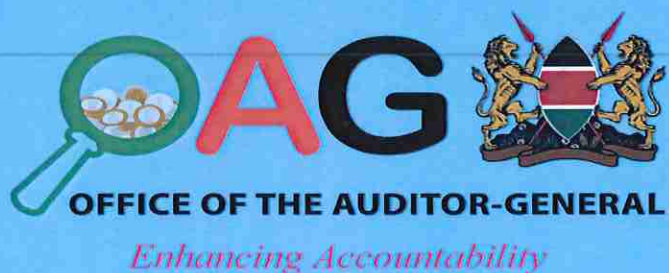


REPUBLIC OF KENYA



**REPORT**

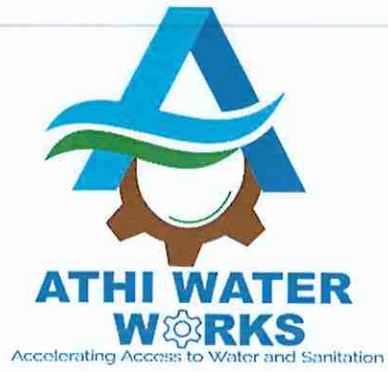
**OF**

**THE AUDITOR-GENERAL**

**ON**

**ATHI WATER WORKS DEVELOPMENT  
AGENCY**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



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ATHI WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2022

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***Athi Water Works Development Agency***  
**Annual Report and Financial Statements**  
**For the year ended June 30, 2022.**

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**1. Key Entity Information and Management**

**(a) Background information**

Athi Water Work Development Agency (AWWDA) was established under the Water Act 2016 and Gazetted on 26<sup>th</sup> April 2019 to start operation on 3<sup>rd</sup> May 2019. AWWDA's area of jurisdiction comprises of Nairobi City County, Kiambu County and Murang'a County. The entity is domiciled in Kenya and its office is in Athi Water Plaza located along Muthaiga North Road, off Kiambu Road.

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

- a. Undertake the development, maintenance and management of National Public Waterworks;
- b. 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,
- c. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d. Provide technical services and capacity building to such county government and water providers,
- e. Provide to the cabinet secretary technical support in discharge of his or her functions under the constitution the Water Act 2016.

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

**(b) Principal Activities**

The principal activity of the AWWDA is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

**(c) Key Management**

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

- Chief Executive Officer
- Chief Manager-Water, Sewer and Sanitation
- Chief Manager- Finance and Strategy
- Chief Manager- Corporate Services

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. Michael M. Thuita, MBS
2.	Chief Manager-Finance and Strategy	CPA, Michael Kihungi Kimotho
3.	Chief Manager-Water, Sewer and Sanitation	Eng. Joseph Kamau
4.	Chief Manager Corporate Services	Mr. Joseph Mungai Kariuki
5.	Manager, Water Works Infrastructure Development	Eng. Bonnie Nyandwaro
6.	Corporation Secretary and Legal Manager	CS. Joyce N. Mukururi
7.	Manager, ICT	Mr. Tom Ongaki
8.	Manager, Internal Audit	CPA, Murigi Mathew



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No.	Designation	Name
9.	Manager, Supply Chain Management	Mr. Jones K. Mwinzi
10.	Manager, Finance and Accounts	CPA, Dr. Christine Mawia Julius
11.	Manager, Environmental Safeguards	Ms. Loice Wairimu Kamau
12.	Manager, Sewerage and Sanitation Works Development	Eng. James Gathitu Muturi
13.	Manager Strategy and Performance Management	Dr. Jackson Otieno
14.	Manager Resource Mobilization and Investments	Paul Muchai Mwika

**(e) Fiduciary Oversight Arrangements**

The ultimate oversight authority of Athi 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 three committees:

- i. Water and Sewerage
- ii. Resources and Governance
- iii. Audit and Risk

**(f) Entity Headquarters**

Athi Water Works Development Agency  
P.O. Box 45283-00100 GPO  
Athi Water Plaza  
Muthaiga North Rd, Off Kiambu Road  
**NAIROBI**

**(g) Entity Contacts**

Telephone: (254) 020 2724292/3  
E-mail: info@awwda.go.ke  
Website: www. awwda.go.ke

**(h) Entity Bankers**

- |   |  |   |
|---|--|---|
| 1. Cooperative Bank of Kenya<br>University Way Branch<br><b>NAIROBI</b> | 2. SBM Group<br>Upper Hill Branch<br><b>NAIROBI</b>                | 3. Cooperative Bank of Kenya<br>University Way Branch<br><b>NAIROBI</b> |
| 4. NCBA Bank<br>Upper Hill<br><b>NAIROBI</b>                            | 5. Stanbic Bank Kenya Limited<br>Kenyatta Avenue<br><b>NAIROBI</b> | 6. Kenya Commercial Bank<br>Kipande House Branch,<br><b>NAIROBI</b>     |

**(i) Independent Auditors**

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

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- (j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



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**2. The Board of Directors**

	<p>Ms. Okumu-Odinga was born 31<sup>st</sup> March 1956; she finished high school at the Kenya High School, Nairobi. A lawyer by profession, having obtained an LLB degree from the University of Nairobi and Diploma in Laws from the Kenya School of Law, she has extensive and exhaustive experience in Local Authorities governance. She was a lecturer and admin officer at the Kenya School of Law after graduation. She worked briefly with the Ministry of Co-operatives and was instrumental in the formation of the first Saccos in Kenya. She moved to Zimbabwe and was the first black woman and first black Town Clerk in the newly independent Zimbabwe. She was a pioneer in the formation/ creation of the Urban Development Corporation, a body established to provide services to local authorities, where she was the Corporation Secretary/ Legal Adviser. The body was similar to the Nairobi Metropolitan Services board. She has profound experience in county government matters through her work in local government, and was involved in infrastructure building and rehabilitation with the Urban Development Corporation as it took over infrastructure development of many local authorities. She's very experienced with boards and local governments having started as a Town Clerk and Corporate Secretary.</p> <p>She was chairman of Kenya Railways Staff Retirement and Benefits Authority from 2008 to 2013. At the pension scheme, she was involved in the general improvement of the status of the pensioner and general rehabilitation of the Railways Pension properties. She joined Nairobi Water and Sewerage Company in 2019 as Chairman of the board and was instrumental in the improvement of the pension scheme and actively involved in clean water provision during the pandemic.</p> <p>Ms. Beryl Okumu is an independent director and is the Chairperson of the Board.</p>
	<p>Mr Godfrey Ninito Lemiso was born on 24<sup>th</sup> December 1969. He holds a bachelors of Arts degree in geography and history from Kenyatta University, a masters of arts in peace and justice studies from University of San Diego California, USA.</p> <p>He has over 30 years of work experience having served in various positions such as conflict management officer with the World Bank from 2007 to 2009, program officer with the UNDP from 2009 to 2010. Mr Ninito has also worked for the IEBC as the Manager Electoral planning and logistics for seven years. He is currently serving the jubilee party in the position of Director Logistics and events.</p> <p>Over the years Mr Godfrey Ninito has been honored with various awards one of them being <b>2000 PEACENET PEACE AWARD</b> in recognition of peace initiatives he undertook in Narok and Trans Mara districts during 1992-1997 ethnic clashes. He serves as the chair of the NSCs capacity building and training subcommittee, member of Board of Governors of Kibiko Secondary School.</p> <p>Mr. Godfrey Ninito Lemiso is an independent director and a member of the water and sewerage committee. Direct Godfrey Ninito Lemiso term of service lapsed on 7<sup>th</sup> February 2022</p>
	<p>Ms Beatrice Njeri Maina was born on 20<sup>th</sup> November 1990 and she holds a Bachelor of Arts degree in community development from Mount Kenya University. She also has a diploma in Community development and social work from MT Kenya University. She has served the public in various positions; office administrator in the office of Muranga women rep in 2015, director of philanthropy and social welfare in 2016.</p> <p>Currently Beatrice serves as the executive director and Chief Executive Officer Greening Kenya Foundation a Non-Profit registered organization focussing environmental conservation, tree planting, forest protection, Governance, awareness and advocacy.</p> <p>Ms. Beatrice Njeri Maina is an independent director and a member of the resources and governance committee. Her term of service lapsed on 7<sup>th</sup> February 2022</p>



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**Hon. Peter Irungu Kihungi**

Hon Peter Irungu Kihungi was born on 9<sup>th</sup> September 1977 and he has a diploma in business management from pioneer international university. He has over 10 years work experience in public sector. He has served as councilor and chairman of Muranga county council from 2007 to 2013, member of county assembly and leader of majority from 2013-2017. He is currently an aspiring member of parliament for Kangema constituency.

Hon. Peter Irungu Kihungi has been active in leadership articulating issues that matter to the people and promoting and defending government policies. He has strong leadership, communication, negotiation and persuasion skills.

Hon. Peter Irungu Kihungi is an independent board member, a member and the chairperson of the resources and governance committee. He is the chair of the Resources and Governance Committee. His term of service lapsed on on 7<sup>th</sup> February 2022

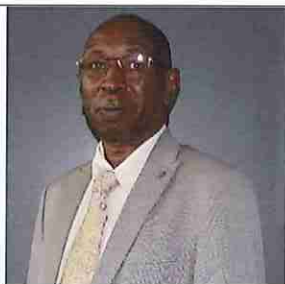


**Sheila P.M. Mutunga**

Ms Sheila P.M. Mutunga was born on 30<sup>th</sup> August 1954 in Machakos County. She is holder of higher diploma in Counselling Psychology and a degree in Theology She has attended various courses on the same over the years and is currently pursuing a degree in Counselling Psychology & Leadership.

Ms Mutunga is a retired Civil Servant in the Ministry of Foreign Affairs and Kenyan Diplomat in United Kingdom, Italy and some African Countries. She has worked in various government and non-governmental organizations. She worked as Italy representative for (*Umoja As One*) an NGO that promotes, advocates and supports peace, unity and togetherness. Sheila was seconded to IGAD in 2002 where she was assigned special duties to the special envoy for Somali peace process.

She was a parliamentary candidate in 2007 and 2013 and is keen on pursuing politics in future. She has been active in community work, promoting women and youth welfare groups while working with community-based organizations. Ms. Sheila Phyllis Mwikali Mutunga is an independent board member, a member and the chairperson of the water and sewerage committee; she's also a member of the audit and risk committee. Her term of service lapsed on 7<sup>th</sup> February 2022



**Mr. Joseph Kiplang'at Keter**



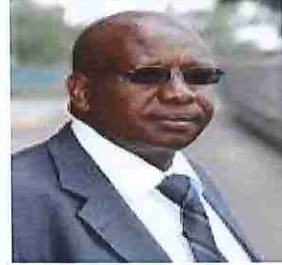

Mr. Joseph Kiplang'at Keter is an alternate Director representing the Principal Secretary of the Ministry of water and sanitation. Holds Master of Business Administration (Project Management) from Kenyatta University and Bachelor of Arts in International Relations from United States International University of Africa.

Currently serving as the Secretary Administration in the Ministry of Water and Sanitation from 5<sup>th</sup> October 2017. Mr Keter has also served as an Alternate Director to Principal Secretary Ministry of Water and Sanitation at Tanathi Water Services Board, Ministry of Interior rising from the rank of District Officer to the rank of County Commissioner.

Mr. Joseph Kiplang'at Keter is a member of water and sewerage; audit and risk committee. The director retired on 4<sup>th</sup> February 2022 following his appointment as the Ag. CEO WASREB.



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	<p>Ms. Caroline Wanjiku Mugwe was born on 12th April 1963. She was appointed to serve in the board of Athi Water Works Development Agency with effect from 4th February 2022 as alternate Director, Principal Secretary, Ministry of Water, Sanitation and Irrigation. She is currently the Director, Human Resource Management Division in the Ministry of Education. She holds a Master's Degree in Business Administration, specializing in Human Resource Management (Kenyatta University, 2007), and a Bachelors of Commerce degree, Business Administration option (University of Nairobi, 1987). She is also CPS (K) and has attended numerous profession-oriented courses. She has been engaged in the Public Service and has gained 34 years experience in various capacities. She further possesses great exposure in the private sector.</p>
<p><b>Caroline Mugwe</b></p>	
	<p>Mr Benedict O. Kijuu was born on 13<sup>th</sup> Feb 1962 and holds a Bachelor of Commerce Degree in Banking, and is a member of the Institute of Director's (IOD) Kenya. Mr. Kijuu has expansive experience in both the private and public sector. He has worked as a Trade Officer in the Ministry of commerce, the Personnel Manager of KPCU Ltd as well as the Claims Manager of Medi-Plus Ltd. He previously served as a board member in AWSB (now defunct) and is an elected Council member of the Agricultural Society of Kenya. Upon establishment of the Water Works Development Agencies vide Legal Notice No. 28 of 26th April 2019, he was appointed a member of the inaugural Board of Athi Water Works Development Agency. Mr. Benedict Omondi Kijuu is an independent board member, a member and chairperson of the Audit and Risk committee. His term lapsed on 7<sup>th</sup> February 2022 and was re-appointed on 14<sup>th</sup> April 2022.</p>
<p><b>Benedict O. Kijuu</b></p>	
	<p>Mr. Francis Anyona is an alternate Director representing the Principal Secretary of the National Treasury. Holds a Masters and Bachelor's Degree in Economics from the University of Nairobi. Has over 25 years' experience in Planning and Budgeting/Public Finance Management in the Public Sector. Previously served as an Alternate Director in the National Government Constituency Development Fund, Kenya National Bureau of Statistics, and Coffee Research Foundation. Currently is the Director of Budget at the National Treasury and A Commissioner representing the Cabinet Secretary at the Salaries and Remuneration Commission.</p> <p>Mr. Francis Anyona is a member of resources and governance; audit and risk committee.</p>
<p><b>Mr. Francis Anyona</b></p>	
	<p>Eng Michael Thuita, MBS is the Chief Executive Officer. He holds a Bachelor's Degree in Agriculture Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya. Eng. Thuita has more than 20 years practical Engineering and management experience in Water, Irrigation and Natural Resources. He was appointed on 6<sup>th</sup> June 2017</p>
<p><b>Eng. Michael M. Thuita, MBS</b></p>	

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**CS. Joyce N. Mukururi**

CS Joyce N. Mukururi is the corporation secretary and manager legal services. She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 13 years standing and a registered member of the Institute of Certified Secretaries. She is also a Certified Professional Mediator. She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1<sup>st</sup> May 2021.







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**3. Management Team**

 <p>1. Eng. Michael M. Thuita, MBS</p>	<p>Eng Michael Thuita, MBS is the Chief Executive Officer. He holds a Bachelor's Degree in Agriculture Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya. Eng. Thuita has more than 20 years practical Engineering and management experience in Water, Irrigation and Natural Resources. He was appointed on 6<sup>th</sup> June 2017</p>
 <p>2. Eng. Joseph Kamau</p>	<p>Eng. Joseph Kamau is the Chief Manager-Water, Sewer and Sanitation He holds a Bachelor's Degree in Civil Engineering and is registered with the Engineers Registration Board and Institution of Engineers of Kenya. Eng. Kamau has more than 20 year's practical Engineering and management experience in Water.</p>
 <p>3. CPA Michael Kimotho</p>	<p>CPA Michael Kihungi Kimotho is the Chief Manager Finance and Strategy He holds BA (Economics) and Masters In Business Administration from the University of Nairobi. He is a Registered member of the Institute of Certified Public Accountants and also a certified Information Systems Auditor He has over 15 years' experience in Finance in both Public and private organizations.</p>
 <p>4. Mr. Joseph Mungai Kariuki</p>	<p>Mr. Joseph Mungai Kariuki is the Chief Manager Corporate Services He holds a Bachelor of Arts and has Over 13 years' experience in the public sector with a particular bias in administration. Mr. Joseph Mungai Kariuki joined Athi Water Works Development Agency on 6<sup>th</sup> January 2020 and was appointed the Chief Manager Corporate Services on 1<sup>st</sup> April 2022.</p>

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 <p>5. CS. Joyce N. Mukururi</p>	<p>CS Joyce N. Mukururi is the corporation secretary and manager legal services. She is an Advocate of the High Court and was admitted to the bar in October 2006. She Holds a Bachelor of Laws Degree, a Diploma in Law from the Kenya School of Law and is a Member of the Law Society of Kenya. She is a Certified Secretary of 13 years standing and a registered member of the Institute of Certified Secretaries. She is also a Certified Professional Mediator. She has a wealth of experience in the Mining, Reinsurance, Banking and Hospitality sectors. She was appointed on 1<sup>st</sup> May 2021.</p>
 <p>6. CPA, Dr. Christine Mawia Julius</p>	<p>CPA, Dr. Christine Mawia Julius is the Manager, Finance and Accounts She has over 16 years' experience in financial management. She is a certified public accountant of Kenya; she holds a Doctorate Degree in Business Administration-Finance, a master degree in Business Administration-Finance and a Bachelor Degree in Business Administration-Accounting Option. She was appointed on 1<sup>st</sup> May 2016.</p>
 <p>7. CPA Matthew Ngugi Murigi</p>	<p>CPA Matthew Ngugi Murigi is the Manager, Internal Audit. He has 24 years' overall experience. He is a Certified Public Accountant of Kenya and a Certified Public Secretary of Kenya. He has a degree in Bachelor of Arts and was appointed on 4th April 2007.</p>
 <p>8. Mr. Tom Ongaki</p>	<p>Mr. Tom Ongaki is the Manager- Information Technology. He holds a Bsc Information Sciences and an Msc Computer Science. Mr. Tom Ongaki has over 25 years' experience. He was appointed on 1<sup>st</sup> November 2015.</p>



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 <p>9. Mr. Jones Kilonzi Mwinzi</p>	<p>Mr. Jones Kilonzi Mwinzi is the Manager, Supply Chain Management. He has 39 years of experience in Procurement and supply chain management. He has an Msc. Procurement and Logistics, Bachelor in Purchasing and supplies Management. He has a diploma in purchasing and supplies management. He is a member of Kenya institute of supplies management. He was appointed on 23<sup>rd</sup> March 2015.</p>
 <p>10. Eng. Bonnie Nyandwaro</p>	<p>Eng. Bonnie Nyandwaro is the Manager, Water Works Infrastructure Development. Eng Bonnie Nyandwaro has over 14 years' experience in Water and waste water engineering. She holds a Master Degree in Civil Engineering and a Bachelor Degree in Civil and Structural Engineering. She is a member of the Engineers Board of Kenya (EBK), a corporate Member of Institute of Engineers, Kenya, a founding Member of Kenya Young Water Professional Association and a founding Member Tunneling Association of Kenya. She was appointed on 1<sup>st</sup> May 2016.</p>
 <p>11. Paul Muchai Mwika</p>	<p>Mr Paul Muchai is the Manager Resource Mobilization and Investments. He holds a Bachelor of Commerce Degree in corporate Finance and has vast experience in the Water Sector having worked in both in Internal Audit and Finance Departments with several Water Institutions. He has over 20 years' experience in financial management. He was appointed on 1st April 2022.</p>
 <p>12. Dr. Jackson Otieno</p>	<p>Dr. Jackson Otieno is the Manager Strategy and Performance Management. He holds a Ph.D. in Economics from the University of Cape Town and a Master Degree in Economic Policy and Management (Makerere University). He also holds a Master Degree in Project Planning and Management and a BA (economics) from the University of Nairobi. He has over 17 years in strategy, economic planning and management in the public sector. He was appointed on 1st April 2022.</p>



**Athi Water Works Development Agency  
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13. Eng. James Gathitu Muturi

Eng. James Gathitu Muturi is the Manager, Sewerage and Sanitation Works Development. He has 16 years' experience in project planning, design, procurement and construction supervision of various water projects. He has an Msc. Civil Engineering (Water Resources) and a Bsc. in Civil Engineering. He is a professional Engineer with Engineers Board of Kenya (EBK) and is registered as a Corporate Member of Institution of Engineers of Kenya (IEK). He was appointed on 1<sup>st</sup> April 2022.



14. Ms. Loice Wairimu Kamau

Ms. Loice Wairimu Kamau is the Manager, Environmental Safeguards. She has over 18 years of experience in Social Development and Safeguards. She has a post graduate training in Environmental Impact assessment and a Bachelors of Arts degree in Sociology. She is a registered Lead expert in Environmental and Social Impact Assessment and Environmental audits studies by NEMA. She was appointed on 1st April, 2022.

**Athi Water Works Development Agency  
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**4. Chairman's Statement**

I am pleased to present the Annual Report for the financial year ending 30th June 2022 which indicates the institutions progress towards the accelerating access to water and sanitation strategy. As an organisation, we remained keen on ensuring business continuity is aligned to our strategic aspirations which has enabled us to assess potential impact of disruptions, make decisions and minimize the impact of these disruptions

The Board is encouraged by the resilience that the economy has shown during the year and the economic recovery indicated by GDP growth surpassing pre-pandemic levels. Athi water works development agency is committed to supporting the Government of Kenya and Kenyan citizens in navigating this recovery phase through accelerating provision of Water and sanitation services. To maintain resilience in our business, we must continue to innovate and speedily execute sustainable water and sanitation solutions to meet the needs of our customers.

I wish to acknowledge from the very onset that we face exciting challenges while executing our mandate. The development of this Strategic Plan is therefore imperative as it avails an opportunity to outline strategies for tackling the challenges we anticipate, recognizing the lessons we have learnt so far, and identifying the performance gaps witnessed in the recent past; while effectively determining our critical success factors that should subsequently inform future undertaking. Based on this contextual analysis, we have reformulated strategic objectives that the Agency will pursue over the next five years, while consistently engaging key stakeholders at all levels.

During the Financial Year AWWDA continued to work with other Agencies in the increasing access to Water and sanitation. In FY 2021/22 AWWDA drilled 42 boreholes in Nakuru county. The Organization was also able to absorb 97% of the Allocated Funds by the Government of Kenya and 100% of the Externally Mobilized Resources for the financial year.

**Board performance**

The term for some members of the Board ended in February 2022 and I am proud of the performance delivered by the board. The team not only performed outstandingly well in fulfilling their duties, but in proactively supporting management, delegating with responsibility and transparency, and applying its collective mind and skills to meet the challenges, and maximise the opportunities that have made themselves apparent during the year. In addition, during the year under review, we continued to work hard to understand the concerns of our stakeholders, to absorb them and apply them so that our strategy continually matches not only our vision, mission and purpose, but the needs and expectations of all those individuals and bodies that are impacted by what we do.

**Acknowledgements**

I would like to thank my colleagues on the Board for their diligence and commitment during the year, in providing effective assessments and guidance for management to act upon. Their skill, wisdom and experience have added a great deal of value to AWWDA.

I am also extremely grateful to our management team for their outstanding leadership and capable steering of the organization to deliver value through the sterling performance that we have recorded. Finally, to all our stakeholders, and in particular government and regulatory bodies with whom we continuously consult, I would like to say that we greatly appreciate their support and willingness to engage with us as we move forward together to Accelerate access to Water and Sanitation services.



**BERYL OKUMU  
CHAIRPERSON**



## **5. Report Of the Chief Executive Officer**

I am pleased to share this report, highlighting our accomplishments for the Financial Year 2021/22, and detailing how we will build upon those achievements for Financial year 2022/23 and beyond. Athi Water's strategic focus centres on efficient performance, operating with impact, and maximizing value for all stakeholders.

### **Performance:**

Athi Water continues to enjoy a strong financial standing, as demonstrated by increasing Asset base from Ksh 89.974 Billion to Ksh 109.842 billion in the previous financial year representing an increase of 22%.

During the year under review AWWDA continued to implement its strategic plan which has achieved the following milestones:

- Timely completion of the Karimenu Dam project and the Northern Collector Tunnel.
- Managed the Development new water sources for the counties of Nairobi, Kiambu and Muranga which increased production by 334,000 m<sup>3</sup>/day.
- Managed the Development of new bulk water transmission infrastructure by an additional 350 Kilometers.
- Developed water treatments plants for the Metros with addition capacity of 196,000m<sup>3</sup>/day
- Increased the water distribution network in Nairobi and other towns by 1129 km.
- Prepare Water masterplan for Nairobi metropolitan area to facilitate infrastructure investments by 2035.
- Prepared the long-term sewerage development plans Nairobi metropolitan area.
- Managed Extension of trunk and reticulation sewers for Nairobi and other towns by an additional 1214 Kilometers.
- Increased the capacity of sewerage treatment plants for the Metros by an additional 96,000m<sup>3</sup>/day.
- Developed and implemented investment financing Strategies that generated financial resources of Kshs. 262.017 billion
- In consultation with Ministry of Water, Irrigation and Sanitation, the regulator and the stakeholders, I coordinated development of strategies to operationalize bulk water services provision.

The Board and management has commenced preparation of the 2023-2027 strategic plan which prioritizes interventions aimed at improving the water and sewerage condition and preserving the water and sewerage infrastructure investment, providing reliable and safe water and sewerage services, and ensuring value for money in operations.

We believe that the best way to deliver value to our stakeholders is by executing our increased capital investment plan that drives modernization, improves efficiency, and increases reliability and resiliency. The Agency has developed a new strategic plan which increases the Capital investment to Kshs 206 billion in the next 5 years reflecting the continued needs in our existing systems as well as the investments needed in the systems we acquire.

We are also keenly focused on customer affordability by focusing on the development of additional bulk Water sources through a disciplined approach, driving operating and capital efficiencies, seeking constructive regulatory and legislative policies, and leveraging a large, growing customer base. This will be done through effectively deploying technology, taking advantage of our size and scale through the supply chain, and driving our cost management through a culture of continuous improvement.

The great milestones achieved in this financial year will not have been possible without our employees who refer to each other as the great Athi Family. Simply put, it is a privilege to work with such deeply committed, experienced and skilled employees every day. We are a community of passionate employees that care about



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our customers, our communities and each other. Our employees share a common purpose to keep life flowing for millions of customers across the AWWDA Jurisdiction.

**Sustainability:**

AWWDA is a going concern and we are excited about our future and are thankful that you have joined us on this journey and we commit to operate responsibly. It means that with every water and wastewater system we develop, we have an opportunity to make a sustainable positive impact on the community, reflect the communities we serve with diverse and skilled employees, and maintain the governance and diligence that allows us to exceed service expectations for decades to come. We commit to maintain AWWDA's place as a top performer in the water sector and we expect that to continue for many years to come.



**ENG. MICHAEL M. THUITA, MBS  
CHIEF EXECUTIVE OFFICER**

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**6. Statement of Performance against Predetermined Objectives for FY 2021/22**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

Athi Water Works Development Agency has seven (6) strategic pillars/Key Result Areas and objectives within its Strategic Plan for the FY 2018-2022. These strategic pillars are as follow:

Pillar 1: Water Coverage

Pillar 2: Sewerage and Sanitation Coverage

Pillar 3: Investment resources for water and sanitation infrastructure development

Pillar 4: Research and Development

Pillar 5: Leadership and Governance

Pillar 6: Institutional Sustainability

Athi Water Works Development Agency develops its annual work plans based on the above seven (6) pillars. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2021/2022 period for its seven (6) strategic pillars, as indicated in the table below:

Strategic Programme/ Project Name	Objective	Expected Output	Current Status
<b>KRA 1: WATER COVERAGE: STRATEGIC OBJECTIVE: INCREASE ACCESS TO WATER IN AWWDA'S FROM 64.5% TO 80% BY 2022</b>			
Water & Sanitation Services Improvement	Additional water produced to serve 2 million people	Additional 140,000 m <sup>3</sup> /day for Nairobi	Complete
Northern Collector-AFD	Additional water supplied 2 million people	Additional 140,000m <sup>3</sup> /day to Kabete Nairobi	Ongoing. Overall physical progress of works at 98% complete.
Nairobi Water Distribution Network	Extension of water supply to 336,000 people in Nairobi	45,000 additional connections in Nairobi	Complete but not operational.
Nairobi Satellite Towns Water and Sanitation	water and sewerage supply in Ruiru, Kiserian and Ongata Rongai to serve 338,000	Additional 338,000 people in Ruiru, Kiserian and Ongata Rongai served	Ongoing. Overall physical progress of works at 70% complete.
Ithanga Water Supply	Enhance water supply within Ithanga area of Muranga county to serve 50,000 people	Additional 10,000m <sup>3</sup> /day of water produced	Ithanga phase I is complete and operational while phase II is complete but not operational. Currently mobilizing works contractor to



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Strategic Programme/ Project Name	Objective	Expected Output	Current Status
<b>KRA 1: WATER COVERAGE: STRATEGIC OBJECTIVE: INCREASE ACCESS TO WATER IN AWWDA'S FROM 64.5% TO 80% BY 2022</b>			
			undertake works for Phase III.
Oloitoktok Water and Sewerage Project	To increase access to water and sanitation to serve additional 40,000 people	Increase water capacity by 2000m <sup>3</sup> /day and sewerage Capacity of 6000m <sup>3</sup> /day	Complete and operational
Kajiado Rural Water Supply	Enhance water supply to serve 50,000 people and livestock	Additional 8,000m <sup>3</sup> /day produced	Complete and operational.
Kenya Towns Sustainable Water and Sanitation Project	Improve water and sewerage in Gatundu, Kikuyu, Limuru, Kiambu, Machakos, Changamwe, Pemba and Mwala to serve 800,000 people	Additional 25000m <sup>3</sup> /day of water produced and 26000 Sewer treated	Ongoing. Overall physical progress of works at 70% complete.
Karimenu II Dam WS Project	Additional Water produced for Ruiru, Juja and Thika areas to serve 600,000 people	Additional 47,000m <sup>3</sup> /day produced 23,000m <sup>3</sup> /day for Nairobi	Dam works complete and commissioned. Laying of transmission pipeline currently ongoing.
Ruiru II Dam WS project	Additional Water produced for Karuri, Kiambu and Githunguri to serve 700,000 people	Additional 51,000m <sup>3</sup> /day produced	Ongoing. Overall physical progress of works at 70% complete.
Nairobi Water and Sanitation Project	Rehabilitation of existing networks, reinforcement of the distribution system, 19 km-long one (600 mm diameter) pipeline crossing the city North to South from Kabete treatment plant, - distribution network extensions with 350 km of pipelines, as well as household connections and water meters	Rehabilitation of existing networks, reinforcement of the distribution system, 19 km-long one (600 mm diameter) pipeline crossing the city North to South from Kabete treatment plant, - distribution network extensions with 350 km of pipelines, as well as household connections and water meters	Procurement process ongoing
Theta Dam and Treatment Works Project	Additional Water produced to serve 50,000 people	Additional 4,000m <sup>3</sup> /day in Gatundu area	Completed and operational
Thika and Githunguri Water and Sanitation Project	Improve water and sanitation in Githunguri and Thika to serve 500,000 people	Increase water capacity by 1000m <sup>3</sup> /day and 20km pipeline, Increase sewer Capacity by 8000m <sup>3</sup> /day in Githunguri. Restore water capacity by 32000m <sup>3</sup> /day and 20km pipeline, Increase sewer Capacity by 30,000m <sup>3</sup> /day, Lay 70km of sewer in Thika.	Completed procurement of the design review and supervision consultant and the Contract is currently being prepared for signature.
Kiambaa Water Supply project	Additional water produced for Kiambaa area of Kiambu County to serve 300,000 people.	Additional 7430m <sup>3</sup> /day produced	Not started.

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Strategic Programme/ Project Name	Objective	Expected Output	Current Status
<b>KRA 1: WATER COVERAGE: STRATEGIC OBJECTIVE: INCREASE ACCESS TO WATER IN AWWDA'S FROM 64.5% TO 80% BY 2022</b>			
Development of Maragua 4 Dam	Additional Water produced for Nairobi Metro Area to serve 1.2 million people	Additional produced 216,000m3/day	Not started
Development of Gatei 1 Dam	Additional Water produced for Nairobi Metro Area to serve 1.2 million people	Additional produced 132,000m3/day	Not started
Development of Kinale Dam	Additional Water produced for Nairobi Metro Area to serve Limuru, Lari and Kikuyu	Additional 30,000m3/day produced	Not started
Development of Kamiti 1 Dam	Additional Water produced for Nairobi Metro Area to serve 1.2 million people	Additional 16,416m3/day produced	Not started
Development of Gatamathi and Kahuti water supply project	Additional Water produced for Muranga Area to serve 300,000 people (Mathioya, Kangema, Kiharu)	Additional 30,000m3/day produced	Not started
Thika 3A Dam	Additional Water produced for Nairobi Metro Area to serve 1.2 million people	Additional 40,000m3/day produced	Not started
Northern Collector-Phase 2	Additional Water produced for Nairobi Metro Area to serve 1.2 million people	Additional produced 285,120m3/day	Not started

Strategic Programme/ Project Name	Objective	Expected Output	Current Status
<b>KRA 2: SEWERAGE AND SANITATION COVERAGE</b>			
<b>INCREASE SANITATION COVERAGE IN THE AGENCY'S AREA OF JURISDICTION FROM 47% TO 70% BY 2022</b>			
Kiserian Sewerage Project	Improve sanitation services for Kiserian Town to serve 90,000 people	Additional 6000m3/day of sewer Treated and 16 Km sewer pipeline laid.	Stalled due to ongoing court case.
Oloitoktok Water and Sewerage Project	To increase access to water and sanitation to serve additional 40,000 people	Increase water capacity by 2000m3/day and sewerage Capacity of 6000m3/day	Complete and operational
Kenya Towns Sustainable Water and Sanitation Project	Improve water and sewerage in Gatundu, Kikuyu, Limuru, Kiambu, Machakos, Changamwe, Pemba and Mwala to serve 800,000 people	Additional 25000m3/day of water produced and 26000 Sewer treated	Ongoing. Overall physical progress of works at 70% complete.



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Strategic Programme/ Project Name	Objective	Expected Output	Current Status
<b>KRA 2: SEWERAGE AND SANITATION COVERAGE</b>			
<b>INCREASE SANITATION COVERAGE IN THE AGENCY'S AREA OF JURISDICTION FROM 47% TO 70% BY 2022</b>			
Thika an Githunguri Water and Sanitation Project	Improve water and sanitation in Githunguri and Thika to serve 500,000 people	Increase water capacity by 1000m <sup>3</sup> /day and 20km pipeline, Increase sewer Capacity by 8000m <sup>3</sup> /day in Githunguri. Restore water capacity by 32000m <sup>3</sup> /day and 20km pipeline, Increase sewer Capacity by 30,000m <sup>3</sup> /day, Lay 70km of sewer in Thika.	Completed procurement of the design review and supervision consultant and the Contract is currently being prepared for signature.
Nairobi Rivers Basin Restoration Programme Phase 2: Sewerage improvement	Increase access to sewerage services for the Nairobi to serve 1.2 million people	240km sewerage network and sewerage capacity of 160,000m <sup>3</sup> /day	Ongoing. Overall physical progress of works at 20% complete.
Nairobi Water and Sanitation Project	Laying more than 60 km of secondary networks in the Riruta Satellite neighbourhood, West of the city; laying more than 60 km of secondary networks in the Zimmerman, Karasani and Roysambu neighbourhoods, North-West of the city; laying more than 100 km of secondary networks in other parts of the city where trunk sewers are already installed.	Laying more than 60 km of secondary networks in the Riruta Satellite neighbourhood, West of the city; laying more than 60 km of secondary networks in the Zimmerman, Karasani and Roysambu neighbourhoods, North-West of the city; laying more than 100 km of secondary networks in other parts of the city where trunk sewers are already installed.	Procurement processes initiated
East Nairobi Sewerage	Increase access to sewerage services for Nairobi to serve 2 million people.	684km sewerage network and two sewerage Treatment plants of a combined capacity 90,000m <sup>3</sup> /day	Procurement of works contractor ongoing.
Pilot of Omni processor technology for sanitation in selected urban centres	Enhance waste water treatment in selected urban centres	1 No. Omni processor	Not started

Strategy	Objective	Key performance indicators	Current Status
<b>KRA 3: INVESTMENTS AND RESOURCE MOBILIZATION: STRATEGIC OBJECTIVES: MOBILIZE KSHS. 225.5 BILLION FOR WATER AND SANITATION DEVELOPMENT BY 2022</b>			
Prepare long term investment and financing	Prepare water, sewerage, energy investment and financing plans	No. of investment and Financial Plans Developed	Discussions ongoing with the World Bank - the

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Strategy	Objective	Key performance indicators	Current Status
plans for water and sewerage.			Water resource group 2030.
Identify alternative sources of financing	Package the investment plan into various financing mixes including development banks, PPPs, EPC-F, Capital Markets and Project Finance	No. of alternative investments identified	2 projects undergoing feasibility studies under PPP Financing arrangement i.e. Ndarugo II Dam and Maragwa IV Dam.
<b>PILLAR 4: RESEARCH AND DEVELOPMENT STRATEGIC OBJECTIVE: TO PROMOTES RESEARCH, DEVELOPMENT AND ADOPTION OF APPROPRIATE TECHNOLOGY</b>			
	Facilitate investment in research and development that is able to increase corporate research output.	No. of research papers produced	4
		No. of collaborative research work undertaken	4
<b>KRA 5: LEADERSHIP AND GOVERNANCE: STRATEGIC OBJECTIVE: STRENGTHEN LEADERSHIP AND GOVERNANCE FOR EFFICIENCY AND PRODUCTIVITY</b>			
Ensure adherence to internal processes and procedures	Review and update AWWDA risk management framework to incorporate emerging issues	No. of risk management framework put in place	Risk framework updated
Maintain statutory and regulatory compliance	Prepare and submit quarterly reports	No. of reports timely developed and feedback provided	100%
Enhance institutional integrity and anti-corruption measures	Review and update the code of ethics for staff and Board of Directors  Undertake corruption risk management through the Corruption Prevention and Oversight Committee	Measures undertaken to implement chapter 6 of the constitution No. of reviews and updates to the code of ethics No. of quarterly reports submitted on anti-corruption measures	100%
<b>KRA 6: INSTITUTIONAL SUSTAINABILITY STRATEGIC OBJECTIVE: PURSUE WATER AND SANITATION INFRASTRUCTURE DEVELOPMENT WHILE ENSURING HUMAN RESOURCES, FINANCIAL AND ENVIRONMENTAL SUSTAINABILITY</b>			
Implement strategic asset management	Engage relevant bodies and acquire necessary documents for land and way leaves  Initiate the development of asset management policy	No. of strategic asset management Framework Developed and implemented	Asset management policy developed and approved by the Board  Asset valuation currently under way
Achieve and sustain a high-performance culture at Athi Water	Plan for and undertake a baseline  Procure a consultant to review and update the schemes of service Develop a succession plan	No. of quality control and performance measure put in place	Consultant procured  100%



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Strategy	Objective	Key performance indicators	Current Status
To set aside Kshs 2 million per annum for environmental protection and climate change mitigation measures.	Implementation of climate change Mitigation measures	No of measures implemented	Kshs 2,626,000 set aside to plant 14,000 trees in FY 2021/22.
To Reduce Non-Revenue Water to 30% by 2022	Undertake investment to reduce the Non-revenue water in AWWDA area.	Quantity of water made available.	Customers Identification Survey undertaken
Knowledge management and innovation	Develop a knowledge management policy	No. of new innovations and knowledge management framework developed.	Knowledge management Policy not yet develop
Undertake Monitoring and Evaluation of Athi Water operations and projects	Establish a M&E unit/Committee M&E needs assessment and initiate training of staff on M&E	No. of M&E activities undertaken	M&E ongoing Being undertaken under the M&E consultancy
Promote the use and adoption of effective Information management systems	Review, update and implement IMS	No. of information management systems procured or adopted	ERP system procured and being implemented.
Establish an Athi Water HQ	Finalize procurement processes and commence construction	Building constructed and put to use	Complete and occupied
Increase awareness about Athi Water and its mandate	Create awareness on the mandate, activities and projects undertaken by AWWDA  Implement the corporate social responsibility	No. of awareness campaigns done No. of engagement meeting with stakeholders No. of baselines undertaken to determine positive media coverage	Ongoing
Stakeholder mapping	Identify and update stakeholders' list  Analyse and prioritize the interest of stakeholders in each project	No. of new stakeholders identified and documented No. of reports produced on the analysis and prioritization of stakeholders	Ongoing
Promote stakeholder engagement	Engage key stakeholders in policy formulation, analysis, implementation and advocacy  Promote collaborations with other WWDA and other Inter Agencies	No. of engagement meetings No. of collaborative meetings with WSBs and other agencies	Ongoing
Enhance visibility in Athi Water activities	Brand all AWWDA installations and ongoing projects to enhance visibility of flagship projects	No. of facilities branded  No. of quarterly newsletters produced	ongoing

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Strategy	Objective	Key performance indicators	Current Status
	Undertake below and above publicity of Athi Water activities i.e. print and electronic media, outdoor advertising  Publish annual corporation achievement reports	Annual corporate achievement report	
Enhance complaints and compliments management	Strengthen the customer complaints handling mechanism  Review, update and implement the customer service charter	Measures undertaken to strengthen customer complaints handling mechanism	Customer charter Revised
Enhance grievance management processes	Develop grievance handling mechanisms at project level	A grievance handling mechanism put in place	Ongoing
Environmental protection	Promote integrated water resources management through collaboration with other institutions in protection and restoration of water-related ecosystems and catchments areas.  Ensure protection of right to property of project affected persons by providing prompt payment and just compensation.	No. of EIA/ESIA undertaken  No. Compliance and safeguard measures put in place  No. new green technology adopted	ongoing
Maintain health and safety	Review health and safety policy  Implements the recommendation in the annual safety audits and work environment surveys	No. of reports on safety audit Annual Reports on implementation of Public Sector Workplace policy	Ongoing
Foster national cohesion and integration	Ensure the integration of gender, ethnic balance, people with disability and marginalized groups in appointive positions	Reports on activities undertaken to promote cohesion and national values	Ongoing

The annual performance targets of AWWDA are tied to the 2018-2022 strategic plan, which is broken down into annual operation plans. As guided by the Performance Contract Guidelines (18<sup>th</sup> cycle), the Agency's annual strategic intents are closely linked to the pillars/Key result areas. The 2021/2022 performance contract self-assessment report is indicated below;



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**PERFORMANCE CONTRACT MATRIX FOR THE FY 2021/2022**

S/No.	Performance Criteria	Unit of Measure	Weight (%)	Status Previous Year (FY 2020/21)	Target (FY 2021/22)	Actual(FY 2021/22)
<b>A</b>	<b>Financial Stewardship and Discipline</b>					
A1	Absorption of Allocated Funds (GoK)	%	2.00	98.00	100.00	97.00
A2	A-in-A	Kshs	2.00	125,320,000.00	45,000,000.00	50,100,000.00
A3	Absorption of Externally Mobilized Funds	%	3.00	98.00	100.00	100.00
A4	Pending Bills	%	3.00	0.00	1.00	0.00
	<b>Weight Sub-total</b>		<b>10.00</b>			
<b>B</b>	<b>Service Delivery</b>					
B1	Implementation of Citizens' Service Delivery Charter	%	4.00	100.00	100.00	100.00
B2	Business Process Re-engineering	%	3.00	N/A	100.00	100.00
B3	Resolution of Public Complaints	%	3.00	99.00	100.00	95.00
	<b>Weight Sub-total</b>		<b>10.00</b>			
<b>C</b>	<b>Core Mandate</b>					
C29_1	Northern Collector Water Tunnel Constructed	%	4.00	95.00	5.00	100.00
C29_2	Ndakaini-Kigoro-Gigiri Raw and Treated Water Pipelines Constructed	KMs	2.00	18.28	24.00	22.00
C29_3	Ruiru II Dam Constructed	%	2.00	125.00	15.00	15.00
C29_4	Karimenu II Dam Constructed	%	4.00	45.00	25.00	90.00
C29_5	West Nairobi City Water Distribution Network (Kabete-Karen Pipeline) Constructed	%	3.00	93.00	7.00	100.00
C29_6	Kikuyu Water Supply and Sanitation Constructed	%	3.00	53.00	47.00	100.00

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C29_7	Kiambu and Ruaka Water Supply and Sanitation Constructed	%	3.00	50.00	10.00	80.00
C29_8	Gatundu Urban Water Supply and Sanitation Constructed	%	2.00	20.00	30.00	50.00
C29_9	Limuru Water and Sanitation Constructed	%	2.00	50.00	30.00	80.00
C29_10	Makutano/Kenol Water and Sanitation Constructed.	%	2.00	5.00	25.00	30.00
C29_11	Nairobi Satellite Towns Water Supply Improvement - Ruiru Water Supply Constructed.	%	3.00	20.00	50.00	70.00
C29_12	Nairobi Satellite Towns Water Supply Improvement - Ongata Rongai/ Kiserian Water Supply Constructed	%	3.00	35.00	35.00	70.00
C29_13	Ithanga Water Supply-Last Mile Connectivity Implemented-Phase III	KMs	2.00	N/A	50.00	0.00
C29_14	Nairobi Regeneration Sewer Rehabilitation Constructed	%	1.00	60.00	40.00	100.00
C29_15	Kahawa West, Githurai, Kahawa Sukari Reticulation Sewer Constructed.	%	2.00	5.00	25.00	30.00
C29_16	Kasarani/Mwiki Sewerage Constructed	%	3.00	5.00	35.00	20.00
C29_17	Nairobi East/West sewerage Constructed	%	2.00	0.00	15.00	30.00
C29_18	Relocation of water and Sewers Pipelines along Nairobi Express Way Constructed	%	2.00	40.00	60.00	100.00
C29_19	Kibera Water and Sanitation Constructed	%	1.00	50.00	50.00	100.00
C29_20	Dandora Estate sewerage Treatment plant series 9 ponds-Constructed	%	2.00	60.00	20.00	90.00
C29_21	Expansion of Dandora Estate Waste Water	%	2.00	N/A	5.00	5.00



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	Treatment plant Inlet works Constructed					
C29_22	Gatanga Community Water Supply Constructed	%	2.00	N/A	100.00	100.00
C29_23	Nairobi Water and Sanitation program Implemented	%	4.00	N/A	5.00	5.00
C29_24	Thika and Githunguri Water and Sanitation Program-Design & Documentation Implemented	%	1.00	N/A	5.00	5.00
C29_25	Affordable housing program- East Nairobi water and sanitation Implemented.	%	1.00	N/A	50.00	50.00
C29_26	Project Completion Rate	%	2.00	100.00	100.00	100.00
	<b>Weight Sub-total</b>		<b>60.00</b>			
<b>D</b>	<b>Implementation of Presidential Directives</b>					
D1	Implementation of Presidential Directives	%	2.00	100.00	100.00	100.00
	<b>Weight Sub-total</b>		<b>2.00</b>			
<b>E</b>	<b>Access to Government Procurement Opportunities</b>					
E1	Access to Government Procurement Opportunities (AGPO)	Kshs	3.00	209,205,710.58	24,896,145.00	29,643,586.00
	<b>Weight Sub-total</b>		<b>3.00</b>			
<b>F</b>	<b>Promotion of Local Content in Procurement</b>					
F1	Promotion of Local Content in Procurement	Kshs	2.00	3,031,947,492.90	3,819,419,200.00	4,553,044,175.58
	<b>Weight Sub-total</b>		<b>2.00</b>			
<b>G</b>	<b>Cross - Cutting</b>					
G1	Asset Management	%	1.00	100.00	100.00	100.00
G2	Youth Internships/ Industrial Attachments/ Apprenticeships	No	1.00	44.00	50.00	51.00
G3	Competence Development	%	1.00	100.00	100.00	100.00

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G4	Disability Mainstreaming	%	1.00	85.00	100.00	32.50
G5	Gender Mainstreaming	%	1.00	62.00	100.00	98.00
G6	Prevention of Alcohol and Drug Abuse	%	1.00	66.00	100.00	53.50
G7	Prevention of HIV Infections and Non-Communicable Diseases	%	1.00	68.05	100.00	98.66
G8	Safety and Security Measures	%	1.00	100.00	100.00	100.00
G9	National Cohesion and Values	%	2.00	100.00	100.00	100.00
G10	Road Safety Mainstreaming	%	1.00	78.00	100.00	100.00
G11	Corruption Prevention	%	2.00	73.00	100.00	100.00
	<b>Weight Sub-total</b>		<b>13.00</b>			
	<b>Total Weight</b>		<b>100.00</b>			



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## **7. Corporate Governance Statement**

### **Introduction**

The AWWDA Board is committed to maximizing the long term value of services to all stakeholders. The Board seeks to ensure that Athi Water Works Development Agency (AWWDA) is properly managed to protect and enhance stakeholder interests, and that AWWDA, its Board Members, officers and employees operate in an appropriate environment of corporate governance. The Board has developed a governance framework which includes adopting internal controls, risk management processes and corporate governance policies and practices designed to promote responsible management and ethical conduct. The Board Governance framework is documented and duly approved by the Board.

AWWDA has developed Governance instruments in line with the Constitution of Kenya 2010, Mwongozo -Code of Governance for State Corporations, the Water Act, 2016, the State Corporations Act, Cap.446 and other applicable Laws and best practises to facilitate good corporate governance practises in the Agency.

### **The Board**

The Board comprises of a Chairperson, Board Members and the Chief Executive Officer. The Board is also supported by Board Committees and a Corporation Secretary.

The Board is the apex governance organ and provides overall strategic guidance for AWWDA and effective oversight of management. The Board sets and actualises the overall strategy and policy framework. This is enjoined with the formulation of AWWDA's vision, mission and core values. The Board also bears the responsibility of formulating, approving and ensuring operationalisation of the organisational structures, systems and governance policies.

### ***Roles and Functions of the Board***

The role and responsibilities of the Board are listed in Chapter 3 of the Board Charter and are summarised as follows:

- To review, evaluate and approve on a regular basis, long term plans for AWWDA
- To review, evaluate and approve AWWDA's budget and financial forecasts
- To review, evaluate and approve major resource allocations and capital investments
- To ensure that the procurement process is cost effective and delivers value for money
- To review and approve the operating and financial results for AWWDA
- To ensure effective, accurate, timely and transparent disclosure of pertinent information on AWWDA's operations and performance
- To ensure that effective processes and systems of risk management and internal controls are in place
- To review evaluate and approve the overall organisational structure, assignment of senior management responsibilities and plans for senior management development and succession
- To review, evaluate and approve the remuneration structure of AWWDA in consultation with relevant government agencies
- To adopt, implement and monitor compliance with AWWDA code of Conduct and Ethics
- To review the attainment of targets and objectives set in the agreed performance measurement framework within the Government of Kenya
- To review periodically AWWDA's strategic objectives and policies relating to sustainability and social responsibility/investment
- To monitor compliance with the Constitution, all applicable laws, regulations and standards
- To review and ensure that AWWDA is effective and effectively delivering on its mandate.

The Board has established committees with specific terms of reference so as to effectively discharge its mandate. The standing committees of the Board which are subject to review from time to time are as follows:

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- a) Water and Sewerage Committee
- b) Resources and Governance Committee
- c) Audit and Risk Committee

The committees are compliant with the provisions of Mwongozo and Head of the Public Service Circular Ref. OP/CAB.9/1A dated 11<sup>th</sup> March 2020 and are subjected to rotation of members after a period of twelve months as stipulated. The changes on committee reconstitution are reported to the State Corporations Advisory Committee pursuant to section 9 of the State Corporations Act, Cap. 446.

The Board Chairperson does not sit in committees.

During the year, pursuant to Clause B6 of the Head of the Public Service Circular Ref. OP/CAB.9/1A dated 11<sup>th</sup> March 2020, Committee membership was subjected to a rotation on 14<sup>th</sup> April 2021 and the committee reconstituted as follows:

<b>WATER AND SEWERAGE COMMITTEE</b>	
<b>NAME</b>	<b>DESIGNATION</b>
Sheila Phyllis Mwikali Mutunga	Committee Chairperson
Godfrey Ninito Lemiso	Member
Joseph Keter	Alt. Director PS Ministry of Water, Sanitation and Irrigation

<b>RESOURCES AND GOVERNANCE COMMITTEE</b>	
<b>NAME</b>	<b>DESIGNATION</b>
Hon. Peter Irungu Kihungi	Committee Chairperson
Beatrice Njeri Maina	Member
Francis Anyona	Alt. Director PS National Treasury

<b>AUDIT AND RISK COMMITTEE</b>	
<b>NAME</b>	<b>DESIGNATION</b>
Benedict Omondi Kijuu	Committee Chairperson
Sheila Phyllis Mwikali Mutunga	Member
Francis Anyona	Alt. Director PS National Treasury
Joseph Keter	Alt. Director PS Ministry of Water, Sanitation and Irrigation

Board Members remain individually and collectively responsible for the decisions and actions taken by any committee.

### **Board Charter**

The roles and responsibilities of Board Members as well as functions and structure of the Board are provided in the Board Charter. The Board is structured in a way that supports the members in carrying out their oversight function. It provides the Board Members with an opportunity to think creatively and critically on how their strategic and operational plans align with the organisation's strategic direction and expectations founded on good governance. The Charter helps the Board in directing AWWDA to maximise long term value of services provided to all stakeholders.

The Charter has been adopted by AWWDA acting in accordance with Mwongozo; Code of Governance for State Corporations and is complementary to the requirements regarding the Board and the Board Members contained in applicable Kenyan Laws and regulations.

The Charter guides the Board on the following matters;

- Best practices and principles and Constitutional principles and requirements
- Board composition, terms and structures



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- Board responsibilities, principles and procedures
- Board meetings, attendance and decisions
- Other Provisions- Conflict of interest of Board Members, Compensation of Board Members, Induction, ongoing training and Education, confidentiality etc

**Appointment of Board Members**

The Board Members of AWWDA are appointed pursuant to section 66(1) of the Water Act, 2016. The Act provides that the Board should consist of a Chairperson and four other members appointed by the Cabinet Secretary responsible for matters relating to water and the Chief Executive.

Pursuant to section 6 of the State Corporations Act, Cap 446, the Board also comprises of the Principal Secretary of the parent Ministry (in the case of AWWDA; the Ministry of Water , Sanitation and Irrigation) and the Principal Secretary to the National Treasury.

The appointments are by name or by office and by notice in the Kenya Gazette.

The First Schedule of the Water Act, 2016 is applicable on matters of membership and procedure of Water Works Development Agencies. The schedule provides the following guidelines on appointment:

- **Qualification of members:** In making the appointments, the appointing authority shall have regard to Article 10 of the Constitution of Kenya on national values and principles of governance, Article 232 of the Constitution of Kenya on values and principles of public service, the academic qualifications, professional experience, character and integrity of the potential candidates for appointment, gender, regional and ethnic diversity. (section 2 of the Schedule)
- **Identification for appointment:** The Chairperson and members shall be identified for appointment through an open competitive process (section 2(2) of the First schedule)
- **Term of office:** A member shall hold office for such term not exceeding three years as may be specified by the instrument of appointment. A member shall be eligible for reappointment for one further term.

Further, the Water Act, 2016 provides that the Chairman and the four other members appointed must be from a county within the basin area. The geographical area of jurisdiction of AWWDA is defined in Legal Notice 28 of 26<sup>th</sup> April 2019 as Nairobi, Kiambu and Muranga.

**Directors**

The members of the board of directors who served during the year are shown below;

NAME	Office Held	Date of appointment	Date of Expiry	Basin Area of Representation
Beryl Okumu	Chairperson	7/08/2020	7/08/2023	Nairobi
Hon. Peter Irungu Kihungi	Member	7/02/2019	7/02/2022	Muranga
Benedict Kijuu Omondi	Member	7/02/2019 (Renewed on 14.04.2022)	7/02/2022	Nairobi
Beatrice Njeri Maina	Member	7/02/2019	7/02/2022	Muranga
Sheila Phyllis Mwikali Mutunga	Member	7/02/2019	7/02/2022	Muranga
Godfrey Ninito Lemiso	Member	7/02/2019	7/02/2022	Nairobi

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Joseph Keter	Alt. Director to PS Ministry of Water, Sanitation and Irrigation	28/06/18	4/02/2022	N/A
Caroline Wanjiku Mugwe	Alt. Director to PS Ministry of Water, Sanitation and Irrigation	4/02/2022		N/A
Francis Anyona	Alt Director to PS – The National Treasury	17/04/15		N/A
Eng. Michael Mwangi Thuita	CEO	1.06.2021	1.06.2024	N/A9

The **Inspector-General (Corporations)** is represented by **Mr. Isaac Omondi Odek** who was appointed with effect from 13<sup>th</sup> July 2020 in accordance with section 18 of the State Corporations Act Cap.446.

During the year, five independent directors retired following the lapse of their term on 7<sup>th</sup> February 2022 as follows:

Hon. Peter Irungu Kihungi	Independent Member
Benedict Kijuu Omondi	Independent Member
Beatrice Njeri Maina	Independent Member
Sheila Phyllis Mwikali Mutunga	Independent Member
Godfrey Ninito Lemiso	Independent Member

However, director Benedict Kijuu Omondi was reappointed with effect from 14<sup>th</sup> April 2022 vide Gazette Notice No. 4312 issued on 14<sup>th</sup> April 2022.

Further during the year, vide a letter dated 4<sup>th</sup> February 2022, the Principal Secretary, Ministry of Water, Sanitation and Irrigation replaced Mr. Joseph Keter, Alt director Ministry of Water, Sanitation and Irrigation with Caroline Wanjiku Mugwe. The replacement was made following Mr. Joseph Keter's appointment as acting CEO Water Services Regulatory Board (WASREB).

The Board is well composed in terms of range and diversity of skills, knowledge, age and experience in various sectors which makes it effective and provides an appropriate balance for the oversight of AWWDA's mandate. On gender, the Board prior to expiry of board member terms on 7<sup>th</sup> February 2022 had three (3) women out of Eight (8) members. Upon retirement of the Independent members on 7<sup>th</sup> February 2022 and appointment of Ms. Caroline Wanjiku Mugwe as Alt. Director Ministry of Water, Sanitation and Irrigation, board was left with two women out of seven members of the Board.

#### **Succession Planning**

The Code of Governance for State Corporations (Mwongozo) provides that the appointing authority should ensure that the tenures of Board members are staggered to ensure a phased transition. The AWWDA Board Charter at Clause 2.2.4 also provides for staggered retirement.

#### **Removal of Board Members**



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Section 6(1) of First schedule of the Water Act, 2016 provides for circumstances under which the office of a member shall become vacant as follows:

- a) Such member dies, resigns or is removed from office
- b) Such member absents himself or herself from four consecutive meetings of the Board or committee which reasonable notice has been given to the member unless-
  - i) The board or committee has granted the member leave to be absent from those meetings or
  - ii) within four weeks after the last of the four meetings, the member is excused by the board or committee for having been absent from the meetings.
- c) The member becomes bankrupt, applies to take the benefit of any law for the relief of bankrupt or insolvent debtors, compounds with his or her creditors or makes an assignment of his or her remuneration or for their benefit
- d) Such member is adjudged or declared by any competent court or tribunal to be of unsound mind or
- e) Such member is convicted of an offence punishable by imprisonment for twelve months or more

If the office of a member becomes vacant, the appointing authority is mandated to fill the vacancy as prescribed in the Act. This process is also captured in the Board Charter at section 2.2.

### **Role of the Corporation Secretary**

The Principle duties of the Corporation Secretary are as follows:

- a) Providing guidance to the Board and Board Members individually on their duties, responsibilities and powers and how these should be exercised in the best interest of AWWDA
- b) Ensuring that board procedures are followed and reviewed regularly and that the Board complies with the Laws and Regulations
- c) Assisting the Chairperson in organising Board activities including providing information, preparing the agenda, issuing notices and preparing for meetings, board evaluations and board development programs
- d) Providing secretarial services to the Board including ensuring that the Board Work Plan is prepared and adhered to.
- e) Ensuring the minutes of the Board and Board Committees are promptly prepared and circulated
- f) Keeping the Board abreast of and informed on current governance thinking and practice
- g) Coordinating the governance audit process.

### **Board Induction and Trainings**

The Board has developed an induction program for new Board Members. A competence needs assessment was also carried out on the Board Members and implemented during the year.

Consequently, during the Financial Year 2020/21, the Board Members undertook several induction and training programs. The trainings covered; induction of the reconstituted committees, Water Sector Reforms, Ethical and Legacy Leadership, Audit and Risk, Public Participation and Stakeholder Management, Anti-Corruption and Fraud Management and Performance Management.

### **Board and Board Member Performance**

The Board Evaluation for the FY 2021-22 was conducted on 5<sup>th</sup> July 2021 by the State Corporations Advisory Committee and the report is yet to be presented to the Board.

Nevertheless, the Board received the Board Evaluation report for the FY 2020-21 from the State Corporations Advisory during the year in question and the performance of the board and members was as follows:

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	Name of Director	Position	Mean Score	%age Score
1.	Mr. Benedict Kijuu Omondi	Member	4.7180	94.36
2.	Mr. Francis Anyona	Member-Representative Principal Secretary, The National Treasury	4.8520	97.04
3.	Mr. Godfrey Ninito Lemiso	Member	4.7164	94.33
4.	Mr. Joseph Kiplang'at Keter	Member-Rep PS Ministry of Water, Sanitation and Irrigation	4.7530	95.06
5.	Mr. Peter Irungu Kihungi	Member	4.6507	93.01
6.	Ms. Beatrice Njeri Maina	Member	4.4475	88.95
7.	Ms. Sheila Phyllis Mwikali Mutunga	Member	4.3958	87.92
8.	Eng. Michael Mwangi Thuita	CEO	4.6167	92.33
<b>Corporate Board Performance</b>			<b>4.8870</b>	<b>97.74</b>

The Board Chairperson was not evaluated for reasons that as at the date of evaluation, she had not completed one year from the date of appointment.

#### Board Remuneration

Board Remuneration is determined by the Government of Kenya through relevant circulars and Regulations. Remuneration for the Board in the Financial Year 2020/21 was guided by GOK Circular OP/CAB.9/21/2A/LII/43 dated 23<sup>rd</sup> November, 2004; the Guidelines on Terms and Condition of Service for State Corporations, Chief Executive Officers, Chairmen and Board Members, Management Staff and Unionisable Staff.

Accommodation and travel allowances on local travel and International Travel and lunch allowance is governed by Circular No. OP/SCAC.9/21.2 Vol.1 (164) dated 28<sup>th</sup> April 2015.

Where applicable, the daily subsistence allowance was paid in accordance with Circular No. SRC/ ADM/CIR/1/13 Vol. IV (1). Other payments made were: Monthly honoraria for the chairman, telephone allowance for the chairman, transport reimbursements, Medical Cover as stipulated in the Government Circulars and Respective Appointment letters. The Board Members were remunerated in accordance with the aforementioned Circulars and other applicable regulations.

#### Board attendances

In line with Mwongozo and the First Schedule of the Water Act, 2016, the AWWDA Board Charter at Clause 4.1 provides that the Board shall meet as often as necessary but not less than four times a year. The meetings of the Board were scheduled in advance.

A total of 6 Board Meetings were held during the financial year. The respective attendances by Board Members was as follows:

NATURE OF MEETING AND DATE	Beryl Okumu	Benedict Kijuu Omondi	Godfrey Ninito Lemiso	Sheila Phyllis Mwikali Mutunga	Beatrice Njeri Maina	Peter Irungu Kihungi	Francis Anyona,OGW	Joseph Keter	Eng. Michael Thuita



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14.07.2021 13 <sup>th</sup> Meeting of the Board	x	x	x	x	x	x	x	x	x
28.09.2021 14 <sup>th</sup> Regular Meeting of the Board	x	x	x	x	x	x	x	x	x
14.10.2021 15 <sup>th</sup> Regular Meeting of the Board	x	x	x	x	x	x	x	x	x
18.10.2021 Adjourned 15 <sup>th</sup> Regular Meeting of the Board	x	x	x	x	x	x	x	x	x
20.12.2021 9 <sup>th</sup> SPECIAL Meeting of the Board	x	x	x	x	x	x	x	x	x
14.01.2022 16 <sup>th</sup> Regular Meeting of the Board	x	x	x	x	x	x	x	x	x
17.01.2022 10 <sup>th</sup> Special Meeting	x	x	x	x	x	x	x	-	x

**Key**  
x- Present                      - Absent

**Conflict of Interest**

AWWDA has a Conflict of Interest Policy whose purpose is to provide guidance in identifying and handling potential and actual conflicts of interest involving the Board of Board Members and AWWDA as a whole. AWWDA is committed to the highest levels of integrity. All the Board Members have taken an oath of office which was duly administered by a Commissioner for Oaths.

A conflict of Interest Register is maintained by AWWDA. Declaration of conflict of interest is a mandatory agenda item in all AWWDA board meetings.

**Ethics and Conduct**

The Board Members and employees of the AWWDA have a fiduciary duty to act honestly and in the best interest of AWWDA. Business transactions with all parties must be carried out at arm's length and with integrity. AWWDA has developed a Code of conduct and Ethics which sets out the minimum requirements expected of the Board Members as they carry out their functions either individually or collectively. Nevertheless, the Code applies to all members of AWWDA and the Board Members. All the Board Members and staff have subscribed to the Code of Conduct and Ethics. The code is reviewed and updated from time to time.

In addition to the Code of Conduct and Ethics, Board Members are governed by the applicable Laws and Regulations. The Board has further developed a whistle-blower policy with the aim of maintaining the highest standards of Ethical and legal conduct in all its activities, programs and transactions. Through the policy, the Board encourages, management, staff and

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other stakeholders to report suspected/ actual occurrence of unethical, inappropriate or illegal practices without reprisal. The policy assures protection to whistle blowers.

**Governance Audit**

A governance Audit is undertaken by an organisation to ensure that the organisation conforms to the highest degree of good governance. It is a requirement of Mwongozo that a Governance audit is conducted annually. In the year 2021/22 a governance audit was not conducted for lack of adequate Accredited Governance Auditors by the State Corporations Advisory Committee (SCAC).

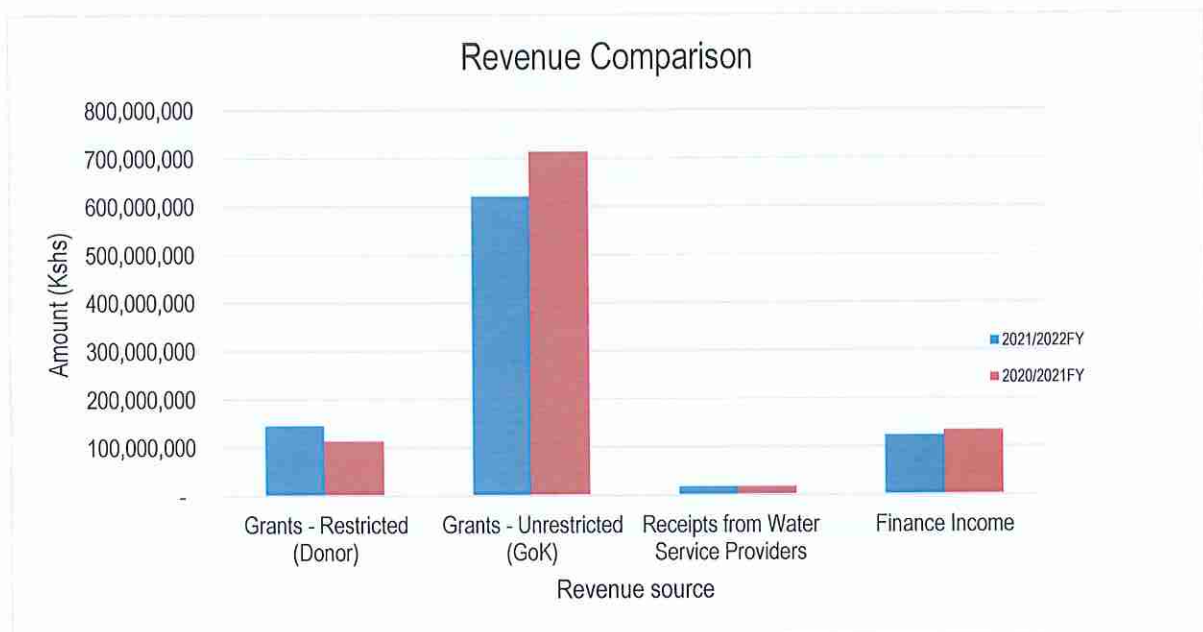


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**8. Management Discussion and Analysis**

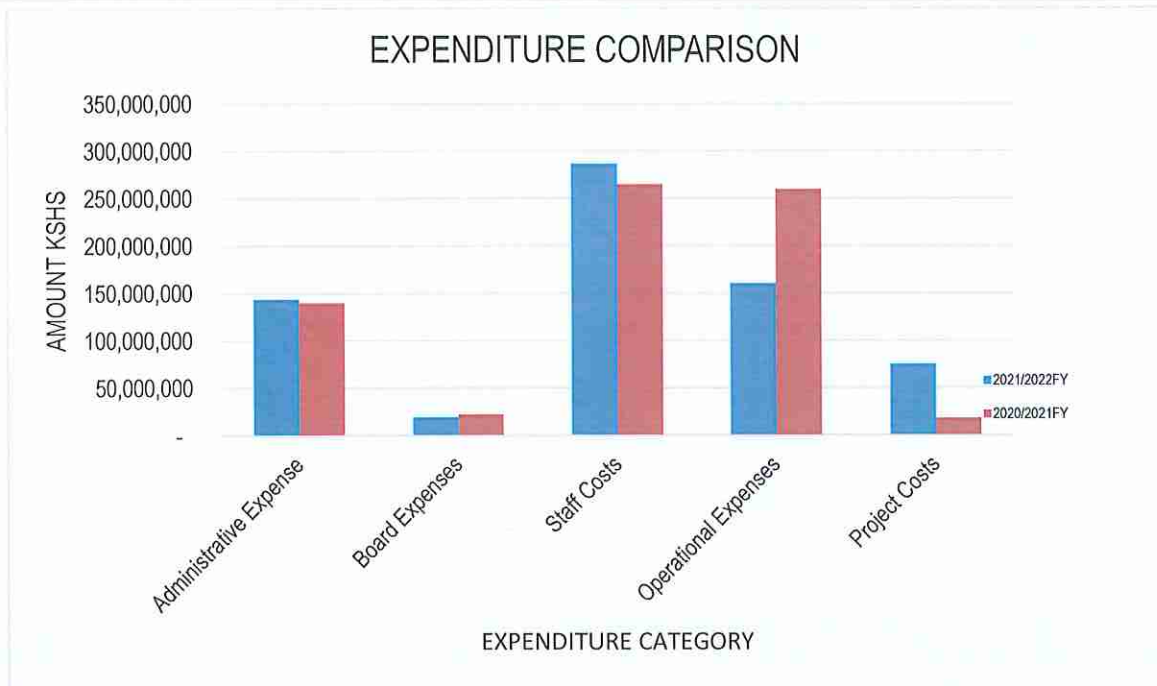
**Financial Performance**

During the 2021/2022FY, AWWDA received an allocation of Kshs 390 million from the Ministry of Water, Sanitation and Irrigation for salaries and administration purposes. The entity also earned additional revenue of Kshs 139,759,129 being interest on deposit, miscellaneous income and some loan remittances from WSPs while the GoK deferred income allocation amounted to Kshs. 241,498,062. Development partner grants earned in the year amounted to Kshs 144,824,267 being allocations from deferred income and direct project costs. The total income for the year was Kshs 916,081,458 against an expenditure of Kshs. 684,811,915 before depreciation, tax, interest and provisions. AWWDA transferred a total deficit of Kshs. 691,228,057 after incorporating depreciation, Tax on interest income, loan interest due, gain on disposal and provisions. The chart below gives the revenue breakdown as compared to same period last year:



**Expenditure comparison**

The chart below gives a breakdown of the expenditure comparison for the years 2021/2022 and 2020/2021



**Asset development**

AWWDA developed and/or acquired assets worth Kshs 30,305,759,451 in the 2021/2022FY most of which are in work in progress.

**Major Risks**

AWWDA is faced with delays due to land and way leave acquisition challenges. Such delays result to lack of timely completion of projects hence delays in service delivery for the target population. Such delays continue to have a negative implication on donor confidence due to inability by the government to meet their commitment under the financing agreements.



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**9. Environmental and Sustainability Reporting**

Athi Water Works 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. Below is an outline of the organisation's policies and activities that promote sustainability.

**Environmental performance**

Introduction

**Background**

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of environment on a long-term basis as well acceptable social norms over the long term.

It involves making decisions and taking action that are in the interests of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life; and social wellbeing of communities.

Athi Water Works Development Agency (AWWDA) as a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment. As such, AWWDA is committed to environmental conservation and protection as well as safeguarding of health and safety of workers within the premises and projects. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards division with a total of 10 permanent staff.

Pollution prevention, regulatory compliance, stakeholder engagement, public consultation and continual improvement are the key elements which underpins AWWDA environmental sustainability.

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

**Approach**

AWWDA environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya; and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines.

AWWDA also complies with the other environmental requirements of International Funding Institutions such as World Bank, Africa Development Bank, French Development Bank among others.

**Table 1: Environmental and Social Safeguards**

IFI	Environment Safeguards Instruments	Description of safeguards
African Development Bank	Operational Safeguards (OS)	OS 1: Environmental and Social Assessment. OS 2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation. OS 3: Biodiversity and Ecosystem Services. OS 4: Pollution Prevention and Control, Greenhouse Gases, Hazardous Materials and Resource Efficiency. OS 5: Labour Conditions, Health and Safety.
World Bank	Environmental and Social Standards (ESS)	ESS1: Assessment and Management of Environmental and Social Risks and Impacts ESS2: Labor and Working Conditions



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IFI	Environment Safeguards Instruments	Description of safeguards
		ESS3: Resource Efficiency and Pollution Prevention and Management ESS4: Community Health and Safety ESS5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources ESS7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities ESS8: Cultural Heritage ESS9: Financial Intermediaries ESS10: Stakeholder Engagement and Information Disclosure.
KfW	Sustainability Guidelines	

Environmental sustainability activities

**Environmental sustainability planning**

AWWDA developed and operationalized the integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of AWWDA employees and communities, and ensure safe development of water and sanitation infrastructure. This policy statement provides a framework for developing environmental objectives, targets and programs.

The organizational service charter also includes the environmental considerations such as the enforcement of water quality monitoring.

AWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination (Amendment) Act of 2015. In order to identify both potential positive and negative impacts. This process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.

Some of the environmental and social impact assessment reports approved and the respective projects licensed by NEMA within the financial year include:

Proposed Thika sanitation improvement project

Proposed Machakos water supply project

Proposed Augmentation of Ithanga water supply project – component II

Proposed Githunguri water improvement project Thika water supply improvement project

Proposed Ngenda water supply

Variation of EIA license for proposed Kabete treatment- Mombasa Road Trunk Distribution Main

Variation of EIA License for construction of Murang'a Dam

Variation of EIA License for proposed Nairobi Rivers Sewerage Improvement Project (NARSIP) Phase II

Other reports submitted are awaiting approval and licensing.

AWWDA has in place an operational Environmental and social safeguards division within the Water and Sanitation department responsible for Environmental compliance and Management.

**Pollution prevention and abatement**

AWWDA Complies with various legislation related to prevention and abatement of pollution such as EMCA (waste management) regulations, EMCA (water quality) regulations) EMCA (noise reduction) regulations, Water Act (water rules).



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Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others.

The boreholes drilled within this reporting period were authorized and permitted by WRA.

All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.

All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.

All motor vehicles are being regularly serviced as per manufacturer's recommendations.

**Climate change mitigation and adaptation**

AWWDA implements some projects with measures to adapt and/or mitigate against effects of climate change. For instance, rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency so as to reduce the amount of GHG emission. The organization is also exploring the possibility of trapping methane generated from the sewerage treatment plants for energy use.

AWWDA is drilling and equipping boreholes to provide alternative water sources in ASALs to help communities in those areas adapt to water scarcity which is associated with climate change.

AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.

Community projects focusing on rain water harvesting and development of water pans also provide additional water storage to help communities and schools deal with water scarcity.

The Agency also undertakes tree planting within the area of jurisdiction as a climate change adaption measure to act as carbon sinks.

**Promoting Environmental protection and conservation through partnerships with stakeholders**

AWWDA continually work together with partners such as County governments, community members, WRA, NEMA, Water Resource Users Associations, local administrations etc. within its area of jurisdiction to enhance participation of stakeholder and sustainability of projects.

AWWDA in collaboration with County Government of Kiambu planted a total number of 12,900 assorted indigenous and fruit trees within Bathi River catchment area, 5,750 trees was planted within the spoil area in Karimenu II Dam, 3,000 trees planted at the Maragua NCT spoil area and 5,000 trees planted at the Makomboki NCT spoil area.

**Environmental education and awareness**

AWWDA through its corporate communication section develop and disseminate information on water conservation and rain water harvesting through fliers, brochures, print media, radio and TV.

Social sustainability activities

**Socio-economic impact assessment**

Social Impact Assessment (SIA) is now conceived as being the process of identifying and managing the social issues of project development, and includes the effective engagement of affected communities in participatory processes of identification, assessment and management of social impacts. SIA also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

AWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate'.

Enhancing benefits covers a range of issues, including: modifying project infrastructure to ensure it can also service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximizing opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people.

Where people's assets and properties are affected, the AWWDA ensures that there is prior and informed consent from the project affected persons; that there is prompt and adequate compensation for any loss; and where people are



resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other Social sustainability activities include:  
Stakeholder engagement and public participation  
Livelihood restoration  
Community benefits/ projects

#### **Environmental Monitoring and Reporting**

AWWDA has established various mechanisms of tracking the performance of Environment, Health and Safety (EHS) for the various projects under implementation.

#### **EHS Committee, Inspections and Audits**

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project.

The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

#### **Environment and social sustainability management systems**

AWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans.

#### **Environmental and social Management Plans**

An Environmental and Social Management Plan (ESMP) provides the remedial measures to be taken, the responsible person(s) for execution, and the monitoring activities to be undertaken during the construction, operational and decommissioning phases.

An indication of the timing for implementation and the cost involved is also provided. It is a practical and achievable plan of management to ensure that any environmental impacts during the design, planning and construction phase are minimized. All contractors working with AWWDA submits an ESMP for their respective projects to AWWDA for review. AWWDA ensures that the ESMP is implemented at each phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

#### **Health and safety management plans**

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HESMP) is prepared for each project being implemented by AWWDA. The objective of a HESMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

#### **Grievance Redress Mechanism.**

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow for them to be resolved in a transparent and accountable manner.

Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system.

The need for a GRM is obligated by the Land Act 2012 which recognizes the right of the affected persons to refer their disputes to the Land and Environment Court, while the Land Policy advocates for negotiation, mediation and arbitration to reduce the number of cases that end up in the court system and delayed justice. Similarly, project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project affected persons.



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**Gender Mainstreaming**

Gender mainstreaming involves the integration of a gender perspective into the preparation, design, implementation, monitoring and evaluation of policies, regulatory measures and programmes, with a view to promoting equality between women and men, and combating discrimination.

AWWDA is undertaking customer's identification survey and implementing last mile connectivity for various projects while targeting women. The data of last mile connections will be segregated in terms of gender. The projects have currently employed 705 employees with 640 being male and 75 being female. This is 9% against a target of 30%. 55 employees mainly Youth have been appointed to the WSPs to enhance capacity and ensure sustainability, 40% are male and 60% are female. The WSPs within AWWDA have 4 women MDs and a number of women are also serving in managerial positions, this will be scaled up and monitored throughout the projects.

The Agency has in place Gender mainstreaming committee mandated to ensure that all the operations of the Agency are engendered as required by law.

**Prevention of Gender Based Violence**

AWWDA is integrating GBV trainings within the work sites to ensure that cases of sexual harassment and sexual exploitation and abuse within the work places are mitigated against. AWWDA has a GBV committee which is championing this together with a number of consultants who undertake sensitization activities. This will ensure that cases of sexual harassment are reported and that women/men will not fear reporting such cases due to fear of victimization.

**COVID-19 as a cross cutting issue**

The Ministry of Health confirmed incidences of COVID-19 in Kenya and directed the public to observe measures such as regular hand washing with soap and/or alcohol-based sanitizer to curb the spread of the disease declared a pandemic and a public health emergency of global concern on 11th March 2020 by World Health Organization (WHO).

AWWDA in collaboration with Water Resources Authority (WRA) and Nairobi City Water and Sanitation Company (NCWSC) implemented community water supply projects in the informal settlements within Nairobi city in order to increase access to safe water for the residents and promote hygiene practices to effectively fight the pandemic. A total of 100 new boreholes were drilled and equipped, associated water tanks and kiosks were also installed.

**Conclusion**

AWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities within the organization's areas of operation. The Agency continuously works towards compliance with the national laws as well as international best practices relevant to the environmental and social safeguards to ensure sustainability.

**Employee welfare**

AWWDA recognizes the importance of its human capital and it is on this basis that it envisages to have a healthy workforce.

**The Human Resource Policy and Procedures Manual;**

The AWWDA Human Resource Policy and Procedures Manual lastly reviewed in October, 2018 guides on different aspects of employee welfare at the Agency. Section 2: Part 2.16 Terms and Conditions of Employment guides on the Recruitment Procedure.

A comprehensive job analysis which is reviewed every year to address emerging issues, the Chief Executive Officer ensures development of a Human Resource Plan. The CEO then declares to the Board in accordance to the procedures set out in the HR Policy and Procedures Manual all vacant posts within the establishment which are to be filled substantively or in an acting capacity.

Through the National Gender and Equality Commission and performance contracting activities, the Agency adheres to the not more than two thirds gender principle, conducts gender mainstreaming trainings with a view to developing a comprehensive gender mainstreaming policy and a workplace policy and gender-based violence and sexual harassment.

- Appointed Gender Mainstreaming Committee
- Appointed Gender Based Violence Committee
- Trained Committees



**Athi Water Works Development Agency  
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- In the process of developing Gender Mainstreaming and Gender Based Violence Policies.

Other Welfare Strategies include;

- Procurement of Medical Insurance Cover
- Procurement of General Insurance Cover
- Payment of House Allowance at Market Rates
- Transport Allowances & Provision of Transport to in line with circular to contain spread of Covid-19.

**Efforts in Improving Skills and Managing Careers**

The Agency also strives in improving skills and managing careers through: - developing a comprehensive training plan which puts into consideration all the employees at the Agency. The training plan is developed after conducting and analyzing the Training Needs from duly completed Performance Appraisal Forms. Both supervisors and supervisees are involved in completing the Performance Appraisal Forms on completion of a performance appraisal period which is aligned to a Performance Contracting Cycle.

- Implementing training plan through training employees in order to fill skills gap realized through analyzing Training Needs.

The Agency also supports staff in developing their careers through;

- supporting them through payment of their annual professional fees
- paying for courses the target career development which are rolled out by professional bodies e.g. Engineers Board of Kenya and Institute of Human Resource Management. ICPAK etc
- Revision of Organization Structure to accommodate career progression

**Policy on Safety and Compliance with Occupational Safety and Health Act of 2007 (OSHA)**

The Agency strives to comply with OSHA through the following activities;

- Reporting to Directorate of Occupation Health and Safety Services in case of an incident or an accident happening within the Agency's premises and project areas.
- Constitution of Occupational Safety and Health Committee to oversee matters pertaining to Health and Safety
- Training of Health and Safety Committee members
- Constitution of First Aiders and Fire Marshalls
- Training of First Aiders and Fire Marshalls Annually
- Conducting Safety Drills to keep employees well versed with actions to take in case of a fire
- Installation of safety signages/direction signages.
- Procurement of personal protective equipment e.g. facemasks, sanitizers, dustcoats, helmets, hand gloves, gumboots, safety boots
- Compliance with COVID-19 Protocols and Regulations.
- Procurement of both General and Medical Insurance Covers for members of staff and BOD.
- Customization of the Occupational Health Safety Policy and Fire Policy.
- Maintenance of Safety Equipment which include Fire Extinguishers.
- Encouraging members of staff to be tested and get vaccinated against Covid-19.
- Installation of CCTV and security lights.
- Collaboration with the Ministry of Interior in provision of armed security guards and National Youth Services to provide security for staff and premises.
- Temperature checks for staff and visitors to AWWDA premises.
- Maintain register of visitors visiting AWWDA premises.
- Installed tracking devices for motor-vehicles for control and speed monitoring purposes.

**Market place practices-**

AWWDA ensures incorporation of competitive market practices through, encouraging competitive bidding by Placing advertisements for all tenders in our local dailies, our website and The Govt. of Kenya Treasury portal. This enables all prospective bidders to access the information and to participate. At the close of all tenders, representatives who choose to attend are invited to witness the opening of the tenders to ensure transparency in the bidding process. All the participants are informed of the outcome of the procurement process.



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AWWDA has always maintained an effective feedback mechanism by holding an annual supplier meeting to get feedback from suppliers and contractors. Any concerns raised during the forum are adequately addresses. All engagements between AWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party. The payment schedules also form part of the contracts and they are strictly adhered to during the contract period.

AWWDA encourages public participation and also clearance by relevant Government agencies to ensure consumer rights and interests are not infringed

**Corporate Social Responsibility / Community Engagements**

During 2021/2022FY AWWDA in liaison with the Ministry of Water Sanitation and Irrigation supported the WSPs in Murang'a County to improve on last mile connectivity to their customers using labour based methodology. The Agency also assisted in the operationalization of Oloitoktok water supply pending the handover.

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**10. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the AWWDA's affairs.

**i) Principal activities**

The principal activities of AWWDA continue to be:

- 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 Entity for the year ended June 30, 2022, are set out on page 1- 85

**iii) Directors**

The members of the Board of Directors who served during the year are shown on page iv-vi. During the year, six directors retired and one was appointed with effect from 4<sup>th</sup> February 2022.

**iv) Surplus remission**

In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. AWWDA did not make any surplus during the year and hence no remittance to the Consolidated Fund.

**v) Auditors**

The Auditor-General is responsible for the statutory audit of the *Entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the *Entity* for the year ended June 30, 2022.

By Order of the Board



Name: Ms. Joyce N. Mukururi

Corporate Secretary/Secretary to the Board



**Athi Water Works Development Agency  
Annual Report and Financial Statements  
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**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 Athi Water Works Development Agency (AWWDA), which give a true and fair view of the state of affairs of AWWDA at the end of the financial year and the operating results of AWWDA for that year. The Directors are also required to ensure that AWWDA keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Entity*. The Directors are also responsible for safeguarding the assets of AWWDA.

The Directors are responsible for the preparation and presentation of the *AWWDA's* financial statements, which give a true and fair view of the state of affairs of the *Entity* for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *Entity*; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of AWWDA; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for *AWWDA'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 Water Act 2016. The Directors are of the opinion that the *AWWDA's* financial statements give a true and fair view of the state of *Agency's* transactions during the financial year ended June 30, 2022, and of the *AWWDA's* financial position as at that date.

The Directors further confirms the completeness of the accounting records maintained for AWWDA, 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 AWWDA 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 *Entity's* financial statements were approved by the Board on 29<sup>th</sup> September 2022 and signed on its behalf by:



.....  
Name: Ms. Beryl Okumu  
Chairperson Of the Board

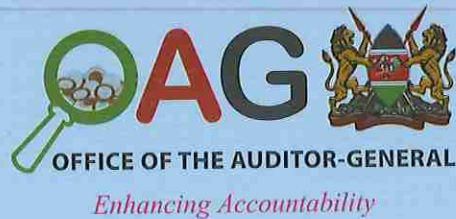


.....  
Name: Eng. Michael M. Thuita, MBS  
Chief Executive Officer



# REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON ATHI WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Athi Water Works Development Agency set out on pages 1 to 51, which comprise of the statement of financial position as at 30 June, 2022, and the 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

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*Report of the Auditor-General on Athi Water Works Development Agency for the year ended 30 June, 2022*



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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Athi Water Works Development Agency as at 30 June, 2022, 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**

#### **1. Long-Term Receivables from Exchange Transactions**

The statement of financial position reflects long-term receivables from exchange transactions amounting to Kshs.4,486,048,000 as further disclosed in Note 20(b) to the financial statements. The amount includes receivables from Nairobi City County Water and Sewerage Company totalling to Kshs.4,317,945,792 which has been outstanding for several years. Further, the amount includes receivables from Water Service Providers (WSPs) totalling to Kshs.392,404,608 out of which Kshs.373,358,151 has been outstanding for over three (3) years. The provision for bad and doubtful debt of Kshs.224,302,400 as reflected in Note 20(b) to the financial statements is therefore considered inadequate.

In the circumstances, the accuracy, completeness, and recoverability of the long-term receivables from exchange transactions of Kshs.4,486,048,000 could not be confirmed.

#### **2. Long Outstanding Receivables from Non-Exchange Transactions**

The statement of financial position reflects receivables from non-exchange transactions amounting to Kshs.8,181,174,585. The amount includes advance payments amounting to Kshs.7,903,085,179 as disclosed in Note 21 to the financial statements out of which Kshs.2,768,709,591 due from twelve (12) contractors which has not been recovered from certificates issued by contractors and whose progress of completion are at between 2% to 85%

In the circumstances, the accuracy, completeness, and recoverability of the long-term receivables from non-exchange transactions of Kshs.2,768,709,591 could not be confirmed.

#### **3. Long Outstanding Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables amounting to Kshs.4,826,634,250. The amount includes long outstanding payables totalling to Kshs.3,058,229,409 owed to suppliers and Kshs.161,419,134 owed to Kenya Revenue Authority in form of withholding tax and VAT. However, penalties and interest for non-remittance of taxes have not been factored in the financial statements.

In the circumstances, the accuracy, completeness and full settlement of the outstanding payables of Kshs.3,219,648,543 could not be confirmed.

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

### **Emphasis of Matter**

#### **Accumulated Deficits for Over Three (3) Years**

The Agency's financial performance for the year under review reflects deficit after tax of Kshs.691,228,057 (2021: deficit Kshs.562,253,418, 2020: deficit Kshs.605,978,830) resulting to accumulated deficit of Kshs.1,177,629,797, Kshs.486,401,740 and Kshs.75,851,678 for years 2022, 2021 and 2020 respectively. Management has explained that the deficits are due to huge depreciation costs. However, the deficits may result to the Agency's inability to continue to sustain its services

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matter**

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

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

#### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Execution of Governance Audit**

Review of Board activities revealed that the Management did not subject the Agency to an annual governance audit as required by the Code of Governance. This is contrary to



Governance Practice 1.13(1) of the Mwongozo: Code of Governance which stipulates that the Board in consultation with the Oversight Office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.

In the circumstances, compliance with governance audit and conformity to high standards of governance could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of Management and Board of Directors**

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

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

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

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**09 May, 2023**

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**13. Statement of Financial Performance for the year ended 30 June 2022**

	Notes	Jun-22 KSH	Jun-21 KSH
<b>REVENUE</b>			
<b>Revenue from non-exchange transactions</b>			
Grants - Restricted (Donor)	<u>6</u>	144,824,267	112,515,202
Grants - Unrestricted (GoK)	<u>7</u>	631,498,062	713,958,602
<b>Revenue from exchange transactions</b>			
Receipts from Water Service Providers	<u>8</u>	16,939,500	16,939,500
Finance Income	<u>9</u>	122,819,629	133,453,485
<b>TOTAL REVENUE</b>		<b>916,081,458</b>	<b>976,866,789</b>
<b>EXPENDITURE</b>			
Use of Goods & Services	<u>10</u>	143,732,257	140,299,570
Remuneration of Directors and Board expenses	<u>11</u>	19,344,317	22,373,460
Employee Cost	<u>12</u>	286,401,695	264,896,808
Operational Expenses	<u>13</u>	170,746,450	259,926,345
Project Costs	<u>14</u>	64,587,196	18,168,965
Depreciation & amortization	<u>16 &amp; 17</u>	720,228,858	640,125,226
Finance Cost	<u>28</u>	171,157,989	171,157,989
<b>TOTAL EXPENDITURE</b>		<b>1,576,198,762</b>	<b>1,516,948,362</b>
<b>Other gains/(losses)</b>			
Decrease/(increase) in provisions	<u>25</u>	1,432,943	2,241,646
Gain/(Loss) on asset disposal	<u>15</u>	5,329,207	(386,981)
<b>NET SURPLUS/(DEFICIT) Before Tax</b>		<b>(656,221,040)</b>	<b>(542,710,199)</b>
Tax on Interest Income	<u>18</u>	9,017,367	19,543,219
Corporate Tax		28,855,536	
<b>TRANSFER TO ACCUMULATED FUND</b>		<b>(691,228,057)</b>	<b>(562,253,418)</b>

The notes set out on pages 48 to 85 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:



Chief Executive Officer  
Name: Eng. Michael M Thuita, MBS

Date:



Chief Manager- Finance & Strategy  
Name: Michael Kihungi Kimotho  
CPAK Member Number: 6490

Date:



Chairman of the Board  
Name: Ms. Beryl Okumu

Date:



**Athi Water Works Development Agency  
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**14. Statement of Financial Position as at 30 June 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<u>19</u>	2,375,100,528	2,868,520,930
Receivables from non-exchange transactions	<u>21</u>	8,181,174,585	17,185,385,829
Inventories	<u>22</u>	3,912,703	3,912,703
Prepayments	<u>23</u>	13,369,240	19,805,989
<b>Subtotal current assets</b>		<b>10,573,557,056</b>	<b>20,077,625,451</b>
<b>Non-current assets</b>			
Property, plant and equipment	<u>16</u>	94,995,813,750	65,351,970,032
Intangible assets	<u>17</u>	131,003	58,444,130
Long-Term Receivables from exchange transactions	<u>20 (b)</u>	4,486,048,000	4,486,048,000
<b>Sub-total non-current assets</b>		<b>99,481,992,753</b>	<b>69,896,462,162</b>
<b>Total assets</b>		<b>110,055,549,809</b>	<b>89,974,087,613</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	<u>24</u>	4,826,634,250	3,444,352,950
Provisions	<u>25</u>	237,350,761	238,783,704
Deferred income short term	<u>26</u>	-	2,883
Employee entitlements and payroll creditors	<u>27</u>	5,386,371	5,759,468
<b>Sub-total current liabilities</b>		<b>5,069,371,382</b>	<b>3,688,899,004</b>
<b>Non-current liabilities</b>			
Loans	<u>28</u>	69,088,470,449	54,672,600,263
Deferred income long-term	<u>29</u>	37,075,337,775	32,098,990,087
<b>Total Non-current Liabilities</b>		<b>106,163,808,224</b>	<b>86,771,590,350</b>
<b>Total liabilities</b>		<b>111,233,179,606</b>	<b>90,460,489,354</b>
<b>Net assets</b>		<b>(1,177,629,797)</b>	<b>(486,401,741)</b>
Accumulated surplus	<u>30</u>	(1,177,629,797)	(486,401,740)
<b>Total net assets and liabilities</b>		<b>110,055,549,809</b>	<b>89,974,087,613</b>

The financial statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:



Chief Executive Officer  
Name: Eng. Michael M Thuita, MBS

Date:



Chief Manager- Finance & Strategy  
Name: Michael Kihungi Kimotho  
CPAK Member Number: 6490

Date:



Chairman of the Board  
Name: Ms. Beryl Okumu

Date:

**Athi Water Works Development Agency  
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**15. Statement of Changes in Net Assets for the year ended 30 June 2022**

Details	Retained earnings Amount (Kshs)	Total Amount (Kshs)
At July 1, 2020	75,851,678	75,851,678
Total comprehensive income/loss	(562,253,418)	(562,253,418)
At June 30, 2021	(486,401,740)	(486,401,740)
At July 1, 2021	(486,401,740)	(486,401,740)
Total comprehensive income	(691,228,057)	(691,228,057)
At June 30, 2022	(1,177,629,797)	(1,177,629,797)



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**16. Statement of the Entity's Debt as at 30th June 2022**

<b>Statement of The Entity's Debt As at 30 June 2022</b>			
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs.</b>	<b>Kshs.</b>
a. Loans-AFD		3,334,437,212	3,261,551,291
b. WASSIP 1 loan amount		5,666,168,865	5,584,836,297
c. LOAN KfW-NST		1,708,517,113	1,191,566,655
d. LOAN KfW-NCWDN		2,881,503,879	2,793,920,037
e. Loan-AFD NTC		6,415,416,006	6,110,221,753
f. Wassip AF Loan		14,523,822,608	14,523,822,608
g. AfDB Loan - Nairobi Rivers		4,338,713,894	4,338,713,894
h. Kenya Towns		4,978,078,666	3,302,014,050
i. Loan-AFD RUIRU II DAM		4,345,082,876	3,706,073,876
j. LOAN-NAIROBI RIVER PHASE II		2,182,005,618	641,810,482
k. LOAN-KARIMENU II DAM		18,377,380,715	9,218,069,318
<b>TOTAL</b>		<b>68,751,127,452</b>	<b>54,672,600,263</b>

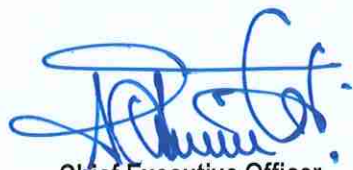
<b>Statement of The Entity's Debt Guaranteed by the National Government as at 30 June 2022</b>			
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs.</b>	<b>Kshs.</b>
a. Loans-AFD		3,334,437,212	3,261,551,291
b. WASSIP 1 loan amount		5,666,168,865	5,584,836,297
c. LOAN KfW-NST		1,708,517,113	1,191,566,655
d. LOAN KfW-NCWDN		2,881,503,879	2,793,920,037
e. Loan-AFD NTC		6,415,416,006	6,110,221,753
f. Wassip AF Loan		14,523,822,608	14,523,822,608
g. AfDB Loan - Nairobi Rivers		4,338,713,894	4,338,713,894
h. Kenya Towns		4,978,078,666	3,302,014,050
i. Loan-AFD RUIRU II DAM		4,345,082,876	3,706,073,876
j. LOAN-NAIROBI RIVER PHASE II		2,182,005,618	641,810,482
k. LOAN-KARIMENU II DAM		18,377,380,718	9,218,069,318
l. Loan-AFD Nairobi Water & Sanitation		337,342,994	
<b>TOTAL</b>		<b>69,088,470,449</b>	<b>54,672,600,263</b>

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**17. Statement of Cash Flows for the year ended 30 June 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Government grants recurrent	<u>31</u>	422,833,333	361,166,664
Receipts from WSPs	<u>32</u>	16,939,500	16,939,500
Miscellaneous Finance income	<u>9</u>	122,819,629	133,453,485
<b>Total Receipts</b>		<b>562,592,463</b>	<b>511,559,649</b>
<b>Cash payments for:</b>			
Compensation of employees	<u>33</u>	286,774,792	263,224,273
Use of Goods & Services	<u>34</u>	175,168,411	156,825,104
Directors' remuneration and Board expenses	<u>35</u>	19,344,317	22,373,460
Operational costs	<u>36</u>	174,879,459	260,445,134
Other payments-project and GoK counterpart costs			
<b>Total Payments</b>		<b>656,166,979</b>	<b>702,867,971</b>
<b>Net cash flows from operating activities</b>		<b>(93,574,516)</b>	<b>(191,308,323)</b>
<b>Cash payments for investing activities</b>			
Purchase of property, plant, equipment and intangible assets	<u>37</u>	(30,305,759,451)	(19,649,032,356)
Proceeds from sale of property, plant, equipment and other items	<u>38</u>	823,305	
Equipment			
Decrease/(decrease) in non-exchange receivables	<u>39</u>	8,975,883,814	(3,739,278,705)
Payments to Creditors	<u>40</u>	1,382,281,300	1,730,317,482
Increase in investments			
<b>Net cash flows used in investing activities</b>		<b>(19,946,771,031)</b>	<b>(21,657,993,580)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	<u>41</u>	14,261,651,696	10,183,801,892
Repayment of borrowings	<u>42</u>	(16,939,500)	-
Increase in deferred income	<u>43</u>	5,302,212,947	8,077,066,334
<b>Net cash flows used in financing activities</b>		<b>19,546,925,144</b>	<b>18,260,868,226</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(489,165,542)</b>	<b>(493,420,402)</b>
Cash and cash equivalents at 1 JULY	<u>19</u>	2,868,520,930	6,456,954,609
<b>Cash and cash equivalents at 30 JUNE</b>		<b>2,375,100,528</b>	<b>2,868,520,930</b>

The financial statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:



Chief Executive Officer  
Name: Eng. Michael M Thuita, MBS

Date:



Chief Manager- Finance & Strategy  
Name: Michael Kihungi Kimotho  
CPAK Member Number: 6490

Date:



Chairman of the Board  
Name: Ms. Beryl Okumu

Date:



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**18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022**

DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Remarks
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	fld	
<b>Receipts from Water Companies for loan repayment</b>							
Loan repayment from other wspis	16,939,500	-	16,939,500	16,939,500	0	0%	Within Budget
<b>Gross loan repayment fee</b>	<b>16,939,500</b>	<b>-</b>	<b>16,939,500</b>	<b>16,939,500</b>	<b>-</b>	<b>0%</b>	<b>within budget</b>
Miscellaneous income	55,000,000		55,000,000	122,819,629	67,819,629	-123%	The Agency negotiated favourable interest rates for monies put in call and fixed deposits, WSPs promptly reimbursed AWWDA asset insurance monies for exhausters and sewer flushing units handed over to them for operation.
<b>GRANT INCOME</b>							
Grants - Restricted (Donor)	150,000,000	-	150,000,000	144,824,267	5,175,733	3%	within the budget
Grants -Recurrent (GOK)	390,000,000		390,000,000	390,000,000	-	0%	Within Budget
Grant - Unrestricted Development (GoK)	240,000,000	-	240,000,000	241,498,062	1,498,062	-1%	within the budget
<b>Subtotal Grant Income</b>	<b>780,000,000</b>	<b>-</b>	<b>780,000,000</b>	<b>776,322,329</b>	<b>6,673,795</b>	<b>0%</b>	<b>Within Budget</b>
<b>TOTAL INCOME</b>	<b>851,939,500</b>	<b>-</b>	<b>851,939,500</b>	<b>916,081,458</b>	<b>74,493,424</b>	<b>-8%</b>	<b>Within Budget</b>
<b>Expenses</b>							
<b>A) Use of Goods and Services</b>							
Rent and Rates			0	0	0		Within budget
Electricity & Water	6,000,000		6,000,000	6,508,321	-508,321	-8%	Within budget
Advertising Expenses	7,500,000	(4,500,000)	3,000,000	2,699,023	300,977	10%	Within budget
Entertainment & Office Tea	1,178,000	1,500,000	2,678,000	2,704,601	-26,601	-1%	Within Budget
General Office Running Expenses	4,200,000	2,000,000	6,200,000	4,108,565	2,091,435	34%	within budget
Printing & Stationery	5,000,000	-5,000,000	0	0	0		
Education and Training	9,000,000	8,000,000	17,000,000	18,817,301	-1,817,301	-11%	Within the budget
Library & subscription Expenses	300,000	0	300,000	157,386	142,614	48%	The organization adopted electronic documentation and reduced the number of physical newspapers
Workshops & seminars	12,000,000	7,000,000	19,000,000	18,259,653	730,347	4%	Within budget
Travel and Accommodation	12,500,000	5,000,000	17,500,000	18,475,526	-975,526	-6%	Within budget
Telephone Expenses	3,750,000	-1,950,000	1,800,000	2,795,120	-995,120	-55%	Within budget
Audit & Management fees	900,000	0	900,000	928,000	-28,000	-3%	Within budget
IT Costs & Accessories	6,500,000	2,350,000	8,850,000	9,039,803	-189,803	-2%	Within budget

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Remarks
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	fid	
Transport operating	10,098,000	9,218,000	19,316,000	19,690,098	-374,098	-2%	within budget
Uniform & Clothings	2,374,500	-900,000	1,474,500	1,462,930	11,570	1%	within budget
Repairs & maintenances-Office Equipment,Furniture and Fittings	3,630,000	-3,350,000	280,000	212,063	67,937	24%	within budget
Emergency Works and Hire of plant & Equipment	968,000		968,000	0	968,000	100%	There were no emergencies that required hire of equipment during the year
Professional Consultancy Fees	24,484,650	-18,768,000	5,716,650	11,950,309	-6,233,659	-109%	Increased number of consultancies owing to the need for new HR instruments and senior staff recruitment
Monitoring and Evaluation	2,500,000	-750,000	1,750,000	1,607,890	142,110	8%	Some M & E costs were financed through the respective donor funded programs
Ground Maintenance,security & Utility	8,650,000	1,000,000	9,650,000	9,937,375	-287,375	-3%	Within Budget
Building Maintenance	2,720,000	-2,500,000	220,000	17,055	202,945	92%	No repairs were undertaken on the office building owing to the fact that the building is still new
Bank Charges	1,000,000	0	1,000,000	419,383	580,617	58%	Most of the bank charges costs related to withholding on interest income which is reported separately
Membership of Professional Associations	1,720,000	1,650,000	3,370,000	3,380,728	-10,728	0%	Within Budget
Insurance	7,200,000		7,200,000	10,551,127	-3,351,127	-47%	The Agency lost a staff prompting a compensation after receiving the same from the insurance company, the Agency on reimbursement basis paid insurance premiums for sewer flushing units and exhausters already handed over for operation by WSPs
<b>Sub -total</b>	<b>134,173,150</b>	<b>-</b>	<b>134,173,150</b>	<b>143,732,257</b>	<b>(9,559,107)</b>	<b>-7%</b>	<b>within the budget</b>
<b>B) Renumeration of Directors</b>							
Honoraria	960,000	0	960,000	960,000	0	0%	within Budget
Sitting allowances	18,000,000	-2,000,000	16,000,000	9,795,600	6,204,400	39%	The term of a majority of board members lapsed in February 2022 hence there were no meetings held at the end of 3rd and 4th quarters
Board Medical allowance	2,000,000		2,000,000	-	2,000,000	100%	Board medical expenses are financed under the institutional medical cover
Induction and Training			0	-	0		
Board travel and accommodation	3,000,000	850,000	3,850,000	2,701,487	1,148,513	30%	The term of a majority of board members lapsed in February 2022



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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Remarks
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	fid	
Other allowances		150,000	150,000	129,200	20,800	14%	
Other board expenses	5,000,000	1,000,000	6,000,000	5,758,030	241,970	4%	Within Budget
<b>Sub total</b>	<b>28,960,000</b>	<b>-</b>	<b>28,960,000</b>	<b>19,344,317</b>	<b>9,615,683</b>	<b>33%</b>	
<b>C) Employee Costs</b>							
Basic pay	160,334,780	-5,500,000	154,834,780	156,440,683	-1,605,903	-1%	Within Budget
House allowance	31,605,940	4,500,000	36,105,940	35,710,000	395,940	1%	Within the budget
Entertainment allowance	1,202,600	0	1,202,600	990,000	212,600	18%	The position entitled to this allowance was filled towards two months to the close of the year
Transport allowance	11,219,040	0	11,219,040	11,070,226	148,814	1%	within the budget
Leave and Passage allowance	2,870,000	500,000	3,370,000	3,236,745	133,255	4%	within the budget
Gratuity Contributions	10,600,000	0	10,600,000	10,572,534	27,466	0%	within the budget
Pension Contribution-Employer	18,033,500		18,033,500	17,994,311	39,189	0%	Within Budget
N.S.S.F Employers contribution	480,000	0	480,000	242,800	237,200	49%	The envisaged graduated NSSF contribution was not implemented in the year
Staff Welfare	5,250,000	0	5,250,000	6,722,657	-1,472,657	-28%	The increased cost was prompted by the support required of the Agency following the loss of one staff member
Medical Expenses	26,266,800	0	26,266,800	33,680,095	-7,413,295	-28%	Competitive procurement of the insurance provider
Interns Allowance	504,190	500,000	1,004,190	2,237,263	-1,233,073	-123%	Increased number of interns engaged from the Public service commission in line with the presidential directive
Other Allowances	7,500,000	-	7,500,000	7,504,381	-4,381	0%	Within Budget
<b>Sub total</b>	<b>275,866,850</b>	<b>-</b>	<b>275,866,850</b>	<b>286,401,695</b>	<b>(10,534,845)</b>	<b>-4%</b>	<b>Within the budget</b>
<b>E) Operation Expenses</b>							
Planning and Design	1,000,000		1,000,000	328,720	671,280	67%	The Agency incorporated most of the ESIA aspects for projects under consultancies financed by development partners which lead to a reduction of the money spent from the recurrent budget.
Environmental Impact Assessment	500,000		500,000	233,360	266,640	53%	The Agency ensured that most of the design aspects for projects were incorporated in the works contracts financed by development partners which lead to a reduction of the money sent from the recurrent budget.
Project costs	350,000,000	-	350,000,000	234,771,566	115,228,434	33%	Reduced project related recurrent costs because most of the projects were at advanced stages

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DESCRIPTION	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance	Remarks
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	f/d	
<b>Sub total</b>	<b>351,500,000</b>	<b>-</b>	<b>351,500,000</b>	<b>235,333,646</b>	<b>116,166,354</b>	<b>33%</b>	It is not a cashflow item hence was not budgeted for
Depreciation			-	720,228,858	(720,228,858)		
Interest on loan/Loan repayments	16,939,500		16,939,500	171,157,989	(154,218,489)		This is the amount expected from the WSPs and it is transmitted to the National Treasury as received
Corporation tax	35,000,000		35,000,000	28,855,536	6,144,464	18%	The corporation tax payable was dependent on the value of interest earned as income from special sources
Tax on Interest Income	9,500,000		9,500,000	9,017,367	482,633	5%	Within Budget
<b>Sub total</b>	<b>61,439,500</b>	<b>-</b>	<b>61,439,500</b>	<b>929,259,750</b>	<b>(867,820,250)</b>		
<b>Total Expenditure</b>	<b>851,939,500</b>	<b>-</b>	<b>851,939,500</b>	<b>1,614,071,665</b>	<b>(762,132,165)</b>		
<b>Recurrent Surplus before provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(697,990,207)</b>	<b>836,625,589</b>		
Less increase in provisions				(1,432,943)	1,432,943		It is not a cashflow item hence was not budgeted for
Gain on disposal of assets				5,329,207			
<b>Recurrent Surplus after provisions</b>				<b>(691,228,057)</b>			



**19. Notes to the Financial Statements**

**1. General Information**

Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. AWWDA's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Nairobi County, Kiambu County and Muranga County.

**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 AWWDA'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 AWWDA.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Water Act 2016 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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**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 30 June 2022.*

IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p>IPSAS 41, is not applicable to AWWDA because the entity does not invest in financial instruments.</p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <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:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol> <p>AWWDA does not offer social benefits hence the adoption of this standard will not have any impact.</p>



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Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> </ul> <p>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.</p> <p>The amendments will have no impact on AWWDA's financial report upon adoption</p>
Other improvements to IPSAS	<p><b>Applicable 1st January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>The amendments will have no impact on AWWDA's financial report upon adoption</p>
IPSAS 43	<p><b>Applicable 1st January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>AWWDA has no running leases and thus the adoption of this standard will have no impact on the Agency's financial report</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1st January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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Standard	Effective date and impact:
	<p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>AWWDA is a service agency and does not hold assets for sale. In effect, the agency will not be affected by the adoption of this standard.</i></p>

**iii. Early adoption of standards**

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



**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

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

**Fees, taxes and fines**

The Entity 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 Entity 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 Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants 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.

**ii) Revenue from exchange transactions**

**Rendering of services**

The Entity 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.

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

**Summary of Significant Accounting Policies (Continued)**

**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 Entity.

**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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the Entity'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 2021-2022 was approved by the National Assembly on *10<sup>th</sup> June 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of *Kshs 1,901 million* on the 2021-2022 budget following the governing body's approval.



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

**Summary of Significant Accounting Policies (Continued)**

**Budget information (continued)**

The Entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**c) 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 Entity 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.

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

**Summary of Significant Accounting Policies (Continued)**

**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.

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.



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

**Summary of Significant Accounting Policies (Continued)**

***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**

AWWDA did not have investment property during the 2021/2022FY

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

Depreciation is calculated on the straight-line basis, effective at the end of the month following capitalization, at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation/amortization rates in use are:

Office Equipment – Computers	33 <sup>1</sup> / <sub>3</sub> %
Furniture and fittings	10%
Motor Vehicles	25%
Plant and Equipment	10%
Dams and Pans	2.5%
Water Meters	20%
Water & Sewerage Infrastructure	2.5%
Buildings	2.5%

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

**Summary of Significant Accounting Policies (Continued)**

**f) Leases**

AWWDA did not have any leasehold assets during the 2021/2022FY.

**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.



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

**Summary of Significant Accounting Policies (Continued)**

**h) Research and development costs**

AWWDA did not incur any research and development costs in the 2021/2022FY however, such expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the AWWDA 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 Entity 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.

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

**Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity.**

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity 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.

**Impairment of financial assets**

The Entity 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 an 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 Entity 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.



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

**Summary of Significant Accounting Policies (Continued)**

**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:

- 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 *Entity*.

**k) Provisions**

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

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

**Summary of Significant Accounting Policies (Continued)**

**l) Contingent liabilities**

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

**m) Contingent assets**

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

**n) Nature and purpose of reserves**

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

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

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

**p) Employee benefits**

**Retirement benefit plans**

The Entity provides retirement benefits for its employees and directors. 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 against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**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.



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

**Summary of Significant Accounting Policies (Continued)**

**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**

AWWDA 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*.

**t) Service concession arrangements**

The *Entity* 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 *Entity* 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 *Entity* 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, 2022.

**Summary of Significant Accounting Policies (Continued)**

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

The preparation of the Entity'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:

**Estimates and assumptions**

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

**Useful lives and residual value**

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 Entity.
- 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**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

*(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*



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

		2022	2021
	Details	Kshs	Kshs
<b>6.</b>	<b>Donor Grants Restricted</b>		
	ACP-EU	5,307,680	5,307,680
	IDA	2,883	1,701,792
	AFD	66,340,114	66,340,114
	WaSSIP	90,104	8,190,966
	KISSIP	5,573,900	5,573,900
	KFW-NTS	38,696,130	17,650,176
	ADB - Kibera	7,055,399	7,426,624
	Kajiado rural		323,950
	NISIP	21,758,057	0
	Total-it includes income earned from donor financing	<b>144,824,267</b>	<b>112,515,202</b>
<b>7.</b>	<b>Government of Kenya Grants-Un restricted</b>		
	Government of Kenya-AWWDA administration recurrent Grants	390,000,000	393,999,997
	Government of Kenya Grants-Project related grants	241,498,062	319,958,605
	<b>Total</b>	<b>631,498,062</b>	<b>713,958,602</b>
<b>8.</b>	<b>Receipts from Water Service Providers for loan repayment and administration fees</b>		
	Administration fee from Nairobi Water & Sewerage Company		
	Administration fee from Other WSP's		
	Loan repayment from NCWSC		
	Loan repayment from other WSPs	16,939,500	16,939,500
	<b>Total</b>	<b>16,939,500</b>	<b>16,939,500</b>
<b>9.</b>	<b>Finance Income</b>		
	Miscellaneous income	66,020,507	3,166,814
	Interest on deposit	56,799,122	130,286,671
	Total-it includes majorly income from sale of tenders, and interest earned on bank deposits	<b>122,819,629</b>	<b>133,453,485</b>
<b>10.</b>	<b>Use of Goods and Services</b>		
	Rent and Rates	-	12,631,752
	Electricity & Water	6,508,321	0
	Advertising Expenses	2,699,023	4,085,109
	Entertainment & Office Tea	2,704,601	313,029
	General Office Running Expenses	4,108,565	7,379,486
	Printing & Stationery		51,292
	Education and Training	18,817,301	8,490,362
	Library & subscription Expenses	157,386	582,471
	Workshops & seminars	18,269,653	17,238,011
	Travel and Accommodation	18,475,526	21,577,305
	Telephone Expenses	2,795,120	1,837,565
	Audit & Management fees	928,000	
	IT Costs & Accessories	9,039,803	8,643,100
	Transport operating	19,690,098	14,815,539
	Uniform & Clothing	1,462,930	2,524,201
	Repairs& maintenances-Office Equipment, Furniture and Fittings	212,063	85,728
	Professional Consultancy Fees	11,950,309	28,809,180
	Monitoring and Evaluation	1,607,890	2,135,448
	Ground Maintenance, security & Utility	9,937,375	4,275,046

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		2022	2021
	Details	Kshs	Kshs
	Building Maintenance	17,055	1,188,281
	Bank Charges	419,383	834,157
	Membership of Professional Associations	3,380,728	799,293
	Insurance	10,551,127	2,003,224
	<b>Total</b>	<b>143,732,257</b>	<b>140,299,570</b>
<b>11.</b>	<b>Remuneration of Directors and Board expenses</b>		
	Honoraria	960,000	400,000
	Sitting allowances	9,795,600	5,646,600
	Board Medical allowance		2,340,000
	Induction and Training		
	Board travel and accommodation	2,701,487	
	Other allowances	129,200	2,974,071
	Other board expenses	5,758,030	11,012,789
	<b>Total</b>	<b>19,344,317</b>	<b>22,373,460</b>
<b>12.</b>	<b>Employee Costs</b>		
	Basic Pay	156,440,683	148,714,410
	House Allowance	35,710,000	35,180,500
	Entertainment Allowance	990,000	960,000
	Transport Allowance	11,070,226	11,948,466
	Leave and Passage allowance	3,236,745	3,065,538
	Gratuity Contribution	10,572,534	13,135,491
	Pension Contribution-Employer	17,994,311	12,373,794
	N.S.S.F Employers Contribution	242,800	207,400
	Staff Welfare	6,722,657	5,497,899
	Medical Expenses	33,680,095	26,284,550
	Intern Allowance	2,237,263	301,588
	Other Allowances	7,504,381	7,227,172
	<b>Total</b>	<b>286,401,695</b>	<b>264,896,808</b>
<b>13.</b>	<b>Operational Expense</b>		
	Planning and Design	328,720	838,160
	Environmental Impact Assessment	233,360	477,010
	GOK-Counter funds-Project costs	170,184,370	258,611,175
	<b>Total</b>	<b>170,746,450</b>	<b>259,926,345</b>
<b>14.</b>	<b>Project Cost</b>		
	NARSIP II	-	471,885
	KFW-NST	39,347,850	17,650,176
	AFD - NCT	-	22,404
	Kenya Towns		24,500
	NISIP	25,239,346	
	<b>Total</b>	<b>64,587,196</b>	<b>18,168,965</b>
<b>15.</b>	<b>Gain/(Loss) on disposal of assets</b>		
	Furniture and fittings		(386,981)
	Motor vehicles and Cycles, assorted ICT Items	5,329,207	
	<b>Total</b>	<b>5,329,207</b>	<b>(386,981)</b>



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**16. Property plant and equipment for the year ended 30<sup>th</sup> June 2022: Fixed Asset Schedule**

	Office Equipment	Furniture & Fittings	Motor Vehicles & cycles	Plant & Equipments	Dams & Pans	Land	Building	Meters	Water Infrastructure	Sewerage Infrastructure	Work in Progress	Total
COST	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost Fully depreciated	109,246,503	13,484,907	212,740,121	30,555,495				5,012,100				371,019,126
Cost Depreciable	10,906,138	2,528,360	43,085,237	197,230,241	3,251,808,563	130,262,574	0	77,206,500	9,720,293,850	8,700,108,099	27,222,289,365	49,355,718,915
Subtotal Cost As at 1 July 2020	120,152,641	15,993,257	255,825,358	227,785,736	3,251,808,563	130,262,574	0	82,218,600	9,720,293,850	8,700,108,099	27,222,289,365	49,726,738,041
Additions												0
Purchase												19,649,032,356
Disposal		-15,993,257										-15,993,257
Reclassification		28,177,614	61,870,711			306,505,832	342,937,159		2,511,396,316		-3,250,887,631	0
As at the 30 June 2021	120,152,641	28,177,614	317,696,069	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	12,231,690,166	8,700,108,099	43,620,434,090	69,359,777,141
Cost Fully depreciated	109,246,503	0	212,740,121	30,555,495				5,012,100				357,554,219
Cost Depreciable	10,906,138	28,177,614	104,955,948	197,230,241	3,251,808,563	436,768,406	342,937,159	77,206,500	12,231,690,166	8,700,108,099	43,620,434,090	69,002,222,922
Subtotal Cost As at 1 July 2021	120,152,641	28,177,614	317,696,069	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	12,231,690,166	8,700,108,099	43,620,434,090	69,359,777,142
Additions												0
Purchase												30,305,759,451
Disposal			-42,976,891									-42,976,891
Reclassification			39,588,040						3,994,199,315		-4,033,787,355	0
As at the 30 June 2022	120,152,641	28,177,614	314,307,218	227,785,736	3,251,808,563	436,768,406	342,937,159	82,218,600	16,225,889,481	8,700,108,099	69,892,406,186	99,622,559,702
DEPRECIATION												
As at 1 July 2020	112,266,963	15,360,038	240,255,762	101,494,256	665,666,394	0	0	80,362,269	1,291,311,657	934,560,748	0	3,441,278,086
Charge for the year	3,914,025	246,239	10,771,310	23,542,132	81,295,214	0	0	1,856,331	243,007,346	217,502,703		582,135,300
Depr/adj for Disposed Assets		-15,606,277										-15,606,277
As at 30 June 2021	116,180,988	0	251,027,071	125,036,388	746,961,608	0	0	82,218,600	1,534,319,003	1,152,063,451	0	4,007,807,109
As at 1 July 2021	116,180,988	0	251,027,071	125,036,388	746,961,608	0	0	82,218,600	1,534,319,003	1,152,063,451	0	4,007,807,109
Charge for the year	3,635,379	2,817,761	17,866,822	24,371,838	81,295,214	0	8,573,429	0	305,852,586	217,502,702		661,915,731
Depr/adj for Disposed Assets			-42,976,891									-42,976,891
As at 30 June 2022	119,816,367	2,817,761	225,917,002	149,408,226	828,256,822	0	8,573,429	82,218,600	1,840,171,589	1,369,566,153	0	4,626,745,949
Net Book Value 30th June 2022	336,274	25,359,853	88,390,216	76,377,510	2,423,551,741	436,768,406	334,363,730	0	14,385,717,892	7,330,541,945	69,892,406,186	94,995,813,753
Net Book Value 30th June 2021	3,971,653	28,177,614	66,668,998	102,749,348	2,504,846,955	436,768,406	342,937,159	0	10,697,371,163	7,548,044,647	43,620,434,090	65,351,970,032

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<b>17. Intangible assets as at 30th June 2022</b>		
<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>COST</b>		
Cost Fully depreciated	74,210,588	74,210,588
Cost Depreciable	173,249,373	173,249,373
<b>Subtotal Cost As at beginning of the year</b>	<b>247,459,962</b>	<b>247,459,962</b>
<b>Additions</b>		
Purchase		
<b>Disposal</b>		
Reclassification		
<b>As at the 30 June</b>	<b>247,459,962</b>	<b>247,459,962</b>
Amortization and impairment at the beginning of the year	189,015,832	131,025,906
<b>Amortization for the year</b>	<b>58,313,127</b>	<b>57,989,925</b>
Amortization adj for transferred/disposed Assets		
<b>As at end of the year</b>	<b>247,328,959</b>	<b>189,015,832</b>
<b>Net Book Value 30th June</b>	<b>131,003</b>	<b>58,444,130</b>

	<b>Description</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>18.</b>	<b>Tax on Interest income</b>		
	Tax charges on Interest income	9,017,367	19,543,219
	<b>Total</b>	<b>9,017,367</b>	<b>19,543,219</b>
<b>19.</b>	<b>Cash &amp; Bank Balances</b>		
	Current account	1,546,402,179	1,235,882,567
	On - call deposits	827,500,000	1,627,500,000
	Fixed deposits account	1,108,385	5,039,874
	Staff car loan/ mortgage		
	Others-cash in hand	89,964	98,490
	<b>Total cash and cash equivalents</b>	<b>2,375,100,528</b>	<b>2,868,520,930</b>

<b>19 (a) Detailed analysis of cash and cash equivalents</b>			
		<b>2022</b>	<b>2021</b>
<b>Financial institution</b>	<b>Account number</b>	<b>Kshs</b>	<b>Kshs</b>
<b>a) Current account</b>			
Kenya Commercial bank-KISSIP	1143199359	732,499	710,143
Kenya Commercial bank-WASSIP-AF	1139107380	1,121,361	1,084,991
Kenya Commercial bank-AFD-NCT	1156760372	147,455,327	47,083,757
Cooperative Bank-Escrow	01141084618500	10,236,175	10,744,873
Cooperative Bank-operations	01136084618500	487,791,459	533,232,327
NCBA Bank-ADB NARSIP	1000017414	3,257,765	25,395,468
SBM Bank-Current	0212056995003	13,045,634	8,908,291
CFC-Stanbic	0100007078263	28,727,003	77,798,011
SBM Bank-Saving Account	0212056995007	7,244,521	6,869,221
Cooperative Bank-Development	01141084618501	509,410,342	524,012,283
Nairobi Water & Sanitation Project-AFD	1279693258	337,380,093	43,203



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19 (a) Detailed analysis of cash and cash equivalents			
		2022	2021
Financial institution	Account number	Kshs	Kshs
<b>Sub- total</b>		<b>1,546,402,179</b>	<b>1,235,882,567</b>
			-
<b>b) On - call deposits</b>			
Cooperative Bank		827,500,000	1,627,500,000
Cooperative Bank		-	
<b>Sub- total</b>		<b>827,500,000</b>	<b>1,627,500,000</b>
<b>c) Fixed deposits account</b>			
Cooperative Bank		1,108,385	1,108,385
SBM Bank		-	3,931,489
<b>Sub- total</b>		<b>1,108,385</b>	<b>5,039,874</b>
<b>d) Others</b>			
cash in hand		89,964	98,490
<b>Sub- total</b>		<b>89,964</b>	<b>98,490</b>
<b>Grand total</b>		<b>2,375,100,528</b>	<b>2,868,520,930</b>

20.	Receivable from Exchange Transaction		
	<b>a) Current Receivables from Exchange Transactions</b>		
	<b>Description</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	<b>Current Receivables</b>		
	Receivables-WSPs		
	Receivable NCWSC		
	<b>Total non-current receivables</b>	<b>0</b>	<b>0</b>
	<b>b) Long-term Receivables from Exchange Transactions</b>		
	<b>Description</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	<b>Total Receivables</b>		
	Receivables-WSPs	392,404,608	392,404,608
	Receivable NCWSC	4,317,945,792	4,317,945,792
	Less: Provision for bad and doubtful debts	(224,302,400)	(224,302,400)
		<b>4,486,048,000</b>	<b>4,486,048,000</b>
	Current portion transferred to current receivables	0	0
	<b>Total non-current receivables</b>	<b>4,486,048,000</b>	<b>4,486,048,000</b>
	<b>Total receivables (a+b)</b>	<b>4,486,048,000</b>	<b>4,486,048,000</b>
	<b>(c) Reconciliation for Impairment Allowance/Provision on Receivables from Exchange Transactions</b>		
	<b>Impairment Allowance/ Provision</b>	<b>2022</b>	<b>2021</b>
		<b>Kshs</b>	<b>Kshs</b>
	At the beginning of the year	224,302,400	224,302,400
	Additional provisions during the year	-	-
	Recovered during the year	-	-
	Written off during the year	-	-
	<b>At the end of the year</b>	<b>224,302,400</b>	<b>224,302,400</b>

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<b>21.</b>	<b>Receivable from Non-Exchange Transaction</b>	<b>2022</b>	<b>2021</b>
	Other Debtors	256,925,916	4,090,757,433
	Receivables on disposals	4,505,902	
	Receivable Chase Bank	7,862,977	7,862,977
	Staff Debtors	8,113,250	5,599,837
	Advance payments	7,903,085,179	13,076,260,354
	Transport operating deposit	200,000	200,000
	Rent Deposit	481,361	4,705,228
	<b>Total</b>	<b>8,181,174,585</b>	<b>17,185,385,829</b>
<b>22.</b>	<b>Inventory</b>	<b>2022</b>	<b>2021</b>
	Office consumables	3,912,703	3,912,703
	<b>Total</b>	<b>3,912,703</b>	<b>3,912,703</b>
<b>23.</b>	<b>Prepayments</b>	<b>2022</b>	<b>2021</b>
	Prepaid maintenance	380,000	2,583,488
	Prepaid insurance	12,989,240	17,222,501
	<b>Total</b>	<b>13,369,240</b>	<b>19,805,989</b>
<b>24.</b>	<b>Trade &amp; Other payables from Exchange transactions</b>	<b>2022</b>	<b>2021</b>
	Accounts Payable	4,510,069,510	3,194,238,869
	VAT & W/holding Tax	316,564,741	250,114,081
	<b>Total</b>	<b>4,826,634,250</b>	<b>3,444,352,950</b>



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25. Current provisions	Untaken leave benefits Kshs	Audit and management fees Kshs	Provision for bad debts Kshs	Amount in KDIC Kshs	Total Kshs
Balance as at 1st July 2020	3,448,681	928,000	224,302,400	7,862,977	236,542,058
Provision for the year	2,241,646	-	-	-	2,241,646
Provision utilized in the year	-	-	-	-	-
Provision as at 30th June 2021	5,690,327	928,000	224,302,400	7,862,977	238,783,704
Increase/decrease in provisions as at 30/6/2021	2,241,646	-	-	-	2,241,646
Balance as at 1st July 2021	5,690,327	928,000	224,302,400	7,862,977	238,783,704
Provision added for the year	-	-	-	-	-
Provision utilized in the year	-	-	-	-	-
Provision as at 30th June 2022	4,257,384	928,000	224,302,400	7,862,977	237,350,761
Increase/decrease in provisions	(1,432,943)	-	-	-	(1,432,943)

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		2022	2021
	Details	Kshs	Kshs
26.	<b>Deferred Income-Short Term</b>		
	IDA	-	2,883
	<b>Total</b>	-	<b>2,883</b>
27.	<b>Employee entitlements and payroll creditors</b>		
	Employee Entitlements	68,256	70,256
	Payroll creditors	5,318,115	5,689,212
	<b>Total</b>	<b>5,386,371</b>	<b>5,759,468</b>



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<b>LOANS</b>						
<b>28. Loan Balances 2020/2021</b>						
<b>Loan</b>	<b>Principal loan amount</b>	<b>Interest charge for the year</b>	<b>Interest Balance as at 1/7/2020</b>	<b>Payments During the year</b>	<b>Total loan as at 30/6/2021</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
a. Loans-AFD	3,097,428,323	89,825,421	74,297,547		3,261,551,291	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	81,332,567		5,584,836,297	
c. LOAN KfW-NST	1,191,566,655				1,191,566,655	
d. LOAN KfW-NCWDN	2,793,920,037				2,793,920,037	
e. Loan-AFD NTC	6,110,221,753				6,110,221,753	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	3,302,014,050				3,302,014,050	
i. Loan-AFD RUIRU II DAM	3,706,073,876				3,706,073,876	
j. LOAN-NAIROBI RIVER PHASE II	641,810,482				641,810,482	
k. LOAN-KARIMENU II DAM	9,218,069,318				9,218,069,318	
<b>Total</b>	<b>54,345,812,160</b>	<b>171,157,989</b>	<b>155,630,114</b>	<b>-</b>	<b>54,672,600,263</b>	
<b>Loan Balances 2021/2022</b>						
<b>Loan</b>	<b>Principal loan amount</b>	<b>Interest charge for the year</b>	<b>Interest Balance as at 1/7/2021</b>	<b>Payments During the year</b>	<b>Total loan as at 30/6/2022</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	
a. Loans-AFD	3,097,428,323	89,825,421	164,122,968	16,939,500.00	3,334,437,212	
b. WASSIP 1 loan amount	5,422,171,162	81,332,567	162,665,135		5,666,168,865	
c. LOAN KfW-NST	1,708,517,113				1,708,517,113	
d. LOAN KfW-NCWDN	2,881,503,879				2,881,503,879	
e. Loan-AFD NTC	6,415,416,006				6,415,416,006	
f. Wassip AF Loan	14,523,822,608				14,523,822,608	
g. AfDB Loan - Nairobi Rivers	4,338,713,894				4,338,713,894	
h. Kenya Towns	4,978,078,666				4,978,078,666	
i. Loan-AFD RUIRU II DAM	4,345,082,876				4,345,082,876	
j. LOAN-NAIROBI RIVER PHASE II	2,182,005,618				2,182,005,618	
k. LOAN-KARIMENU II DAM	18,377,380,715				18,377,380,715	
l. Loan-AFD Nairobi Water & Sanitation	337,342,994				337,342,994	
<b>Total</b>	<b>68,607,463,855</b>	<b>171,157,989</b>	<b>326,788,103</b>	<b>16,939,500</b>	<b>69,088,470,446</b>	

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		2022	2021
		Kshs	Kshs
<b>29.</b>	<b>Deferred Income-Long Term</b>		
	ACP-EU	73,991,236	79,298,916
	KISSIP	163,246,979	168,820,879
	ADB	141,947,768	149,003,167
	Kajiado rural	1,957,250	1,957,250
	BADEA	1,033,004,477	1,033,004,477
	WSTF	250,000,000	250,000,000
	GOK	30,445,157,700	25,930,027,645
	AFD	2,550,719,772	2,617,059,886
	Ithanga Component I	1,005,327,568	1,005,327,568
	Ithanga Component II	864,400,195	864,400,195
	KfW-NCWDN	545,584,830	-
	WASSIP	-	90,104
	<b>Total</b>	<b>37,075,337,775</b>	<b>32,098,990,087</b>
<b>30.</b>	<b>Accumulated Fund</b>		
	Opening Balance	(486,401,740)	75,851,678.26
	Prior year		
	Surplus for the period	(691,228,057)	(562,253,418)
	<b>Total</b>	<b>(1,177,629,797)</b>	<b>(486,401,740)</b>
<b>31.</b>	<b>GoK cash receipts Recurrent</b>		
	Bank	422,833,333	393,999,997
	Less amount not received by end of the year		32,833,333
	<b>Total</b>	<b>422,833,333</b>	<b>361,166,664</b>
<b>32.</b>	<b>Receipts from WSPs</b>		
	Opening balance	4,486,048,000	4,486,048,000
	Billing in the year	16,939,500	16,939,500
		<b>4,502,987,500</b>	<b>4,502,987,500</b>
	Closing balance	4,486,048,000	4,486,048,000
	<b>Receipts during the year</b>	<b>16,939,500</b>	<b>16,939,500</b>
<b>33.</b>	<b>Cash paid for employee compensation</b>	<b>2022</b>	<b>2021</b>
	Employee costs	286,401,695	264,896,808
	(Increase)/ Decrease in payroll creditors	414,156	-1,664,726
	(Increase)/ Decrease in employee entitlements	(41,059)	-7,810
	<b>Total</b>	<b>286,774,792</b>	<b>263,224,273</b>
<b>34.</b>	<b>Cash paid for Use of Goods and Services</b>	<b>2022</b>	<b>2021</b>
	Administration costs	143,732,257	140,299,570
	Increase/(Decrease) in inventory	-	2,442,768
	Increase/(Decrease) in prepayments	(6,436,749)	-5,460,453
	Tax on interest income	9,017,367	19,543,219
	Corporation Tax	28,855,536	
	<b>Total</b>	<b>175,168,411</b>	<b>156,825,104</b>



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		2022	2021
		Kshs	Kshs
<b>35.</b>	<b>Cash paid for directors' remuneration &amp; Board expenses</b>		
	Directors' honoraria, allowances and other expenses	19,344,317	22,373,460
	<b>Total</b>	<b>19,344,317</b>	<b>22,373,460</b>
<b>36.</b>	<b>Cash paid for operation and project costs</b>		
	Operation expenses	170,746,450	259,926,345
	Project costs	64,587,196	18,168,965
	(Increase)/Decrease in creditors		
	Less Operation expenses paid as direct payments	(60,454,187)	-17,650,176
	<b>Total</b>	<b>174,879,459</b>	<b>260,445,134</b>
<b>37.</b>	<b>Cash paid for Purchase of property, plant, equipment and intangible assets</b>		
	Cost of PPE purchased	30,305,759,451	19,649,032,356
	Cost of Intangible assets Purchased		
	WIP adjustment/(disposals)		
	<b>Total</b>	<b>30,305,759,451</b>	<b>19,649,032,356</b>
<b>38.</b>	<b>Cash proceeds from sale of property, plant, equipment and other items</b>		
	Value of disposed items	5,329,207	
	Receivables on disposal	4,505,902	
	<b>Total</b>	<b>823,305</b>	<b>-</b>
<b>39.</b>	<b>Increase/(decrease) in non-exchange receivables</b>		
	Land compensation deposit to NLC	3,829,325,616	(1,902,685,197)
	Advance payments	5,173,175,175	(1,867,527,250)
	SBM, Other deposits-rent and transport		-
	Receivables on disposal	4,505,902	
	Rent deposit	4,223,867	(0)
	Ministry of Water Sanitation & Irrigation	(32,833,333)	32,833,333
	Staff debtors	(2,513,413)	(1,899,590)
	<b>Total</b>	<b>8,975,883,814</b>	<b>(3,739,278,705)</b>
<b>40.</b>	<b>Payments to Creditors</b>		
	Closing creditor balance	4,826,634,250	3,444,352,950
	Opening creditor balance	3,444,352,950	1,714,035,468
	<b>Total</b>	<b>1,382,281,300</b>	<b>1,730,317,482</b>
<b>41.</b>	<b>Proceeds from borrowings</b>		
	Closing balance	69,088,470,446	54,672,600,263
	Add loan repayments in the year	16,939,500	0
	Less interest charge for the year	171,157,989	171,157,989
	Less Opening balance	54,672,600,263	44,317,640,382
	<b>Loan amount received during the year</b>	<b>14,261,651,695</b>	<b>10,183,801,892</b>





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**43. Financial Risk Management**

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

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

**i) Credit risk**

The Entity 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 Entity'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 Entity'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
<b>At 30 June 2022</b>				
Receivables from exchange transactions	4,486,048,000		4,486,048,000	224,302,400
Receivables from non-exchange transactions	8,181,174,585	8,181,174,585		
Bank balances	2,375,100,528	2,375,100,528		7,862,977
<b>Total</b>	<b>15,042,323,113</b>	<b>10,556,275,113</b>	<b>4,486,048,000</b>	<b>232,165,377</b>
<b>At 30 June 2021</b>				
Receivables from exchange transactions	4,710,350,400		4,486,048,000	224,302,400
Receivables from non-exchange transactions	17,185,385,829	17,185,385,829		
Bank balances	2,868,520,930	2,868,520,930		7,862,977
<b>Total</b>	<b>24,764,257,159</b>	<b>20,053,906,759</b>	<b>4,486,048,000</b>	<b>232,165,377</b>

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**Financial Risk Management**

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 Entity has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Entity has significant concentration of credit risk on amounts. The board of directors sets the Entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

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

The table below represents cash flows payable by the Entity 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.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade payables	1,221,625,368	244,756,131	3,360,252,751	4,826,634,250
Provisions			237,350,761	237,350,761
Deferred income			0	0
Employee benefit obligation	5,386,371			5,386,371
<b>Total</b>	<b>1,227,011,739</b>	<b>244,756,131</b>	<b>3,597,603,512</b>	<b>5,069,371,382</b>
<b>At 30 June 2021</b>	<b>233,093,377</b>			
Trade payables	1,717,900,182	63,157,774	1,639,898,751	3,420,956,707
Provisions	2,241,646		236,542,058	238,783,704
Deferred income			1,704,675	1,704,675
Employee benefit obligation	5,759,468			5,759,468
<b>Total</b>	<b>1,725,901,296</b>	<b>63,157,774</b>	<b>1,878,145,484</b>	<b>3,667,204,554</b>



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

**Financial Risk Management**

**iii) Market risk**

The Entity has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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 Entity'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 Entity'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 Entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through contract prices which are denominated in foreign currency yet AWWDA's income is wholly in local currency. Since most of such contracts are development partner funded, AWWDA has mitigated the risk by enforcing direct payments as the preferred method of disbursement hence minimizing the exposure. AWWDA did not have foreign denominated monetary assets as at 30 June 2022.

**Financial Risk Management**

AWWDA did not have any foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period

**b) Interest rate risk**

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

**Management of interest rate risk**

To manage the interest rate risk, management always negotiates for favourable interest rates whenever placing any deposits on call or fixed deposits. Majority of the Agency's current accounts do not attract interest. Additionally, AWWDA did not have any loans with commercial banks during the year under review.

**Financial Risk Management**

**Sensitivity analysis**

The Entity 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.

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

**Financial Risk Management**

**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 *Entity'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 *Entity* considers relevant and observable market prices in its valuations where possible.

AWWDA did not have any financial instruments during the 2021/2022FY

**iv) Capital Risk Management**

The objective of the AWWDA's capital risk management is to safeguard the Entity's ability to continue as a going concern.

The Entity capital structure comprises of the following funds:

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	-	
Retained earnings	(1,177,629,797)	(486,401,740)
Total assets	110,055,549,809	89,974,087,613
<b>Total funds</b>	<b>108,877,920,012</b>	<b>89,487,685,873</b>
Total borrowings	69,088,470,449	54,672,600,263
Less: cash and bank balances	(2,375,100,528)	(2,868,520,930)
Net debt/(excess cash and cash equivalents)	66,713,369,921	51,804,079,332
<b>Gearing</b>	<b>61%</b>	<b>58%</b>

**44. Related Party Disclosures**

**Nature of related party relationships**

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



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

**Government of Kenya**

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

**Other related parties include:**

- i) The National Government;
- ii) The Parent Ministry;
- iii) Ministry of Water and Sanitation;
- iv) Water Services Regulatory Authority
- v) Water Service Providers;
- vi) County Governments of Nairobi, Kiambu and Murang'a
- vii) Key management;
- viii) Board of directors;

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Sales to related parties</b>		
N/A	N/A	
<b>Total</b>		
<b>b) Grants from the Government</b>		
Grants from National Govt	5,146,628,116	4,546,208,230
Grants from County Government	0	0
Donations in kind		
<b>Total</b>	<b>5,146,628,116</b>	<b>4,546,208,230</b>
<b>c) Expenses incurred on behalf of related party</b>		
N/A		
<b>Total</b>		
<b>d) Key management compensation</b>		
Directors' emoluments	19,344,317	22,373,460
Compensation to the CEO	5,810,000	6,290,000
Compensation to key management	13,307,659	12,614,670
<b>Total</b>	<b>38,461,976</b>	<b>41,278,130</b>

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

**45. Segment Information**

AWWDA has no segments.

**46. Contingent Assets and Contingent Liabilities**

During the year 2021/2022FY AWWDA did not have any contingent assets or liabilities.

**47. Capital Commitments**

AWWDA all authorised capital commitments were implemented within the year.

**48. Surplus Remission**

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. AWWDA did not make any surplus during the year and hence no remittance to the Consolidated Fund.

**49. Taxation**

	2021-2022	2020-2021
	Kshs	Kshs
Income tax paid during the year	(37,872,903)	(19,543,219)
<b>At end of the year</b>	<b>(37,872,903)</b>	<b>(19,543,219)</b>

*Although AWWDA is not taxable, the Agency earned interest income which is considered a specialised source of income and is eligible to 30% tax charge regardless of the financial position of the organization.*

**50. Deferred Tax Liability**

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. AWWDA did not have any deferred tax liability at year end.

**51. Events after the Reporting Period**

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

**52. 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.

**53. Currency**

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



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**20. Appendix**

**Appendix 1: Implementation Status of Auditor-General's 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	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p><b>1. Property, Plant and Equipment</b></p> <p>The statement of financial position reflects a balance of Kshs.65,351,970,032 under property, plant and equipment and as disclosed in Note 16 to the financial statements. The following inaccuracies were noted: -</p> <p><b>1.1 Land Developed Without a Title Deed</b></p> <p>Included in the property, plant and equipment balance are buildings valued at Kshs.342, 937, 159 that relates to the completed Water Plaza which is the Agency's headquarters. However, ownership documents for the land were not provided for audit. This was despite a court ruling, which granted ownership of the land to the Agency on 23 July, 2019.</p> <p><b>1.2 Fully Depreciated Assets</b></p> <p>Included in the property, plant and equipment balance are fully depreciated assets whose original cost is Kshs.213, 150,059. These assets are still in good working conditions and were being utilized by the Agency. It was observed that</p>	<p>AWWDA is yet to get title deed for the land where the Athi Water Plaza is situated. Since the ruling AWWDA has been in discussion with Nairobi City County in a bid to secure documentation for the land so as to process the title. The land is vested to AWWDA via gazette notice of 6<sup>th</sup> July 2020.</p> <p>AWWDA policy requires the revaluation to be undertaken every 5 years for property, plant and equipment. In line with the policy revaluation exercise began in the financial year 2019-20 and was concluded in July 2022. The management will use results of the revaluation</p>	<p>Eng. Michael M. Thuita, MBS- Chief Executive Officer</p> <p>CPA, Michael Kihungi Kimotho- Chief Manager-</p>	<p>Partly Resolved</p> <p>Resolved</p>	<p>30/6/2023</p> <p>N/A</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Management has not revalued the assets and recognized them in the books at the revaluation amounts. This is contrary to the requirements of IPSAS 17 paragraph 44 which requires that an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation, and subsequent accumulated impairment losses. Further, Management did not review the useful economic life of the above assets before they were fully depreciated.</p> <p><b>1.3 Inherited Assets Omitted in the Financial Statements</b></p> <p>The Agency inherited non-current assets of undetermined value previously held by the Ministry of Water and Irrigation and National Water Conservation and Pipeline Corporation in respect of water infrastructure, which have not been incorporated in the financial statements.</p> <p>In the circumstances, the accuracy, ownership, valuation and completeness of the property, plant and equipment balance of Kshs.65,351,970,032 as at 30 June, 2021 could not be verified.</p>	<p>exercise will inform the value in use for the fully depreciated assets for incorporation in the financial statement.</p> <p>This matter was linked to the lack of implementation of the transfer plan under the Water Act 2002, which has since been resolved by the Water Act, 2016, Section 152 Transition Provisions, that provides that all property, assets, rights, liabilities, obligations, agreements and other arrangements existing concerning the operation of water services boards at the commencement of the Act and vested in, acquired, incurred or entered into by or on behalf of the water services boards established by the Water Act, 2002 shall, upon commencement of the Act, be deemed to have vested in or to have been acquired, incurred or entered into by or on behalf of the water works development agencies to the same extent as they were enforceable by or against the water services boards before the commencement of</p>	<p>Finance and Strategy</p> <p>Eng. Michael M. Thuita, MBS- Chief Executive Officer</p>	<p>Partly Resolved</p>	<p>30<sup>th</sup> June 2023</p>



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2	<p><b>Long Outstanding Long-Term Receivables from Exchange Transactions</b></p> <p>The statement of financial position as at 30 June, 2021 reflects long term receivables from exchange transactions amounting to Kshs.4,486,048,000 as disclosed in Note 20(b) to the financial statements. Included in the balance is Kshs.392,404,608 owed by various Water Service Providers out of which Kshs.373,358, 151 has been outstanding for more than 90 days. Also, included in the balance of Kshs.4,486,048,000 is Kshs.4,317,945,792 owed to the Agency by Nairobi City County Water and Sewerage Company, which has however, been outstanding for several years.</p>	<p>the Act. This Act came into effect on 3rd May, 2019 and the Ministry of Water &amp; Sanitation and Irrigation developed on the policy guidelines on the same. AWWDA is awaiting the completion of the asset validation exercise being undertaken by the Ministry of Water Sanitation and Irrigation upon whose completion the asset transfer can be finalized and the value of the inherited assets incorporated in the respective Agency's financial records and reports</p> <p>AWWDA confirms that a total of Kshs. 4,487,469,233.50 remained outstanding from the WSPs. On the efforts to collect the debts, the management has made several efforts in a bid to collect the debt including:</p> <ul style="list-style-type: none"> <li>•Holding a workshop in Naivasha with the Kiambu county WSPs together with the county leadership</li> <li>•Initiating the process to engage a professional debt collector through a board approval after which the Attorney General advised that AWWDA should explore for alternative debt collection efforts in the spirit of intergovernmental relations Act; including mediation process incorporating the National Treasury and Planning, the Ministry of Water &amp; Sanitation and Irrigation, AWWDA and any other relevant agency. AWWDA was advised</li> </ul>	Eng. Michael M. Thuita, MBS- Chief Executive Officer	Not Resolved	30 <sup>th</sup> June 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Under the circumstances, the accuracy, validity and recoverability of the long outstanding long-term receivables from exchange transactions balance of Kshs.4, 486,048,000 could not be confirmed.	that engagement of a debt collector should be option as a last resort. We confirm our commitment to collect the outstanding amounts from the WSPs because most of it relates to loan repayment and the WSPs on their part continue to recognize such amounts as owing. The Cabinet Secretary appointed a multi-sectorial taskforce to address the issue of outstanding debts affecting the water sector. We made our submission to the taskforce and continue to await their report and the decision of the Cabinet Secretary			
3	<b>Long Outstanding Receivable from Non-Exchange Transactions</b>  The statement of financial position as at 30 June, 2021 reflects receivables from non-exchange transactions amounting to Kshs.17,185,385,829 as disclosed in Note 21 to the financial statements. Included in this balance is a sum of Kshs.7,092,497 due from the High Court of Kenya, which arose in 2014/2015. Management has indicated that the High Court ruled in the Authority's favour that the deposit, together with all the accrued interest net of Kshs.44,720 already paid to the complainant would revert to the Authority. However, the applicant went to the Court of	The deposit with the high court was occasioned by a default judgment made against AWWDA for delayed filing of response in relation to a case where an individual accused the Agency of trespass in to their property. The amount was deposited as a security for the high court to lift the default judgment and its value was equivalent to the charge for the default judgment, that is Kshs.7,092,497. In the judgment of 10th December 2019, the court determined the amount payable to complainant under this case to be Kshs 44,720. AWWDA filed an application to have the money deposit account discharged and the money to be withdrawn in favour of AWWDA. The	Ms. Joyce Mukururi - Corporation Secretary and Legal Manager	Partly resolved	31st December 2023



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Appeal to appeal against the decision of the High court hence delaying further the receipt of the amount.</p> <p>Under the circumstances, the accuracy, validity and recoverability of the long outstanding debts totaling Kshs.7,092,497 could not be confirmed.</p>	<p>application went unopposed and it was due for hearing on 30th March 2020 at a time when the court processes were adjourned due to COVID-19 threat. The hearing happened 10th March 2021 as scheduled and the ruling on 28th April 2021.</p> <p>The high court ruled in AWWDA's favour that the deposit together with all the accrued interest net of Kshs 44,720 already paid to the complainant will revert to AWWDA.</p> <p>However, the applicant went to the Court of Appeal to appeal against the decision of the High court decision hence delaying further the receipt of the said amounts. We are however confident that the said amount is not in doubt.</p>			
4	<p><b>Undisclosed and Unserviced AFD Loan</b></p> <p>The statement of financial position reflects loans balance of Kshs.54,672,600,263 as disclosed in Note 28 to the financial statements. Included in the amount is a French Government Agency (AFD) loan with a book balance of Kshs.3,291,551,291 (original amount: Kshs.3,850,000,000) on-lent to the Agency by The National Treasury in two disbursements of Kshs.1,870,000,000 and Kshs.1,980,000,000 in 2006 and 2009, respectively. The loan was repayable in fifteen (15) years from the contract date at an interest rate of 2.9%, among other terms.</p>	<p>The Agency has not been able to make the required semi-annual repayments because the beneficiary WSPs have not submitted the same amounts to AWWDA. The Kshs.15, 527,875 remitted to the National Treasury and Planning relate to loan repayments submitted by Ruiru-Juja WSP. We however confirm the accuracy and validity of the total loan amounts as reported in the financial statements</p>	<p>Eng. Michael M. Thuita, MBS- Chief Executive Officer</p>	<p>Not Resolved</p>	<p>30<sup>th</sup> June 2023</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>According to the subsidiary agreement between the Agency and The National Treasury, the Agency was to make semi-annual payments of both the principal and interest, as the amounts fell due. However, during the year under review, the Agency did not make any payments due in relation to the loan.</p> <p>In addition, the current obligation pertaining to the loan, which comprise of principal loan due within the period and accrued interest have not been classified as current liabilities in the statement of financial position as at 30 June, 2021.</p> <p>In the circumstances, the accuracy and completeness of the loan balance of Kshs.54,672,600,263 as at 30 June, 2021 could not be confirmed.</p>				
Other Matter					
1.	<p><b>Unresolved Prior Year Issues</b> There were several issues raised in the audit report for 2019/2020 financial year. However, the Management did not provide explanations on how the audit recommendations were resolved. The issues remain unresolved contrary to Section 149(2)(1) of the Public Finance Management Act, 2012 which requires the Accounting Officers to resolve any issues resulting from an audit</p>	<p>The prior issues are policy in nature and they affect the sector as a whole hence their resolution require a multiagency collaboration. The Accounting officer, the management and the board of directors are doing what is within their powers to resolve the issues. Additionally, the prior year audit matters related to fully depreciated assets, non-inclusion of inherited</p>	Eng. Michael M. Thuita, MBS- Chief Executive Officer	Not Resolved	30 <sup>th</sup> June 2023



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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		assets in the financial report and long outstanding receivables from exchange which have been raised by the Auditor as new issues			
2.	<p><b>Irregular Appointment of the Agency Board of Directors</b> Examination of Gazette Notice No.1239 dated 8 February, 2019 revealed that the Cabinet Secretary appointed five (5) independent Board of Directors contrary to the provisions of Section 66(b) of the Water Act, 2016, which stipulates that the Board of each water works development agency shall consist of:</p> <ol style="list-style-type: none"> <li>A chairperson who shall be appointed by the Cabinet Secretary from a County within the basin area.</li> <li>Four other members who shall be appointed by the Cabinet Secretary from Counties within the basin area; and</li> <li>The Chief Executive Officer.</li> </ol> <p>Under the circumstances, the Board is in office irregularly.</p>	<p>The Board appointment authority vests with the Cabinet Secretary in charge of the Ministry. The management could not therefore question the decision of the Cabinet Secretary on Board appointment already made. However, the board member terms lapsed on 6th February 2022 hence the matter was overtaken by events.</p>	Eng. Michael M. Thuita, MBS- Chief Executive Officer	Resolved	N/A
3.	<p><b>Long outstanding Amounts Owed to Suppliers</b> Review of accounts payables revealed long outstanding amounts owed to various creditors amounting to Kshs.3,444 ,352,950 which includes Kshs.250,114,081 owed to Kenya Revenue Authority. These were contrary to Regulation 23(2a) of the Public Finance Management (National Government) Regulations of 2015 which provides that in addition to the responsibilities of Accounting Officers provided for in the Act, an Accounting Officer designated under the Constitution, the Act or any other Act, shall -comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation</p>	<p>AWWDA always pays creditors within the credit period for all approved payments. The value of outstanding creditors as at 30<sup>th</sup> June 2021 amounted to Kshs 3,103,729,497.92. 74% (Kshs 2,299,064,920.80) related to retention payments under the works that is payable after the completion of the works contracts. 25% (Kshs 791,271,716.77) relate to creditors which were within the 30 day credit period.</p>	CPA, Michael Kihungi Kimotho- Chief Manager- Finance and	Resolved	N/A

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.	<p><b>Non-Execution of Governance Audit</b> The Management did not subject the Agency to an annual governance audit as required by the Code of Governance. This is contrary to Governance Practice 1.13(1) of the Mwongozo: Code of Governance which stipulates that the Board in consultation with the Oversight Office, should ensure that it subjects the organization to an annual governance audit by a member regulated by the Institute of Certified Public Secretaries of Kenya (ICPSK) and accredited for that purpose.</p>	<p>AWWDA had made provision for Governance Audit for the FY 2020/2021 in its approved board almanac, which was shared with the parent Ministry, Ministry of Water, Sanitation and Irrigation and the Oversight Authority – State Corporations Advisory Committee (SCAC) for appointment of the governance auditors to undertake the exercise. SCAC had not appointed the auditors and thus the audit had not been done by the close of the financial year. However, the delay in undertaking the governance audit, we confirm that there was no risk of abuse or bypassing of systems because the Agency has strong internal controls.</p>	The Chief Executive Officer	Resolved	



**Eng. Michael M. Thuita, MBS  
Chief Executive Officer**



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**Appendix II: Projects implemented by AWWDA**

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

S/No	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)	
							Yes	No
1	Extension of Nairobi Water Supply (Northern Collector)	1107101300	World Bank & AFD	Apr 2014-Dec 2021	10,050	Yes	Yes	Yes
2	Nairobi Water Distribution Network Phase I	1107101000	KfW	Jul 2014-Dec 2021	2,700	Yes	Yes	Yes
3	Nairobi Rivers Basin Restoration Programme: Sewerage improvement	1103102100	AfDB	Sept 2012-Dec 2017	4,239	Yes	Yes	Yes
4	Nairobi Satellite Towns Water and Sanitation Program	1107101100	KfW	Jul 2014-Dec 2020	2,600	Yes	Yes	Yes
5	Rehabilitation of Water Supply and Sewerage For Olokitok Town	1107102400	BADEA	Dec 2013-Jun 2020	825	No	Yes	Yes
6	Kajiado Rural Water Supply	1107102800	BELGIUM	Apr 2016-Jun 2019	898	No	Yes	Yes
7	Thika and Githunguri Water and Sanitation Project	1107108100	DANIDA	Jul 2017-Dec 2020	50	No	Yes	Yes
8	Kenya Town Sustainable water Supply and Sanitation Programme - Athi	1107111400	AfDB	Mar 2017-Dec 2022	9,000	Yes	Yes	Yes
9	Nairobi Metro Area Bulk water sources - Karimenu II	1107111701	EXIM BANK	Jan 2018-Dec 2022	24,000	No	Yes	Yes
10	Nairobi Metro Area Bulk water sources - Ruiru II Dam	1107107100	DEUTCHE BANK	Jul 2017-Jan 2022	22,000	No	Yes	Yes
11	Ithanga Water supply	1107109900	BELGIUM	Sept 2017-Sept 2020	2,300	No	Yes	Yes
12	Nairobi Rivers Basin Rehabilitation and Restoration	1109102101	AfDB	Nov 2018- Feb 2023	9,050	Yes	Yes	Yes

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S/No	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)	
							Yes	No
	Programme: Sewerage Improvement Project: Phase II							
13	Nairobi Inclusive sanitation project		AfDB	Jul-2020- June 2023	100	Yes	Yes	
14	Expansion Works for Dandora Estate Sewage Treatment Plant (Ruai)		GOK		997.65	No	No	
15	BIG 4 Agenda: Water and Sewerage Works for Affordable Housing Programme: Shauri moyo-Mbotela water and sanitation project		GOK		181.25	No	No	
16	Nairobi Expressway Project: Relocation of Water and Sewer Pipelines Along Nairobi Expressway Project		GOK		3102	No	No	
17	Nairobi City regeneration Programme: <b>Phase II- Undertaken in 6 Lots</b>		GOK		740	No	No	
18	Nairobi City regeneration Programme: <b>Phase II- Undertaken in 4 lots</b>		GOK		740	No	No	
19	Limuru water supply works		GOK		88	No	No	
20	Kiambu cross county water supply project		GOK		379	No	No	
					<b>94,040</b>			



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**Status of Projects completion**

	Project	Total project Cost Kshs Millions	Total expended to date Kshs Millions	Completion % to date	Budget	Actual	Sources of funds
1	Extension of Nairobi Water Supply (Northern Collector)	13,000	10,714	88%	2,100	483	AFD &GOK
2	Nairobi Water Distribution Network Phase I	4,615	4,614	98%	688	633	KfW&GOK
3	Nairobi Rivers Restoration Basin Programme Sewerage improvement	8,279	1,021	40%	1,200	1,540	AfDB&GOK
4	Nairobi Satellite Towns Water and Sanitation Program	3,717	2,228	65%	1,000	556	KfW&GOK
5	Rehabilitation of Water Supply and Sewerage for Oloitoktok Town	1,033	1,033	100%	50	0.49	BADEA&GOK
6	Thika and Githunguri Water and Sanitation Project	100	77	5%	60	0.38	Danida&GOK
7	Kenya Towns Sustainable Water Supply and Sanitation Programme	14,866	5,232	18%	1,921	1,432	AfDB&GOK
8	Nairobi Metro Area Bulk Water Sources -Karimenu II Dam	27,000	18,500	80%	9,000	7,174	Exim Bank-EPC-F&GOK
9	Nairobi Metro Area Bulk Water Sources -Ruiru II Dam	25,000	530	5%	550	639	Deutsche Bank- EPC-F &GOK
10	Ithanga Water Supply (I&II)	2,530	1,870	99%	501	17	Belgium&GOK
11	Nairobi City Regeneration Programme- ESP	845	411	49%	200	112	GoK
12	Drilling of Boreholes in Informal Settlements in Nakuru	500	478	96%	500	478	GoK
13	Expansion Works for Dandora Estate Sewerage Treatment	880	730	83%	150	222	GoK
14	Nairobi Inclusive Sanitation Improvement Project	116	72	20%	120	25	GoK
15	Gatundu Water Sanitation Project	500	411	89%	300	224	GoK
16	Nairobi Water and Sanitation	1,260	358	10%	860	358	AFD
	<b>TOTAL</b>	<b>104,241</b>	<b>48,280</b>		<b>19,200</b>	<b>13,895</b>	<b>104,241</b>

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**Appendix IV: Transfers from Other Entities**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans	
Ministry of water sanitation and irrigation	5-Jul-21	Recurrent	32,833,333	32,833,333					32,833,333
Ministry of water sanitation and irrigation	11-Aug-21	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	7-Sep-21	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	29-Sep-21	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	4-Nov-21	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	2-Dec-21	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	10-Jan-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	7-Feb-22	Recurrent	32,500,000	32,500,000					32,500,000
Ministry of water sanitation and irrigation	2-Mar-22	Recurrent	32,500,000	32,500,000					32,500,000



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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans		
Ministry of water sanitation and irrigation	4-Apr-22	Recurrent	32,500,000	32,500,000						32,500,000
Ministry of water sanitation and irrigation	9-May-22	Recurrent	32,500,000	32,500,000						32,500,000
Ministry of water sanitation and irrigation	7-Jun-22	Recurrent	32,500,000	32,500,000						32,500,000
Ministry of water sanitation and irrigation	30-Jun-22	Recurrent	32,500,000	32,500,000						32,500,000
Ministry of water sanitation and irrigation	09-Jul-21	Development Funds - 4th Quarter 2021	872,500,000			872,500,000				872,500,000
Ministry of water sanitation and irrigation	10-Jul-21	Development Funds - 4th Quarter 2021	330,993,116			330,993,116				330,993,116
Ministry of water sanitation and irrigation	26-Aug-21	Development Funds - 1st Quarter	467,750,000			467,750,000				467,750,000
Ministry of water sanitation and irrigation	1-Nov-21	Development Funds - 2nd Quarter	467,750,000			467,750,000				467,750,000
Ministry of water sanitation and irrigation	17-Jun-22	Development Funds - 3rd Quarter	392,750,000			392,750,000				392,750,000

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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans		
Ministry of water sanitation and irrigation	25-Nov-21	Universal health, Affordable housing	294,885,000			294,885,000				294,885,000
Ministry of water sanitation and irrigation	14-Oct-21	Development Funds - Drilling of B/holes Informal Settlements	500,000,000			500,000,000				500,000,000
Ministry of water sanitation and irrigation	29-Oct-21	Water for Schools, Cross County and Ground water	130,000,000			130,000,000				130,000,000
Ministry of water sanitation and irrigation	4-Nov-21	Drought Mitigation	20,000,000			20,000,000				20,000,000
Ministry of water sanitation and irrigation	6-Jan-22	Development Funds- Nakuru Boreholes	500,000,000			500,000,000				500,000,000
Ministry of water sanitation and irrigation	20-Apr-22	Second Half Allocation Key Priority Projects ( NCT, NCRP,NST,NARSIP,KTSWSP, Karimenu II)	780,000,000			780,000,000				780,000,000
Ministry of water sanitation and irrigation	8-Jun-22	Nairobi Water and Sanitation-CKE 1135	337,342,995			337,342,995				337,342,995
Ministry of water sanitation and irrigation	6-May-22	Nairobi Water and Sanitation-CKE 1074	120,480,235			120,480,235				120,480,235
Nairobi Distribution -KfW	Various	Direct Payment	633,168,672						633,168,672	633,168,672



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Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized					Total Transfers during the Year
					Capital Fund	Deferred Income	Grant	Loans		
Satellite Town -KfW	Various	Direct Payment	533,354,546					533,354,546		533,354,546
Kenya Towns Programme (KTSWSSP)	Various	Direct Payment	1,511,455,641					1,511,455,641		1,511,455,641
Karimenu II Dam	Various	Direct Payment	6,350,125,125					6,350,125,125		6,350,125,125
Narsip II	Various	Direct Payment	1,059,434,347					1,059,434,347		1,059,434,347
Ifhanga	Various	Direct Payment	460,000,000					460,000,000		460,000,000
NISIP	Various	Direct Payment	10,638,058	10,638,058						10,638,058
NCT Phase I	Various	Direct Payment	362,907,943					362,907,943		362,907,943
Oloitoktok	Various	Direct Payment	17,042,969					17,042,969		17,042,969
Ruiru II Dam	Various	Direct Payment	639,009,000					639,009,000		639,009,000
<b>Total</b>			<b>17,214,420,980</b>	<b>433,471,391</b>	<b>0</b>	<b>4,756,628,116</b>	<b>17,042,969</b>	<b>12,007,278,504</b>	<b>17,214,420,980</b>	<b>17,214,420,980</b>

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**Appendix V- Inter-Entity Confirmation Letter**

**Athi Water Works Development Agency  
P.O. Box 45283-00100,  
Nairobi.**

*Athi Water Works Development Agency Did not disburse any funds to other Agencies but was a recipient of funds from the Ministry.*



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**Appendix VI: Reporting of Climate Relevant Expenditures**

Name of the Organization: Athi Water Works Development Agency  
Telephone Number: 020-2724292/3  
Email Address: [info@awwda.go.ke](mailto:info@awwda.go.ke)  
Name of CEO: Eng. Michael M. Thuita, MBS

Name and contact details of contact person (in case of any clarifications): **Eng. Joseph Kamau**

Project Name	Project Description	Project Objectives	Project Activities				Source Of Funds	Implementing Partners
			Q1	Q2	Q3	Q4		
Catchment Protection	Tree Planting at Kamiti River Catchment	to conserve and ensure sustainability of the Kamiti River Catchment with an area of 189 Square/km	• 1000 No. Tree seedlings planted		285,000		GoK Counterpart	<ul style="list-style-type: none"> <li>• Athi Water Works Development Agency,</li> <li>• Cooperative Bank of Kenya,</li> <li>• Kiambu County Government,</li> <li>• Kiambu Water and Sewerage Company,</li> <li>• Kamiti Water Resource Users Association and local communities.</li> </ul>
			undertook tree planting exercise where 5,000 seedlings were planted at Ndakaini dam catchment area		403,000			<ul style="list-style-type: none"> <li>• AWWDA</li> <li>• Gatanga Women Empowerment Group</li> </ul>

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**Appendix VII: Disaster Expenditure Reporting Template**  
AWWDA did not incur any disaster expenditure during 2021/2022FY



