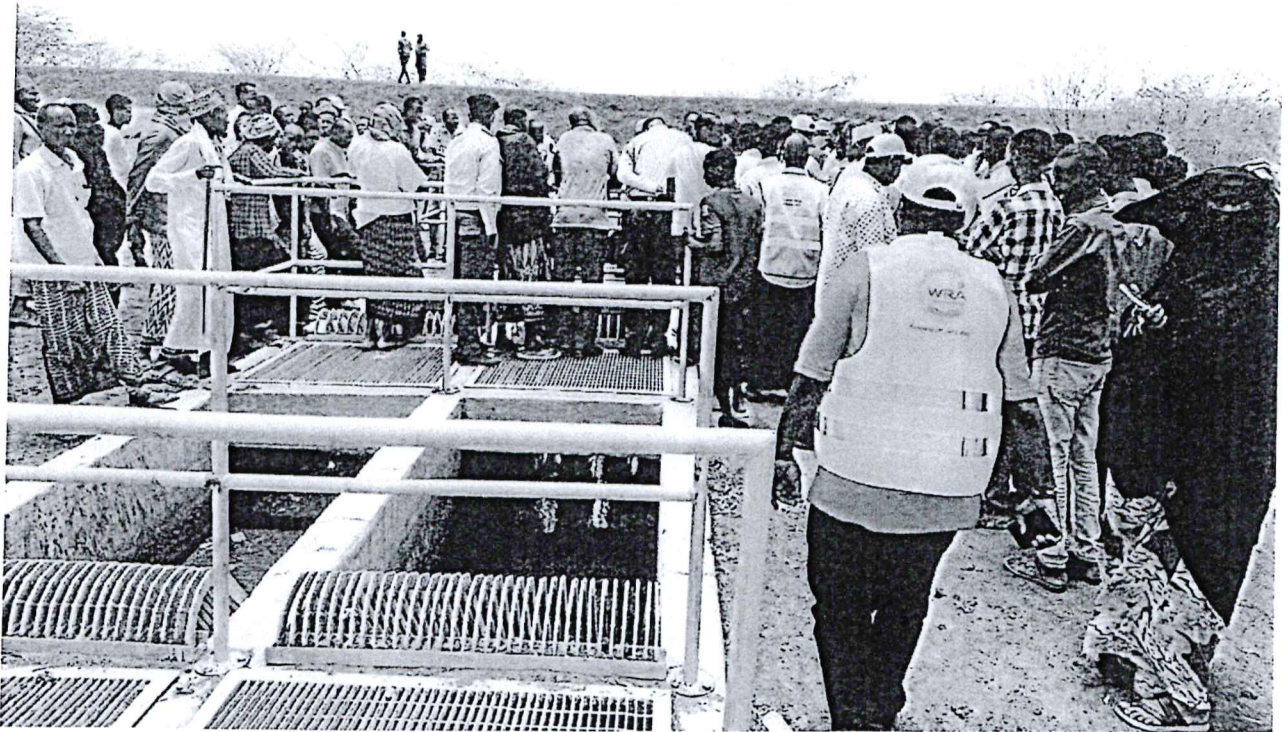


Figure 1: Principal Secretary of State Department of Water and Sanitation during Inspection tour at Garissa Sewerage Project- Inlet Works

B) AFRICAN DEVELOPMENT BANK (ADB)

During the year, African Development Bank funded 6 projects in our region through a joint implementation arrangement with NWWDA and Tana Water Works Development Agency. The arrangement is that the finances and reporting are administered at Tana Water Works Development Agency and supervised and monitored by NWWDA.

The following are the projects funded by African Development Bank:

1. Construction of Marsabit Water and sewerage projects

Marsabit water and sanitation project objective is to increase water and sanitation coverage in Marsabit town from 20% to 40% and 0% to 60% respectively. The overall project completion rate is currently at 99% for water and 88% for sewerage project.

The following is the scope of the works: -

- i) Land compensation
- ii) Construction of 20m high Bakuli concrete dam.
- iii) Construction of water treatment works
- iv) Construction of 5km rising main
- v) Construction of wastewater stabilization ponds
- vi) Laying of 5km sewer pipeline
- vii) Construction of secondary sewers 28.35km

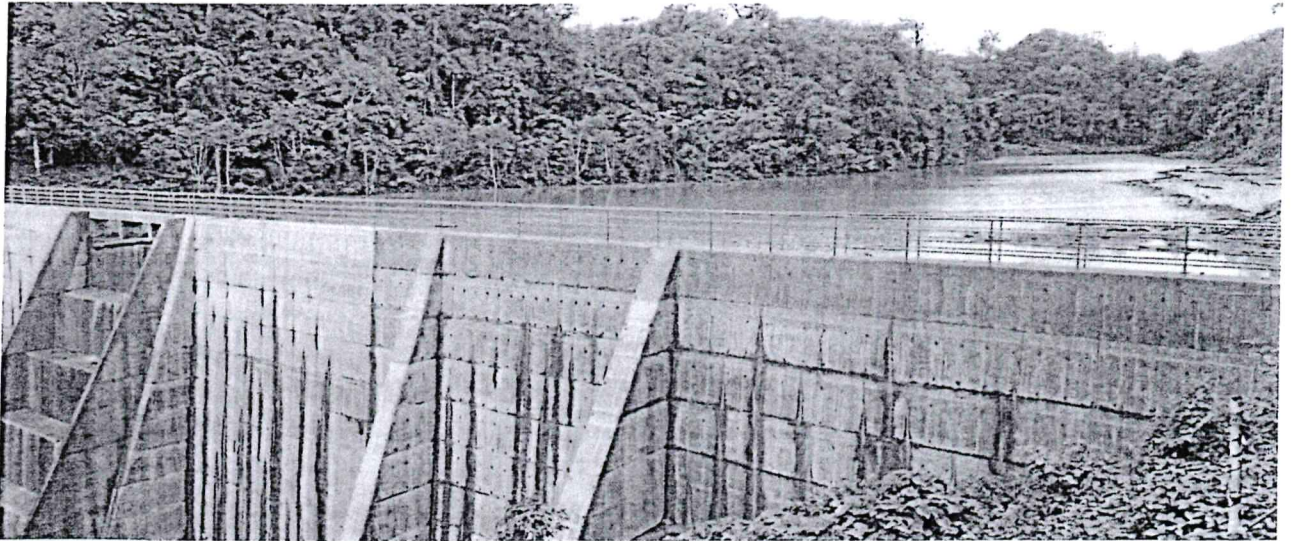


Figure 2: Full and spilling Bakuli 4 dam

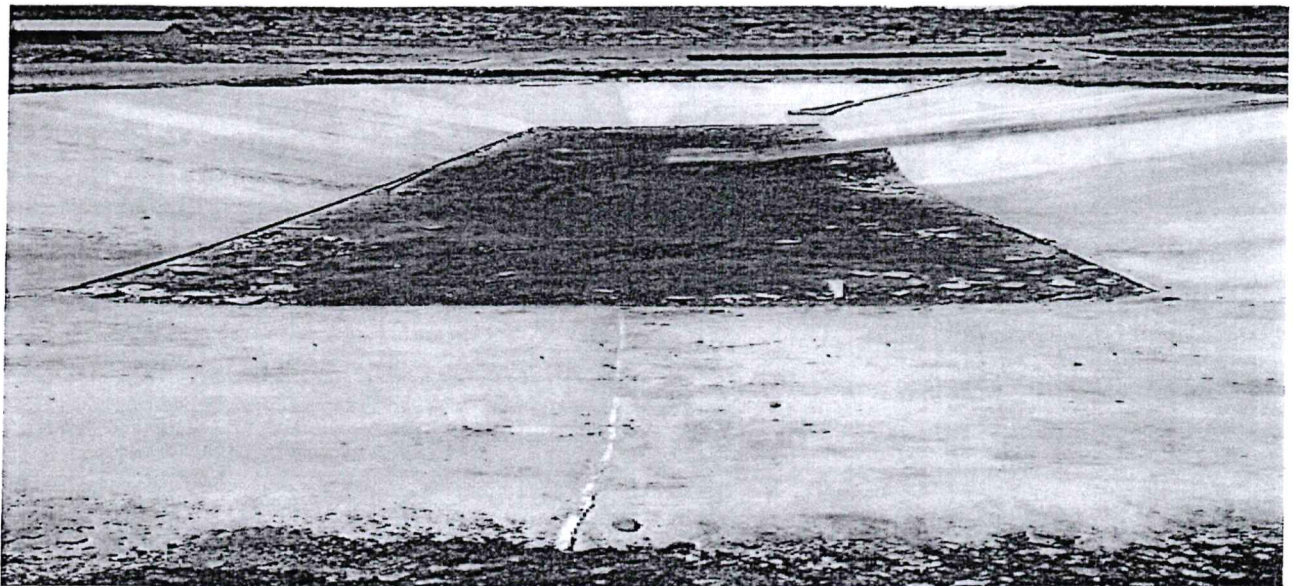


Figure 3: Completed concrete lining works- Anaerobic ponds STP 2



Figure 4: Newly Constructed MARWASCO Office Block

2. Construction of Mandera Water and Sanitation Project

Mandera water and sanitation project objective is to increase water and sanitation coverage in Mandera town from 15% to 70% and 0% to 60% respectively. The project will serve a population of 50,000 people. The overall project completion rate is currently at 73% for water and 95% for sewerage project.

The following has been undertaken: -

- i) Land compensation is ongoing with valuation being undertaken by the National Land Commission
- ii) Construction of intake works.
- iii) Construction of water treatment works
- iv) Construction storage tanks
- v) Laying of rising mains.
- vi) Construction of distribution lines
- vii) Construction of 4.3km Trunk Main
- viii) Construction of 23km Primary Sewer Lines
- ix) Construction of 32.5km of Secondary Sewer Lines
- x) Construction of 10 No. waste stabilization ponds.

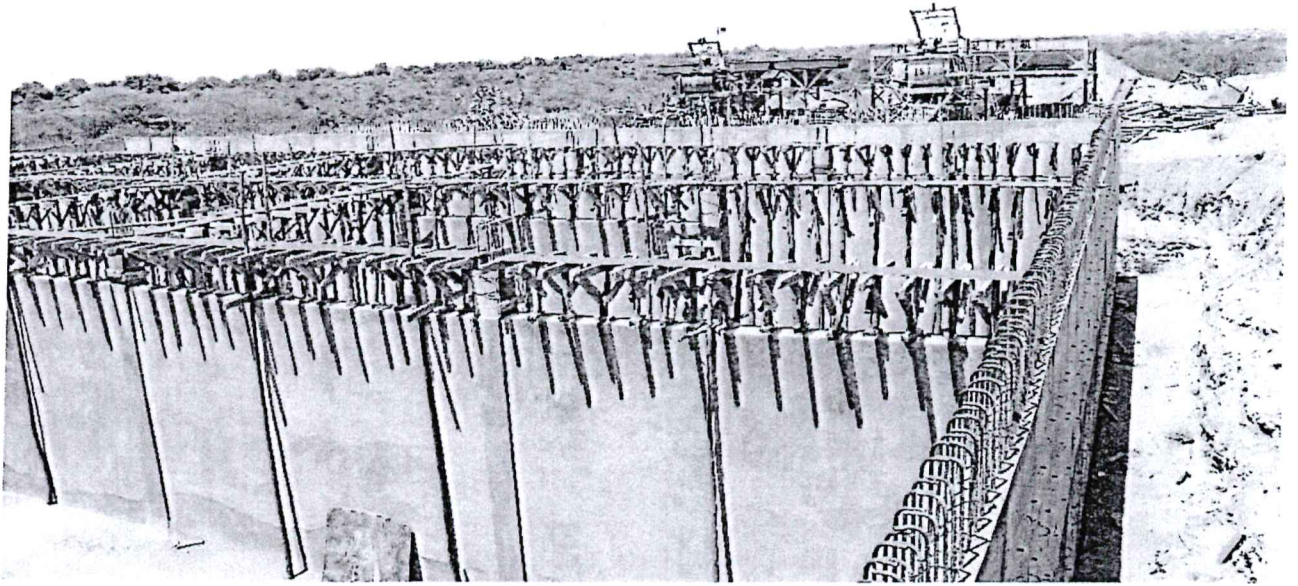


Figure 5: Mandera water-5000m³ tank construction

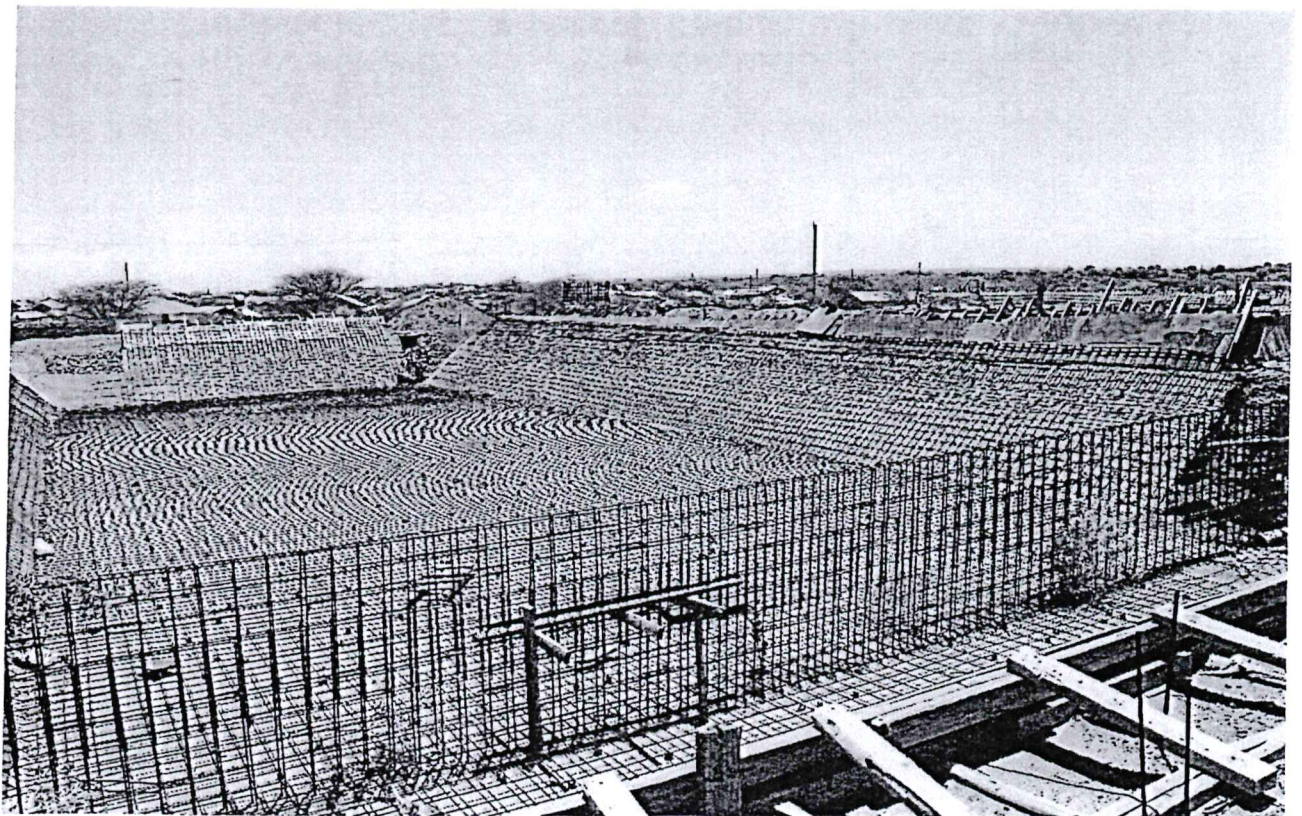


Figure 6: Mandera water-treatment works construction



3. Design of Nanyuki and Loyangalani water and sewerage

- i) Design of Loiyangalani water supply and Sewerage system
- ii) Design of Nanyuki sewerage system

Projects under bank, ESIA report approved, design report submitted and NEMA licence received awaiting funding under the new ADB urban program.

C. Government of Kenya funded projects

The board is undertaking various projects in rural and urban areas through funding from the GOK in different counties. This is both storage infrastructure and pipeline

1.0 Maralal water Project

- i) Construct a new water supply of 9,000m³/day.
- ii) Tanks and distribution pipelines.
- iii) Raw and treated water main

The project is currently at 16% complete



Figure 7: The Chief Executive Officer (CEO) made a courtesy call to the Deputy Governor, Samburu County.

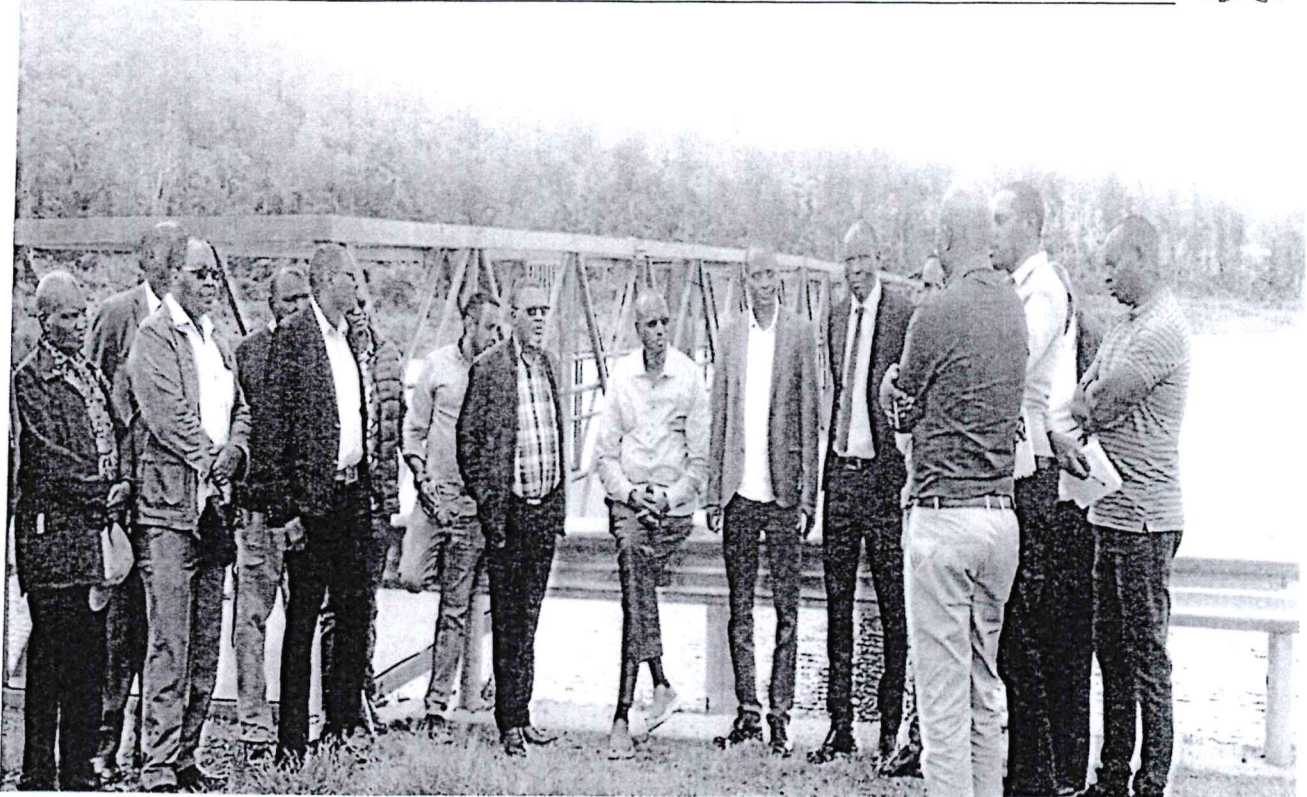


Figure 8: The Chief Executive Officer (CEO) accompanied by NWWDA technical team during the official hand over of the project site for the construction of the Maralal Water Supply Project to the contractor, Maralal Samburu County.

2.0 Masalani Water Supply. (Masalani Gababa pipeline extension and ancillary works)

This is a water supply project in Masalani, Garissa County which is targeting to benefit 7,000 people. The following are scope of works to be undertaken:

- i) Project preliminaries and General items
- ii) Construction of a 17km DN 110-160 HDPE Gababa-Masalani pipeline and associated works
- iii) Construction of 1No. 150m³ sectional steel elevated water Tank-Ijara vocational and technical training centre.
- iv) Rehabilitation of existing 25m³/hr composite filtration.
- v) Rehabilitation of 3No. 150m³ and 1No. 100m³ existing elevated steel water tanks.

The project is currently at 87% complete.



Figure 9: Masalani Gababa-Sign Board and Laying of the HDPE 110mm pipeline together with backfilling works.

3.0 Expansion of EI-Nur Water & Sanitation Project

This is a water supply project in Eldas, Wajir County which is targeting to benefit 16,800 people. The following are the scope of work to be undertaken.

- i) Drilling and equipping of 4No. boreholes.
- ii) Laying of rising main 7kms.
- iii) Laying 8km distribution main.
- iv) Construction of elevated steel tank and G.I masonry tank.
- v) Water kiosks, cattle troughs and fencing.

The project is currently at 100% complete.

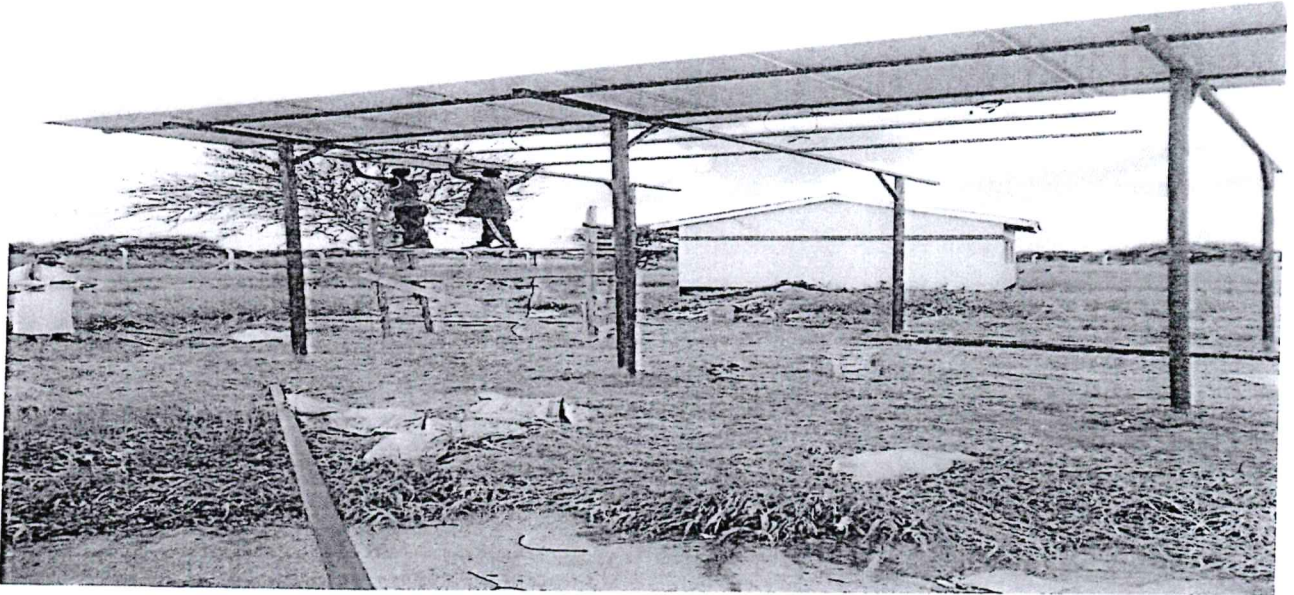


Figure 10: Expansion of El-Nur Water & Sanitation Project- Solar Panel

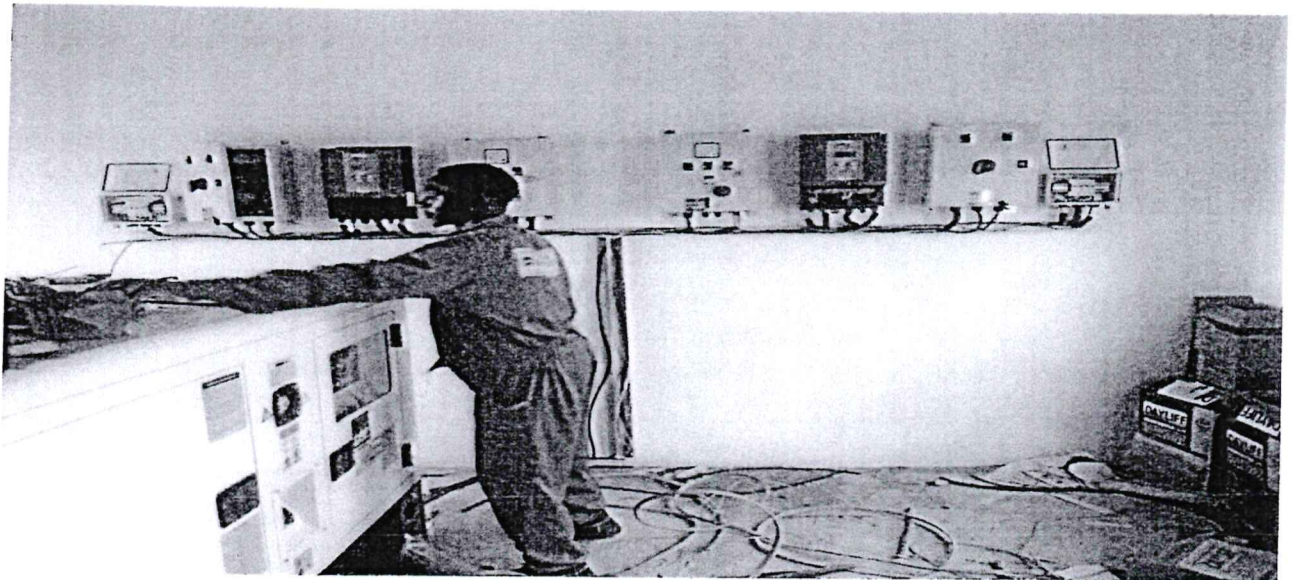


Figure 11: Expansion of El-Nur Water & Sanitation Project- Genset installation.

4.0 Eldas Languraa Water Supply Project

This is a water supply project in Eldas, Wajir County which is targeting to benefit 3,300 people. The following are the scope of work to be undertaken:

- i) Drilling and equipping of 2No. boreholes at Eldas center with solar and KPLC power/ Genset
- ii) Construction of 110mm diameter 24km HDPE transmission main from Eldas to Languraa
- iii) Construction of 75mm diameter 4km long borehole to tank rising mains
- iv) Construction of distribution system
- v) 50m³ elevated steel tank at Languraa centre
- vi) Livestock cattle troughs

The project is currently at 100% complete.



Figure 12: Inspection of Eldas Languraa Water Supply Project



Figure 13: The Chief Executive Officer (CEO) testing the water at Eldas Languraa Water Supply Project

5.0 Extension of Griftu-Bilatulamin Water Supply Project

This is a water supply project in Eldas, Wajir County which is targeting to benefit 6,000 people. The following are the scope of work to be undertaken:

- i) Solar unit Installation Construction of Rising Mains of 80/90mm GI/HDPE pipe
- ii) Booster station
- iii) Construction of Distribution System of 80/63mm diameter HDPE/GI pipelines-5.7kms
- iv) Construction of 75m³ Elevated steel tank at Biad
- v) Construction of 100m³ G.L Masonry tank
- vi) Construction of 8no water Kiosks
- vii) Construction of 4no. Sanitation Blocks, cattle troughs and fencing

The project is currently at 100% complete.

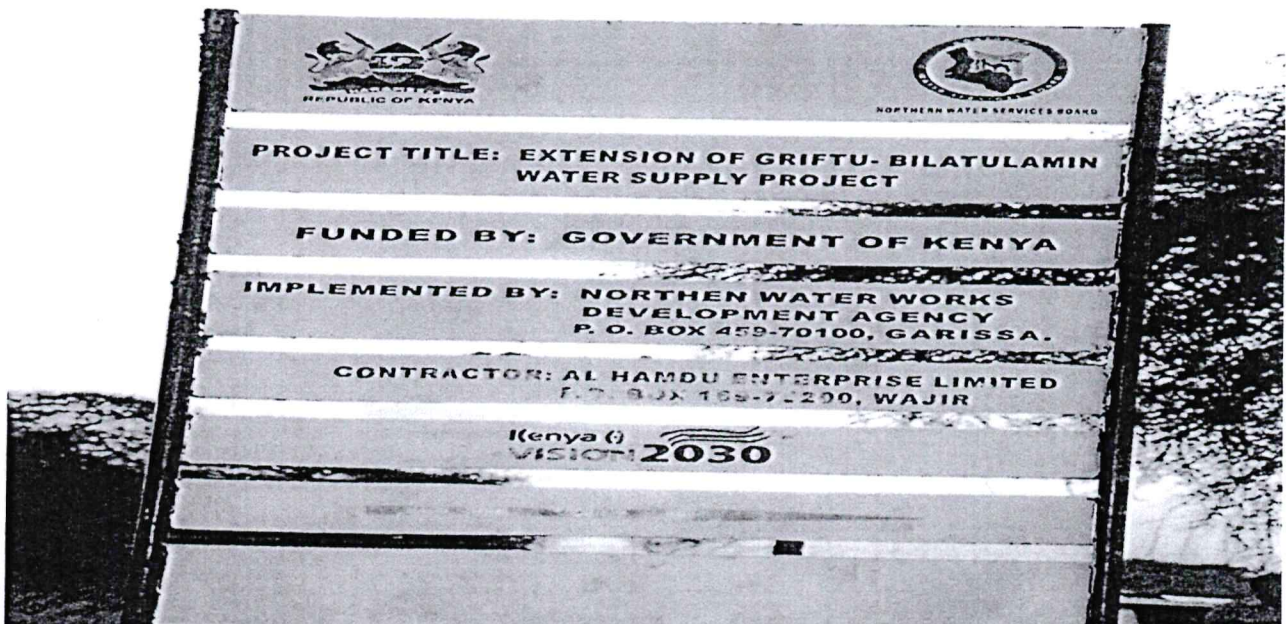


Figure 14: Sign Board at Extension of Griftu-Bilatulamin Water Supply Project

1.0 Expansion of Eldas Water Supply Project

This is a water supply project in Eldas, Wajir County which is targeting to benefit 23,000 people. The following are the scope of work to be undertaken:

- i) Drilling and equipping of 7no.Boreholes
- ii) 2no. 250m³ Elevated Steel Tanks
- iii) Construction of Rising Mains of 110mm HDPE pipe NP-12.5; 10.0 kms long
- iv) Construction of Distribution System of 80/65mm diameter HDPE/GI pipelines-15.0 km
- v) Construction of 4no VIP Latrines
- vi) Construction of office and store

The project is currently at 77% complete.

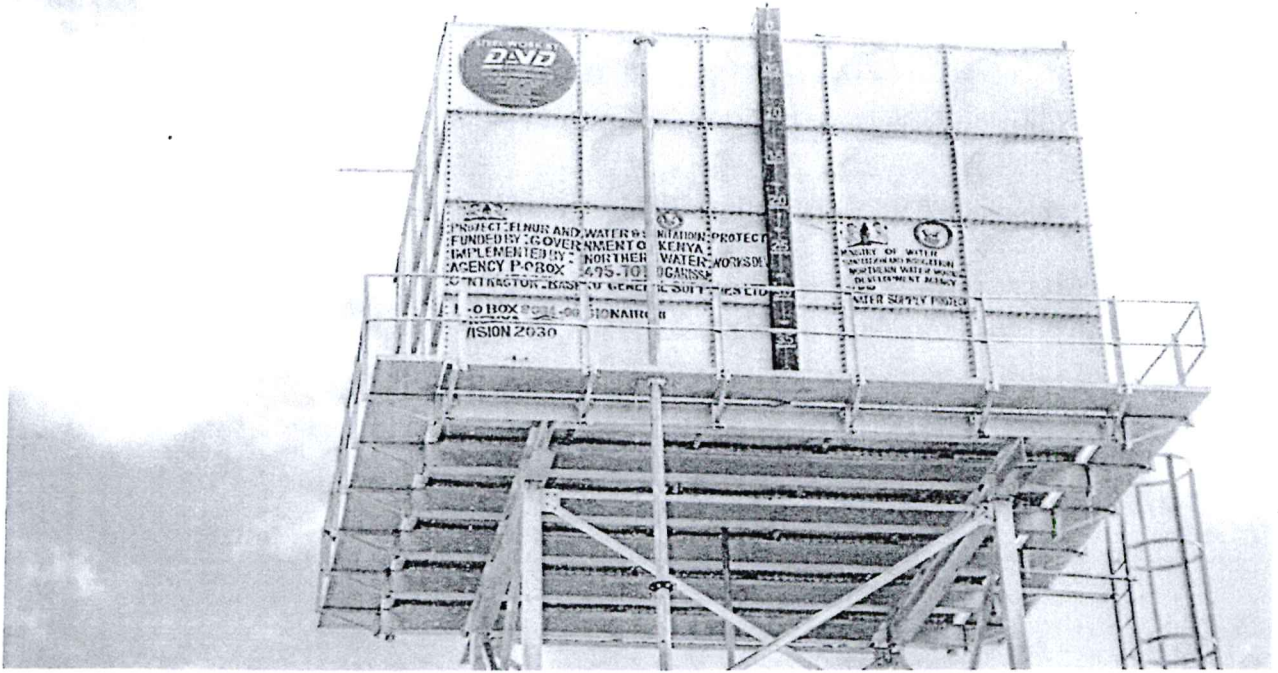


Figure 15: Elevated Steel Tanks at Expansion of Eldas Water Supply Project

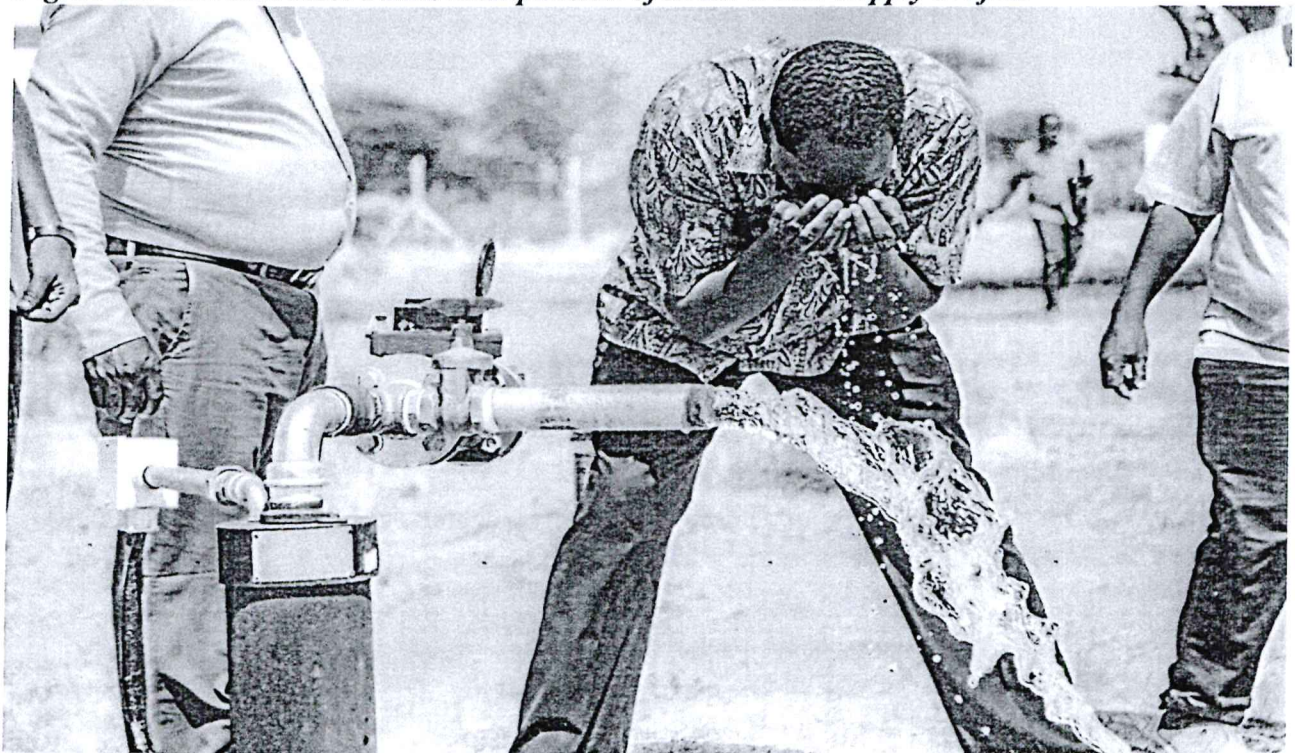


Figure 16: The GM, Infrastructure Development testing the water at Eldas Languraa Water Supply Project



1. Future outlook

As indicated in the financial statements for the year 2024/2025, the Agency's performance decreased from a surplus of Kshs. 1,082,010,016 to a deficit of Kshs. 153,241,510 in 2024/2025 F/Y and 2023/2024 F/Y respectively.

CPA. Andrew Rage Eysimkele
Chief Executive Officer

Date 22/9/2025



6. STATEMENT OF NORTHERN WATER WORKS DEVELOPMENT AGENCY'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2024/2025

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

NWWDA has three strategic pillars (Key Result Areas) and objectives within its Strategic Plan for the FY 2019/2020-2023/2024. These strategic pillars/ themes/ issues are as follows:

Pillar 1: Water and sanitation Coverage

Pillar 2: Research and Development

Pillar 3: Institutional Capacity Development

Northern Water Works Development Agency's develops its annual work plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2024/2025 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar (KRA)	Strategic Objective	Key Performance Indicators	Activities	Achievements
Water and sanitation Coverage	1. Increase access to safe water in rural areas from 19.3% in the year 2019 to 59.3 % by the year 2024.	No. boreholes and water pans	13 No. water pans and 4 No. Boreholes 3No. Projects: Construction of Eldas Languraa, Griftu-Bilatulamin and Expansion of Eldas water supply projects.	Increased access to safe water in rural areas from 21% to 22%. Population of people who benefited are 26,000
	2. Increase access to safe water in Urban areas from 32.2% in the year 2019 to 52.2 % by the year 2024	No. boreholes, dams and water pans Pipeline extension works	Mandera water project at 73% complete Marsabit water project at 99% complete.	Increased access to safe water in urban areas from 32.2% to 34%. Population of people who benefited are 30,000
	3. Increase access to sanitation services in Urban areas from 6.9% in the year 2019 to 26.9 % by the year 2024.	No. of sanitation projects	Garissa sewerage project complete. To increase sanitation coverage in Garissa Town from 20% to 40%. Mandera sewerage project at 95% complete. Marsabit sewerage project. at 88% complete.	Increased sanitation coverage in urban areas from 7% to 8%. Mandera, Garissa and Marsabit people benefited from the project



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	4. Increase access to sanitation services in rural areas from 27.1% in the year 2019 to 57.1% by the year 2024.	No. of sanitation projects	Construction of 10 No. Sanitation blocks.	Increased sanitation coverage in rural areas from 28% to 29.1%. Population of people who benefited are 5,000
	5. To enhance sustainability of water and sanitation infrastructure.	No. of water kiosks and storage tanks constructed	Construction of 4No. pump house, fencing and 10 No. water kiosks.	sustainability of water and sanitation infrastructure done
Research and Development	To promote Research, development and appropriate technology	No. of research activities	The Agency built institutional capacity on research and Information management, developed two (2) research proposals, initiated partnerships in research programs with National Disaster Management Authority (NDMA) and adopted solarization of boreholes.	Research activity done.
Institutional Capacity Development	1. To enhance the Agency's financial ability to discharge its mandate	No. of MTEF reports and an annual budget	Participating in MTEF and annual budgeting process (costing of programmes and projects); submission of budget estimates to National Treasury.	The Agency mobilised Kshs. 2,174,725,245
	2. To strengthen governance and corporate affairs	Risk management Enhance Relationship and collaboration with partners and stakeholders	Risk management policy and framework developed and in place. Working closely with C.E.C's and chiefs from the respectful counties under the Agency to identify areas lacking access to water resources.	Implementation of the risk Policy Enhanced collaboration with stakeholders



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3. To attract, develop and retain skilled and motivated staff	Recruitment and retention	Training needs assessment carried out for all staff. Training of 25No. Officers under various categories.	Development of existing staff
4. To enhance operational efficiency of the agency	No. of Enterprise Resource Planning (ERP) progress reports.	Integrated ERP system implemented and in use to smoothen the day-to-day operational processes.	Installation of ERP modules (Finance Accounts, HR& Payroll, Project Management and Supply Chain) at 100% and in use.



7. CORPORATE GOVERNANCE STATEMENT

THE BOARD

The Northern Water Works Development Agency Board was formed through Gazette Notice No.1716 dated 12th March,2014 as a State Corporation under the State Corporations Act 2002. The structure is designed to ensure an informed decision-making process based on accurate reporting to the board. The Northern Water Works Development Agency Board is committed to maximizing the long-term value of services to all stakeholders. The Board seeks to ensure that Northern Water Works Development Agency (NWWDA) is properly managed to protect and enhance stakeholder interests, and that NWWDA, its Board Members, officers and employees operate in an appropriate environment of corporate governance.

THE BOARD OF DIRECTORS

The trust deed of Northern Water Works Development Agency provides that the board of trustees shall be made up of eight directors, including the Chairperson. The board of directors is responsible for the long-term strategic direction of the Agency and recruitment of the Chief Executive Officer and senior management. The board of directors' exercises leadership, enterprise, integrity and judgment in directing the Fund.

The directors are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the fund is delegated to the chief executive officer but the board is responsible for establishing and maintaining the Agency's system of internal controls for the realization of its mandate of providing financial support for improved access to water and sanitation in areas without adequate services.

All members of the board have been taken through a comprehensive induction programme and are adequately trained on their roles as board members. The directors are professional, committed and guided by the mission, vision and core values of the Agency in execution of their duties.

BOARD MEETINGS

The board of directors meets quarterly or as required in order to monitor the implementation of the Agency's strategic plan and achievement of the targets in the performance contract signed with the Ministry. The board of directors also plays an oversight role over all other financial and operational issues. The Board of directors held four full board meetings during the FY 2024/2025.

AUDIT AND RISK COMMITTEE

In ensuring that corporate governance and integrity is enhanced in between the governance of the Agency, the board of director has established an audit and risk committee. The committee was established to advice the board of directors on institutional risk management and compliance.



CORPORATE GOVERNANCE STATEMENT (Continued)

The committee held four meetings during the year. The members of this committee during the year under review were:

S/No.	Name	Position in committee	Period Served
1	Hon.Elias Bare Shill	Chairman	2 1/2 Year
2	Mr. Benson Giuthua	Member	2 Year
3	Mr. James Sitiency	Member	3 Years

STATEMENT OF COMPLIANCE

The board of directors confirms that the Agency has throughout the FY 2024/2025 complied with all statutory and regulatory requirements and that the Agency has been managed in accordance with the principles of good corporate governance.

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

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

Standing Instructions

The Agency has a Code of Ethics and Service Charter that is applicable to all employees. These have a number of standing instructions to employees of the Agency designed to enhance internal control.

Organization Structure

A clear organizational structure exists, detailing lines of authority and control responsibilities. The professionalism and competence of staff is maintained both through rigorous recruitment policies and a performance appraisal system which establishes targets, reinforces accountability and awareness of controls, and identifies appropriate training requirements. Training plans are prepared and implemented to ensure that staff develop and maintain the required skills to fulfil their responsibilities, and that the Agency can meet its future management requirements.



CORPORATE GOVERNANCE STATEMENT (Continued)

Strategic Plan

The activities of the Agency is determined by the strategic plan. The strategic plan sets out the objectives of the Agency, and the annual targets to be met to attain those objectives. The strategic plan is evaluated annually to assess the achievement of those objectives. The board on an annual basis approves the work plan supported by the budget for the year. Progress against the plan is monitored on a quarterly basis.

Internal Control Framework

The Agency continues to review its internal control framework to ensure it maintains a strong and effective internal control environment. Processes and controls are reviewed on an ongoing basis. A risk-based audit plan, which provides assurance over key processes and operational and financial risks facing the Agency, is approved by the audit and risk committee.

The audit and risk committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the board. Where weaknesses are identified, the committee ensures that management takes appropriate action. No significant failings or weaknesses were identified during the FY 2024/2025.

Management Team

The management team headed by the Chief Executive Officer implements the board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the board's objectives are achieved effectively and efficiently.

Auditor

The Agency is audited by the Auditor-General.



8. MANAGEMENT DISCUSSION AND ANALYSIS

Northern Water Works Development Agency has continued to adhere to PFM Act, 2012, Public Procurement and disposal act, 2015, The National Treasury & Planning circulars issued from time to time, Water Act 2016, Salaries and Remuneration Commission (SRC) circular and guidelines issued from time to time, the Constitution of Kenya 2010 and all government directives and guidelines issued from time to time. The Agency's operations are guided by relevant laws and policies. The Agency has in place Strategic Plan, Service Charter and other departmental policies which have enhanced management performance.

The Agency's Board of Directors through the management is responsible to ensure preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS). The Management maintains proper books of accounts which give true and fair view of state of affairs of the Agency.

During the year, the Agency ensured prudent spending and compliance with the PFM Act, 2012. The Agency complied with all statutory requirements and obligations with KRA, NHIF, NSSF and HELB. All statutory deductions were duly remitted hence the Agency did not have any material arrears. The Agency will continue to honour all statutory obligations on and when they fall due.

During the year, the Agency continued with implementation of the Human Resources Policies and Procedures, Career Guidelines, Staff Establishment and Training Needs Assessment. During F/Y 2024/2025, staff establishment stood at 36 No. Spread in five departments and two divisions. The departments include; Infrastructure Development, Asset Management, Liaison and Utilities, Corporate Services, Corporation Secretary & Legal Services and Internal Audit.

Financial Performance

During the year under review, NWWDA received an allocation of Kshs 2,174,725,245 from the Ministry of Water, Sanitation and Irrigation broken down into Kshs 92,000,000 for salaries and administration purposes, Kshs 1,976,004,000 for Development funds, Kshs 63,460,981 for Equalization funds and Kshs 43,260,263 for WSDP.

The total income for the year was Kshs 2,129,124,245 (for the year in review is Kshs 1,762,457,579 plus late disbursement for FY 2022/2023 is Kshs 366,666,666) against an expenditure of Kshs 1,866,652,937 before depreciation and amortization.



NWWDA Financial Growth

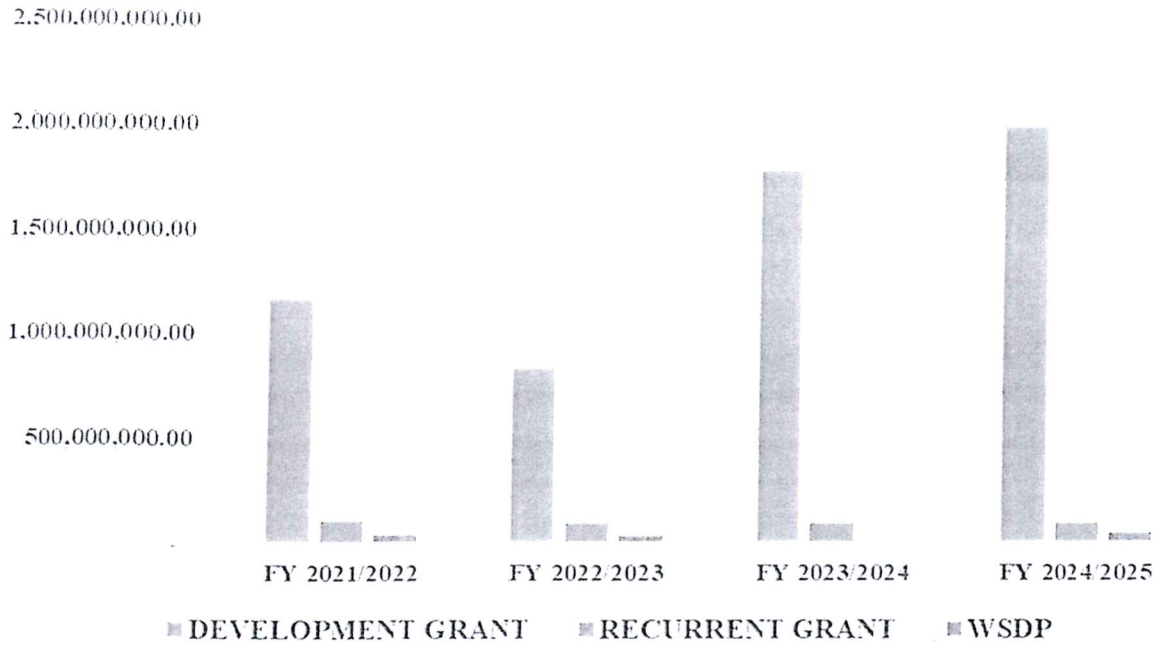


Figure 18: Budget Allocation

Major Risks

NWWDA is faced with issues of insecurity in certain areas under its jurisdiction and late disbursements which can affect the timely completion of projects hence delays in service delivery for the target population. Such delays have had negative implication on donor confidence due to inability by the government to meet their commitment under the financing.



9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Northern Water Works Development Agency exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Environmental Sustainability

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

Environmental Protection

The Agency contributed towards the national Tree planting days and the staffs were mobilized and over 15,000 tree seedlings were planted. One officer was also tasked to ensure that the seedlings are watered frequently.

Social Equity

In addition to above, the Agency has given the necessary support to disadvantaged members of communities in having access to water through pro-poor programmes and also provide support to those affected by floods during the heavy rains.



10. REPORT OF THE DIRECTORS

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

i) Principal activities

The principal activities of the Agency are the provision of water and sanitation services in its area of jurisdiction as per the Water Act 2016 are:

- Undertaking the development, maintenance and management of National Public Waterworks,
- Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over to a county government, joint committee, authority of county government or water services provider,
- Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- Provide technical services and capacity building to such county government and water providers,
- Provide to the cabinet secretary technical support in discharge of his or her functions under the constitution the Water Act 2016.

ii) Results

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

iii) Directors

The members of the Board of Directors who served during the year are shown on page roman v-vi.

iv) Auditors

The Auditor General is responsible for the statutory audit of the agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Name..... *Andrew Rago Eysimkele*

Signature..... 

Date..... *22/9/2025*

Chief Executive Officer



11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Agency; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Agency; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2025, and of the Agency's financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Agency's financial statements were approved by the Board on 22/9/2025 and signed on its behalf by:

Signature.....

Hon. Nasri Sahal Ibrahim
Chairperson of the Board

Date 22/09/2025

Signature.....

CPA. Andrew Rage Eysimkele
Chief Executive Officer

Date 22/9/2025

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON NORTHERN WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2025

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 the Government achieves value for money and that such funds are applied for the intended the purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Northern Water Works Development Agency set out on pages 1 to 35, which comprise of the statement of financial position as at 30 June, 2025 and statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public

Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Northern Water Works Development Agency as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Long Outstanding Receivables from Non-Exchange Transaction

The statement of financial position reflects receivables from non-exchange transactions balance of Kshs.1,412,858,851 as disclosed in Note 18 to the financial statements. Included in the balance is trade debtors of Kshs.23,880,969 due from water service providers which was outstanding since 2017. Although the Agency had severally written to the water service providers concerning the debts, no payments were made. However, adjustments by way of provisions for the likely impairment of the balances have not been incorporated into the financial statements. In addition, Management has not formulated debt policy to guide on its management.

In the circumstance, the recoverability and fair statement of receivables from non-exchange transactions balance of Kshs.23,880,969 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Northern Water Works Development Agency Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis of Kshs.2,541,767,127 and Kshs.2,129,124,245 respectively, resulting in a shortfall of Kshs.412,642,882 or 16% of the budgeted revenue. The underfunding and under expenditure may have affected the planned activities which may have negatively impacted on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

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

Other Matter

Unresolved Prior year Matters

The Management did not provide a report on how it has addressed the recommendations and findings of the previous year's audit as required by Section 31(1) (a) of the Public Audit Act, 2015. The following prior year audit issues remained unresolved as at 30 June, 2025: long outstanding receivables from non-exchange transactions; failure to close dormant bank account and delays in resolving bank reconciling items.

Other Information

Conclusion

Management is responsible for the Other Information set out on page ii to xlvi which comprise of Key Entity Information and Management, The Board of Directors, Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for the Financial Year 2024-2025, Corporate Governance Statement, Management Discussion Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Agency's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that Other Information is not materially inconsistent with the financial statements.

Non-Achievement of Agency Performance Targets

The statement of performance against predetermined objectives indicates three (3) key pillars in the Agency's strategic plan which include Water and Sanitation Coverage, Research and Development and Institutional Capacity Development. However, the activities and achievements in terms of outputs during the year were non specific. In some cases, the achievements were indicated in terms of percentages without clear indication of how the percentages were arrived at from quantifiable outputs.

Further, under strategic pillar 1 (Water and Sanitation Coverage) the Agency intended to increase access to safe water in rural areas from 19.3% to 59.3% and from 32.2% to 52.2% in urban areas between 2019 and 2024. However, the Agency managed to

increase access to 22% and 34% in rural areas and urban areas respectively. In addition, the Agency intended to increase sanitation coverage in urban areas to 27.1% and to 57.1% in rural areas between 2019 to 2024. However, the Agency managed to increase sanitation access to 8% in urban areas and to 29.1% in rural from 2019 to 2024. Therefore, the Agency did not achieve its targets as envisaged in the annual work plan.

The statement also indicates that the Agency mobilized Kshs.2,174,725,245 under the Institutional Capacity Development. However, the statement of comparison of budget and actual amounts indicates that the Agency realized Kshs.2,129,124,245. Hence, there is inconsistency in information.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources, 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. Failure to Close Dormant Bank Account

The statement of financial position reflects cash and cash equivalents balance of Kshs.246,435,889 as disclosed in Note 17 to the financial statements. Included in the balance is an amount of Kshs.6,843,943 held in levies collection account from water service providers whose mandate lapsed with the enactment of the Water Act, 2016. The account has remained dormant since 2017, attracting avoidable bank charges and fees.

Maintaining funds in a dormant bank account continues to attract unnecessary bank charges and does not represent prudent use of public resources.

2. Failure to Settle Trade Payables as a First Charge

The statement of financial position reflects trade and other payables balance of Kshs.406,360,106 as disclosed in Note 21 to the financial statements. Included in the balance is Kshs.284,390,618 in respect of accounts payable that were outstanding for over one (1) year. The long-outstanding payables were not treated as a first charge in the first quarter of the 2024/2025 financial year contrary to Regulation 42(1)(b) of the Public Finance Management (National Government) Regulations, 2015 which requires debt service payments to be treated as a first charge in the budget.

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

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

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

Conclusion

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

1. Delays in Resolving Bank Reconciling Items

Review of bank reconciliation statements for the year under review, revealed long outstanding reconciling items with some dating back to the year 2015. This is indicative of weak internal controls over cash and bank management.

In the circumstance, the effectiveness of internal controls over cash and bank management could not be confirmed.

2. Understaffing of the Internal Audit Department

Review of the internal audit operations revealed that the Agency had an internal audit unit. However, it was observed that the department was manned by only one (1) officer instead of three (3) officers as per the approved staff establishment, thereby making it inadequate for effective execution of its function.

Inadequate internal audit capacity may result in ineffective oversight, delayed detection of irregularities and exposure of the Agency resources to misuse.

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

Responsibilities of the Board of Directors

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as

Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain 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 cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 October, 2025




13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2025


	Notes	2024-2025 Kshs	2023-2024 Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6 (a)	1,713,725,245	2,168,105,676
Accrued Income-in-kind	7	5,491,275	7,321,699
Other income	8	375,216	16,859,000
Domestic and Foreign Grants	9	-	-
Total revenue		1,719,591,735	2,192,286,375
Expenses			
Use of goods and services	10	72,791,471	64,866,171
Employee costs	11	83,367,418	77,364,793
Remuneration of directors	12	15,055,067	23,391,142
Depreciation and amortization expense	13	8,732,048	10,794,262
Repairs and maintenance	14	12,946,317	5,177,423
Contracted services	15	27,159,807	6,221,900
Grants and subsidies	16	1,652,781,117	922,460,668
Total expenses		1,872,833,245	1,110,276,359
Surplus/Deficit before tax		(153,241,510)	1,082,010,016

The notes set out on pages 6 to 35 form an integral part of these Financial Statements.

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


Chief Executive Officer
CPA. Andrew Rage Eysimkele


Finance and Accounts Manager
CPA. Amina Issa Hussein
ICPAK No. 31000


Chairperson of the Board
Hon. Nasri Sahal Ibrahim

Date... 22/09/2025

Date... 22/09/2025


Date... 22/09/2025





14 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	17	246,435,889	58,329,147
Receivables from non-exchange transactions	18	1,412,858,851	1,837,882,635
Total Current Assets		1,659,294,740	1,896,211,782
Non-Current Assets			
Property, plant and equipment	19	30,220,698	36,252,354
Intangible assets	20	594,609	743,262
Total Non- Current Assets		30,815,307	36,995,616
Total Assets		1,690,110,047	1,933,207,398
Liabilities			
Current Liabilities			
Trade and other payables	21	406,360,106	490,724,672
Total Current Liabilities		406,360,106	490,724,672
Non-Current Liabilities			
Deferred income	22	16,473,824	21,965,098
Total Non- Current Liabilities		16,473,824	21,965,098
Total Liabilities		422,833,930	512,689,770
Net assets		1,267,276,117	1,420,517,628
Accumulated surplus		1,236,520,155	1,389,761,666
Capital Fund		30,755,962	30,755,962
Total Net Assets		1,267,276,117	1,420,517,628
Total Net Assets and Liabilities		1,267,276,117	1,420,517,628

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


Chief Executive Officer
CPA. Andrew Rage Eysimkele


Finance and Accounts Manager
CPA. Amina Issa Hussein
ICPAK No. 31000


Chairperson of the Board
Hon. Nasri Sahal Ibrahim

Date... 22/09/2025...

Date... 22/09/2025.....

Date... 22/09/2025.....



15 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2025

	Notes	Capital Fund	Accumulated Surplus	Total
As at July 1, 2023		30,755,962	752,358,199	783,114,161
Surplus/ Deficit for the year		-	1,082,010,016	1,082,010,016
Prior Year Adjustment			(444,606,551)	444,606,551
As at June 30, 2024		30,755,962	1,389,761,666	1,420,517,626
Surplus/ Deficit for the year			(153,241,510)	
As at June 30, 2025		30,755,962	1,236,520,155	1,267,276,116




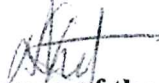
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2025

		2024-2025	2023-2024
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6 (b)	2,128,749,029	1,065,355,676
Other incomes	8	375,216	16,859,000
Domestic and Foreign Grants		-	-
Total Receipts		2,129,124,245	1,082,214,676
Payments			
Use of goods and services	10	72,791,471	64,866,171
Employee costs	11	83,367,418	77,364,793
Remuneration of directors	12	15,055,067	23,391,142
Repairs and maintenance	14	12,946,317	5,177,423
Contracted services	15	27,159,807	6,221,900
Grants and subsidies	16(b)	1,732,249,163	909,200,681
Project Costs			
Total Payments		1,943,569,243	1,086,222,111
Net cash flows from/(used in) operating activities		185,555,002	(4,007,435)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		2,551,740	-
Net cash flows from/(used in) investing activities		2,551,740	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Proceeds from issue of shares		-	-
Net cash flows from /(used in) financing activities		-	-
		-	-
Net increase/(decrease) in cash and cash equivalents		188,106,742	(4,007,435)
Cash and cash equivalents at 1 JULY		58,329,147	62,336,581
Cash and cash equivalents at 30 JUNE	17	246,435,889	58,329,147

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


Chief Executive Officer
CPA. Andrew Rage Eysimkele


Finance and Accounts Manager
CPA. Amina Issa Hussein
ICPAK No. 31000


Chairperson of the Board
Hon. Nasri Sahal Ibrahim

Date... 22/09/2025

Date... 22/09/2025

Date... 22/09/2025



NORTHERN WATER WORKS DEVELOPMENT AGENCY
Annual Reports and Financial Statements
For the year ended June 30, 2025.



17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2025

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilisation
	Kshs	Kshs	Kshs	Kshs	Kshs	
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	1,215,721,245	1,325,670,666	2,541,391,911	2,128,749,029	412,642,882	84%
Other incomes	375,216	-	375,216	375,216	-	100%
Domestic and Foreign Grants	-	-	-	-	-	-
Total income	1,216,096,461	1,325,670,666	2,541,767,127	2,129,124,245	412,642,882	84%
Expenses						
Use of goods and services	73,000,000	-	73,000,000	72,791,471	208,529	100%
Employee costs	84,500,000	-	84,500,000	83,367,418	1,132,582	99%
Remuneration of directors	17,000,000	-	17,000,000	15,055,067	1,944,933	89%
Repairs and maintenance	13,000,000	-	13,000,000	12,946,317	53,683	100%
Contracted services	27,500,000	-	27,500,000	27,159,807	340,193	99%
Grants and subsidies	1,001,096,461	1,325,670,666	2,326,767,127	1,652,781,117	673,986,010	71%
Total expenditure	1,216,096,461	1,325,670,666	2,541,767,127	1,864,101,197	677,665,930	73%
Surplus/Deficit for the period	-	-	-	265,023,048	(265,023,048)	-



18. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Northern Water Works Development Agency is established by and derives its authority and accountability from Kenya Gazette No. 28 dated 26th April 2019 issued under Water Act, 2016. The Agency is wholly owned by the Government of Kenya and is domiciled in Kenya. The Agency's principal activity is provision of water and sanitation services in its area of jurisdiction

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30th June, 2024.*

IPSASB deferred the application date of standards from 1st January 2023 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024..*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2025:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p>



The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:

- (a) The nature of such social benefits provided by the Entity.
- (b) The key features of the operation of those social benefit schemes; and
- (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.

Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments

Applicable: 1st January 2023:

- a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.
- b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.
- c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.

Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

Other improvements to IPSAS

Applicable 1st January 2023

- *IPSAS 22 Disclosure of Financial Information about the General Government Sector.*

Amendments to refer to the latest System of National Accounts (SNA 2008).

- *IPSAS 39: Employee Benefits*

Now deletes the term composite social security benefits as it is no longer defined in IPSAS.

- **IPSAS 29: Financial instruments: Recognition and Measurement**

Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.



IPSAS 43

Applicable 1st January 2025

The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.

The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.

IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations

Applicable 1st January 2025

The Standard requires,

Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:

Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in year 2021/2022.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Agency recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Agency and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants that are used to acquire the entity assets are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Agency's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2024-2025 was approved by the Board and the Ministry on 7th July, 2025. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

e) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Agency operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on assets is calculated on a reducing balance basis and written off the cost as per rates below:

Furniture and fittings	12.5%
Computers	33.3%
Other equipment	12.5%
Motor vehicles	25%
Software	20%

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Agency. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Agency will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Agency. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Agency determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Agency has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The Agency assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reorganization.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Agency determines the classification of its financial liabilities at initial recognition., All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Agency.

k) Provisions

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

Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

The Agency 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.

m) Contingent assets

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

n) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged at 7.5% employee and 15% employer every month.

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

t) Service concession arrangements

The Agency analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Agency recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Agency also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

No provisions were raised during the year under review.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2024-2025	2023-2024
	Kshs	Kshs
Recurrent Grants	92,000,000	92,000,000
Development Grants	1,515,004,000	1,769,000,000
Equalization Funds	63,460,981	307,105,676
Water and Sanitation Development Project	43,260,264	-
Total government grants and subsidies	1,713,725,245	2,168,105,676

6.(b) Transfers from other Government entities- Cashflow

Description	2024-2025	2023-2024
	Kshs	Kshs
Recurrent Grants	92,000,003	84,333,334.00
Development Grants	1,930,027,781	668,750,000
Equalization Funds	63,460,981	307,105,676
Water and Sanitation Development Project	43,260,264	89,500,000
Total government grants and subsidies	2,128,749,029	1,065,355,676

7. Accrued Income-in-kind

Description	2024-2025	2023-2024
	Kshs	Kshs
As at 1 July 2024	16,473,824	21,965,098
Received During the Year	-	-
Total for the year	16,473,824	21,965,098
Transfers to income statement	5,491,275	7,321,699

*at 25% reducing balance

8. Other Income

Description	2024-2025	2023-2024
	Kshs	Kshs
Miscellaneous	375,216	3,000
KENHA refund		856,000
ADB Training Component		16,000,000
	375,216	16,859,000



NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Domestic and Foreign Grants

Description	2024-2025	2023-2024
	Kshs	Kshs
Total revenue from the rendering of services	-	-

10. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Electricity	1,135,814	1,467,075
Water and sewerage	91,500	118,950
Telephone	731,000	720,835
Internet connection	545,200	429,200
Courier and postal	214,850	197,120
Local travel	24,105,830	24,997,425
Newspaper subscription	30,000	28,560
Advertising and publicity	1,129,640	441,641
Publishing and Printing	906,798	122,960
Workshop and seminars	18,451,677	8,446,154
Staff welfare	973,670	638,990
Motor vehicle insurance	1,738,768	1,877,621
Sanitary Expenses	78,801	164,352
General office supplies	1,969,741	1,200,920
Stationery	945,550	502,762
Fuel and lubricants	14,720,491	18,067,404
Bank charges	197,170	141,442
Club Membership & Professional Bodies	149,160	87,310
Contracted security guards	2,385,954	1,697,200
Foreign Travel	-	-
Legal fee	1,889,857	3,518,250
Audit fee	400,000	-
Total	72,791,471	64,866,171



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Employee Costs

	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	43,492,702	40,026,475
Casual labour	1,730,969	1,626,508
House allowance	4,533,990	5,021,330
Hardship allowance	9,549,200	9,290,050
Gratuity	1,432,776	1,637,657
Pension	7,613,783	4,847,319
Leave allowance	939,483	655,773
Medical insurance	11,927,515	12,108,681
Commuter allowance	2,147,000	2,151,000
Acting Allowance		
Other staff allowances		
Total Employee costs	83,367,418	77,364,793

12. Remuneration of Directors/Board Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Honoraria	960,000	960,000
Board sitting allowance	4,837,800	5,413,012
Board Training & Workshops	1,853,083	649,308
Board travelling and accommodation	6,694,040	10,765,100
Board Foreign Travels (ADB training)	-	4,995,319
Other Allowances (Chairperson's airtime)	84,000	84,000
Board's medical Insurance	626,144	524,403
Total	15,055,067	23,391,142

13. Depreciation and Amortization Expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	8,583,396	10,608,447
Intangible assets	148,652	185,815
Total depreciation and amortization	8,732,048	10,794,262



NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Maintenance of motor vehicle	11,279,207	4,658,653
Maintenance of furniture and equipment	16,000	13,500
Maintenance of building and stations	1,000	26,830
Maintenance of computer, equipment & accessories	1,650,110	478,440
Total repairs and maintenance	12,946,317	5,177,423

15. Contracted Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Contracted Professional Services	2,923,200	34,800
Consultancy	24,236,607	6,187,100
Total contracted services	27,159,807	6,221,900

16. Grants and Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Hydrological Survey	6,681,200	2,736,200
Maintenance of Water Supply	1,597,425,782	895,361,064
Monitoring and Evaluation	24,567,435	20,934,204
Project Design	24,106,700	3,429,200
Total grants and subsidies	1,652,781,117	922,460,668

16(b) Grants and Subsidies -For Cashflows

Description	2024-2025	2023-2024
	Kshs	Kshs
Hydrological Survey	6,681,200	2,736,200
Maintenance of Water Supply	1,676,893,828	882,101,077
Monitoring and Evaluation	24,567,435	20,934,204
Project Design	24,106,700	3,429,200
Total grants and subsidies	1,732,249,163	909,200,681



NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Cash in Bank	246,413,551	58,323,956
Cash in Hand	22,338	5,191
Total cash and cash equivalents	246,435,889	58,329,147

Detailed Analysis of the Cash and Cash Equivalents-Cash in Hand

Bank name	Bank Account number	Currency	2024-2025	2023-2024
			Kshs	Kshs
Kenya Commercial Bank	1107797942	Kshs	486	3,217
Kenya Commercial Bank	1107800056	Kshs	21,496	896
Kenya Commercial Bank	1208373099	Kshs	356	1,078
Total			22,338	5,191

Detailed Analysis of the Cash and Cash Equivalents-Cash in Bank

Bank name	Bank Account number	Currency	2024-2025	2023-2024
			Kshs	Kshs
Kenya Commercial Bank-Recurrent A/c	1107797942	Kshs	5,576,702	1,204,330
Kenya Commercial Bank-Development A/c	1107800056	Kshs	95,589,032	90,242
Kenya Commercial Bank-Collection A/c	1107800153	Kshs	6,843,943	6,843,943
Kenya Commercial Bank-Equalization A/c	1208373099	Kshs	2,238,169	20,101,713
Kenya Commercial Bank-Retention A/c	1294506234	Kshs	122,793,399	8,738,265
Kenya Commercial Bank-WSDP.	1283235579	Kshs	13,372,306	21,345,463
Total			246,413,551	58,323,956



NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. Receivables from Non-Exchange Transactions

	2024-2025	2023-2024
	Kshs	Kshs
Current receivables		
Trade Debtors-WSPs	23,880,969	23,880,969
Transfers from Other Government Entities Not Received	1,388,977,882	1,814,001,666
Total current receivables	1,412,858,851	1,837,882,635



NORTHERN WATER WORKS DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Property, Plant and Equipment

	Computers and Accessories	Furniture and Fittings	Motor Vehicles	Equipment	Total
	33.3%	12.50%	25%	12.50%	
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 st July 2023	16,496,310	13,441,435	394,087,688	25,946,560	449,971,993
Additions	-	-	-	-	-
As at 30 th June 2024	16,496,310	13,441,435	394,087,688	25,946,560	449,971,993
Additions	894,740	1,657,000			2,551,740
Disposals	-	-	-	-	-
As at 30 th June 2024	17,391,050	15,098,435	394,087,688	25,946,560	452,523,733
Depreciation and impairment					
At 1 July 2023	15,548,861	9,903,086	357,657,470	20,001,775	403,111,192
Depreciation	315,501	442,294	9,107,554	743,098	10,608,446.80
As at 30 June 2024	15,864,361	10,345,380	366,765,025	20,744,873	413,719,639
Depreciation	508,387	594,132	6,830,666	650,211	8,583,396
As at 30 th June 2025					
Net Book values					
As at 30 th June 2024	16,372,749	10,939,512	373,595,691	21,395,084	422,303,035
As at 30 th June 2025	631,949	3,096,055	27,322,663	5,201,687	36,252,354
	1,018,301	4,158,923	20,491,997	4,551,476	30,220,698



NORTHERN WATER WORKS DEVELOPMENT AGENCY
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
Cost as at 1 st July, 2024	9,925,160	9,925,160
At beginning of the year	9,925,160	9,925,160
Additions		
At end of the year 30 th June, 2025	9,925,160	9,925,160
Amortization and impairment		
At beginning of the year 1st July, 2024	9,181,898	8,996,083
Amortization @ 20% WDV	148,652	185,815
At end of the year 30 th June, 2025	9,330,550	9,181,898
NBV	594,609	743,262

21. Trade and Other Payables

Description	2024-2025	2023-2024
	Kshs	Kshs
Trade Creditors	285,656,803	448,452,662
Unpaid Retention	120,703,303	42,272,010
Total trade and other payables	406,360,106	490,724,672

Ageing Analysis (Trade and Other Payables)	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	98,687,388	5	24,775,726	5
1-2 years	16,983,689	19	78,645,648	16
2-3 years	6,298,411	5	-	-
Over 3 years	284,390,618	71	387,303,298	79
Total(tie to the above total)	406,360,106	100	490,724,672	100

22. Deferred Income

Description	2024-2025	2023-2024
	Kshs	Kshs
International funders	16,473,824	21,965,098
Total deferred income	16,473,824	21,965,098

The deferred income movement is as follows:

	International Funders
Balance brought forward	21,965,098
Transfers to income statement	(5,491,275)
Balance carried forward	16,473,824



NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Prior Year Adjustment

Description	2024-2025	2023-2024
	Kshs	Kshs
Previous Years' Pending Bill	284,390,618	444,606,550
Total	284,390,618	444,606,550

Note: Pending Bill relating to previous years payables which had not been recognised now Recognised.

19. Financial Risk Management

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimise the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The Agency does not hedge any risk and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Agency's financial risk management objectives and policies are detailed below:

i) Credit Risk

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2025				
Receivables from non-exchange transactions	1,412,858,851	1,412,858,851	-	-
Bank balances	246,435,889	246,435,889	-	-
Total	1,659,294,740	1,659,294,740	-	-
As at 30 June 2024				
Receivables from non-exchange transactions	1,837,882,635	1,837,882,635	-	-
Bank balances	58,329,147	58,329,147	-	-
Total	1,896,211,782	1,896,211,782	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The board of directors sets the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

Financial Risk Management

ii) Liquidity risk management

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

The table below represents cash flows payable by the Agency under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Total
	Kshs
As at 30 June 2025	
Trade payables	406,360,106
Deferred income	16,473,824
Total	422,833,930
As at 30 June 2024	
Trade payables	490,724,672
Deferred income	21,965,098
Total	512,689,770



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the Agency on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Agency's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Agency's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

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

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

The carrying amount of the Agency's foreign currency denominated monetary assets and monetary liabilities were Nil at the end of the reporting period and the previous period.

Financial Risk Management

b) Interest rate risk

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

Management of interest rate risk

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

Sensitivity analysis

The Agency analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs Nil. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs Nil.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Agency's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

The agency did not have financial and non- financial instruments recorded at fair value.

iv) Capital Risk Management

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

	2024-2025	2023-2024
	Kshs	Kshs
Retained earnings	1,236,520,155	1,389,761,666
Capital reserve	30,755,962	30,755,962
Total funds	1,267,276,117	1,420,517,628
Total borrowings	-	-
Gearing	-	-



NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Ministry of Water, Sanitation and Irrigation
- ii) Key management;
- iii) Board of directors;

Related Party Disclosures

	2024-2025	2023-2024
	Kshs	Kshs
a) Grants /Transfers from the Government		
Grants from National Govt	1,713,725,245	2,168,105,676
Total	1,713,725,245	2,168,105,676
b) Key management compensation		
Directors' emoluments	15,055,067	23,391,142
Compensation to key management	10,774,500	13,112,000
Total	25,779,567	36,513,142

21. Taxation

There was no income charge Tax for the period under review

22. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. There was no deferred tax liability.

23. Events after the Reporting Period

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Ultimate and Holding Entity

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

25. Currency

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



26. APPENDIX

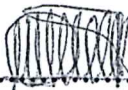
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
1.0	Long lasting receivable from non-exchange transactions	The Agency has severally written to WSP's concerning the debt and still following up. In case this effort fails as the previous years have shown, a policy will be put in place and approval sought to consider it as bad and doubtful debts.	Not Resolved	30 June 2026
2.0	Cash and cash Equivalent	The Agency has written to then bank to reverse the amounts debited twice in our bank statements	Not Resolved	30 June 2026
3.0	Unsupported Retention	The balance of Kshs 17,742,290 is as a result of previous retention monies before the opening of the retention account which was held in the development account.	Resolved	30 June 2025
Other Matters				
1.0	Budgetary Control and Performance	The Agency will in future fast track the release of exchequer funds from the Ministry.	Resolved	30 June 2025
2.0				
3.0	Project Implementation Status	The vandalism of the Kubi Qallo Boru water supply was brought about by the conflict between the Borana and Gabra communities. The conflicts were subsided. The agency is planning for repairs of the vandalized components to make the project fully operational as was envisioned.	Resolved	30 June 2025

Chief Executive Officer

Name: CPA Andrew Rage Eysimkele

Sign:  **Date:** 22/09/2025



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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

	Project	Total project Cost (Millions)	Total expended to date (Millions)	Completion % to date	Budget (Millions)	Actual (Millions)	Sources of funds
1	Yamo dam and water supply	2,105	1323	100%	248		GOK
2	Garissa sewerage project Phase II	836	529	100%	-		GOK
3	Masalani Water Supply. (Masalani Gababa pipeline extension and ancillary works)	88		41%	75	75	GOK
4	Kambinye Mega Water pan	69	69	100%	69	69	GOK
5	Diff Mega Water pan	60	35	100%	60	35	GOK
6	Expansion of El-Nur Water & Sanitation Project	75	75	100%	75	75	GOK



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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: NORTHERN WATER WORKS DEVELOPMENT AGENCY

Break down of Transfers from the Ministry of Water, Sanitation and Irrigation

a.	Recurrent Grants	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		July 15,2024	7,666,666	FY 2023/24
		September 10,2024	7,666,667	FY 2024/25
		September 10,2024	7,666,667	FY 2024/25
		October 31,2024	7,666,666	FY 2024/25
		November 19,2024	7,666,666	FY 2024/25
		December 20,2024	7,666,667	FY 2024/25
		January 9,2025	7,666,666	FY 2024/25
		February 10,2025	7,666,667	FY 2024/25
		March 12,2025	7,666,667	FY 2024/25
		April 17,2025	7,666,666	FY 2024/25
		May 15,2025	7,666,667	FY 2024/25
		June 13,2025	7,666,667	FY 2024/25
		Total	92,000,000	
	Development Grants			
b.		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		July 15,2024	359,000,000	FY 2023/24
		September 24,2024	84,750,000	FY 2024/25
		October 4,2024	84,750,000	FY 2024/25
		November 20,2024	84,750,000	FY 2024/25
		November 22,2024	84,750,000	FY 2024/25
		January 15,2025	84,750,000	FY 2024/25
		May 19,2025	562,416,668	FY 2024/25
		June 11,2025	384,851,112	FY 2024/25
		June 17,2025	200,000,000	FY 2024/25
		Total	1,930,017,78	
c.	WSDP	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
		January 16,2025	35,260,263	FY 2024/25
		March 3,2025	8,000,000	FY 2024/25
		Total	43,260,263	



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c. Equalization funds			
	<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>FY to which the amounts relate</u>
	November 28,2024	4,988,522	FY 2024/25
	December 24,2024	2,726,580	FY 2024/25
	December 24,2024	8,778,972	FY 2024/25
	December 24,2024	3,850,342	FY 2024/25
	January 14,2025	3,496,778	FY 2024/25
	January 29,2025	4,384,800	FY 2024/25
	February 17,2025	4,586,003	FY 2024/25
	February 17,2025	11,280,180	FY 2024/25
	February 17,2025	4,696,785	FY 2024/25
	February 17,2025	4,910,000	FY 2024/25
	June 3,2025	4,877,208	FY 2024/25
	June 3,2025	4,884,811	FY 2024/25
	Total	63,460,981	

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

Chief Executive Officer

Finance and Accounts Manager

Sign:

Sign:

Date22/09/2025.....

Date22/09/2025.....



APPENDIX IV: CONTIGENT LIABILITY

a) A.A. Bayusuf and Sons (Contractor) Vs Northern Water Works Development Agency

This matter entailed claimant (Bayusuf) re-seeking further special claim damages arising out of Court injunctions I, II and Timely costs in the matter of arbitration Act 1995 and in the arbitration case ref: Arb/Sept072022/000 by sole arbitrator Dr. Arch. Sylvia M. Kasava FCIARB.

Following the claimant lodging of the above stated claim (Ksh 600,847,309.84) at the arbitration process and our subsequent defense, thereafter arbitrator made the final award in favour to the claimant vide ruling of case ref: Arb/Sept072022/000 dated 30th September 2024 was only **Ksh 72,307,927.41** comprising of the following namely

- I. Award for time related claim Ksh 48,862,316.00
- II. Award for interest on time related claim Ksh 23,445,611.41

The Agency has appealed to the High court for the award to be set aside, the ruling is to be delivered in court on 16th June 2025.



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APPENDIX VI: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development/ Others	Where Recorded/recognized					Total Transfers during the Year
			Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Water, Sanitation and Irrigation	As per Appendix III	Recurrent	84,333,334	92,000,000	-	-	7,666,666	92,000,000
Ministry of Water, Sanitation and Irrigation	As per Appendix III	Development	1,167,666,669	1,515,004,000	-	-	347,337,331	1,515,004,000
Equation Funds	As per Appendix III	Development	63,460,981	63,460,981	-	-	-	63,460,981
WSDP	As per Appendix III	Donor Fund	43,260,264	43,260,264	-	-	-	43,260,264
Total			1,358,721,248	1,713,725,245			355,003,997	1,713,725,245

