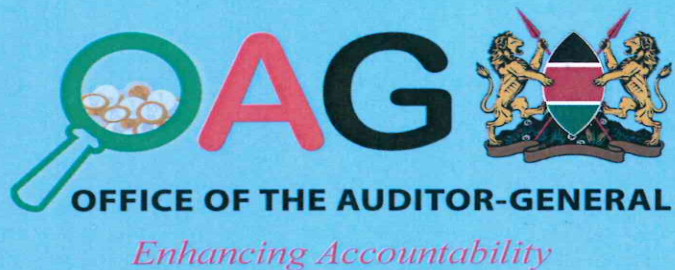


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**TANA WATER WORKS DEVELOPMENT
AGENCY**

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



TANA WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

OFFICE OF THE AUDITOR GENERAL
CENTRAL REGIONAL OFFICE
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1. Key Agency Information and Management

(a) Background information

Tana Water Works Development Agency (TWWDA) was established under section 65 of the Water Act, 2016 vide legal notice no. 27 of 26th April 2019. The Agency is domiciled in Kenya and is a State Corporation currently under the Ministry of Water, Sanitation and Irrigation. The Agency head office is located in Nyeri. TWWDA's area of coverage for development of water works is five (5) Counties in Mount Kenya region namely; Nyeri, Kirinyaga, Embu, Tharaka-Nithi, and Meru.

The Agency is headed by Chief Executive Officer and for efficient management and performance, it has four (4) functional departments namely:

- i. Technical Services Department;
- ii. Finance and Resource Mobilization Department;
- iii. Corporate Services Department; and
- iv. Research, Strategy and Compliance Department.

(b) Principal Activities

i. Mandate

The mandate of TWWDA as outlined in the Water Act 2016 section 68 is to:

- (a) Undertake the development, maintenance and management of the National Public Water Works within its area of jurisdiction;
- (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 the waterworks are handed over to a county government, joint committee, authority of County Governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
- (c) Provide reserve capacity for purposes of providing water services where pursuant to section 103, the Regulatory Board orders the transfer of water services functions from a defaulting Water Services Provider (WSP) to another licensee;
- (d) Provide technical services and capacity building to such county governments and Water Services Providers within its area as may be requested; and
- (e) Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Act.

ii. Vision

An innovative and resourceful institution in development of National Public Water and Sanitation works.

iii. Mission

To develop sustainable National Public Water and Sanitation Works that enhances socio-economic growth for stakeholders.

(c) Key Management

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

1. Board Members;
2. Chief Executive Officer; and
3. Management comprising of;
 - Chief Executive Officer and Secretary to the Board,
 - Chief Manager, Technical Services,
 - Chief Manager, Finance and Resource Mobilization,
 - Manager, Human Resources Management and Administration,
 - Manager, Internal Audit and Assurance,
 - Manager, Supply Chain Management,
 - Manager, ICT,
 - Manager, Research, Strategy and Planning.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Executive Officer	Eng. Philip Gichuki
2.	Chief Manager, Technical Services	Eng. Daniel Ngugi
3.	Chief Manager, Finance and Resource Mobilization	CPA Nicholas Kanyeke
4.	Manager, Human Resources Management and Administration	CHRPK. Pauline Miriga.
5.	Manager, Internal Audit and Assurance	Mr. Vincent Kachi
6.	Manager, Supply Chain Management	Mr. James Ribiru
7.	Manager, ICT	Mr. Joseph Githinji
8.	Manager, Research, Strategy and Planning.	Ms. Jemimah Muraya

(e) Fiduciary Oversight Arrangements

To enhance corporate governance, the Board has three working committees namely; Finance and Administration, Technical, Planning & Strategy and Audit, Risk and Compliance Committees.

Finance and Administration Committee

The Finance and Administration Committee is responsible for overseeing:

- Leadership and coordination of Finance & Accounts in accordance with the Public Finance Management Act, 2012 and development, review and implementation of strategies for resource mobilization;
- Human Resource Management & Development, Administration, Information and Communications Technology and Corporate Communication functions; and
- Procurement of goods, works and services, inventory management and disposal.

The members of the Finance and Administration Committee were:

- i. Mr David Njagi- Committee Chair – his term expired on 6th February 2022
- ii. Mr. John Ndambiri
- iii. CS, The National Treasury and Planning
- iv. PS, Ministry of Water, Sanitation and Irrigation

The Chief Executive Officer is the Secretary to the Committee

Technical Planning and Strategy Committee

The Technical, Planning and Strategy Committee is responsible for:

- Technical planning and design, infrastructure development, asset management, liaison and capacity development; and
- Development and review of strategic and business plans, quality assurance, risk management coordination, knowledge management, performance management, business process re-engineering, coordinating research, and monitoring & evaluation of Agency programmes and projects.

The members of the Technical, Planning and Strategy Committee were;

- i. Ms. Winfred Mwai – Committee Chair – her term expired on 6th February 2022
- ii. Dr. Muthoni Nkoroi – her term expired on 6th February 2022
- iii. Mr. David Njagi – his term expired on 6th February 2022
- iv. Mr. John Ndambiri
- v. PS, Ministry of Water, Sanitation and Irrigation.

The Chief Executive Officer is the Secretary to the Committee

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is responsible for providing assurance to the Agency on internal control systems, risk management and governance structures.

The members of the Audit, Risk and Compliance Committee were:

- i. Dr. Muthoni Nkoroi – Committee Chair – her term expired on 6th February 2022
- ii. Ms. Winfred Mwai – her term expired on 6th February 2022
- iii. CS, The National Treasury and Planning

The Manager, Internal Audit and Assurance is the Secretary to the Committee

The Agency has newly appointed Board Members whose terms fall outside the reporting period. The following Board Members were appointed on 5th July 2022 vide Kenya Gazette Notice No. 8028;

- i. Dr. Eng. David N. Muthoga – Chairperson
- ii. Mr. Joseph Gichohi Kinyanjui – Board Member
- iii. CPA Patrick Wanyoike Njehia – Board Member
- iv. Ms. Winfred Mwai – Board Member

(f) TWWDA Headquarters

P. O. Box 1292 – 10100
Maji House Building
Baden Powell road
Nyeri, KENYA

(g) TWWDA Contacts

Telephone: 061- 2032282
Email address: info@tanawwda.go.ke or ceo@tanawwda.go.ke
Website: www.tanawwda.go.ke

(h) TWWDA Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
NAIROBI, KENYA
2. Kenya Commercial Bank
Nyeri Branch
P.O Box 215 - 10100
NYERI, KENYA

(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
GPO 00200
Nairobi, Kenya

2. The Board Members



Ms. Winfred Mwai

Ms. Mwai was an independent Board Member born in 1971. She was appointed on 2nd October 2015 and her first term expired on 1st October 2018 she was re- appointed to the Board on 7th February 2019 vide Gazette Notice No. 1247. Ms. Mwai holds an MBA, a Bachelor's degree in International relations and a Diploma in Business Administration. She is a Board Member-Operations at Figaros Limited since 2007. She was the 2nd Secretary Ministry of Foreign Affairs from 2003 to 2007. She was an Administrative Assistant at Kenya Airways from 1999 to 2000. She is a Board Member at Chamber of Commerce and Chairperson Mama Winnie Foundation. She was the Chair to the Technical, Planning and Strategy Committee and a member of Audit, Risk and Compliance Committee. Her term expired on 6th February 2022.



Mr. David Njagi Ngonge

Mr. Ngonge was an independent Board Member born in 1963. He was appointed to the Board on 7th February 2019 vide Gazette Notice No. 1247. He holds a Master's Degree of Art in Environmental Law and a BSc degree in Agriculture from University of Nairobi. He is a Board Member/team leader at Dalquarter consult, a firm of Experts. He was a volunteer/consultant with Metropolitan Training Consultancy (MTC) from 2002 to 2008. He has vast experience in research in the field of irrigation. He was the Chair to the Finance and Administration Committee and Member of Technical, Planning and Strategy Committee. His term expired on 6th February 2022.



Dr. Purity Muthoni Nkoroi, PhD

Dr. Nkoroi was an independent Board Member born in 1962. She was appointed to the Board on 7th February 2019 vide Kenya Gazette Notice No. 1247. She holds a doctorate in Education Management, a Master's degree in Education and Bachelor's degree in Education from Kenyatta University. She is a council member of Tharaka University College. She is the immediate former principal at Ndagani Secondary School from 2007-2018. She was the Chair to the Audit, Risk and Compliance Committee. Her term expired on 6th February 2022.



Mr. John Mwangi Ndambiri

Mr. Mwangi is an independent Board Member born in 1960. He was appointed to the Board on 3rd June 2020 vide Kenya Gazette Notice No. 3831. He did his A levels in Mosoriot Training Teachers College. He has teaching experience spanning over nineteen (19) years. He is currently a businessperson in Embu and Kirinyaga Counties. He was a member of Finance and Administration Committee and Technical, Planning and Strategy Committee.



Eng. John Mugo Muiruri

Eng. Muiruri was born in 1961 he is the alternate to the Principal Secretary, Ministry of Water, Sanitation and Irrigation. He holds an MBA from Eastern and Southern Africa Management Institute (ESAMI), Arusha, Tanzania, a BSc degree in Civil Engineering from University of Nairobi and four postgraduate diplomas. He is currently the Director Water Infrastructure Development with vast experience in dam design and resource mobilization. He was the Chief Manager, Infrastructure Development (Technical Services) Athi Water Works Development Agency from 2004 - 2015. He was formerly the acting CEO, Athi Water Works Development Agency from 2002-2004.



CPA Edward Kariungu Wamweya

CPA Wamweya was born in 1984 he is the alternate to the Cabinet Secretary, The National Treasury and Planning. He holds an MBA degree in Finance, Bachelor of Commerce (Finance Option) degree, CPA (K) and is a Certified Investment and Financial Analyst (CIFA-K). He is currently a Principal Investment Officer in The National Treasury and Planning with vast experience in monitoring financial performance of State Corporations, management of GoK loans to State Corporations, preparation of lending agreements, appraisal of State Corporations projects, reviewing and analyzing State Corporations annual budgets, State Corporations performance contracting and on parastatals borrowing. He is a member of ICPAK and ICIFA.



Mr. Peter Nyutu Mwangi

Mr. Mwangi was born in 1963 he is the representative of the Inspector-General (State Corporations). He holds an MBA degree strategic Management from Jomo Kenyatta University of Agriculture and Technology and a Bachelor of Education degree from Kenyatta University. He is a career civil servant who has served for over 30 years in different ministries. He is currently the Deputy Inspector-General (State Corporations). He was the Senior Efficiency Monitoring Officer in the Executive Office of the President. His main responsibilities include ensuring compliance and advising State Corporations to make decisions within the stipulated laws of Kenya.



Eng. Philip Gichuki- Chief Executive Officer/ Secretary to the Board

Eng. Gichuki holds an MSc degree in Agriculture Engineering – Soil and Water Engineering and BSc (Hons) Civil Engineering both from University of Nairobi. He is a professional Engineer registered with Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1st December 2020. His main responsibilities include: ensuring safe custody and management of the Agency's assets, providing strategic direction and leadership to the Agency's staff, developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency's strategies and approved work plans.

3. Management Team



Eng. Philip Gichuki- Chief Executive Officer/ Secretary to the Board

Eng. Gichuki holds an MSc degree in Agriculture Engineering – Soil and Water Engineering and BSc (Hons) Civil Engineering both from University of Nairobi. He is a Professional Engineer registered by Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He joined the Agency on 1st December 2020. His main responsibilities include: ensuring safe custody and management of the Agency’s assets, providing strategic direction and leadership to the Agency’s staff, developing and maintaining a conducive working environment for attracting, retaining and motivating employees. Other responsibilities include; developing policies, recommending to the Board the corporate policies, long-term strategy, business plans and annual operating budgets and ensuring effective planning and implementation of the Agency’s strategies and approved work plans.



Eng. Daniel Ngugi – Chief Manager, Technical Services

Eng. Ngugi holds an MSc Degree in Water Management (Water Services) from UNESCO-IHE Delft in the Netherlands, BSc degree in Civil Engineering from University of Nairobi. He is a Professional Engineer registered by Engineers Board of Kenya and a corporate member of the Institution of Engineers of Kenya. He was appointed to the Agency on 16th April 2021. His main responsibilities among others include; Establishing technical policies and systems, overseeing the engagement, management and supervision of contractors and consultants, directing, coordinating, controlling and managing the Agency’s technical operations and ensuring good maintenance of infrastructure for quality water and sanitation services of Water Service Providers and in close consultation with development partners and other stakeholders ensuring efficient and effective implementation of funded water and sanitation infrastructure.



CPA Nicholas Mutunga Kanyeke – Chief Manager, Finance and Resources Mobilisation

CPA Kanyeke holds an MSc (Finance) degree & an MBA (Corporate Management) degree from KCA University and a B.Com degree from University of Nairobi. He is a member of ICPAK and CISA. He joined the Agency on 25th May 2009. His main responsibilities include; establishing financial and management systems for the effective implementation of the Agency's goals and policies, advising the CEO and the Board on the financial position of the proposed projects and investments, ensuring compliance with the International Accounting Standards on financial reporting for the Agency and development, review & implementation of resource mobilization strategies.



CHRPK. Pauline Wairimu Miriga – Manager, Human Resource Management and Administration.

CHRPK. Miriga holds an MBA degree in Human Resource Management, a Bachelors of Business Administration majoring in Entrepreneurship and a minor in Human Resource Management, a higher diploma in Management from Kenya Technical Teachers College, a higher diploma in Human Resources Management (KNEC), a diploma in Human Resource Management (KIM) and Certified Human Resource Professional (K) by Institute of Human Resource Management Kenya (IHRM). She joined the Board on 6th February 2006. She is a member of IHRM Kenya. Her main responsibilities include: developing, implementing and effectively managing human capital and administration policies, strategies, systems and processes and ensuring these are aligned to the corporate strategic objectives, increase productivity and enhance organizational effectiveness, coordinating the implementation of administrative support services such as provision of effective and efficient transport services, document/information management, occupational safety and maintenance of office facilities.



Mr. Vincent Mali Kachi – Manager, Internal Audit and Assurance

Mr. Kachi holds a Bachelor's degree in Business Administration (Accounting & Finance) from Kenya Methodist University (KEMU) and professional qualifications in Accounting (CPA). He is a member of the Institute of Internal Auditors (IIA). He joined the Agency on 1st May 2017. His main responsibilities include: Examination and evaluation of the adequacy and effectiveness of the organization's governance, risk management and internal process as well as the quality of performance in carrying out assigned responsibilities to achieve the organization's stated goals and objectives. Other responsibilities include: ensuring annual, medium and long-term audit plans are prepared in line with the Agency's corporate goals and objectives, ensuring timely availability and implementation of approved Internal Audit strategies and ensuring that internal audits are completed and documented to the required standards.



Mr. James Karanja Ribiru – Manager, Supply Chain Management

Mr. Ribiru holds an MBA degree (Procurement and Supply Chain Management) from the University of Nairobi, a Bachelor of Business Management (Purchasing and Supplies) degree from Moi University, Diploma I, II and III in Supplies Management from Railway Training Institute and Kenya Polytechnic and Certificates in the same field. He joined the Agency on 1st May 2017. His main responsibilities include; overseeing the overall management of procurement and supplies at the Agency; processing tender documentation and applications; preparing relevant progress and annual reports on the performance of the Agency; preparing annual procurement plans in accordance with the budget process; ensuring compliance with regulations, policies and practices in the implementation of procurement activities; managing the awarded contracts; ensuring maintenance of optimal stock-levels of supplies in tandem with the Agency's requirements; performing administrative duties within the department among others.



Mr. Joseph Karani Githinji – Manager, ICT

Mr. Githinji holds a Bachelor of Science in Information Systems degree, and professional qualifications in Certified Information and Communication Technology (CICT), Cisco Certified Network Profession (CCNP) and Cisco Certified Network Associate (CCNA). He joined the Agency on 15th January 2010. His main responsibilities include; ensuring that hardware and software components of the Agency’s ICT systems are available and are properly installed and maintained; establishing and maintaining appropriate connectivity for the Agency’s networking, communications and other needs; manage web operations, provide internet support, allocate user rights and ensure security of systems; liaise with external service providers for the maintenance and support of the systems; advice management on the computer resources requirements for the organization and overseeing performance management in ICT Division.



Ms. Jemimah Muraya – Manager, Research, Strategy and Planning

Ms. Muraya hold an MSc degree in Social Statistics from University of Nairobi, a BSc degree in Applied Statistics from Maseno University and a diploma in Project Management from Kenya Institute of Management. She joined the Agency on 1st December 2020. Her main responsibilities include: Advising on the potential implications of new policies and guidelines, managing market assessments required in annual review of deemed values, managing development and review of organization Strategic Plan and Business Plan, coordinating and overseeing implementation of annual Performance Contract, developing research tools and coordinating research and analysis of potential areas of infrastructure development including gender and development, social, economic levels and demographics features of interest communities.

4. Chairman's Statement



Introduction

I am gratified to present the annual report and financial statements for Tana Water Works Development Agency, for the financial year ended 30th June, 2022. The financial year 2021/2022 was undoubtedly a busy one for TWWDA given the demand by clients to complete our major projects. These are under Kenya Towns Sustainable Water Supply and Sanitation Programme funded by AfDB and GoK in line with the reviewed TWWDA Strategic Plan 2018-2022. The Agency shall continue engaging with a variety of stakeholders including our Parent Ministry, Development Partners, County Governments, Water Service Providers, the Public and other State Agencies as well as the communities within its area of geographical jurisdiction.

Key Activities

During the period under review the Agency continued with implementation of infrastructural programmes geared towards increasing access to water and sanitation, which are key enablers of the Presidential Big 4 Agenda.

In the financial year 2021/2022, the Agency continued to implement capital works in various counties under the African Development Bank (AfDB)/Government of Kenya (GoK) co-funded Kenya Towns Sustainable Water Supply and Sanitation Program whose objective is to improve the access, quality, availability and sustainability of water and wastewater services in regional centers and towns. The Agency continued implementation of projects in conjunction with Northern Water Works Development Agency (NWWDA) under the Tana Cluster, which comprises of the two Water Works Development Agencies. Additionally, the Agency continued implementing projects funded under the National Government through the Ministry of Water, Sanitation and Irrigation namely; Cross County Water Programme, National Water Harvesting and Ground Water Exploitation Programme, Small Dams/Pans and Boreholes, Universal Health Coverage Programme and Water for Schools Programme. The Agency also received support from the Ministry of Water, Sanitation and Irrigation to undertake drought mitigation measures in various counties to support needy institutions and communities.

Success Consolidated

Despite the consequences of change in rainfall patterns that reduced and curtailed the operations in our region, leadership at TWWDA and commitment to good corporate governance by the Board Members and the management ensured that the Agency sustained an upward growth in the year. Aggressive resource mobilization efforts had indeed a positive impact that resulted to completion and good

progress in several development projects, commissioning of new ones and proposals that have moved pretty close to attracting substantial external funding.

Tana Water Works Development Agency continued to seize opportunities and to address the challenges to strengthen its position in line with its vision of being an innovative and resourceful institution in development of national public water and sanitation works. In addition, TWWDA has maintained ISO 9001:2015 certification by Kenya Bureau of Standards (KEBS).

Challenges

It is appreciated that the gap between the available financial resources for the sector against the investment requirements remains huge. It is however noted that a majority of the investments lack the last mile infrastructure. This presents a challenge since investments on first mile without a supporting last mile, implies that consumers cannot receive the much-needed service. It is also noted that a number of players have a role in asset development and synergies need to be built to avoid duplication. Duplication makes the investments ineffective. To optimize on investments, the sector requires a coordinated approach. The Ministry of Water, Sanitation and Irrigation, is in the process of developing a national investment plan which will guide all investments in the sector.

It is estimated that approximately 40% of the global population face water scarcity, while floods and other water-related disasters account for 70% of all deaths related to natural disasters. It is therefore evident that climate change will continue to have far reaching effects on drinking water supplies; ranging from quantity to quality aspects. As interventions are being put in place to mitigate the impacts of climate change, the sector should build resilience of the water supply systems. This will act as means of adaptation and hence minimize these impacts. The sector needs to review policies on water storage and flood control; manage water demand, among competing needs. There is need to improve operation and maintenance, to reduce wastage as an intervention to deal with the challenge.

Future Outlook

The National Government through the Tana Water Works Development Agency plays an important role of developing sustainable National Water and Sanitation Public Works. This will enhance effectiveness of water and sanitation sector by guaranteeing the right to water and obligating the Agency to ensure that every person has access to safe and adequate quantities of water and a further right to reasonable standards of sanitation as required by the Constitution.

The Agency shall continue to ensure progressive realization of the right to clean and safe water in adequate quantities and to reasonable standards of sanitation, this will contribute in the attainment of the Big 4 Agenda and the Kenya Vision 2030 goal on water that by 2030 *all people should have access to water and sanitation*.

In addition, TWWDA will establish alliances with development partners to seek for more funding.

Appreciation

I hereby extend my deepest appreciation to the Board Members, our esteemed stakeholders, the management and staff for your continued support and significant contribution.



.....
Dr. Eng. David N. Muthoga
Board Chairman

5. Report of the Chief Executive Officer



Introduction

I am pleased to report the continued growth in our operations and financial performance. The annual report and financial statements as at 30th June, 2022 are a sign of a successful year. I am indeed elated to be part of the team that delivered such results. The Agency has refocused its strategic direction and intent to concentrate on core business and enhanced capacities at all levels. This has strengthened management systems for continued service delivery to all our customers.

Key Activities

During the financial year 2021/2022, the Agency made tremendous achievements in implementation of water and sanitation projects. Guided by the Agency's Strategic Plan (2018-2022), National Water Master Plan 2030, Vision 2030 – Third Medium Term Plan, Big 4 Agenda and Water Act, 2016 the Agency has prioritized areas that require intervention, improvement and expansion of existing water and sanitation infrastructure.

The key projects that were completed during the reporting period were;

- One (1) dam namely; Thimangiri Earth Dam
- Four (4) Water Projects namely; Gantaraki Water Project, Nkubiu Water Project, Kanyakine Water Project and Murang'a South Water Supply (Last Mile Connectivity) Project.
- Three (3) Universal Health Coverage projects namely; Kiogogo Dispensary, Mureru Dispensary and Island Farm Dispensary.

In addition, TWWDA is implementing sixteen (16) projects for TWWDA and NWWDA under the Kenya Towns Sustainable Water Supply and Sanitation Programmes in Tana, Athi and Northern Water Works Development Agencies' areas of operation.

Further, the Government availed funds for the implementation of;

- Cross County Water Programme for the construction of Chogoria and Mitheru Cluster Projects, Weru Nchaure Gitugu Water Project, Ruguta Kathituni- Marigwe Kamachembe Water Project and Mathira Community Water Project Phase 1 within the Agency's area of jurisdiction.
- Water for Schools Programme for drilling and equipping of six (6) boreholes
- National Water Harvesting and Ground Water Exploitation Programme for construction of Gianchuku, Rwanchege Kieni & Gitije Kandugu Water Projects and drilling and equipping of eleven (11) boreholes.

The Agency continued to adopt Performance Contract Management Approach in line with the Government Reforms initiatives. During the financial year, the Agency signed a performance contract with the Ministry of Water, Sanitation and Irrigation for implementation and cascaded the set targets to

Heads of Departments/Divisions. This approach improved the utilization of the available resources leading to better service delivery and better value for money in the Agency activities.

In the financial year 2021/2022 the Agency realized a deficit of KES. 297,998,686 which is attributed to depreciation and provisions for bad debt. TWWDA had an absorption rate of 100% of allocated funds and a project completion rate of 55.7% due to delay in release of allocated funds, Covid-19 containment measures and challenges in acquisition of land easements from Nyayo Tea Zone, Kenya Forest Service and Kenya Wildlife Services.

Success

1. Maintenance of the ISO 9001:2015 is a proof that TWWDA has continued to embrace international best practices for efficiency in service delivery and customer satisfaction through provision of quality water services and continual improvement.
2. The Agency has been rated very good in timely implementation and completion of projects.
3. The Agency's performance was rated very good year in the under review. This was through teamwork by all players in the Agency.

Challenges

The main challenges that the Agency experienced include;

1. Inadequate funding – the total proposed budget for FY 2021/2022 was KES 11.469 billion against an allocation of KES 2.108 billion.
2. Delays in disbursement of the allocated funds leading to delay in honoring commitments and obligations which leads to the public losing confidence in the Agency.
3. Lack of storage structures (Dams) to sustain existing utilities.
4. Inadequate synergy particularly when it comes to authorizations/easements from key state agencies.
5. High cost of land acquisition, wayleaves and crop compensation.
6. Understaffing in the Technical Department.
7. Ageing workforce.

The Agency shall continue engaging the Ministry of Water, Sanitation and Irrigation and other relevant stakeholders in addressing these challenges.

Future Outlook

In line with Vision 2030, Kenya has introduced policies and frameworks to tackle climate change. The Agency has put in place climate mitigation and adaptation measures & strategies which include, rock catchment, rain water harvesting in schools, use of renewable energy-solarization and increasing tree cover to the national target of at least 10% of land area.

The COVID-19 pandemic has highlighted the importance of effective governance in the water and sanitation sector. That's why the World Bank is placing a strong emphasis on helping utilities at this

crucial moment and ensuring they can fulfill their vital function, so that they can provide safe water and sanitation services in a crisis and build resilience against major risks in the future.

The Agency will endeavour to enhance the right to a clean environment, proper and effective sanitation services, which contributes to enable the Big 4 Agenda. The Agency has Post COVID-19 strategies which include continuous rehabilitation and expansion of community water projects, real time provision of water services in order to promote high level of hygiene and sensitize and communicate to the community on hygiene measures geared towards mitigating causes of COVID -19.

Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, and disruptive social conditions during the run-up to the 2022 elections.

Appreciation

I wish to acknowledge that all the achievements during the period under review would not have been possible without the support of the Board, Management, Development Partners and Stakeholders. I therefore take this opportunity to sincerely thank them and to appreciate their steadfast support.



.....
Eng. Phillip Gichuki
Chief Executive Officer

6. Statements of the Agency's Performance against Predetermined Objectives for FY 2021/2022

TWWDA has four (4) strategic pillars and objectives within its Strategic Plan for the FY 2018-2022. These strategic pillars are as follows:-

- Pillar 1: Development
- Pillar 2: Resources and Finance
- Pillar 3: Innovation and Technology
- Pillar 4: Promoting Sustainability

TWWDA develops its annual work plans based on the above four (4) pillars. Assessment of the Agency's performance against its annual work plan is carried on a quarterly basis. The Agency achieved its performance targets set for the FY 2021/2022 period for its four (4) strategic pillars, as indicated in the table below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Development	<ol style="list-style-type: none"> 1. Increase percentage of urban population with access to safe water from 76% to 85%. 2. Increase Percentage of rural population with access to safe water from 54% to 70%. 	<ul style="list-style-type: none"> • Percentage increase of population accessing safe water • Number of people served 	<ul style="list-style-type: none"> • Construction of one (1) No. dam • Construction of four (4) No. Water Supply Projects. • Implementation of 16 projects under the Kenya Towns Sustainable Water Supply and Sanitation Program. • On-going Cross County Water, Water for Schools, Universal Health 	<ul style="list-style-type: none"> • One (1) No. dam constructed with a storage capacity of 20,000m³ • Completion of construction of Four (4) Water Supply Projects • Ongoing implementation of sixteen (16) projects for TWWDA and NWWDA. • Ongoing Cross County Water for Schools,

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
			<p>Coverage and National Water Harvesting and Groundwater Exploitation Programmes</p> <ul style="list-style-type: none"> • On-going Drought Mitigation Programme 	<p>Universal Health Coverage and National Water Harvesting and Groundwater Storage Programmes consisting of 71 projects</p> <ul style="list-style-type: none"> • On-going Drought Mitigation Interventions entailing drilling and equipping of 2 No. boreholes, rehabilitation/improvement and repair of 2 No. boreholes and purchase of collapsible tanks to support various needy institutions and communities.
Pillar 2: Resources and Finance	To initiate resource mobilization strategies to generate Kshs 8.089 Billion for financing water and sanitation infrastructure development by 2022.	Amount of money mobilized	<ul style="list-style-type: none"> • Sourcing of funds from Government of Kenya (GoK) • Sourcing of funds external resources (Development Partners). 	<ul style="list-style-type: none"> • Received Ksh. 1.147 billion from GoK • Received Kshs 2.274 billion from AfDB

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 3: Innovation and Technology	<ul style="list-style-type: none"> • To promote research, development and adoption of appropriate technology. • To pursue water and sanitation infrastructure development. 	<ul style="list-style-type: none"> • No. of research outputs/ Technologies adopted 	<ul style="list-style-type: none"> • Develop and adopt appropriate water and sanitation Innovations • Improve data collection and information management for effective planning and decision making through acquisition of appropriate software. 	<ul style="list-style-type: none"> • Implementing the ERP system which is at 70% completion rate
Pillar 4: Promoting Sustainability	Promote environment sustainability within Agency area.	<ul style="list-style-type: none"> • No of tree seedlings planted. • Tree cover in acreage 	Planting indigenous tree seedlings.	<ul style="list-style-type: none"> • Planted 26,475 indigenous tree seedlings. • Increased tree cover by 26.475 acres (10.71 hectares)

7. Corporate Governance Statement

Board Meetings and Attendance

The Board and Committee meetings are guided by the Board Almanac. The Board Almanac was prepared at the beginning of the FY 2021/2022 and forwarded to the Ministry of Water, Sanitation and Irrigation on 21st June 2021. The Board meets quarterly or when necessary to consider matters relating to the overall control of the Agency business.

The Board held three (3) Finance and Administration Committee meetings, one (1) Finance and Administration Special committee meeting, three (3) Technical, Planning and Strategy Committee meetings, two (2) special Technical, Planning and Strategy Committee meetings, three (3) Audit, Risk and Compliance Committee meetings one (1) Consultative Audit, Risk and Compliance Committee meeting, two (2) Board meetings, seven (7) Special Board meetings, one (1) Consultative Board Meeting, signing of Performance Contract for FY 2021/2022 and participating in shortlisting & conducting interviews for the position of Manager, Water & Sanitation Infrastructure and Manager, Engineering, Technical Planning and Design.

A detail analysis of the Board meeting attendance is shown in Table 1 below.

Table 1: Analysis of Board meeting attendance

Board Member	Board Training	Finance & Admin	Technical, Planning & Strategy	Audit, Risk & Compliance	Special Finance & Admin	Special Technical, Planning & Strategy	Consultative Audit, Risk & Compliance	Board meeting	Special Board meeting	Consultative Board meeting
1. Ms. Winfred Mwai	1	-	3	3	-	2	1	2	7	-
2. Mr. John Ndambiri	1	3	3	-	1	2	-	2	7	1
3. Mr. David Njagi Ngonde	1	3	3	-	1	2	-	3	7	-
4. Dr. Muthoni Nkoroi	1	-	3	3	-	2	1	2	7	-
5. CPA Edward Wamwea representative of CS - National Treasury and Planning	1	3	-	3	1	-	1	2	7	1
6. Eng John Muiruri Representative of PS - Ministry of Water, Sanitation and Irrigation	1	3	3	-	1	2	-	2	7	1
7. Mr. Peter Mwangi Nyutu Inspectorate General State Corporations (IG-Rep)	1	3	3	3	1	2	1	2	7	1

Succession Plan

In accordance with section 66 (1) of the Water Act, 2016 the appointing authority of the Agency's Chairperson to the Board and Board Member is the Cabinet Secretary for Water, Sanitation and Irrigation. In this regard, the Agency has no control over the succession planning of the Board Members. However, the management notifies the appointing authority six months prior to the Board Members' time of retirement. The Agency has a policy on succession planning for the CEO, Senior Management and Staff.

Board Charter

The Board has an approved Board charter, which is also uploaded in the Agency's website. As part of the induction programme, newly appointed Board members are inducted on the contents of the charter.

Appointment and Removal of Board Members

In accordance with section 66 (1) of the Water Act, 2016 the Cabinet Secretary Ministry of Water, Sanitation and Irrigation shall appoint the Chairperson of the Board and four other Board Members. A Board member's term can be terminated if a member;

- Serves the Cabinet Secretary with a written notice of resignation; or
- Is absent, without the permission of the chairperson for three consecutive meetings; or
- Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding two thousand shillings; or
- Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- Conducts himself in a manner deemed by the Cabinet Secretary to be inconsistent with membership of the Board.

Roles and Functions of the Board

The functions of the Board are to:

- i. Determine TWWDA's mission, vision, purpose and core values;
- ii. Review, evaluate and approve, on a regular basis, long-term plans for TWWDA;
- iii. Review, evaluate and approve TWWDA's budget and financial forecasts;
- iv. Review and approve the operating and financial results of TWWDA;
- v. Ensure effective, accurate, timely and transparent disclosure of pertinent information on TWWDA's operations and performance;
- vi. Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession; and
- vii. Review, evaluate and approve the remuneration structure of TWWDA;

Induction and Training

The Agency has an induction programme for newly appointed Board members. When appointed, Board members are provided with an effective induction programme in order to familiarize them with their responsibilities as Board members, general principles of governance and Board practices. The induction programme also provides the Board members with an orientation of the Agency, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics and applicable policies. The induction entails meetings with senior management and visits to TWWDA's water infrastructure facilities. There was a Board self-evaluation training from 14th to 16th September 2021 at Sarova Woodlands Hotel in Nakuru. There was a Board induction workshop for Board members of State Corporations at Kenya School of Government Lower Kabete from 22nd to 24th November 2021, 29th November to 1st December 2021 and 6th to 8th December 2021. There was a Board tour of the Agency's water and sewerage infrastructure from 11th to 12th April 2022.

Board and Member Performance

The Mwangozo code of Governance requires the performance of Board Members of State Corporations to be evaluated by State Corporation Advisory Committee (SCAC) at the end of every year of service. The Agency complies with this requirement and a performance evaluation is carried out in conjunction with SCAC for the Board, individual Board Member, Chairperson and CEO. The Agency conducted Board self-evaluation for FY 2020/2021 for all Board members and the CEO on 21st September 2021.

Conflict of Interest

Board members are required to avoid conflict of interest between their private activities and their part as Board Members in the conduct of the business of the Agency as specifically provided in the Code of Conduct and Ethics and the Mwangozo Code of Governance. In this regard, the Agency maintains conflict of interest registers which Board Members declare any conflict of interest before commencement of all meetings.

Board Remuneration

The remunerations of Board Members are based on circulars issued by the State Corporation Advisory Committee from time to time. The remuneration include; sitting allowance, accommodation allowance, lunch allowance, mileage allowance, chairman honoraria and airtime allowance. The allowances are subject to the applicable income tax laws. In addition, the independent Board Members have an insurance cover which include Medical cover, Group Personal Accident and Last Expense.

Ethics and Conduct

Board members have a duty to act ethically at all times and in accordance with the Board Charter and in line with their fiduciary duty to act honestly and in the best interests of TWWDA. Towards

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this end, all the Board Members signed a Code of Conduct and Ethics in line with the Mwongozo Code of Governance.

Governance Audit

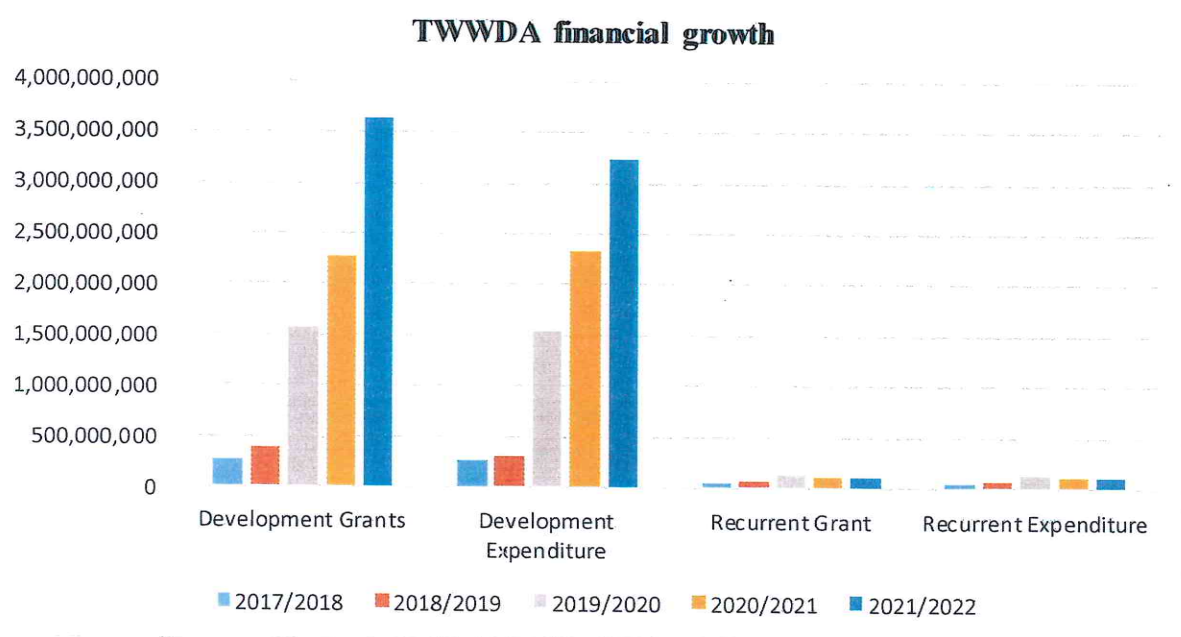
The Mwongozo code of Governance requires SCAC in conjunction with the Institute of Certified Secretaries (ICS) to conduct Governance Audit on an annual basis. The Agency has complied with the provision of the Mwongozo Code of Governance for State Corporations.

8. Management Discussion and Analysis

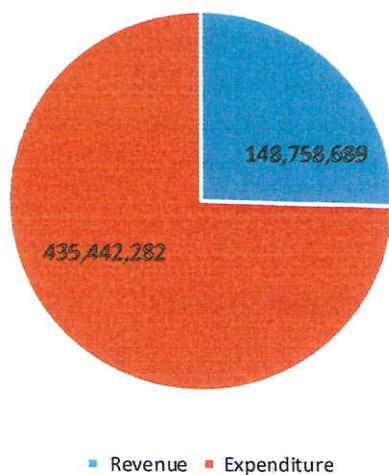
The Agency's Operational and Financial Performance

The Agency continued to adopt Performance Contract Management Approach in line with the Government Reforms initiatives. This approach improved the utilization of available resources leading to better service delivery and better value for money in the Agency activities.

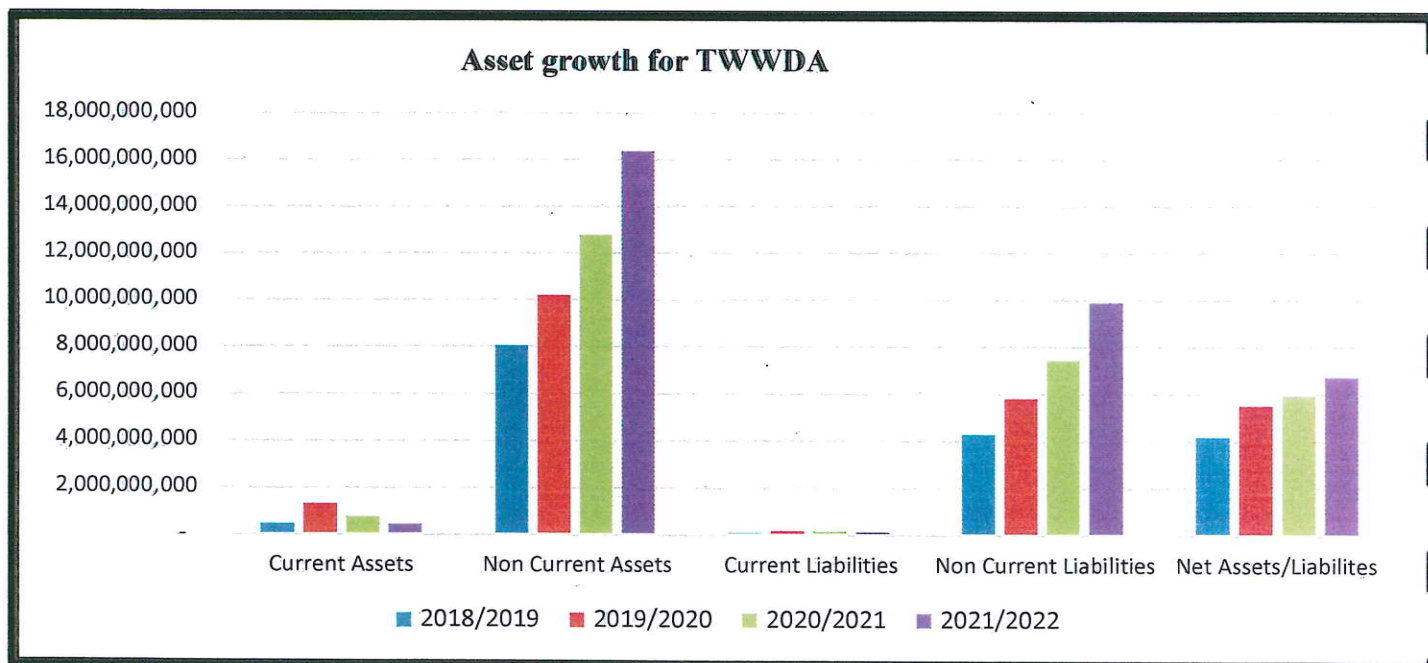
In addition, during the financial year 2021/2022, the Agency has continued to maintain constructive engagements with Development Partners and Stakeholders to support the rehabilitation and augmentation of the existing water and sewerage services infrastructure and to initiate new projects to increase coverage in line with Vision 2030.



Revenue Vs Expenditure 2021/2022



The increase in expenditure is attributed to increase in depreciation due to capitalization of completed projects



Key projects and investment decisions TWWDA implemented and ongoing projects

Tana Water Works Development Agency, guided by its Strategic Plan 2018-2022, has prioritized areas that require intervention, improvement and expansion of existing water and sanitation infrastructure. In the Financial Year 2021/2022 the Agency maintained active engagement with the already established alliances with development partners to enhance resource mobilization for expanding the water and sanitation infrastructure to the un-served areas.

The Agency has continued with the implementation of Kerugoya-Kutus Water and Sewerage Infrastructure Projects, Chuka Water Supply and Sewerage Infrastructure Projects, Chogoria Water and Sewerage Infrastructure Projects, Meru Sewerage Infrastructure Project, Murang'a South Water Supply and Sewerage Infrastructure Project, Murang'a Urban Water Supply and Sewerage Project and Othaya Sewerage Project.

Additionally, TWWDA in conjunction with NWWDA is implementing Marsabit Water Supply and Sanitation Infrastructure Projects, Mandera Water Supply and Sanitation Infrastructure Projects, Garissa Town Water Supply Project and Isiolo Town Water Supply and Sewerage Project.

In the Financial Year 2021/2022, the National Government has provided budgetary allocations to support construction of the following programmes and projects;

- Cross County Water Programme
- National Water Harvesting and Ground Water Exploitation Programme
- Water for Schools Programme
- Universal Health Coverage Programme
- Construction of Thambo and Kanjogu Dams

The Agency's compliance with statutory requirements

Tana Water Works Development Agency is compliant to its statutory obligations. These include: PAYE and Withholding tax, NHIF, NSSF, Loan deductions and Pension among others.

Major risks facing TWWDA

In undertaking its activities, TWWDA is exposed to risks in terms of threats and potential loss of opportunities which can affect its operations. Several risks were identified and their mitigation measures considered. The Agency maintains risk registers which are monitored and reviewed from time to time.

The Agency's risk management strategy recognizes the various risks the Agency is exposed to including operational risk, credit risk, liquidity risk and political risk. This is based on a clear understanding of the risk and the continuous risk assessment, measurement and monitoring.

Operational Risk

Operational risk is the exposure to the Agency that could arise as a result of failure or deficiencies related to system, process and people. To mitigate the operational risk the Agency has strengthened the internal systems and processes, strengthened staff capacity, insurance against the risks and has disaster management plan.

Credit Risk

Credit risk is the risk that the borrower is unable to meet his financial obligations to the lender. The Agency's credit risk is attributable to its cash and cash equivalent and trade receivables.

Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash to meet the Agency's obligations. The Agency manages liquidity risk by maintaining adequate cash reserves to ensure liabilities are paid as they fall due and to cushion against any liquidity risk.

Material arrears in statutory/financial obligations

The Agency had no pending bills as at the end of financial year 2021/2022.

The Agency's financial probity and serious governance issues

There were no financial improbity and governance issues reported during the financial year 2021/2022.

The review of the economy and the water sector

The water sector plays a key role as an enabler of the pillars of the Vision 2030 hence contributing immensely to the economic growth of the country. The bulk of investments in the water sector is still at the first mile infrastructure stage. This presents a major challenge as it implies that the consumer cannot fully benefit from the infrastructure. In this regard, there is great need for last mile connectivity funding.

However, the gap between the available financial resources for the sector against the investment requirements remains huge and therefore to optimize on investments, the sector requires a coordinated approach and synergies, which need to be built to avoid duplication.

Future Developments

Tana Water Works Development Agency continued to implement projects envisioned in the Vision 2030. With a key focus on intervention, improvement and expansion of existing water and sanitation infrastructure. The following projects are planned for implementation before the end of the Strategic Plan 2022-2027;

1. Runyenjes Water Supply and Sewerage Project in Embu County
2. Embu Town and environs Water Supply Project in Embu County
3. Kirinyaga South East Bulk Water Supply and Sanitation Project in Kirinyaga County

4. Kerugoya Water Supply (Last Mile Connectivity) Project in Kirinyaga County
5. Wang'uru-Makutano Sewerage Project in Kirinyaga County
6. Kagumo-Baricho-Kagio-Sagana Sewerage Project in Kirinyaga County
7. Kerugoya Sewerage Project (Last Mile Connectivity) Project in Kirinyaga County
8. Timau Water Supply and Sewerage Project in Meru County
9. Meru Town and environs Water Supply Project in Meru County
10. Mutuati Water Supply Project in Meru County
11. Nkubu Sewerage Project in Meru County
12. Maua Sewerage Project (Last Mile Connectivity) Project in Meru County
13. Naromoru Water Supply and Sewerage Project in Nyeri County
14. Karatina Water Supply and Sewerage Project in Nyeri County
15. Kieni West Water Supply Project in Nyeri County
16. Rehabilitation of Aguthi Water Supply Project in Nyeri County
17. Rehabilitation of Tetu/Thegenge Water Supply Project in Nyeri County
18. Kabiruini-Chaka Sewerage Project (formerly Dedan Kimathi University of Technology and Environs Sewerage Project) in Nyeri County
19. Kathwana Water Supply Project in Tharaka Nithi County
20. Ndigia Water Phase II in Tharaka Nithi County
21. Chuka & Chogoria Water Supply (Last Mile Connectivity) in Tharaka Nithi County
22. Chuka Sewerage (Last Mile Connectivity) in Tharaka Nithi County
23. Chogoria Sewerage (Last Mile Connectivity) in Tharaka Nithi County
24. Gakurungu Water Supply Project;
25. Extension of Mwiwogo Water Supply; and
26. Construction of the following eleven (11) Small Dams.
 - Subuiga Dam
 - Mporoko Dam
 - Maitaka Dam
 - Ngathu Dam
 - Muminji Dam
 - Kaiboche Dam
 - Gachuragua Dam

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- Ngathu Earth Dam
- Bulu 2 (Miariki) Earth Dam
- Maragima Tagwa Dam
- Mukuru Gathagana Dam

9. Environmental and Sustainability Reporting

Tana Water Works Development Agency exists to transform lives. This is our purpose, the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the Agency's policies and activities that promote sustainability.

i) Sustainability strategy and profile

TWWDA is cognizant of the fact that developing strong relationships with suppliers helps ensure that they are operating sustainably, that contracts are fair and that the business it conducts with them is mutually beneficial. The Agency is implementing drilling and equipping of boreholes, procurement and distribution of plastic water storage tanks, laying pipes and construction of community water supply projects. The Agency believes that reforestation will play a crucial role in reducing our carbon footprint and in curbing air pollution. The Agency has therefore made a strategic decision to become a major partner in the afforestation and reforestation programmes in Kenya

Kenya's political situation has relatively remained stable thus allowing the Agency to continue implementing the government's "Big Four Agenda" that aims to provide Universal Healthcare and affordable housing, increase manufacturing and improved food security. The projects involved development of water and sewerage infrastructure. The Agency acknowledges its responsibility to society in its capacity as a corporate citizen. Consequently, it endeavours to play an active role in national and regional matters as per its mandate besides contributing to various worthy causes. In the financial year under review, the Agency continued to offer technical services and capacity building support to different stakeholders in the water sector, particularly the County Governments and Water Service Providers to facilitate access to safe and clean water in adequate quantities as enshrined in the Constitution of Kenya, 2010. The Agency has utilized criteria of good practices fulfilling human rights obligations related to access to safe drinking water and sanitation mandated by the Human Rights Council. The criterion includes availability, accessibility, quality/safety, participation and accountability.

ii) Environmental performance

Towards environmental conservation, we have planted and nurtured a total of 26,475 indigenous tree seedlings. 15,440 indigenous tree seedlings were planted at Nandago Hills (adopted hill from County Government of Tharaka-Nithi), 4,035 at Dedan Kimathi University of Technology (DeKuT) in Nyeri County during the World Environment Day and 7,000 indigenous tree seedlings in Lamu Islands in collaboration with other water sector institutions. This increased the tree cover by 26.475 Acres (10.71 Hectares) and ensured sustainable source of water for the projects being implemented in Tharaka-Nithi, Lamu and Nyeri Counties. Our environmental sustainability programmes address local water challenges through increased water and energy efficiency. The Agency has put in place climate change adaptation initiatives such as renewable energy (solar) for back washing and solarization of our boreholes. Through a combination of employee engagement, operational efficiencies and creative

engineering projects, the Agency works throughout its sites to improve water and energy efficiency. Rain water harvesting structures and interventions on reducing waste in the Agency have been put in place. The rain water harvesting is one of the Agency's climate change adaptation strategy.

iii) Employee welfare

To effectively continue delivering on its mandate the Agency continues to implement its human resource strategies to develop its staff. This entailed: staff training, team building, improving working environment, decongesting the offices, enhancing performance management, succession management and enhancing knowledge sharing and management. The Agency has ensured a gender ratio of 1:2 for female to male. The Agency engaged a team of technical professionals to ensure projects are implemented on a timely and cost saving manner. The Agency is firmly committed to ensuring the occupational health, safety and well-being of its employees, contractors and visitors. Our commitment to occupational health and safety is underpinned by our core values: "Good governance", and "customer-focus".

iv) Market place practices-

The Agency outlined its efforts to: -

a) Responsible competition practice

The Agency is committed to promoting and adhering to the highest standards of probity and accountability in the use of its funding and takes a zero-tolerance stance towards cases of fraud and corruption in its activities and operations, both within the institution and under its projects and programmes. To this end, the Agency has developed and implemented four anti-corruption policies and continues to train and sensitize staff both at the Agency and Water Service Providers.

b) Responsible supply chain and supplier relations

The Agency commits to ensure ease of doing business by promptly making payments to its suppliers thus improving its Agency-Supplier relationship. Tana Water Works Development Agency encourages its external service providers (suppliers, contractors and consultants) to comply to the Agency ethical guidelines and ensure contracts and supplier information are confidential. The Agency endeavors to pay all the external service providers within 30 days on presentation of the requisite payment documents.

c) Responsible marketing and advertisement

The Agency complies with all laws and regulations dealing with marketing practices. All advertisements for tenders and jobs undergo internal review for accuracy and compliance. Advertising is set apart from entertainment and news and the line is clear. The Agency also ensures there is transparency and accountability in matters of public finance management. Quarterly accounts are submitted to The National Treasury and Planning. In addition, the Agency is audited by the Office of the Auditor General and reports presented to the National Assembly.

d) Product stewardship

The Agency educates its stakeholders and makes them aware of their responsibilities and rights. Consumers must work united, to promote and protect their own interest. As the Agency designs and implements its water and sanitation infrastructure projects, it ensures that there is minimal impact on the environment. Environmental Social Impact Assessment is undertaken in all projects before implementation takes place and monitors during the implementation.

The operating environment was affected by increase in inflation that affected our project funding.

v) Corporate Social responsibility/Community Engagements-

The Agency recognizes and understands the significance of the local community within which it operates. We aim to enhance our contribution to the community by being sensitive to the needs of local people and groups, and promoting ethical and socially responsible operations. The Agency believes that its operations can only thrive in a healthy community environment. Our success is therefore, reliant on sustainable growth and development of our local communities.

Working with our development partners, local stakeholders and the communities themselves, the Agency contributes to community sustainability by providing locals, jobs in our projects, fostering an enterprise culture throughout our value chain, sourcing from local businesses (promoting local content in procurement) where feasible and addressing local concerns through community investment programs. We undertake this through our stakeholder engagement framework that supports a wider, holistic approach to local economic development driven by the following focus areas; Water access: Water is life.

There are many communities in the Agency area of geographical jurisdiction that have no access to clean and safe water. This is due to reasons such as lack of rainfall and poor infrastructure. In response to this, the Agency has continuously partnered with various development partners in the provision of safe, reliable and sustainable water supply to communities living in water-stressed areas. We continue to invest heavily in water projects that have positive and long-term impact on thousands of people by: reducing the incidence of water-borne diseases and by releasing time otherwise spent by women and children in search of water for alternative income generating activities. The Agency promotes healthcare through provision of safe and clean water and enhanced sanitation that ensures reduction in water borne diseases. The Agency's legal and constitutional mandate is development and maintenance of national water and sanitation works. Thirty (30) Boreholes have been drilled and equipped within the Agency area of geographical jurisdiction as a measure of increasing access to water.

The Agency has implemented four (4) CSR projects in schools for rain water harvesting. They include Kangaru DEB Primary School, Gakinduriri Primary School, St Barnabas Kavengero Secondary School in Embu County and Ihwagi Secondary School in Nyeri County all at a cost of Kshs 3,801,054 benefitting 1,087 students and staff with a storage capacity of 70,000 litres. The Agency distributed fifteen (15) plastic water storage tanks with a capacity of 10,000 litres to schools, prisons and children's home within its area of geographical jurisdiction.

10. Report of the Board Members

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

i) Principal activities

The principal activities of the Agency continue to be:-

1. Undertake the development, maintenance and management of the national public waterworks within its area of jurisdiction;
2. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of county governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
3. 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;
4. Provide technical services and capacity building to such county governments and water services providers within its area as may be requested; and
5. Provide to the Cabinet Secretary technical support in the discharge of his or her functions.

ii) Results

The results of the Agency for the year ended June 30, 2022 are set out on page 1.

iii) Board Members

The members of the Board who served during the year are on page vii to ix. During the Financial Year, three (3) independent Board Members terms expired on 6th February 2022.

iv) Surplus remission

TWWDA is a non-commercial semi-autonomous government entity and therefore did not make any surplus during the FY 2021/2022 hence there was no remittance to the Consolidated Fund

v) Auditors

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

By Order of the Board

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Eng. Philip Gichuki

Chief Executive Officer

11. Statement of Board Members' Responsibilities

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

The Board Members are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year 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 Agency;
- iii. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- iv. Safeguarding the assets of the agency;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and the State Corporations Act. The Board Members are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2022, and of the Agency's financial position as at that date. The Board Members further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Agency's financial statements were approved by the Board on 30th August 2022 and signed on its behalf by:



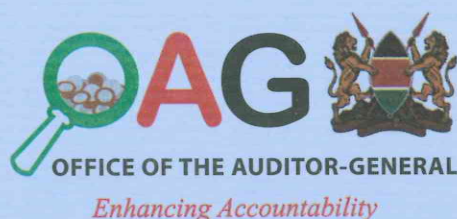
Dr. Eng. David N. Muthoga
Board Chairman



Eng. Philip Gichuki
Chief Executive Officer

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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Tana Water Works Development Agency set out on pages 1 to 48, 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 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 Tana 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 Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

1.0 Long Outstanding Trade Debtors

The statement of financial position reflects a balance of Kshs.347,320,873 in respect of receivables from non-exchange transactions which includes Kshs.330,785,560 and Kshs.2,359,378 in respect to trade debtors, and exhaustor and water bowser debtors respectively, as disclosed in Note 18 to the financial statements. The trade debtors are due from various Water Service Providers dating back to 2016. Accumulation of such receivables denies the Agency much needed revenue to run its activities and recoverability may be in doubt.

In the circumstances, accuracy and recoverability of the receivables could not be confirmed.

2.0 Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.7,780,481,783 in respect of property, plant and equipment as disclosed in Note 21A to the financial statements. However, review of the provided information and documents revealed the following anomalies;

2.1 Incomplete Assets Register

The property, plant and equipment balance of Kshs.7,780,481,783 include an amount of Kshs.3,692,330 in respect of motor vehicles owned by the Agency. However, review of the asset register revealed that, six (6) motor vehicles with an unknown value had not been recorded in the assets register. Further, a water bowser and several water tanks received from the parent Ministry were not included in the assets register.

2.2 Lack of Ownership Documents

The property, plant and equipment balance of Kshs.7,780,481,783 also includes an amount of land of Kshs.916,235,345, which in turn includes land valued at

Kshs.14,838,103 that was partly paid for and whose ownership documents had not been obtained. Further, as previously reported, the financial statements include an amount of Kshs.4,202,829 for Kiawaiguru water tank project which was constructed in the financial year 2015/2016 and capitalized in the year 2017/2018. The land upon which the water tank is built was provided voluntarily to Tana Water Works Development Agency. However, the ownership documents were not provided.

2.3 Inherited Assets from the Ministry and Tana Water Services Board

The Agency inherited several non-current assets from the Ministry of Water, Irrigation, National Water Conservation, and Pipeline Corporation, which have not been incorporated in the Agency's financial statements. These assets include land and building (Maji House Nyeri), Water and Sewerage infrastructure assets of unknown value spread within its jurisdiction and fifteen motor vehicles.

In addition, the property, plant and equipment balance include an amount of Kshs.26,252,205 in respect of Kiambere-Mwingi Water Supply Project which is under the jurisdiction of Tanathi Water Works Development Agency but whose initial development cost was borne by Tana Water Services Board. Although the Board does not draw any benefits from Kiambere-Mwingi Water Project, the Agency continues to reflect as assets the cost of these assets in its books and charge annual depreciation on the assets.

In the circumstances, the accuracy, completeness and ownership of the property plant and equipment balance of Kshs.7,780,481,783 could not be confirmed.

3.0 Long Outstanding Borrowings

The statement of financial position reflects a balance of Kshs.9,926,211,184 in respect of outstanding borrowings as disclosed in Note 24 to the financial statements. Included in this amount is long outstanding loan balance of Kshs.3,373,390,407 out of which an amount of Kshs.810,987,742 is for loan repayment arrears. Further, the loan repayment arrears has remained outstanding for 84 months and beyond as at 30 June, 2022.

In the circumstances, failure to repay outstanding loans arrears when due exposes the Agency to penalties and fines on unremitted loan repayment arrears.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Tana 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.

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

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.264,055,603 and Kshs.159,807,493 respectively resulting to an under-funding of Kshs.104,248,110 or 39.5% of the budget. Similarly, the Agency expended Kshs.253,922,812 against an approved budget of Kshs.264,055,603 resulting to an under-expenditure of Kshs.10,132,791 or 3.8% of the budget.

The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2.0 Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and firmed by The National Treasury's Circular Ref: PSASB/1/12 Vol.1(44) of 25 June 2019.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Projects Implementation

During the year under review, twenty (20) projects with a contract sum of Kshs.1,104,126,540 were verified in the month of November, 2022, out of which eighteen (18) projects with a contract sum of Kshs.728,662,288 had satisfactory progress. However, two (2) projects with a total contract sum of 375,464,252 whose contracts were signed on 30 November, 2020, with completion dates of 29 June, 2022 and completion dates revised to 29 June, 2023, were 90% incomplete or 10 % done. The Management explained that the delay was caused by delay in obtaining approval from Kenya Forest Service for implementation of the projects inside the forest.

In the circumstances, the public did not benefit from the two projects as intended.

2. Staff Ethnic Diversity

A review of human resource records revealed that during the year under audit, the Agency had ninety-four (94) employees out of which seventy-seven (77) or 82% were from one dominant community. This is contrary to the requirements of Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 processes and systems of internal control, risk management and 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 the 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 control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or 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 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 sustaining 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 controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

17 February, 2023

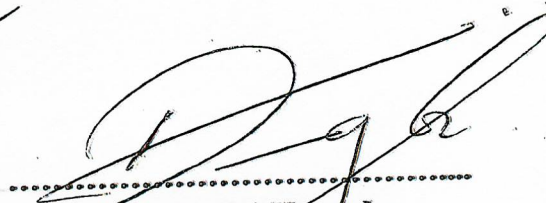
13. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Government Recurrent Grants	6(a)	146,412,689	125,186,503
Agency Administrative Cost fee	7	-	5,945
		146,412,689	125,192,448
Revenue from exchange transactions (A-in-A)			
Rendering of Services	8	-	112,000
Sale of Goods	9	1,045,000	1,013,300
Other Income	10	1,301,000	3,000
		2,346,000	1,128,300
Total revenue		148,758,689	126,320,748
Expenses			
Use of Goods & Services	11	87,270,121	63,475,278
Employee Costs	12	142,780,612	104,378,016
Remuneration of Directors	13	17,940,612	24,203,224
Depreciation and Amortization expense	14	181,519,471	177,606,137
Repairs and Maintenance	15	2,778,832	1,503,950
Contracted Services	16(a)	3,152,635	785,742
Total expenses		435,442,282	371,952,347
Surplus/(deficit) for the period - Note 4 (h)		(286,683,593)	(245,631,599)
Attributable to			
Surplus/(deficit) attributable to owners of the controlling entity	29	(286,683,593)	(245,631,599)
		(286,683,593)	(245,631,599)

The notes set out on pages 7 to 35 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:


.....
Eng. Philip Gichuki
Chief Executive Officer

Date: 30 August 2022


.....
CPA. Nicholas M. Kanyeke
Chief Manager Finance & Resource
Mobilization
ICPAK Member Number: 4164
Date: 30 August 2022


.....
Name: Dr. David N. Muthoga
Board Chairman

Date: 30 August 2022

14. Statement of Financial Position as at 30 June 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and Cash Equivalents	17	79,640,648	405,588,469
Receivables from Non-Exchange Transactions	18	347,320,873	340,121,185
Inventories	19	1,245,220	369,998
Prepayments	20	5,604,093	5,215,603
Total Current Assets		433,810,834	751,295,255
Non-Current Assets			
Property, Plant and Equipment	21A	7,780,481,783	7,361,135,356
Work In Progress	22	8,586,653,073	5,379,223,106
Total Non-Current Assets		16,367,134,856	12,740,358,462
Total Assets		16,800,945,690	13,491,653,717
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange Transactions	23	112,895,176	146,611,554
Total Current Liabilities		112,895,176	146,611,554
Non-Current liabilities			
ADF Loan No. 2100150015546(WSBSP)	24(a)	1,452,875,329	1,452,875,329
ADF Loan No. 2100150021543(ST&RWSSP)	24(a)	1,920,515,078	1,920,515,078
AfDB Loan No. 2000200000501(KTWSWS&SP)	24(b)	6,538,027,927	4,071,873,180
ADF Loan No. 2100150036294(KTWSWS&SP)	24(c)	14,792,850	-
Total Non-Current liabilities		9,926,211,184	7,445,263,587
Total Liabilities		10,039,106,359	7,591,875,141
Net Assets		6,761,839,331	5,899,778,576
Reserves	26	8,528,555,772	7,381,385,113
Accumulated Fund	27	(1,767,235,771)	(1,484,126,067)
ADB Loan repayment Fund	28	519,330	2,519,530
Total Net Assets and Liabilities		6,761,839,331	5,899,778,576

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:

.....
Eng. Philip Gichuki
Chief Executive Officer

Date: 30 August 2022

.....
CPA Nicholas M. Kanyeke
Chief Manager Finance & Resource
Mobilization
ICPAK Member Number: 4164

Date: 30 August 2022

.....
Dr. David N. Muthoga
Board Chairman

Date: 30 August 2022

15. Statement of Changes in Net Assets for the year ended 30th June 2022

		Accumulated Fund	Capital Reserves	ADB Loan Repayment Fund	Total
	Notes	Kshs	Kshs	Kshs	Kshs
At July 1, 2020		(1,237,689,107)	6,736,385,113	2,520,595	5,501,216,601
Surplus/(deficit) for the period		(245,631,599)			(245,631,599)
Transfers to/from accumulated surplus - Gratuity		4,080,425	-	-	4,080,425
ADB (WSBSP) Loan		-	-	(1,065)	(1,065)
Payment during the year - Gratuity		(4,885,786)	-	-	(4,885,786)
Capital Reserves		-	645,000,000	-	645,000,000
At June 30, 2021		(1,484,126,067)	7,381,385,113	2,519,530	5,899,778,576
Surplus/(deficit) for the period	29	(286,683,593)			(286,683,593)
Transfers to/from accumulated surplus - Gratuity		5,673,247	-	-	5,673,247
ADB (WSBSP) Loan	28	-	-	(2,000,200)	(2,000,200)
Payment during the year - Gratuity		(2,099,358)	-	-	(2,099,358)
Capital Reserves	26	-	1,147,170,659	-	1,147,170,659
At June 30, 2022		(1,767,235,771)	8,528,555,772	519,330	6,761,839,331

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

	Notes	2021/2022 Kshs	2020/2021 Kshs
Cash Flows from Operating Activities			
Receipts			
Government Grants	6(a)	146,412,689	125,186,503
Agency Administrative Costs Fee	7	-	5,945
Rendering of Services	8	-	112,000
Sale of Goods	9	1,045,000	1,013,300
Other Income	10	1,301,000	3,000
Total Receipts		148,758,689	126,320,748
Payments			
Use of Goods and Services	11	87,270,121	63,475,278
Employee Costs	12	142,780,612	104,378,016
Remuneration to Directors	13	17,940,612	24,203,224
Depreciation and Amortization Expense	14	181,519,471	177,606,137
Repairs and Maintenance	15	2,778,832	1,503,950
Contracted Services	16	3,152,635	785,742
Total Payments		435,442,282	371,952,347
Surplus/ (Deficit) for the year		(286,683,593)	(245,631,599)
Net Cash Flows used in Operating Activities	25	(147,343,900)	(84,898,398)
Cash Flows from Investing Activities			
Purchase of Property, Plant, Equipment and Intangible Assets	21A	(600,865,898)	(389,058,085)
Work In Progress	22	(3,207,429,967)	(2,334,128,186)
Net Cash Flows used in Investing Activities		(3,808,295,865)	(2,723,186,271)
Cash Flows from Financing Activities			
AfDB Loan No. 2000200000501(KTWSWS&SP)	24	2,466,154,747	1,625,497,856
ADF Loan No. 2100150036294(KTWSWS&SP)		14792850	-
ADB (WSBSP) Loan Account receipts	28	(2,000,200)	(1,065)
Gratuity	27	3,573,889	(805,361)
Capital Reserves	26	1,147,170,659	645,000,000
Net Cash Flows used in Financing Activities		3,629,691,945	2,269,691,430
Net Increase/(Decrease) in Cash and Cash Equivalents		(325,947,821)	(538,393,239)
Cash and Cash Equivalents at 1 July 2021	17	405,588,469	943,981,708
Cash and Cash Equivalents at 30 June 2022	17	79,640,648	405,588,469

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board Members by:

.....
Name: Eng. Philip Gichuki
Chief Executive Officer

Date: 30 August 2022

.....
Name: CPA. Nicholas M. Kanyeke
Chief Manager Finance & RM
ICPAK Member Number: 4164

Date: 30 August 2022

.....
Name: Dr. David N. Muthoga
Board Chairman

Date: 30 August 2022

17. Statement of Comparison of Budget and Actual Amounts for the year ended 30 June 2022

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Performance difference %		Performance difference Notes
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	e=(c-d)	f=d/c*100	
Revenue	a	b	c=(a+b)	d	e=(c-d)	f=d/c*100							
Government Recurrent Grants	257,568,000	(124,568,000)	133,000,000	146,412,689	13,412,689	10%	Note 1						
Other Income & Agency Administrative Cost fee	1,272,000	124,568,000	125,840,000	8,179,201	(117,660,799)	-94%	Note 2						
Prepayments - Insurances	-	5,215,603	5,215,603	5,215,603	-	0%	Note 3						
Total Income	258,840,000	5,215,603	264,055,603	159,807,493	(104,248,110)								
Expenses													
Use of Goods & Services	82,846,000	5,215,603	88,061,603	87,770,609	290,994	0%							
Employee costs	151,041,000	-	151,041,000	142,780,612	8,260,388	5%							
Board Expenses	18,553,000	-	18,553,000	17,940,612	612,388	3%							
Repairs and Maintenance	3,000,000	-	3,000,000	2,778,832	221,168	7%							
Contracted Professional Services	3,400,000	-	3,400,000	3,152,635	247,365	7%							
Provision for Bad & Doubtful Debts	-	-	-	(500,489)	500,489	0%	Note 4						
Total Expenditure	258,840,000	5,215,603	264,055,603	253,922,812	10,132,791								
Surplus/Deficit for the period	-	-	-	(94,115,319)	-								

Explanation of Performance Difference Notes

Note 1: The performance difference of (+) 10% is as a result of FY 2020/2021 recurrent grants of Kshs 11,333,333 received during the reporting period and salary of Kshs 2,79,360 paid by the Ministry of Water, Sanitation and Irrigation to three (3) seconded staff.

Note 2: The performance difference of (-) 94% arises from reduced revenue realised from tender sales, exhauster service charges and non remittance of Agency administrative cost fee by Water Service Providers (WSPs).

Note 3: This relates to Insurance prepayments balances brought forward from FY 2020/2021

Note 4: Provision for bad & doubtful debts relates to 10% General provision for bad and doubtful debts of Kshs 493,489.

18. Notes to the Financial Statements

1. General Information

Tana Water Works Development Agency (TWWDA) was established by and derives its authority and accountability from section 65 of the Water Act 2016 vide legal notice no. 27 of 26th April 2019. The Agency is a state corporation wholly owned by the Government of Kenya and is domiciled in Kenya currently under the Ministry of Water, Sanitation and Irrigation.

The Agency's principal activity is to develop sustainable National Public Water and Sanitation Works within TWWDA area of jurisdiction that enhances socio-economic growth for our stakeholders.

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 at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency's accounting policies. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Agency.

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

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

3. Adoption of New and Revised Standards

- i. The Agency did not adopt revised/new/amendments standards effective for the year ended 30 June 2022 this was because the changes to the standard will have no impact on the Agency's operation

- ii. **Early adoption of standards**

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Agency and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognized:-

- **Grants**

Recurrent grants are recognized in the statement of comprehensive income. Development Grants from Government and Development partners are recognized as capital reserves in the statement of comprehensive income over the useful life of the asset that has been acquired using such funds.

- **Agency Administrative Costs Fees**

This relates to Water Service Providers (WSPs) share of Agency administrative costs.

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

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 on a time proportion basis, by reference to the principal amount outstanding and the effective interest rate applicable.

ii) Revenue from exchange transactions

b) Budget information

The original budget for FY 2021/2022 was approved by the Board Members on 26th January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the Board. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget.

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification

based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

c) Taxation

The Agency is a non-commercial State Corporation established under the Water Act, 2016 Section 65 and is funded fully by the exchequer to implement National public Water and Sanitation Works on behalf of the National Government and therefore the operations of the Agency are not for profit and hence does not pay taxes.

d) Property, plant and equipment

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

e) Research and development costs

The Agency capitalises research and development costs on an individual project basis when it can be demonstrated that:

- The technical feasibility of completing the asset will be available for use
- Its intention to complete and its ability to use the asset
- the asset will generate future economic benefits or service potential

- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

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.

f) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through loans and borrowings.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

g) Inventories

Inventories are stated at lower of cost and net realizable value.

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

h) Provisions

Trade Debtors are recognized and carried at the net Agency's Administrative costs fee less a general provision for bad and doubtful debts at 10% as at the balance sheet date. The general practice in the Industry reveals that revenue collection rate ranges between 90 – 95 % of the billing. However, this will be affected since WSPs in the Agency area are reluctant to remit the Agency Administration cost fee as Water Provision Services is a devolved function.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Contingent liabilities

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

j) Contingent assets

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

the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

- **Capital Reserves** – This relates to the development grants allocated by the government including the grants from development partners.
- **Deficit for the year** – This relates to expenses recognised in the statement of Financial Performance whose corresponding income is a grant reflected in the Capital Reserve Account.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

The Agency provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agency pays fixed contributions into a separate Agency (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.

Gratuity Fund– This is a sinking fund set for the purposes of payment of staff upon expiry of their employment contract. This is calculated at 31% of their basic salary as per their employment contracts.

n) Foreign currency transactions

The accounting records are maintained in Kenya Shillings which is the functional currency of the primary economic environment in which the Programme operates. Transactions in foreign currencies during the year/period are converted into the functional currency using the following:

- Goods and Works – exchange rates as provided in the individual contracts.
- Services – exchange rate prevailing during tender evaluation.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized upon completion of the acquiring or construction of the asset.

p) Related parties

The Agency regards the following as related parties:

- Government – The Agency gets Grants from the Government. During the Financial year the received Recurrent Grants amounting to KES 146,412,689 and Development Grants amounting to KES 1,147,170,659
- Board Members – During the financial year, the Board expenses amounted to KES 17,940,612.
- Management – The Agency’s management comprises of the Chief Executive Officer and Senior Managers. During the financial year the Management salaries amounted to KES 44,729,738.

q) Cash and cash equivalents

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 6 of these financial statements.

r) Comparative figures

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

s) 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.

5. Significant Judgements and Sources of Estimation Uncertainty

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

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a reducing balance basis over the expected useful life of the assets. The annual rates of depreciation are as follows: -

Motor Vehicles, motor bikes and boats	25%
Furniture and Fittings	12.5%
Plant and Equipment	20%
Computer and Accessories	33.3%
Water Infrastructure/Schemes	2.5%

Amortization for Capital Grants

Capital grants relates to various assets which were donated by Kenya Water Sanitation Programme (KWSP), Gesellschaft für Technische Zusammenarbeit (GTZ) and Ministry of Water, Sanitation & Irrigation (MWSI) at the formation of the Agency. Amortization is calculated on a reducing balance basis using the respective asset items annual rate as follows:-

Motor Vehicles and motor bikes	25%
Furniture and Fittings	12.5%
Computer and Accessories	33.3%

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The management made the following provisions in FY 2021/2022;

- General provision for bad and doubtful debts at 10%

6(a) Transfers from other Government

Description	2021/2022	2020/2021
	Kshs	Kshs
Unconditional Grants		
GoK Recurrent Grants - Received by TWWDA*	144,333,329	124,666,663
GoK Grants - Salaries paid to Seconded Staff**	2,079,360	519,840
Total Government Grants and Subsidies	146,412,689	125,186,503

* The total funds disbursed as at 30 June 2022 includes Kshs 11,333,333 relating to FY 2020/2021 and Kshs 132,999,996 relating to FY 2021/2022.

**This relates to salaries paid to three(3) seconded staff from the Ministry of Water, Sanitation and Irrigation. The increase in FY 2020/2021 the salary was for three(3) months whereas in FY 2021/2022 its for twelve (12) Months.

6(b). Transfers from Ministry

Name of the Entity Sending the Grant	Amount Recognized in Statement of Financial Performance	Amount Recognized in Capital Reserve Fund	Total grant income during the year
	Kshs	Kshs	Kshs
Ministry of Water, Sanitation and Irrigation	146,412,689	1,147,170,659	1,293,583,348
Total	146,412,689	1,147,170,659	1,293,583,348

7. Agency Administrative Costs fee

Description	2021/2022	2020/2021
	Kshs	Kshs
Agency Administrative Costs fee	-	5,945
Total	-	5,945

8. Rendering of Services (A-in-A)

Description	2021/2022	2020/2021
	Kshs	Kshs
Exhauster Services Income*	-	112,000
Total Rendering of Services	-	112,000

*During the reporting period income from exhauster services was not realised as a result of transfer of the exhauster trucks to WSPs during the year.

9. Sale of Goods (A-in-A)

Description	2021/2022	2020/2021
	Kshs	Kshs
Water Boozer Income*	1,045,000	1,013,300
Total Sale of Goods	1,045,000	1,013,300

**The increase is due to increased demand of clean water by stakeholders*

10. Other Income (A-in-A)

Description	2021/2022	2020/2021
	Kshs	Kshs
Sale of Tenders	63,000	3,000
Insurance Claim*	1,238,000	-
Total Other Income	1,301,000	3,000

** This relates to insurance claim settlement for KBT 024Z which was involved in a road accident and was written off.*

11. Use of Goods and Services

The following are included in Use of Goods and Services Expenses;

Description	2021/2022	2020/2021
	Kshs	Kshs
Electricity ^{Note1}	1,118,061	1,107,499
Water ^{Note2}	375,472	206,311
Security ^{Note3}	3,898,412	1,853,102
Professional and Subscription fee ^{Note4}	496,462	280,110
Advertising & Publicity ^{Note5}	1,453,719	1,130,586
Audit fees	580,000	580,000
Conferences and Meetings	1,350,400	1,348,030
Consumables - Office & House Keeping ^{Note6}	2,888,945	1,904,419
Fuel and lubricants ^{Note7}	1,888,590	1,585,872
Staff Insurances - Medical & Group Life ^{Note8}	19,767,653	17,754,197
Work Injury and Staff GPA ^{Note8}	563,715	381,811
Property Insurance	60,253	47,800
Motor Vehicle Insurances	2,057,492	1,666,174
Travelling & Subsistence ^{Note9}	4,771,262	3,984,938
Postage and Courier	394,213	337,157
Publishing, Printing and stationery ^{Note10}	1,566,421	1,232,498
Cleaning costs and Ground Maintenance ^{Note11}	1,083,633	808,489
Telecommunication/Telephone ^{Note12}	2,688,317	1,740,244
Training	1,919,625	1,874,161
Internet and Networking ^{Note13}	2,329,117	872,850
Computer Stationery and Accessories	2,993,128	2,508,131
Sub Total	54,244,889	43,204,379

Note1-The increase in electricity cost is as a result of establishment of Maji House Annex offices

Note2-The increase in water cost is as a result of establishment of Maji House Annex Offices.

Note3-The increase in security is as a result of establishment of Maji House Annex Offices

Note4-The increase in professional and subscription fees arise from increased number of professionals in the Agency.

Note5-The increase in Advertising & publicity is as a result of publications of Agency activities in the Engineers Magazine

Note6-The increase in Consumables- Office & House keeping is as a result of establishment of Maji House Annex.

Note7- The increase in Fuel and Lubricants arise from increase in fuel prices.

Note8-The increase in Medical, WIBA and GPA Insurance cost arise from insurance cover of Sixteen (16) new staff members engaged during the reporting period.

Note9-The increase in travel and Subsistence arise from increased project activities during the reporting period.

Note10-The increase in publishing, printing and stationery arise from increased prices of stationeries.

Note11-The increase in cleaning and ground maintenance costs iis as a result of establishment of Maji House Annex office.

Note12-The increase in telecommunication/telephone costs is due to employment of new Staff into TWWDA staff establishment who are eligible for monthly telephone allowance.

Note13-The increase in Internet and Networking is due to enhancement of internet tariff from 45Mbps to 100Mbps to support virtual meetings and connection of internet services at Maji House Annex offices.

Description	2021/2022	2020/2021
	Kshs	Kshs
Suscription to newspapers & periodicals	405,400	392,580
Catering Services	1,675,842	1,675,725
Staff Welfare ^{Note14}	8,204,377	5,676,450
Workshop & Seminars ^{Note15}	6,766,824	1,937,703
Staff Uniforms	232,050	496,550
Laboratory Materials & Equipments	-	101,616
Water Boozer Costs & Exhauster Services Costs	2,802,695	2,200,879
ISO 9001:2015 QMS ^{Note16}	8,771,348	2,734,928
ADB GoK Counterpart Expenses - Murang'a Bulk	-	661,838
Computer Software licences & Maintenance	1,108,823	997,196
General Prov. Bad and Doubtful debts	(500,489)	(166,100)
Corporate Social Responsibility	278,880	184,600
Strategic Plan	3,062,294	3,105,276
Bank Charges	217,187	271,658
Sub Total	33,025,231	20,270,899
Use of Goods & Services	87,270,121	63,475,278

Note14-The increase in Staff Welfare cost is due to costs incurred during monthly prayers, staff meetings and team building activity held at KSG Lower Kabete campus during the reporting period.

Note15-The increase in Workshop and seminars is as a result of seminars and workshops held at the Agency on cross cutting issues

Note16-The increase in ISO 9001:2015 QMS is as a result of costs incurred during ISO documentation review, KEBS recertification Audit, ISO implementors training , ISO internal auditors training and continous staff trainings on ISO standard.

12. Employee Costs

Description	2021/2022	2020/2021
	Kshs	Kshs
Salaries and Wages ^{Note1}	95,358,478	68,008,118
Contributions to Pension ^{Note2}	8,774,300	6,442,234
Commuter Allowances ^{Note1}	7,357,000	5,851,058
Housing Allowances ^{Note1}	20,797,000	16,688,558
NSSF-Employer Contribution ^{Note3}	204,000	29,800
Gratuity ^{Note4}	5,248,966	4,448,937
Leave Allowance ^{Note1}	4,099,504	2,706,299
Salary Top Ups ^{Note5}	941,364	203,012
Employee Costs	142,780,612	104,378,016
Staff Establishments	84	68

Note1- Increase in Salaries & wages, commuter, leave and house allowances is attributed to;

- (i) Staff annual salary increments and harmonization of staff placement .*
- (ii) Employment of sixteen (16) new staff into TWWDA staff establishment during the reporting period.*

Note2- Increase in contributions to pension is attributed to;

- (i) Staff annual salary increments and harmonization of staff placement.*
- (ii) Employment of Sixteen (16) new Staff into TWWDA staff establishment during the reporting period.*

Note3- Increase in NSSF contribution is due to mandatory contribution of NSSF by both employees and employer at a rate of Kshs 200 per month

Note4- Increase in Gratuity contribution, arise from the contribution of Chief Manager Technical Services contributed for two (2) months in FY 2020/2021 whereas during FY 2021/2022 the contribution is for 12 months.

Note5- This relates to salaries paid to three(3) seconded staff from the Ministry of Water, Sanitation and Irrigation. The increase in FY 2020/2021 the salary was for three(3) months whereas in FY 2021/2022 its for twelve (12) Months.

13. Remuneration of Directors

Description	2021/2022	2020/2021
	Kshs	Kshs
Chairman's Honoraria ^{Note1}	-	851,613
Sitting Allowances ^{Note2}	4,420,000	8,040,000
Induction and Training ^{Note2}	4,207,007	1,745,290
Travel and Accommodation ^{Note2}	8,356,341	11,861,103
Other Allowances ^{Note2}	415,000	668,000
Directors Medical & GPA Insurance ^{Note2}	542,264	1,037,218
Total Board Expense	17,940,612	24,203,224

Note1- During the reporting period the Agency did not have a substantive Chair of the Board

Note2- The decrease in Sitting Allowances, Induction & training, Travel & Accommodation, medical and GPA insurance premiums and other allowances is due to the expiry of the term of three (3) Board Member's on 6th February 2022.

14. Depreciation and Amortization Expense

Description	2021/2022	2020/2021
	Kshs	Kshs
Property, Plant and Equipment	181,519,471	177,606,137
Total Depreciation and Amortization	181,519,471	177,606,137

15. Repairs and Maintenance

Description	2021/2022	2020/2021
	Kshs	Kshs
Property	321,967	250,290
Computer ^{Note1}	1,075,942	352,415
Vehicles ^{Note2}	1,380,923	901,245
Total Repairs and Maintenance	2,778,832	1,503,950

Note1- The increase in repairs and maintenance of computers costs is due to aged computing and printing devices which were regularly serviced and repaired.

Note2- The increase in repairs and maintenance of vehicles costs is due to increased activities in Agency area of jurisdiction.

16(a). Contracted Services

Description	2021/2022	2020/2021
	Kshs	Kshs
Consultancy	1,080,433	785,742
Legal Fee	2,072,202	-
Total Contracted Services	3,152,635	785,742

At the beginning of FY 2020/2021 the pending Contigent fees was Kshs 15,512,525 out of which Kshs. 7,471,774 was deposited with the judiciary for appeal on a case ruled aganist the Agency. The pending contigent fee as at 30th June 2022 was of Kshs 8,040,751 which relates to litigations which were continuing and had not yet been concluded and determined.

17(a) Cash and Cash Equivalents

Description	2021/2022	2020/2021
	Kshs	Kshs
Current Account	79,640,265	405,571,156
Others	383	17,313
Total Cash and Cash equivalents	79,640,648	405,588,469

17(b) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account Number	2021/2022	2020/2021
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank - Nyeri Branch	1101-992-220 GOK Recurrent	4,373,428	229,289
	1101-996-188-Gratuity	6,648,583	3,074,693
	1101-998-733 -Development Account	67,544,585	399,682,241
	1127-326-287- Exhauster Services	554,340	65,403
	1208-789-120 ADB (WSBSP) Loan	519,330	2,519,530
Sub Total		79,640,265	405,571,156
b) Others			
Cash in Hand		383	17,313
Sub Total		383	17,313
Total		79,640,648	405,588,469

18. Receivables

Current Receivables	2021/2022	2020/2021
	Kshs	Kshs
Trade debtors - Annex II (a)	330,785,560	335,289,957
Exhauster & WaterBowser Debtors - Annex II (b)	2,359,378	3,187,693
Payroll debtors - Salary Surcharge - Annex III	157,915	267,979
Payroll debtors - Salary Advances - Annex IV	20,000	7,066
Zhonghao Overseas Construction Co. Ltd ^{Note1}	1,261,056	-
Northern Water Works Development Agency ^{Note2}	3,276,700	-
Deposits	18,490	18,490
Gatamathi Water Company	350,000	350,000
Deposit - Fuel Cards ^{Note3}	1,620,000	1,000,000
Security for Cost fee ^{Note4}	7,471,774	
Total Current Receivables	347,320,873	340,121,185

Note1- This relates to refundable amounts paid by the Agency on behalf of Zhonghao Overseas Construction Co. for training of water service providers Board members at Mombasa.

Note2- This relates to refundable amounts paid by the Agency on behalf of Northern Water Works Development Agency for TWWDA Chief Executive Officer training at Oxford University.

Note3- This relates to a bank guarantee in favour of Total Kenya ltd as a security for fuel consumed by TWWDA vehicles.

Note4- This relates to refundable security cost fee of Kshs. 7,471,774 deposited with the judiciary for Appeal

19. Inventories

Description	2021/2022	2020/2021
	Kshs	Kshs
Publish Printing and Stationery	621,716	369,998
Consumables - Office & House Keeping	6,144	-
Motor Vehicles Expenses	617,360	-
Total inventories at the lower of cost and net	1,245,220	369,998

NB.

There were water meters estimated at KES 12,704,445 in store as at 30th June 2022 These are included in the PPE under ADB Projects.

20. Prepayments

Description	2021/2022	2020/2021
	Kshs	Kshs
Directors Medical & GPA Insurances*	84,075	276,467
Staff Insurances - Medical & Group Life*	5,056,856	4,594,968
Motor Vehicles Insurance**	356,650	274,240
Work Injury and Staff GPA*	95,941	62,528
Property Insurance**	10,571	7,400
Total Prepayments	5,604,093	5,215,603

**This is Medical, Grouplife, Work Injury and GPA insurance premiums paid during FY 2021/2022 but relates to FY 2022/2023 the months of july, August and September 2022*

***This is motor vehicles and property insurance premiums paid during FY 2021/2022 but relates to FY 2022/2023 the months of July and August 2022.*

21 A. Property, Plant and Equipment

	Land	Building	ADB Project	Water Infrastructure	Kahuti Scheme	Motor Vehicles	Furniture and Fittings	Plant and Equipment	Computers and Printers	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost	330,349,943	-	3,720,307,400	4,064,696,459	17,770,088	90,540,030	5,858,719	10,287,572	43,879,734	8,283,689,945
At 1 July 2020	317,687,190	-	-	63,732,808	-	-	1,361,445	-	6,276,642	389,058,085
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustment	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	648,037,133	-	3,720,307,400	4,128,429,267	17,770,088	90,540,030	7,220,164	10,287,572	50,156,376	8,672,748,030
Additions	268,198,212	1,490,374	-	323,811,069	-	-	2,412,279	1,125,200	3,828,764	600,865,898
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-	-	-
At 30 June 2022	916,235,345	1,490,374	3,720,307,400	4,452,240,336	17,770,088	90,540,030	9,632,443	11,412,772	53,985,140	9,273,613,928
Depreciation and impairment	-	-	-	-	-	-	-	-	-	-
At 1 July 2020	-	-	522,719,165	472,395,034	5,303,309	83,975,887	4,082,450	9,088,429	36,442,263	1,134,006,537
Depreciation	-	-	79,939,706	91,400,856	311,670	1,641,036	287,360	239,829	3,785,680	177,606,137
Impairment	-	-	-	-	-	-	-	-	-	-
At 30 June 2021	-	-	602,658,871	563,795,890	5,614,979	85,616,923	4,369,810	9,328,258	40,227,943	1,311,612,674
Depreciation	-	2,484	77,941,213	97,211,111	303,878	1,230,777	526,858	416,903	3,886,247	181,519,471
Disposals	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-	-
At 30 June 2022	-	2,484	680,600,084	661,007,001	5,918,857	86,847,700	4,896,668	9,745,161	44,114,190	1,493,132,145
Net book values	916,235,345	1,487,890	3,039,707,316	3,791,233,335	11,851,231	3,692,330	4,735,775	1,667,611	9,870,950	7,780,481,783
At 30 June 2022	648,037,133	-	3,117,648,529	3,564,633,377	12,155,109	4,923,107	2,850,354	959,314	9,928,433	7,361,135,356

21 B. Amortization of Capital Grant

	Motor Vehicles	Furniture and Fittings	Computers and Accessories	Total
	Kshs	Kshs	Kshs	Kshs
Cost				
At 1 July 2020	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfers/adjustments	-	-	-	-
At 30 June 2021	9,506,000	984,960	2,769,822	13,260,782
Additions	-	-	-	-
Disposals	-	-	-	-
Transfer/adjustments	-	-	-	-
At 30 June 2022	9,506,000	984,960	2,769,822	13,260,782
Amortization				
At 1 July 2020	9,378,967	857,494	2,763,461	12,999,922
Amortization	31,758	15,933	2,118	49,809
Impairment	-	-	-	-
At 30 June 2021	9,410,725	873,427	2,765,579	13,049,731
Amortization	23,819	13,942	1,414	39,175
Disposals	-	-	-	-
Impairment	-	-	-	-
Transfer/adjustment	-	-	-	-
At 30 June 2022	9,434,544	887,369	2,766,993	13,088,906
Net book values				
At 30 June 2022	71,456	97,591	2,829	171,876
At 30 June 2021	95,275	111,533	4,243	211,051

22. Work In Progress

22 (a) GoK Funded Projects

Description	2021/2022	2020/2021
	Kshs	Kshs
Refurbishment of Maji House	35,872,990	14,922,979
Mathira Community Water Projects	359,257,047	338,042,672
Ndia Karuiru Water Project	-	1,600,000
Kamumu Multi Purpose Dam	6,631,687	6,518,287
Rupingazi Multi purpose Dam	1,115,516	1,115,516
Thambana Multipurpose Dam	1,115,514	1,115,514
Imenti Central Water Project	-	1,422,500
Iraru Dam	724,900	29,500
Kathita Multipurpose Dam	2,054,637	2,054,637
Mariara Multipurpose Dam	514,420	514,420
Marania Dam	821,400	821,400
Mukurwe-ini Water Project	-	20,033,041
National Water Harvesting and Ground Exploitation	426,615,668	217,252,856
Water for Schools	138,953,603	109,939,216
Cross County Water Projects	477,007,255	295,407,857
Embu Water Projects	23,926,111	9,951,017
Wahundura - Iruri Water Project	-	2,000,000
Small and Medium Sized - Maara Dams	182,067,058	103,206,662
Feasibility Study	9,974,110	7,078,250
Drought Mitigation Intervention	80,645,474	46,750,456
Sagana Restoration Project expenses	585,750	585,750
World Water Day	8,427,807	7,364,067
COVID -19	14,645,497	11,913,097
Water Meters	10,228,000	10,228,000
Dedan Kimathi University Sewerage Project	12,967,490	2,089,640
Universal Health Coverage Program	40,521,982	3,023,631
Mwiyogo Water Project	3,716,239	2,346,478
Naromoru Water Project	12,155,500	7,909,595
Iruma Magutuini	-	3,001,950
Mporoko and Mweroianda Dams	3,044,200	3,044,200
Bisirigichia Dam	195,908	195,908
Githanga Borehole	11,710,902	3,722,219
Kanjuki Boreholes	3,333,956	3,333,956
Mathira Youth Empowerment Borehole	53,920	53,920
Kieni Borehole	53,920	53,920
Kagurumo Borehole	13,906,869	2,400,200
Othaya Water Project	2,535,540	2,276,040
Kiamwenja Modern Market Borehole	6,197,229	-
Sub-total	1,891,578,099	1,243,319,351

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Description	2021/2022	2020/2021
	Kshs	Kshs
Ngariama Njuki- Ini	7,134,684	-
Gathuthini Borehole	4,710,233	-
Karatina Water & Sewerage Project	944,400	-
Runyenjes Water and Sanitation Project	929,300	-
Nkubu Water & Sanitation Project	810,400	-
Kiamuringa Borehole	348,500	-
Sub-total	14,877,517	-
Total	1,906,455,616	1,243,319,351

22 (b) AfDB Loan - Kenya Towns Sustainable Water Supply & Sanitation Projects

1. Tana Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Consultancy Services	317,212,271	223,247,595
Works	2,876,562,494	1,720,524,564
Goods	38,144,827	38,144,827
AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	118,050,972	58,386,866
Sub Total	3,349,970,564	2,040,303,852

2. Northern Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Consultancy Services	237,186,343	159,026,723
Works	3,030,777,164	1,892,784,644
Goods	38,144,827	38,144,827
AfDB GoK Counterpart Expenses - Kenya Towns Sustainable Water Supply & Sanitation	9,325,709	5,643,709
Sub Total	3,315,434,043	2,095,599,903
Total AfDB -Kenya Towns	6,665,404,607	4,135,903,755

22 (c) ADF Loan - Kenya Towns Sustainable Water Supply & Sanitation Programme

Northern Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Consultancy Services	14,792,850	-
Sub Total	14,792,850	-
Total Work In Progress	8,586,653,073	5,379,223,106

Land acquisition amounts are included in the property, plant and equipment under Land additions.

23. Trade and Other Payables from Exchange Transactions

Description	2021/2022	2020/2021
	Kshs	Kshs
Trade payables - Annex IV	112,895,176	146,611,554
Total Trade and Other Payables	112,895,176	146,611,554

24. Borrowings

24(a). ADF Loan No. 2100150015546 ID No. P-KE-E00-005

1. ADF Loan - Water Services Board Support Projects

Description	2021/2022	2020/2021
	Kshs	Kshs
(i) Loan Revenue - Special Account	15,903,200	15,903,200
(ii) Direct Payments	1,436,972,129	1,436,972,129
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,452,875,329	1,452,875,329

The total Borrowings are non-current liabilities. The purpose of the loan was for infrastructure development and the security is The National Treasury and planning. The loan was rendered at an interest rate of 3% per annum over a period of 30 years with a grace period of 5 years. The grace period of 5 years is from the date of closure of the loan and the loan was closed in August 2015 and therefore the loan was due from October 2020.

Debt portfolio for Water Services Board Support Projects

Murang'a County

S/N o	Water Service Provider	Loan Amount	Arrears of Loan
		Kshs.	Repayment
		Kshs	Kshs
1	Kahuti Water & Sanitation Company	13,852,023	4,498,198
2	Murang'a Water & Sanitation Company	533,302,882	173,180,634
3	Murang'a South Water & Sanitation Company	607,180,337	197,171,028
Sub Total		1,154,335,242	374,849,860

2. ADF Loan - Small Towns & Rural Water Supply & Sanitation Projects No. 2100150021543 ID. No. P-KE-E00-007

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance at the beginning of the period;		
(i) Loan Revenue - Special Account	24,710,700	24,710,700
(ii) Direct Payments	1,895,804,378	1,895,804,378
External borrowings during the year	-	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	1,920,515,078	1,920,515,078
Total ADF Loan	3,373,390,407	3,373,390,407

The total Borrowings are non-current liabilities. The purpose of the loan was for infrastructure development and the security is The National Treasury and Planning. The loan was rendered at an interest rate of 3% per annum over a period of 30 years from April 2016 including a grace period of 5 years. The grace period of 5 years is from the date of closure of the loan and the loan was closed on June 2017 and therefore the loan is due from October 2022.

Debt portfolio for Small Towns & Rural Water Supply & Sanitation Projects

1 Nyeri County

S/N o	Water Service Provider	Loan Amount	Arrears of Loan
		Kshs	Repayment
1	Othaya Mukurwe-ini Water & Sanitation Company	1,047,594,039	340,187,548
Sub Total		1,047,594,039	340,187,548

2 Meru County

S/N o	Water Service Provider	Loan Amount	Intrest amount from
		KES	Oct 2016 to April 2022
1	Imetha Water & Sanitation Company	295,475,242	95,950,334
Sub Total		295,475,242	95,950,334
Total		1,343,069,281	436,137,882

**24(b). AfDB Loan No. 2000200000501 Project No. P-KE-E00-011
ADB Kenya Towns Sustainable Water Supply & Sanitation Program**

1. Tana Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance at the beginning of the period;	1,981,916,986	1,137,152,037
External borrowings during the year	1,250,002,606	844,764,949
Repayment of external borrowings during the year	-	-
Balance at the end of the period	3,231,919,592	1,981,916,986

2. Northern Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance at the beginning of the period;	2,089,956,194	1,309,223,287
External borrowings during the year	1,216,152,140	780,732,907
Repayment of external borrowings during the year	-	-
Balance at the end of the period	3,306,108,334	2,089,956,194
Total AfDB Loan	6,538,027,927	4,071,873,180
Less: Total Current Portion of Bank Loans	-	-

24(c). ADF Loan No. 2100150036294 Project No. P-KE-E00-011

1. Northern Water Works Development Agency

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance at the beginning of the period;	-	-
External borrowings during the year	14,792,850	-
Repayment of external borrowings during the year	-	-
Balance at the end of the period	14,792,850	-
Total ADF Loan	14,792,850	-

Total Non-Current Borrowings (ADF loan + AfDB Loan)	9,926,211,184	7,445,263,587
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25. Cash Generated from Operations

Description	2021/2022	2020/2021
	Kshs	Kshs
Surplus for the year before tax	(286,683,593)	(245,631,599)
Adjusted for:		
Depreciation	181,519,471	177,606,137
Working capital adjustments:		
Increase in inventory	(875,222)	56,132
Increase in receivables	(7,199,688)	1,054,855
Decrease in payables	(33,716,378)	(17,336,828)
Increase in Prepayments	(388,490)	(647,095)
Net cash flows from operating activities	(147,343,900)	(84,898,398)

26. Capital Reserves

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance b/f	7,381,385,113	6,736,385,113
Water for Schools	31,500,000	16,000,000
Drought Mitigation	40,000,000	-
Cross County Water Projects ^{Note 1}	532,500,000	-
National Water Harvesting and Ground Exploitation ^{Note 2}	109,041,659	130,000,000
Maua Water Supply, Sewerage and Drainage	-	125,000,000
Mathira Water Project	-	44,000,000
AfDB GoK Counterpart - Kenya Towns WSSP ^{Note 3}	350,000,000	175,000,000
Maara Dams	-	125,000,000
Water Meters	10,000,000	-
Mwiyogo Water Project	-	20,000,000
Naromoru Water Project	-	10,000,000
Universal Health Care Coverage ^{Note 4}	42,129,000	-
NRW Intervention	30,000,000	-
Kiamuringa Borehole	2,000,000	-
	8,528,555,772	7,381,385,113

Note 1 - Cross County Projects Grants includes of Kshs 394,500,000 for FY 2020/2021 which was received on 7th July 2021

Note 2 - National Water Harvesting and Ground Exploitation Grants includes of Kshs 102,541,659 for FY 2020/2021 which was received on 9th July 2021.

Note 3- AfDB GoK Counterpart - Kenya Towns WSSP Grants includes of Kshs 225,000,000 for FY 2020/2021 which was received on 9th July 2021.

Note 4- Universal Health Care Coverage Grants of Kshs 42,129,000 was for FY 2020/2021 but Kshs 32,865,000 was received on 25th November 2021 & Kshs 9,264,000 was received on 23rd June 2022.

27. Accumulated Fund

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance Brought Forward	(1,484,126,067)	(1,237,689,107)
Surplus/Deficit for the Period	(286,683,593)	(245,631,599)
Amortisation of capital grant	39,175	49,809
Capital Grant b/f	(211,051)	(260,860)
Gratuity Fund	3,573,889	(805,361)
Capital Grant	171,876	211,051
	(1,767,235,771)	(1,484,126,067)

28. ADB Loan Repayment Fund

Description	2021/2022	2020/2021
	Kshs	Kshs
Balance Brought Forward	2,519,530	2,520,595
Kahuti	-	-
Trade Debtors (Murang'a South Water & Sanitation Company)	(2,000,000)	-
Bank charges	(200)	(1,065)
	519,330	2,519,530

29. Deficit Analysis

Description	2021/2022	2020/2021
	Kshs	Kshs
Depreciation for the period*	181,519,471	177,606,137
General Provision (Decrease)*	(500,489)	(166,100)
	181,018,982	177,440,037
Expensed Project Administrative Expenses/Costs**	99,831,410	66,530,562
Agency Administrative Cost Fee Arrears***	5,004,886	1,661,000
Exhauster and Water Bowser Fee Arrears***	828,315	-
	286,683,593	245,631,599

* These are non-cashflow items included in the Statement of Financial Performance.

** This relates to project related administrative expenditures paid from development Grants and expensed during the reporting period

***These relate to expenses paid from arrears collected from WSPs during the reporting period and utilized to finance FY 2021/2022 expenditures. This income was accounted for in the previous accounting periods.

30. Financial Risk Management

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency's overall risk management programme focuses on 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 Agency 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 Agency's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Agency has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

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

	Total Amount (KSHS)	Fully Performing (KSHS)	Past Due (KSHS)	Impaired (KSHS)
At 30 June 2022				
Receivables from Non Exchange Transactions	347,320,873	-	347,320,873	-
Bank balances	79,640,648	79,640,648	-	-
Total	426,961,521	79,640,648	347,320,873	-
At 30 June 2021				
Receivables from Non Exchange Transactions	340,121,185	-	340,121,185	-
Bank balances	405,588,469	405,588,469	-	-
Total	745,709,654	405,588,469	340,121,185	-

The creditors under the fully performing category are paying their debts as they continue trading. The Water Service Providers under Receivables from Non Exchange Transactions are not paying their debts as they are under the County Government. The credit risk associated with these receivables is high and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered not adequate to cover any potentially irrecoverable amounts.

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

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

	Less than 1 month	Between 1-3 months	Over months	5	Total
	KSHS	KSHS	KSHS		KSHS
At 30 June 2021					
Trade payables	4,226,624	131,391,572	10,993,358		146,611,554
Total					
At 30 June 2022					
Trade payables	1,400,061	-	111,495,115		112,895,176
Total	5,626,685	131,391,572	122,488,473		259,506,730

(iii) Market risk

The Agency has put in place an Internal Audit Function to assist it in assessing the risk faced by TWWDA on an on-going basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The Agency's Management is responsible for the development of detailed risk management policies (subject to review and approval by Audit Risk & Compliance Committee) and for the day to day implementation of those policies.

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

iv) Capital Risk Management

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

	2021/2022	2020/2021
	KSHS	KSHS
Accumulated Fund	(1,767,235,771)	(1,484,126,067)
Capital Reserve	8,528,555,772	7,381,385,113
ADB Loan Repayment Fund	519,330	2,519,530
Total funds	6,761,839,331	5,899,778,576
Total Borrowings	9,926,211,184	7,591,875,141
Less: cash and bank balances	79,640,648	405,588,469
Net debt/(excess cash and cash equivalents)	9,846,570,536	7,186,286,672
Gearing	145.62%	121.8%

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the Principal shareholder of TWWDA, holding 100% of the Agency equity interest. The Government of Kenya has provided guarantees to current long term loan. Other related parties include:

- i) The National Treasury and Planning
- ii) The Ministry of Water, Sanitation and Irrigation
- iii) Water Service Providers.
- iv) Board Members
- v) Key Management Staff
- vi) Chief Executive Officer.

Transactions with related parties

Particulars	2021/2022	2020/2021
	KSHS	KSHS
A. Purchase from Related Parties		
Purchase of Electricity from KPLC	1,118,061	1,107,499
Total	1,118,061	1,107,499
GoK Development Grants	1,147,170,659	645,000,000
B. Grants from Government		
GoK Recurrent Grants	146,412,689	125,186,503
GoK Development Grants	1,147,170,659	645,000,000
Total	1,293,583,348	770,186,503
C. Key Management Compensation		
Board Members Allowances	17,940,612	24,203,224
Compensation to the CEO	7,880,480	7,853,280
Compensation to the Key Management	36,849,258	39,124,085
Total	62,250,350	71,180,589

32. Contingent Liabilities

Contingent Liabilities	2021/2022	2020/2021
	KSHS	KSHS
Legal Fees	8,040,751	15,512,525
Total	8,040,751	15,512,525

This relates to pending legal fees for litigations which were continuing and had not yet been concluded and determined as at 30th June 2022.

33. Events after the reporting period

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

34. Ultimate and Holding Entity

The entity is a State Corporation under the Ministry of Water, Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

35. Currency

The Financial Statements are presented in Kenya Shillings (Kshs)

APPENDIX I: 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.

We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
1.	<p>1. Motor Vehicles Omitted in The Asset Register</p> <p>The statement of financial position reflects property plant and Equipment balance Kshs. 7,361,135,356 as at 30 June 2021 and as disclosed in note 21A to the financial statements. Included in this amount is a net book value for motor vehicles of KSHS 4,923,107. However, a review and comparison of the list of motor vehicles owned by the Agency with the asset register revealed that eight (8) motor vehicles with an unknown value had not been recorded in the asset register. In the Circumstances, the accuracy and completeness property plant and equipment balance of KSHS 7,361,135,356 as at 30 June 2021 could not be confirmed.</p>	<p>The management with regret notes that Seven (7) vehicles were not included in the Asset Register and the management commits to include them this FY 2021/2022. In addition, one (1) vehicle is registered under contractor’s name and the management is pursuing the transfer documents after which shall be entered in the Asset Register.</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>The seven (7) motor vehicles have since been incorporated in the TWWDA Asset register. The management is still pursuing the transfer of one (1) motor vehicle registered under the contractors name after which it shall be included in the asset register.</p>	

Reference No in the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>MWI&S is mandated to gazette the revised transfer plan and guide the water institutions on the road map towards its implementation.</p> <p>TWWDA is therefore awaiting for official communication from MWI&S on the implementation of the transfer plan. In addition, as indicated above the valuation report has not been formally agreed upon and some assets are not reflected in the valuation report leading to the exclusion of some assets in the Agency's financial statements.</p>			
2.2	<p>2.2 Property, Plant and Equipment As previously reported, the property, plant and equipment balance of Kshs.7,149,683,408 as at 30 June, 2020 excludes unknown value of a water boozer and several water tanks received from the parent Ministry and which are being used by the Agency. This has in effect led to understatement of the value of property, plant and equipment in the financial statements and the commensurate depreciation. Management explained that that</p>	<p>These assets from the Ministry have not been included in the financial statements as their values are yet to be given by the Ministry. However, the Board has requested the ministry to provide the values to enable the management include the assets in the subsequent years. The assets worth Kshs 2.3 billion</p>	Eng Philip Gichuki - Chief Executive Officer	It is important to note that the handing over execution instruments by the Parent Ministry have not been verified. In addition the Water Act, 2016 Regulations have not been gazetted. In this regard, the Agency is awaiting for the gazette of the Regulations and the verification of the handing over execution instrument to guide on the transfer of the assets and consequent value of the same assets.	Immediately once the communication from the parent Ministry is received

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Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>the Agency was awaiting official communication from Ministry of Water and Irrigation on the value of the assets.</p> <p>Further, the Japanese International Cooperation Agency (JICA) funded through a grant water project under Embu Water and Sanitation Company Limited, a water services provider (WSP) under the jurisdiction of the Agency. Although the Agency estimates the cost of the project to be Kshs.2.3 billion, the assets developed under the project have not been included in the financial statements and no documentary evidence was provided in support of these costs. Management explained that the agency was waiting for official transfer to be carried out between the two Agencies.</p> <p>In addition, the property, plant and equipment balance include an amount of Kshs. 26,252,205 in respect of Kiambere-Mwingi Water Supply Project which is under the jurisdiction of Tanathi Water Works Development Agency but whose initial development cost was borne by Tana Water Services Board. Although the Board does not draw any benefits from Kiambere-Mwingi Water Project, the Agency continues to reflect as assets the cost of these assets in its books and charge annual depreciation on the assets. Management explained that the</p>	<p>funded by JICA under Embu Water and Sanitation Company the inclusion of these assets in the TWWDA Financial Statements shall be effected after the official transfer is carried out. TWWDA is a waiting for official communication from MWS&I on the values of these Asset. Kiambere Mwingi Water Project which falls under Tanathi Water Works Development Agency was developed by TWWDA. The exclusion of these assets from TWWDA Financial Statements shall be effected after the official transfer is carried out between the two Agencies. The official transfer of assets and liabilities has not stalled but it is expected to take place in due course because the exercise involves the Board of Directors and TWWDA Board of Directors had</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>		

Reference No in the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>Agency was waiting for official transfer to be carried out between the two Agencies.</p> <p>In This Circumstances, the accuracy and completeness of property, plant and Equipment balance of Kshs 7,361,135,356 as at 30 June 2021 could not be confirmed.</p>	<p>deliberated on this matter.</p>			
4	<p>2.3 Failure to obtain Title Deed for Kiawaiguru Water Project</p> <p>The statement of financial position reflects Property, Plant and Equipment balance of Kshs 7,361,135,359 as at as at 30 June 2021 and as disclosed under note 21A to the financial statements. As previously reported, included in this amount is Kshs 4,202,829 for Kiawaiguru Water tank project which was constructed in the financial year 2015/2016 and capitalized in the year 2017/2018. Although the land upon which the water tank was built was voluntarily given to Tana Water Works Development Agency, Ownership Documents/ title deed in the name of the Agency are yet to be obtained.</p> <p>The management indicated that the issue is being followed up with the owner and the local administration with a view of obtaining the title deed. However, it appears very little effort has been made in view of the time it has taken for this matter to be resolved. In circumstance, the accuracy of property of property, plant and Equipment balance of Kshs 7,361,135,356 as at 30 June 2021 could not be confirmed.</p>	<p>The issue of land ownership is being followed up with the owner and the local Administration in view of getting the documentation for the land.</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>The ownership documents of this parcel of land are in the custody of the deceased owner's dependants. The Agency in conjunction with the local administration is pursuing the matter.</p>	

Reference No in the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
		<p>b) To ensure that when vacancies arise people from all diversities e.g. women, youth marginalized and person with disabilities are given equal opportunities</p> <p>However, its important to note that recruitment process is carried out under competitive environment and therefore only successful candidates are engaged.</p>	Officer		
2.2.1	<p>2. Borrowings-Loan and interest Repayment Arrears</p> <p>2.1 Water Service Board Support Loan No. 210015546 ID No. P-KE-E00-005</p> <p>The statement of Financial position reflects borrowing –ADF loan balance of KSHS 3,373,390,407 as at 30 June 2021 and as disclosed under note 204(a) to the financial statements. This amount comprised of Kshs 1,452,875,329 and Kshs</p>	<p>The subsidiary loan agreement was signed on 4th July 2008 between the Government and the then Tana Water Services Board. The proceeds of the loan were for implementation of Murang’a North and Murang’a South Bulk Water Supply and rehabilitation and expansion of the Urban Water supply and sewerage project. The loan</p>	Eng. Philip Gichuki - Chief Executive Officer	<p>It is important to note that the handing over execution instruments by the Parent Ministry have not been verified. In addition the Water Act, 2016 Regulations have not been gazetted. In this regard, the Agency is awaiting for the gazettelement of the Regulations and the verification of the handing over execution instrument to guide on the transfer of the assets and consequent value of the same assets.</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	Status	Time frame
	<p>1,920,515,078 ON ADF Loan No 2100150015546 ID No. P-KE-E00-005 and Loan No. 21001150021543 on IDNo. P-KE-E00-007 for implementation of Muranga North and Muranga South Bulk Water Supply and Rehabilitation and expansion of urban water supply and sewerage project respectively. Records presented for audit revealed that the loan and interest arrears amounted to Kshs 671,483,760 and comprised of Kshs 324,190,131 for loan No. 21001500155446 and Kshs 347,303,629 for Loan No. 2100150021543.</p> <p>The management in their response explained that upon repeal of Water Act 2002, the new Water Act 2016 created the Water Works Development Agencies replacing the Water Boards. However, the Water Act 2016 did not provide any legal framework to enable the Agencies to collect funds from Water Service Providers (WSPs). In addition, the Water Act 2016 places WSPs under the County Government. In this Circumstances, the loan interest repayment arrears of Kshs 671,493,760 as at 30 June 2021 may remain outstanding for a long period.</p>	<p>was closed on August 2015 and therefore the loan repayment was due from October 2015. The loan has not been serviced due to the following;</p> <p>i. Upon repeal of Water Act 2002, the new Water Act 2016 created the Water Works Development Agencies replacing the Water Boards. However, the Water Act 2016 did not provide any legal framework to enables the Agencies to collect funds from Water Service Providers (WSPs). In addition, the Water Act 2016 places WSPs under the County Government.</p> <p>ii. The Cabinet Secretary, Ministry of Water, Sanitation and Irrigation through a gazette Notice Supplementary No.59 dated 26th April 2019 transferred the Murang'a County Water Service Providers (WSPs) to Athi Water Works Development</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>		

Reference No in the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	<p>2.2 Small Towns & Rural Water Supply and Sanitation Loan No.2100150021543 ID. P-KE-E00-007</p> <p>The statement of Financial position reflects borrowing –ADF loan balance of KSHS 3,373,390,407 as at 30 June 2021 and as disclosed under note 204(a) to the financial statements. This amount comprised of Kshs 1,452,875,329 and Kshs 1,920,515,078 ON ADF Loan No 2100150015546 ID No. P-KE-E00-005 and Loan No. 21001150021543 on IDNo. P-KE-E00-007 for implementation of Muranga North and Muranga South Bulk Water Supply and Rehabilitation and expansion of urban water supply and sewerage project respectively. Records presented for audit revealed that the loan and interest arrears amounted to Kshs 671,483,760</p>	<p>Agency (AWWDA). In view of this transfer, even with a legal framework in place, the Agency has no direct link to the WSPs and therefore the Agency is requesting that this loan be transferred to Athi Water Works Development Agency.</p> <p>The subsidiary loan agreement was Signed on 5th April 2010 between the Government and the then Tana Water Services Board. The proceeds of the loan were for implementation of Water Supply and Sewerage project in the small towns of Othaya, Mukurweini and Maua. The loan was closed in June 2017 and therefore the loan repayment was due from October 2016. The loan has not been serviced due to the following;</p> <p>i. Upon repeal of Water Act 2002, the new Water Act</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>It is important to note that the handing over execution instruments by the Parent Ministry have not been verified. In addition the Water Act, 2016 Regulations have not been gazetted. In this regard, the Agency is awaiting for the gazette of the Regulations and the verification of the handing over execution instrument to guide on the transfer of the assets and consequent value of the same assets.</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	Status	Time frame
	<p>and comprised of Kshs 324,190,131 for loan No. 21001500155446 and Kshs 347,303,629 for Loan No. 2100150021543.</p> <p>The management in their response explained that upon repeal of Water Act 2002 the New Water Act 2016 created the Water Works Development Agencies replacing the Water Boards. However, the water Act 2016 did not provide any legal framework to enable the Agencies to collect funds from Water Services Providers (WSPs). In addition, the Water Act 2016 places WSPs under the County Government.</p> <p>In this circumstances, the loan interest repayments arrears of Kshs 671,493,760 as at 30 June 2021 may remain outstanding for a long period.</p>	<p>2016 created the Water Works Development Agencies replacing the Water Boards. However, the Water Act 2016 did not provide any legal framework to enables the Agencies to collect funds from WSPs. In addition, the Water Act 2016 places WSPs under the County Government.</p> <p>ii. The loan was envisaged to be repaid from revenue collected by WSPs from water and sewerage services. These projects required additional funds for last mile connectivity to enable WSPs to operationalize the project and realize the desired revenue to repay the loan. This has not happened to date and WSPs are not financially able to meet their Operation and Maintenance costs besides servicing of this loan.</p>	<p>Eng Philip Gichuki - Chief Executive Officer</p>		

Reference No in the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
8	<p>3 Recoverability of Trade Receivables.</p> <p>The statement of financial position reflects receivables from exchange transactions balance of Kshs 340,212,185 as at 30 June 2021 and as disclosed under note 18 to the financial statements. Included in this amount is Kshs 335,289,957 relating to outstanding board administrative fee from twenty (20) water service providers WSPs. These recoverability of Trade Receivables is as a result of Water Services Providers failure to remit Board administrative cost fee following directives from respective county Governments not to remit any money to the Agency since provision of water services is a devolved function. Consequently, accumulation of such receivables denies the Agency much needed revenue to run its activities and their recoverability could not be confirmed as at 30th June 2021</p>	<p>The challenge in recoverability of Trade Receivables is as a result of Water Service Providers failure to remit Board Administrative cost Fee following directives from respective County Governments not to remit any money to the Agency since provision of water services is a devolved function</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>The management is considering development of Water and Sanitation Infrastructure within the WSPs area of operation, the WSPs will be required to deposit trade receivables monies with TWWDA. The Agency in pursuit of this strategy has convinced Nyeri Water and Sanitation Company and Nyeri County Government on the plan and a letter of no objection has been awarded for NYEWASCO to deposit KSHS 52,929,735 to implement this undertaking.</p>	
9	<p>Project Verification</p> <p>During the year under review thirteen (13) projects with a contract sum of Kshs 800,616,032 were visited for verification in the month of November, 2021. However, the following observations were made on five (5) of the projects with a contract sum of Kshs, 368,681,560.</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	Status	Time frame
	<p>4.1 Construction of Kanjogu Dam</p> <p>Query: No work done yet contract was signed 30th September 2020 and the contract was 1-year implementation. Implementation of the project had therefore delayed.</p>	<p>The dam is located inside MT. Kenya Forest. The Agency sought authority from Kenya Forest Service (KFS) to construct the dam inside the forest. However, KFS rejected. KFS has finally granted authority in November 2021 for the construction of the dam and the works will commence</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>Easement of ongoing forest moratorium was issued by Kenya Forest Services on 25th March 2022. The projects overall completion is 5% with geotechnical investigations completed and design review ongoing. The expected project completion date is 1st July 2023.</p>	
10	<p>4.2 Construction of Thambo dam</p> <p>Query: No work done yet contract was signed 1st November 2020 and the contract was 1-year implementation. Implementation of the project had therefore delayed.</p>	<p>The dam is located inside MT. Kenya Forest. The Agency sought authority from Kenya Forest Service (KFS) to construct the dam inside the forest. However, KFS rejected. KFS has finally granted authority in November 2021 for the construction of the dam and the works will commence</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>Easement of ongoing forest moratorium was issued by Kenya Forest Services on 25th March 2022. The projects overall completion is 5% with geotechnical investigations completed and design review ongoing. The expected project completion date is 1st July 2023.</p>	
11	<p>4.3 Construction of Nkubiu Mulika Water Project</p> <p>Query No. (b) Intake and storage tanks not done, therefore the project does not benefit the</p>	<p>The project was an extension of supply line from the existing old intake at Thanantu river. The scope of Work for Phase1 was to</p>	<p>Eng. Philip Gichuki - Chief Executive Officer</p>	<p>The Agency is awaiting for approval of the proposed budget for phase II from the Parent Ministry.</p>	

Reference No on the external audit report	Issue/Observations from Auditor	Management comments	Focal point person to resolve the issue	Status	Time frame
	community	Supply, lay and join different sizes (225mm/110mm) of uPVC pipes for approximately 2.5km. Installation of Hydraulic Valves and construction of Valve Chambers and River crossings. This was as per the available budget. The proposal for phase 2 will consist of extension of 3km main pipeline, 2no storage tanks and 8km distribution pipelines. Budget for these works have been forwarded to the Ministry for consideration.			
12	4.5 Kietherani Rock Catchment Query No (iv.) In the surrounding there was no significant indication that the project had enhanced some social economic growth to the community.	The management wishes to state that water is not supplied by a pipeline but the community gets water by use of containers and have a timetable for the activity.	Eng Philip Gichuki - Chief Executive Officer	The Agency is developing a proposal for funding of pipeline extension of approximately 2km and construction of a water kiosk to reduce the distance that the beneficiaries cover to access the water.	


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Dr. David N. Muthoga
Board Chairman
Date: 30 August 2022


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Eng. Philip Gichuki
Chief Executive Officer
Date: 30 August 2022

APPENDIX II : PROJECTS IMPLEMENTED BY TANA WATER WORKS DEVELOPMENT AGENCY
Projects implemented by the Agency funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor/GoK commitment (Kshs)	Separate donor reporting (Yes/No)	Consolidated in the Financial Statement
A AfDB - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1 Kerugoya Kutus Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,301,651,496	Yes	Yes
2 Kerugoya Kutus Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	544,099,510	Yes	Yes
3 Chuka Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	606,550,711	Yes	Yes
4 Chuka Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	472,960,411	Yes	Yes
5 Chogoria Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	645,288,468	Yes	Yes
6 Chogoria Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	449,442,491	Yes	Yes
7 Meru Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,138,500,000	Yes	Yes
8 Mandera Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,752,581,600	Yes	Yes
9 Mandera Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	978,871,630	Yes	Yes
10 Marsabit Water Supply Project	ID NO.P-KE-E00-011	AfDB	18 Months	740,006,322	Yes	Yes
11 Marsabit Sewerage Project	ID NO.P-KE-E00-011	AfDB	18 Months	1,270,403,927	Yes	Yes
12 Murang'a Urban Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	57,500,000	Yes	Yes
13 Murang'a South Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	34,500,000	Yes	Yes
14 Othaya Sewerage Project	ID NO.P-KE-E00-011	AfDB	10 Months	69,000,000	Yes	Yes
15 Isiolo Town Water Supply and Sewerage	ID NO.P-KE-E00-011	AfDB	10 Months	115,000,000	Yes	Yes
16 Garisa Town Water Supply	ID NO.P-KE-E00-011	AfDB	10 Months	230,000,000	Yes	Yes
17 Institution Support	ID NO.P-KE-E00-011	AfDB	6 Months	410,300,000	Yes	Yes
18 Climate Change Adaptation	ID NO.P-KE-E00-011	AfDB	6 Months	181,500,000	Yes	No
Total				10,998,156,567		

Project title	Project Number	Donor	Period/ duration	Donor/GoK commitment (Kshs)	Separate donor reporting (Yes/No)	Consolidated in the Financial Statement
B ADF - Kenya Towns Sustainable Water Supply and Sanitation Programme						
1 Nanyuki Water and Sewerage Project	ID NO, P-KE-E00-011	ADF	18 Months	80,000,000	Yes	Yes
Total				80,000,000		
Grand Total				11,078,156,567		

Status of Projects Completion

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Fund
A.	AfDB Kenya Towns Sustainable Water Supply and Sanitation						
1	Kerugoya Kutus Water Supply Project	1,301,651,496	819,663,248	57%	372,859,639	417,574,324	AfDB
2	Kerugoya Kutus Sewerage Project	544,099,510	333,202,199	76%	128,993,553	128,993,553	AfDB
3	Chuka Water Supply Project	606,550,711	312,781,176	30%	112,102,323	172,587,403	AfDB
4	Chuka Sewerage Project	472,960,411	327,929,889	53%	91,832,765	102,787,302	AfDB
5	Chogoria Water Supply Project	645,288,468	478,841,896	97%	166,526,905	164,884,531	AfDB
6	Chogoria Sewerage Project	449,442,491	204,007,209	54%	3,086,068	60,251,978	AfDB
7	Meru Sewerage Project	1,138,500,000	471,875,887	51%	176,276,247	155,431,320	AfDB
8	Mandera Water Supply Project	1,752,581,600	1,088,333,242	72%	284,600,868	282,112,490	AfDB
9	Mandera Sewerage Project	978,871,630	715,896,517	70%	234,190,446	332,557,766	AfDB
10	Marsabit Water Supply Project	740,006,322	513,195,133	91%	177,317,822	138,552,167	AfDB
11	Marsabit Sewerage Project	1,270,403,927	841,059,902	82%	407,022,173	348,638,721	AfDB
12	Murang'a Urban Water Supply	57,500,000	55,068,004	100%	2,949,712	1,376,702	AfDB
13	Murang'a South Water Supply	34,500,000	26,148,885	100%	15,078,716	9,370,782	AfDB
14	Othaya Sewerage	69,000,000	54,643,168	100%	18,734,054	36,744,712	AfDB
15	Isiolo Town Water Supply & Sewerage	115,000,000	49,683,749	100%	-	-	AfDB
16	Garisa Town Water Supply	230,000,000	144,224,905	100%	67,329,758	98,290,996	AfDB
17	Institution Support	410,300,000	16,000,000	40%	16,000,000	16,000,000	AfDB
18	Climate Change Adaptation	181,500,000	-	-	-	-	AfDB
19	ERP	-	9,183,264	70%	-	-	AfDB
20	Exhauster	-	76,289,654	100%	-	-	AfDB
	Total	10,998,156,567	6,538,027,927		2,274,901,049	2,466,154,747	

	Project title	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of Fund
B.	ADF Kenya Towns Sustainable Water Supply and Sanitation						
1	Nanyuki Water and Sewerage Project	80,000,000	14,792,850	5%	-	14,792,850	ADF
	Total	80,000,000	14,792,850		-	14,792,850	
	Grand Total	11,078,156,567	6,552,820,777		2,274,901,049	2,480,947,597	

APPENDIX III: Inter – Entity Transfers

Entity name		Tana Water Works Development Agency		
Break down of transfers from the Ministry of Water, Sanitation & Irrigation				
FY 2021/2022				
a.	Recurrent Grants	Bank Statement Date	Amount (KES)	FY to which the amounts relate
		06-07-2021	11,333,333	FY 2020/21
		11-08-2021	11,083,333	FY 2021/22
		29-09-2021	11,083,333	FY 2021/22
		30-09-2021	11,083,333	FY 2021/22
		02-12-2021	11,083,333	FY 2021/22
		07-01-2022	11,083,333	FY 2021/22
		08-01-2022	11,083,333	FY 2021/22
		10-02-2022	11,083,333	FY 2021/22
		08-03-2022	11,083,333	FY 2021/22
		04-04-2022	11,083,333	FY 2021/22
		09-05-2022	11,083,333	FY 2021/22
		07-06-2022	11,083,000	FY 2021/22
		30-06-2022	11,083,000	FY 2021/22
	Total		144,332,663	
b.	Development Grants			
1.	National Water Harvesting and Ground Explorations Programme	09-07-2021	102,541,659	FY 2020/21
		29-10-2021	6,500,000	FY 2021/22
		Sub Total	109,041,659	
2.	Cross County Water Project	07-07-2021	394,500,000	FY 2020/21
		29-10-2021	69,000,000	FY 2021/22
		09-05-2022	69,000,000	FY 2021/22
		Sub Total	532,500,000	
3.	ADB Kenya Towns	09-07-2021	225,000,000	FY 2020/21
		26-08-2021	31,250,000	FY 2021/22
		01-11-2021	31,250,000	FY 2021/22
		20-04-2022	62,500,000	FY 2021/22
		Sub Total	350,000,000	

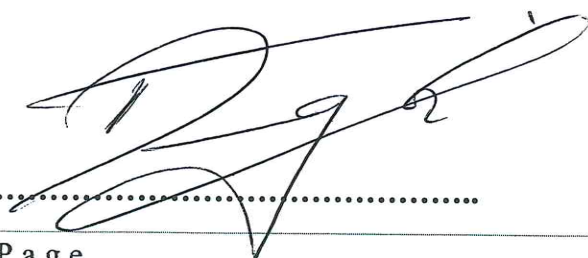
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	Bank Statement Date	Amount (KES)	FY to which the amounts relate	
4	Water Meters	07-07-2021	10,000,000	FY 2020/21
		Sub Total	10,000,000	
5.	Drought Mitigation	19-11-2021	40,000,000	FY 2021/22
		Sub Total	40,000,000	
6.	Water for Schools	29-10-2021	31,500,000	FY 2021/22
		Sub Total	31,500,000	
7.	NRW Intervention	29-10-2021	20,000,000	FY 2021/22
		26-04-2022	10,000,000	FY 2021/22
		Sub Total	30,000,000	
8.	Universal Health Care Coverage	25-11-2021	32,865,000	FY 2021/22
		23-06-2022	9,264,000	FY 2021/22
		Sub Total	42,129,000	
9	Drilling of Kiamuringa Borehole	20-01-2022	2,000,000	FY 2021/22
		Total	2,000,000	
		TOTAL	1,147,170,659	
b.	Direct Payments			
	TWWDA	Date Disbursement Request Submitted to MWS&I	Amount (KES)	FY to which the amounts relate
	140	16-07-2021	33,133,639	FY 2021/22
	141	16-07-2021	8,283,410	FY 2021/22
	142	15-07-2021	46,800,005	FY 2021/22
	143	15-07-2021	11,700,001	FY 2021/22
	145	19-07-2021	58,521,815	FY 2021/22
	146	26-07-2021	18,734,054	FY 2021/22
	147	27-07-2021	77,688,050	FY 2021/22
	148	27-07-2021	33,294,878	FY 2021/22
	149	27-07-2021	27,436,726	FY 2021/22
	150	27-07-2021	4,466,444	FY 2021/22
	151	27-07-2021	4,061,846	FY 2021/22
	152	27-07-2021	891,625	FY 2021/22

**Tana Water Works Development Agency
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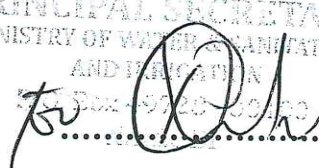
c.	Direct Payments			
	NWWDA	Date Disbursement Request Submitted to MWS&I	Amount (KES)	FY to which the amounts relate
	134	14-07-2021	22,034,130	FY 2021/22
	135	14-07-2021	22,034,129	FY 2021/22
	136	14-07-2021	13,184,700	FY 2021/22
	137	14-07-2021	13,184,700	FY 2021/22
	138	14-07-2021	21,117,255	FY 2021/22
	139	14-07-2021	21,117,255	FY 2021/22
	153	27-07-2021	54,555,618	FY 2021/22
	154	27-07-2021	54,555,618	FY 2021/22
	156	16-08-2021	136,337,022	FY 2021/22
	155	07-10-2021	16,000,000	FY 2021/22
	159	07-10-2021	13,994,406	FY 2021/22
	160	07-10-2021	27,988,811	FY 2021/22
	161	08-10-2021	6,574,600	FY 2021/22
	163	09-11-2021	9,148,136	FY 2021/22
	164	09-11-2021	25,332,191	FY 2021/22
	165	10-11-2021	72,425,661	FY 2021/22
	166	10-11-2021	72,425,661	FY 2021/22
	167	10-11-2021	66,116,554	FY 2021/22
	168	10-11-2021	66,116,554	FY 2021/22
	171	26-11-2021	135,687,267	FY 2021/22
	179	07-01-2022	38,381,271	FY 2021/22
	180	07-01-2022	38,381,272	FY 2021/22
	181	07-01-2022	45,595,579	FY 2021/22
	182	07-01-2022	45,595,579	FY 2021/22
	183	07-01-2022	8,218,250	FY 2021/22
	186	26-01-2022	20,176,404	FY 2021/22
	199	16-02-2022	32,849,431	FY 2021/22
	216	07-06-2022	50,427,849	FY 2021/22
	217	07-06-2022	50,427,849	FY 2021/22
	218	14-06-2022	30,961,238	FY 2021/22
	Sub Total		1,230,944,990	
	Grand Total		2,480,947,597	

**Chief Manager Finance & Resource Mobilization
Tana Water Works Development Agency**

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**Head of Accounting Unit
Ministry of Water, Sanitation
& Irrigation**

PRINCIPAL SECRETARY
 MINISTRY OF WATER, SANITATION
 AND IRRIGATION



ANNEX I

A) Agency Administrative Cost Fee Earned During The Reporting Period

	2021/2022	2020/2021
WSP Company	Amount (KES)	Amount (KES)
Muthambi 4 K	-	5,945
Sub Total	-	5,945

(B) Agency Administrative Cost Fee Arrears collected During The Reporting Period

	2021/2022	2020/2021
WSP Company	Amount (KES)	Amount (KES)
Embe	200,000	-
Gatamathi	-	-
Kahuti	1,000,000	1,000,000
Murang'a South	2,750,000	-
Muthambi 4 K	-	76,000
Nginda Ngandori	-	-
Nithi	204,886	300,000
Othaya Mukurwe-ini	-	-
Tetu-Aberdare	570,000	285,000
Tuuru	100,000	-
Naromoru	180,000	-
Sub Total	5,004,886	1,661,000
Grand Total	5,004,886	1,666,945

ANNEX II

(A) Trade Debtors as at 30 June 2022

	2021/2022	2020/2021
WSP Company	AMOUNT (KES)	AMOUNT (KES)
Embe	572,885	772,885
Embu	73,169,455	73,169,455
Gatamathi	6,395,840	6,395,840
Imetha	7,962,466	7,962,466
Kahuti	5,790,232	6,790,232
Kathita Gatunga	934	934
Kirinyaga	16,743,785	16,743,785
Mathira	34,116,395	34,116,395
Meru	51,135,957	51,135,957
Murang'a	49,922,918	49,922,918
Murang'a South	20,799,784	23,549,784
Ngandori Nginda	14,641,753	14,641,753
Nithi	-	204,886
Nyeri	52,929,735	52,929,735
Othaya Mukurwe-ini	23,975,157	23,975,157
Ruiri Thau	409,839	409,839
Tetu Aberdare	1,924,433	2,494,433
Tuuru	5,855,379	5,955,379
Naromoru	1,192,564	1,372,564
Sub Total	367,539,511	372,544,397
LESS: 10% General Provision for Bad and Doubtful Debts	(36,753,951)	(37,254,439.70)
Net Trade Debtors	330,785,560	335,289,957

(B) Exhauster & Water Bowser Debtors as at 30 June 2022.

Nyeri Water Company	17,000	17,000
Nyeri County Government	71,000	71,000
Tharaka Nithi County	600,000	600,000
Othaya Mukurwe-ini Water Company	7,000	7,000
Murang'a Water Company	1,576,378	2,404,693
Mukurwe-ini Sub County Dispensary	28,000	28,000
Embu	60,000	60,000
Sub Total	2,359,378	3,187,693
Grand Total	333,144,938	338,477,650

Annex III

Employee Costs (Salary Surcharge) as at 30th June 2022

		FY 2021/2022	FY 2020/2021
Name of Officer	P/No	Amount KES	Amount KES
Michael Mabumba		86,860	112,924
Josephat Onserio		71,055	155,055
SUB TOTAL		157,915	267,979

Annex IV

Employee Costs (Salary Advance) as at 30th June 2022

		FY 2021/2022	FY 2020/2021
Name of Officer	P/No	Amount Kshs	Amount Kshs
Caroline Wanjiru		20,000	-
Michael Mwangi		-	7,066
SUB TOTAL		20,000	7,066

ANNEX V

List of Creditors as at 30 June 2022

Details	FY 2021/2022	FY 2020/2021
	Amount KES	Amount KES
A. RECURRENT		
Kenya National Audit Office	1,160,000	1,740,000
Massatech Ltd	-	520,000
G-Net Technologies	-	324,220
Rentokil Initials	15,538	
King'ong'o Junction	224,523	-
Sterling Grand Services Limited	-	93,571
Payroll Liabilities	-	2,708,833
Sub Total	1,400,061	5,386,624
B. DEVELOPMENT		
Ranju Ltd	-	4,080,017
AMG Sagrin Ltd	-	2,913,530
Mazingira & Engineering Consultants Ltd	267,120	267,120
Global View Associate	128,310	128,310
Mithega K & Advocates	1,830,164	1,830,164
Gichuhi Mwangi	614,217	614,217
Land*	108,655,304	131,391,572
Sub Total	111,495,115	141,224,930
Grand Total	112,895,176	146,611,554

**This relates to pending land cost acquired for implementation of ADB Funded Projects as follows;*

i. Chuka Sewerage Infrastructure

Date	Particulars	Amount KES
27-May-20	Henry Kithinji - Land LR. Karingani/Ndagani/1938	323,485
27-May-20	Jediline Muthoni - Land LR. Karingani/Ndagani/1938	228,457
27-May-20	Eliphira Kanyua - Land LR. Karingani/Ndagani/1938	180,127
27-May-20	Janet Mwendu - Land LR. Karingani/Ndagani/1938	180,127
27-May-20	Purity Murugi - Land LR. Karingani/Ndagani/1938	180,127
11-Jun-20	Julius Mbabu Findenzio- Land LR. Karingani/Ndagani/11546	392,897
27-May-20	Mary Njeri - Land LR. Karingani/Ndagani/1938	108,608
	Total	1,593,828

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ii. Chogoria Sewerage Infrastructure

Date	Particulars	Amount KES
17-Mar-20	Ashford Miti Mjurianki - Land LR.WIMBI/KIRARO/665	533,747
7-Apr-20	Maingi Chambari - Land LR.WIMBI/KIRARO 657	854,063
7-Apr-20	Japhet Mwambia Mukinda - Land LR.WIMBI/KIRARO/732	1,174,245
7-Apr-20	Julian Riungu - Land LR.WIMBI/KIRARO/599	2,348,500
7-Apr-20	Beatrice Nkuene - Land LR.WIMBI/KIRARO/655	640,497
14-Sep-20	Hellen Kaburi Kairenya -L.R No Mwimbi/KIRARO/147	480,000
14-Sep-20	Wilfed Micheni Kiaranya -L.R No 147	239,572
14-Sep-20	Nicholas Riungu Kairanya -L.R No Mwimbi/KIRARO/147	239,572
14-Sep-20	Japhet Kariuki Kairanya -L.R No Mwimbi/KIRARO/147	239,572
14-Sep-20	James Kairanya -L.R No Mwimbi/KIRARO/147	719,572
14-Sep-20	Caroline Wanja Nkonge -L.R No Mwimbi/KIRARO/276	30,000
14-Sep-20	Wilson Mutembei Nkiria -L.R No Mwimbi/KIRARO/652	344,267
14-Sep-20	Frank Kirugara S Kathimbu -L.R No Mwimbi/KIRARO/273	884,687
14-Sep-20	Timothy Mugendi Kathenya - L.R No Mwimbi/KIRARO/744	195,251
14-Sep-20	Calumen Kangai Kaithenya - L.R No Mwimbi/KIRARO/744	84,000
14-Sep-20	Kimathi Kathenya - L.R No Mwimbi/KIRARO/744	195,251
01-09-21	Catherine Kathure Marete	2,937,930.00
	Total	12,140,726

iii. Chogoria Water Project

Date	Particulars	Amount KES
16-02-22	Loyd Nyaga - LR MWIMBI/CHOGORIA/3882	600,000
	Total	600,000

iv. Marsabit Sewerage Infrastructure

Date	Particulars	Amount KES
13-Mar-20	Saleh Salim M Addulla- Land LR. Marsabit/Mountain/538	29,652,000
13-Mar-20	Hassan Salim Mohamed- Land LR. Marsabit/Mountain/56	29,652,000
25-Jan-22	Abubakar Salim Baslum- Land LR. Marsabit/Mountain/539	27,817,650
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/1059	771,000
22-Mar-22	Denge Godona Qarbicha - Land LR. Marsabit/JIRME/592	481,860
24-05-22	Fatuma Bagaja - Land L.R Marsabit/Mountain/53	1,927,440
24-05-22	Omar Salim - Land L.R Marsabit/Mountain/1912	771,000
23-06-22	Soke Ote Soke- Land LR Marsabit/Mountain/2647	1,734,720
23-06-22	Ali Elema Kapchowa- Land LR Marsabit/Mountain/1911	877,020
23-06-22	Hibro Huka- Land LR Marsabit/Mountain/1912.	636,060
	Total	94,320,750
	Grand Total	108,655,304