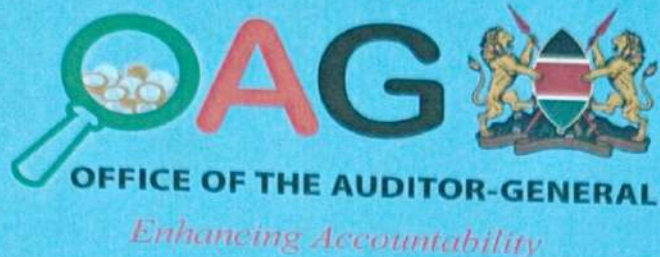


REPUBLIC OF KENYA



REPORT

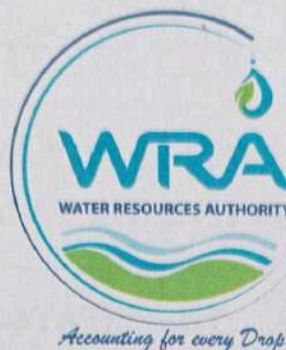
OF

THE AUDITOR-GENERAL

ON

WATER RESOURCES AUTHORITY

FOR THE YEAR ENDED
30 JUNE, 2022



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

22 FEB 2023

RECEIVED

WATER RESOURCES AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2022

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

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

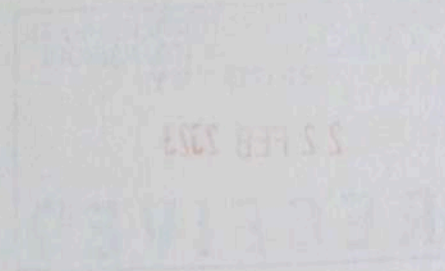


Table of Contents

1. KEY ENTITY INFORMATION AND MANAGEMENT	iv
2. MANAGEMENT BOARD	x
3. MANAGEMENT TEAM.....	xiv
4. CHAIRMAN'S STATEMENT.....	xvi
5. REPORT OF THE CHIEF EXECUTIVE OFFICER	xvii
6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR 2021-2022	xxi
7. CORPORATE GOVERNANCE STATEMENT	xxix
8. MANAGEMENT DISCUSSION AND ANALYSIS	xxxvii
9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xli
10. REPORT OF THE MANAGEMENT BOARD	xlvi
11. STATEMENT OF MANAGEMENT BOARDS' RESPONSIBILITIES.....	xlvii
12. REPORT OF THE INDEPENDENT AUDITORS FOR WATER RESOURCES AUTHORITY	xlvi
13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022	1
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022	2
15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022	3
16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	4
17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022	5
18. NOTES TO THE FINANCIAL STATEMENTS.....	7
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS...	59
APPENDIX III: INTER-ENTITY TRANSFERS	66
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	67

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Water Resources Management Authority was established pursuant to the provision of Section 7 of the Water Act, 2002, Laws of Kenya and was operationalized in July 2005. The Authority's principal mandate under this legislation was the management of water resources in the whole country.

A new statutory regime necessitated by the need to conform to the Constitution of Kenya 2010, international instruments that Kenya has ratified by virtue of Article 2(6) of the Constitution as well as Vision 2030 and the Sustainable Development Goals (SDG's); legislation of the Water Act, 2016 was accordingly initiated. The Water Act, 2016 was passed into law on 14th September, 2016 and came into operation on 21st April, 2017. This effected a change of the Authority's name from Water Resources Management Authority to Water Resources Authority.

The Water Resources Authority (WRA) is established under Section 11 of the Water Act, 2016 and is mandated, on behalf of the National Government to regulate the management and use of water resources across the country.

Our approach as an Authority in safe guarding the resource is entrenched in the Country's Big 4 development agenda, Vision 2030 strategic objective on water and sanitation and the SDG 6 all these agenda's and objectives aim not only to increase water resources availability for multipurpose use but also improve the quality and sustainability of water resources.

Water Resources Authority operates through the Regional Offices established in the six Basins, namely: Athi, Ewaso Ngiro, Lake Victoria South, Lake Victoria North, Rift Valley and Tana Catchment Areas. The Catchment Areas have been gazetted as Basin Areas for purposes of compliance with the provisions of the Water Act, 2016. In addition, the Authority has delineated the six Basins into 26 Sub-basins which operate as sub-regional offices. The Authority partners/collaborates with key stakeholders in integrated water resource management activities to deliver its mandate to the public.

(b) Principal Activities

The principal mandate of the Authority is to regulate the management and use of water resources on behalf of the National Government.

Vision

To be a global leader in Water Resources Regulation and Management

Mission

To effectively regulate and manage water resources for sustainable development

Strategic Objectives

1. Strengthening monitoring networks to enhance data collection and improve information management system.
2. Improving the use of water resources management tools for effective water resources planning and allocation
3. Strengthen stakeholder collaboration to enhance water storage and adaptation to climate change impact
4. Strengthen enforcement mechanism and collaboration for effective catchment protection and conservation
5. Building staff capacity and improving work environment
6. Enhance Resources mobilization and effective use of finance.

(c) Key Management

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

- Management Board
- Chief Executive Officer
- Management

(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	- Mohammed M. Shurie, OGW
2.	Principal Finance officer	-Ashton Mulupi
3.	Manager Water Resources Assessment & Monitoring	-Mr. John M. Kinyanjui
4.	Assistant Manager Legal Officer	-Janet Olewe
5.	Principal supply chain officer.	Samuel Mutuku

(e) Fiduciary Oversight Arrangements

(i) Management Board

The powers and functions of the Authority are exercised and performed under the direction of the Management Board which consists of a Chairman appointed by the President, five independent Directors and four members appointed by the Cabinet Secretary responsible for matters relating to water and representatives from various oversight offices, namely:

- The Principal Secretary responsible for matters relating to finance or his representative;
- The Principal Secretary responsible for matters relating to water or his representative;
- The Principal Secretary responsible for matters relating to environment or his representative;
- The Principal Secretary responsible for matters relating to land or his representative

Section 15(1) of the State Corporations Act Cap. 446 gives Boards of Directors the responsibility for management of the affairs of State Corporations. In this regard the Board is accountable for the moneys, financial business and the management of the Authority.

Under the Water Act, 2016, the Board's functions are to:

- Administer the assets of the Authority in such manner as best promotes the purpose for which the Authority is established;
- Ensure protection, where necessary, of the assets and developments of the Authority;
- Determine the provisions to be made for capital and recurrent expenditure and for the reserves of the Authority;
- Receive any grants, gifts, donations or endowments and make legitimate disbursements there from;
- Invest any funds of the Authority not immediately required for its purposes;
- Delegate any of its powers; and
- Undertake any activity necessary for the fulfillment of any of the functions of the Authority.

(ii) Board Committees

Finance and Support Services Committee

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

Resource Mobilisation Committee.

Resource Mobilisation Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fund raising, activities and forecasting the same in line with the statutory mandate.

Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the regulation of water resources management.

Audit Committee

Final management reports are submitted to the board audit and Risk committee having been verified by the Authority's head of Internal Audit.

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees the Authority's standards of integrity and behaviour, reporting of financial information and internal control systems.

(iii) Ministry of Water, Irrigation and Sanitation

Every year the Authority submits an annual report on the state of national water resources strategies in Kenya. The water situation report and performance report is disseminated to the public for purposes of their information and feedback.

Quarterly and Annual management reports submitted to the Ministry of Water and Sanitation for review and approval of the budgetary requirements before presentation to the parliamentary investment committee of environment and natural resources.

(iv) Parliamentary investment committee and Parliamentary committee on environment, and natural resources.

Budget proposals and implementation reports are reviewed by the parliamentary committee for environment and natural resources. The final financial reports are submitted to the parliamentary investment committee to ensure value for money and adherence to Government financial regulations and procedures.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) WRA Headquarters

Water Resources Authority
NHIF Building, 4th, 9th & 10th Floors.
Ragati Road
P. O. Box 45250-00100
Nairobi, Kenya

(g) WRA Contacts

Tel. 2732291, 2729048/49
E-mail: wra@wra.go.ke
Website: www.wra.go.ke
Twitter: @WRA_Kenya

(h) WRA Bankers

1. National Bank of Kenya
Hill Branch
P.O. Box 45219-00100
Nairobi, Kenya
2. Kenya Commercial Bank
Moi Avenue Branch
P.O. Box 48400 - 00100
Nairobi, Kenya
3. Equity Bank
Community Branch
P.O. Box 75104-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

Advocates:

1. Prof. Albert Mumma & Company Advocates
5th avenue office suites
5th floor suite no. 1
5th Ngong Avenue
P.O Box 10481 – 00100
Nairobi, Kenya
2. Garane & Associates Advocates
P.O Box 20617-00100
Nairobi
Hughes Building
4th Floor Kenyatta Avenue
0205100194/2631541
Info@garane advocates.com

2. MANAGEMENT BOARD



Hon. Isaac Kuntai Kool
Msc. Environmental Biology and MBA-
Strategic Management

Chairman of Water Resources Authority
Board of Management

DOB: 16th March, 1984



Ms. Rael Chebichii Lelei
Bachelor's degree in development studies

Ms. Rael Chebichii is a social worker and
community development specialist.

Independent Director

DOB: 15th December, 1984



Mr. Nelson Patrick Baiyu

Btec (Nautical science & shipping) UK and
Master mariner (class 1 deck –nautical
science & shipping) UK

Mr. Baiyu has been a captain and a chief
officer (deep-sea foreign going ships) for over
25years. He is an independent director and
member of audit committee

DOB: 22nd November, 1954



Augustine K. Kenduiwo
BSc. Agriculture and Masters Degree in
Environmental Planning and Management

P.S. Representative, Ministry of Environment and Forestry.

Mr. Kenduiwo is a Deputy Director Climate Change in the Ministry of Environment and Forestry. A career Civil servant with over 29 years' experience in the fields of Agriculture and Environmental Stewardship within the Public Sector.

DOB: 1st March 1965



Rev. Simon Kiuta Lonyayo

Master of Divinity (M.DIV) and currently pursuing Phd. in theology in Africa International University.

A university lecturer and theologian of over 30 years and has been a director in various state corporations for over 6 years.

He is an independent Director and Member of Audit committee

DOB: 1st June, 1964



Ms. Rose Ndinda Wambua

Associate in Banking and has a Bsc. Major: Business Administration (honors) from USIU.

Rose is an experienced Banker with over 30 years in the industry. She is a critical thinker with excellent problem solving skills and passion in sustainable development of businesses.

Currently she an independent director and Chairperson Audit and Risk Committee

DOB: 14th July, 1961

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022



Mr. Eric Wokabi Mungai

Bachelor of Commerce degree and a Certified Public Accountant.

He is a Businessman with vast experience in finance and operations.

Currently an independent director and Chairperson Board Resource Mobilization Committee

DOB: 8th May, 1966



Mr. John Legishion Kitilit

Higher Dip. Engineering

A career Administrator with over 30 years' experience in Public Service.

Currently an independent director and Chairperson Board Finance Committee

DOB: 2nd February, 1962







Mr. Moses K. Kanagi

BA and Masters Degree in Economics.




CS. Representative, the National Treasury

Mr. Kanagi is an Economist with over 20 years' experience in Public Sector. Currently he is the Director External Resources at the National Treasury.

DOB: 23rd August, 1966

 <p>James Sitiency</p>	<p>Representative Inspector General of State Corporations Mr Siteinei is a career Administrator specifically bringing in oversight roles of Inspector General of state corporations.</p> <p>DOB: 26th December 1966</p>
 <p>Mr. Ndiani Nderi Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.</p>	<p>P.S. Representative State Department of Water.</p> <p>An advocate of the High Court of Kenya with 10 years' experience in the practice of law.</p> <p>DOB: 6th August, 1983</p>
 <p>Mr. Mohamed Moulid Shurie OGW</p> <p>BSC Phy/Math, BSC Geology, MBA Executive</p>	<p>Chief Executive Officer and an <i>ex officio</i> member of the Board.</p> <p>DOB: 8th December, 1962</p>
 <p>Mrs. Janet Olewe-Ochieng'</p> <p>Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.</p>	<p>Chief Legal Officer</p> <p>An advocate of the High Court of Kenya with 10 years' experience in the practice of law.</p>

3. MANAGEMENT TEAM

 <p>Mr. Mohamed M. Shurie, OGW</p> <p>BSC Phy/Math, BSC Geology, MBA Executive,</p>	<p>Chief Executive Officer</p>
 <p>Ashton Mulupi.</p> <p>Bachelor of commerce, CPA (K)</p>	<p>Principal Finance Officer. 18years Experience in both private and public service</p>
 <p>Mr. John Kinyanjui</p> <p>Bsc. Geology</p>	<p>Manager Water Resources Assessment & Monitoring.</p>



Mrs. Janet Olewe-Ochieng'

Bachelor of Laws Degree (LL.B) and a Post-Graduate Diploma from the Kenya School of Law.

Chief Legal Officer/Company Secretary

An advocate of the High Court of Kenya with 10 years' experience in the practice of law.



Mr. Samuel Mutuku

Masters of Business Management & Administration (Procurement & Supplies Chain Management), Bachelor of Business Administration & Management (Purchasing & Supplies Chain Management). MKISM, MCIPS

Principal Supply Chain Mgt officer

18years Experience in both private and public service

4. CHAIRMAN'S STATEMENT



The Financial Year 2021-2022 has indeed been eventful. Many organizations are grappling with the aftermath of the pandemic which brought with it a myriad of consequences, opportunities and challenges. Some were felt immediate however some continue to be experienced after years. Complying with the prevention measures meant among others, working from home. It has not been evaluated to date its effect especially in the public sector. Despite these challenges, the Authority was able to make commendable progress in various thematic areas. There is notable increase in the number of Water Abstraction and Pollution surveys conducted, Sub catchment plans implemented, strengthening of data management, Protection of water catchment areas, Rehabilitation of water monitoring stations, and Riparian marking and pegging.

Whereas this is commendable, it must be noted that the state of water quality in the country remains in dire state. Water quantity preservation also needs concerted efforts because of the increasing competing needs for the resource that threaten its sustainability. There must be effort to compare the achievements gained with tangible evidence on the ground. Catchment protection especially in the water towers needs to be prioritized.

This cannot be achieved without increase in funding from the government and external partners. We call upon all our strategic constituencies to collaborate with us in propagation of our mandate.

Hon. Isaac Kuntai Kool
CHAIRMAN, WRA MANAGEMENT BOARD

5. REPORT OF THE CHIEF EXECUTIVE OFFICER



I am pleased to inform you that in the last financial year, we were able to surpass our targets in many areas. Key areas like water use fees, water processing, customer delivery, and effluent discharge and data sales recorded commendable percentage increase in revenue. The area of data transmission also recorded a 10% increase. Riparian marking as well surpassed its target by 125kms.

The last financial year recorded the launch of The National Data Center at the Headquarters. The center which is now fully setup in terms of physical infrastructure and internet connection receives real time data from the six Regional Data Centers at each of the Basin Area Offices. This data has been of great value in shaping key decisions in the development agenda.

In terms of capacity building staff in various areas of specialization, we have recorded positive milestones a case in point being on the on Hydrological Monitoring. As a result, a proposal for optimum hydrological monitoring network for Tana River Basin is in place. This has also enabled determination of data coverage for all hydrometric stations in Tana River Basin.

There has been an increase in reviewing of exploratory boreholes at Kambi Graba, Changamwe and Muserechu and Wajir Bor. We were also able to drill monitoring wells within the sand dunes in Lamu County as well as develop a Water allocation plan for the county. In a bid to improve catchment protection, the number of trees planted across the sub-basins increased to 40224.

Another notable achievement with regards to security is the installation of a Network Security Firewall and Biometric system at Headquarters. This has greatly enhanced data protection. With regards to management information systems, various information assets have been established one of which is the MIKE INFO Water Resources Information Management System.

We must not forget to mention the impact that the 4th and 5th Rapid Results initiative wave had in expediting realization of these targets. Of notable importance was a target surpass of 587 in the issuance of permits and conversion of authorizations to permits. Water abstraction also surpassed its target by 333,821.95 m³/day.

This among other achievements were carried out in compliance with Covid 19 prevention measures.

Despite all these achievements, we must put in efforts to ensure that the targets are increased every financial year. We also need concerted efforts to increase externally generated funds. There is great need to boost external relations so as to generate collaborative support in propagating our mandate in key thematic areas.

Below are the achievements in key thematic areas;

i. Revenue

The Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority to improve on revenue collection.

During the period ended 30th June 2022 the Authority was able to collect cumulatively KES 812 million as internally generated funds (AIA). A setback in realization of set targets was the covid-19 pandemic but the Management intends to intensify efforts and improve on the level of revenue collections in future in order to reduce the current financing gap.

ii. Expenses

The Authority's expenses were cumulatively KES 1,524,975,732 Billion of which staff costs salaries and other remunerations still remains the major cost component accounting for 58 % of the total expenses.

In comparison to available funds of KES 1,504,088,446 Billion the authority operated on a KES (20,887,286) deficit.

iii. Innovation

The Authority believes in continuous innovation in improving service delivery to its stakeholders. The Authority has embraced the use of Information Communication Technology (ICT) in the provision of services. As of end of the financial year under review, the Authority had configured File Transfer Protocol (FTP) server to enable online submission of databases for surface water, ground water, water quality and climate data (i.e. data on precipitation, temperature and humidity). The Authority is implementing the Smart Meter installation by all water abstractors.

iii. Education and awareness creation

One of the core functions of the Authority is to educate the population and create environmental awareness in the country. This is done by engaging several stakeholders in diverse sectors of the economy, undertaking awareness activities, and meeting the general public. The following activities were undertaken during the FY 2021/2022:

- Finalized the gazettment process of Lamu groundwater entailing review of land ownership entitlements with a view to conserve Lamu sand dunes catchments.

iv. Partnerships

Through the period under review the Authority had the following development partners who continued supporting its mandate:

- World Bank funded - Kenya Water Security and Climate Resilience Project (KWSCR)

v. Employee relations

The Human Resource component in Water Resources Authority continues to play a critical role in the achievement of the organizational goals as stipulated in the Strategic Plan.

The Authority believes in the best skills for best performance. It has therefore continuously improved staff development. During the period under review a number of staff were trained on Quality Management System ISO 9001: 2015 amongst other courses.

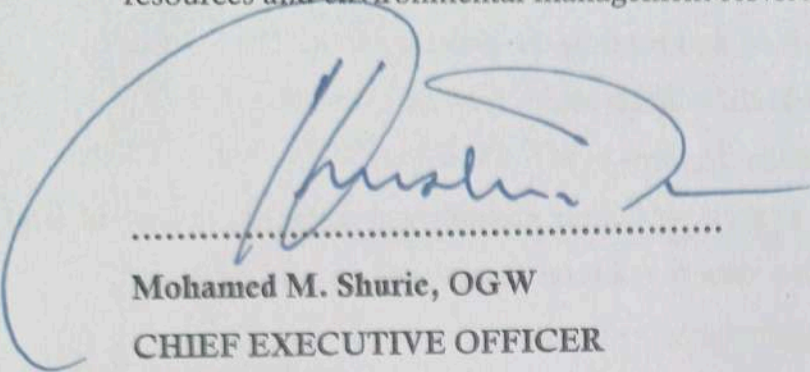
vi. Commitment to quality

The Authority is committed to the continual improvement of Quality Management System (QMS) processes and was in the process of transiting to ISO 9001: 2015. The top management was sensitized on this while the surveillance audit for the period was undertaken.

Conclusion

I wish to appreciate the Chairman and the Management Board for their support throughout this period. I am also grateful to our parent Ministry of Water, Sanitation and irrigation our development partners and to all our stakeholders for their unwavering trust, support and partnership towards the execution of the Authority's mandate. And to the staff and management, I am indeed honored to be a part of the Water Resources Authority team. The Authority has continued to undertake this mandate and achieved remarkable results despite a number of challenges faced. I believe that with your continued support and commitment, we shall be able to

deliver our services more efficiently and effectively to impact more people in respect to water resources and environmental management services.



.....
Mohamed M. Shurie, OGW
CHIEF EXECUTIVE OFFICER

.....
Date

6. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR 2021-2022

WRA has 6 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2018/19- FY 2022/23. These strategic pillars/ themes/ issues are as follows:

Strategic Objective 1: Strengthen water resources information gathering and management systems.

Strategic Objective 2: Strengthen water resources planning, allocation and compliance to regulation

Strategic Objective 3: Improve the protection and conservation of water resources to Increase per capita water availability

Strategic Objective 4: Strengthen prevention and regulation of water related disasters

Strategic Objective 5: Strengthen stakeholder collaboration in water resources management and regulation

Strategic Objective 6: Strengthen institutional capacity and improve working environment

Strategic Objective 7: Enhance resource mobilization and effective use of the finances

WRA develops its annual work plans based on the above 7 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Authority achieved its performance targets set for the FY 2021-2022 period for its 7 strategic pillars, as indicated in the diagram below:

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
Internal Processes	Strengthen water resources information gathering and management systems.	No. of SW & GW stations assessed and rehabilitated	Rehabilitate 20 regular gauging stations in all the 6 catchments	A total of 28No. Stations were rehabilitated as follows: 1. 11 telemetry stations were reinstalled by replacing water level sensors, changing the batteries, configuring and 17 manual Regular Gauging stations were rehabilitated
		No. of SW & GW stations upgraded to automatic/ Telemetry	Upgrade 5 surface water Stations to telemetry.	45 weather stations were automated and configured to transmit data to WRA server.
			Automate 5 Groundwater Stations with data loggers.	Automation of 5 number groundwater stations with data loggers undertaken.
		No. of staff trained (Capacity building)	Capacity building on hydrological monitoring	Training of WRA staff on hydrological monitoring was done by a consultant.

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
		State of the Art National Data Centre	Set up the national data center at WRA HQs	<ul style="list-style-type: none"> a) National Data Center on the 9th Floor offices of WRA now fully set up in terms of physical b) 6 No Regional Data Centers at each of the Basin Area Offices fully set up
	Strengthen water resources planning, allocation and compliance to regulation	Hydrogeological assessments of aquifers to determine groundwater balance and aquifer characterisation (yield, potential, water quality)	Hydrogeological assessment of Mbelembele chomo well fields.	<ul style="list-style-type: none"> Hydrogeological assessment for Mbelembele Chomo conducted and report compiled.
		Develop water allocation plans for aquifers	Develop a water allocation plan for the Lamu Island.	<ul style="list-style-type: none"> Water allocation plan for Lamu Island developed.
	Improve the protection and conservation of water resources to Increase per capita water availability	Develop management guidelines and plans for vulnerable aquifers	Develop and submit to the MOWS&I management guidelines for gazettement of Manguo swamp, Marura swamp, Kajulu hills and Kabeere Spring.	Management guidelines were developed for the gazettement of Manguo Swamp Marura swamp, Kajulu hills and Kabeere Springs and submitted to the Ministry of Water, Sanitation and Irrigation.
		Issue Permits and enforce permit for water use and water permit conditions	Inspections of Expired Authorisations and Permits Undertaken.	Total number of 1,749 Permits were issued with an additional water volume of 510,511.95m ³ / day. The new Water Abstraction is 88,856,426.95m ³ /day

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
		Installation of smart meters AMI (Automated Metering Infrastructure)	Develop, install and test the water meter data management software using 18 No Proof of Concept meters	<ul style="list-style-type: none"> Development, testing and installation of 21 No Proof of Concept Meters for the Water Meter Data Management System (WMDMS) E-Permit System and Mobile App for reading of manual meters developed and tested in all the 26 Sub-Basin Area Offices and 6 Basin Area Offices.
		Monitoring Lake Levels and Protecting Riparian Land From Encroachment	Map and beacon 200 km hotspot riparian reserve quarterly in the 6 Basin Areas	325 Kms of riparian reserve was marked and pegged across the six basin areas.
		Regulation, guideline & standards for waste water reuse, recycling for country; Reviewed Effluent Discharge Control Plan Guideline.	Assess and characterize the solid waste, pollution streams upstream Thwake dam.	TOR, procurement, and contract awarding were done.
			Develop guidelines for solid waste management upstream of Thwake dam.	TOR, procurement, and contract awarding were done. In addition, inception and final reports have been received. Subsequently, stakeholders' adoption of the guidelines for solid waste management was conducted.
	Strengthen prevention and regulation of water related disasters	Enforcement of Standards Procedure and Regulation of Water Structure and Dam Safety	Construct 1 gabion	<ul style="list-style-type: none"> 4 No. (33 Meters) gabions boxes installed for gully healing
Customer Perspective	Strengthen stakeholder collaboration in water resources	Monitoring and supervision of WRUA activities	Protect 5 Springs	8
			Install 5 Roof Water Harvesting Tanks	
			Construct 1 Water pan	

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
	management and regulation	Review and implement Customer Service Charter	Display the Citizens' Service Delivery Charter prominently at the point of entry and at key service delivery points in both English and Kiswahili using the prescribed format by 31st January 2022. For the purpose of the display, and ease of notice by the customers, the size of the charter will, at the minimum, be three feet in width and four feet in height, i.e. (3x4) with clearly visible font size of the contents	<ul style="list-style-type: none"> • The Charter was reviewed, printed and distributed to all WRA stations. • The revised charter has been displayed prominently on all the entry points of all WRA stations including at Headquarters.
			Customize the charter to unique needs and convenient access of the customers by translating the Charter to Braille, and uploading the Charter on the Authority's website.	<ul style="list-style-type: none"> • The CSDC has been translated into Swahili language, sign Language. Translation of the service charter into braille has been completed. The booklets on braille have been delivered to all WRA stations.
			Upload an electronic copy of the service charter and the service charter monitoring reports on quarterly basis on Huduma service portal for centralized access and wide	<ul style="list-style-type: none"> • An electronic copy of the service charter was uploaded onto the Huduma service portal for centralized access and wide publication, including the customer service reports. We are currently awaiting acknowledgement from Huduma center on the same.

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
			publication, Credentials for uploading and editing the contents will be issued to the Authority's representative upon request to mdaservices@hudumakenya.go.ke using official email address.	
		Facilitate Development of SCMPs	Develop 2 Sub Catchment Management Plans	
		Engage WRUAs and stakeholders in Basin Planning , Abstraction & pollution surveys and Water Allocation plan	Assessment, geo-referencing and mapping of 376 water quality and pollution monitoring stations	Assessed, geo-referenced and mapped 433 water quality and pollution monitoring stations.
			Undertake 3 No. Water Abstraction and Pollution Surveys	4No. Water Abstraction & Pollution Survey done
			Undertake quarterly water quality and pollution monitoring and enforcement in the 6 No. basins	Pollution point (s) monitoring and enforcement data sets: TBA – 8No, LVNBA - 22No, ENNBA - 27No, LVSBA – 120No, ABA – 330No
			Conduct 1 No. Arsenic assessment in groundwater resources for 12 No. sample boreholes in Garissa county.	24 No. sample boreholes in Garissa County were assessed for Arsenic prevalence.
			Develop water quality guidelines for Lamu island shallow wells.	Water quality guidelines for Lamu shallow wells have been developed.

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
Organizational capacity	Strengthen institutional capacity and improve working environment	Trainings and capacity Building	Sensitize 35 staff on the Authority's service delivery processes.	Sensitization training by the Huduma Secretariat was carried out
			Monitor on quarterly basis adherence to the commitments stipulated in the Charter by establishing compliance mechanisms, maintaining records on number of customer requests, number of customers served, customer feedback and service turn-around-time using the prescribed format.	Sensitization training was carried out on 17th January 2022 on PC reporting. The training was conducted on OIC of Service delivery Reporting.
			Awareness creation on the complaints handling framework and the Citizens' Service Delivery Charter.	The Authority carried out a zoom sensitization session and a one week campaign on complaints handling procedure on all its social media platforms.
			i. Training of Road Safety Unit/Road safety Committee ii. Sensitization of all staff on road safety	1. Training of road safety committee was carried out. Sensitization of all staff on road safety was conducted.
			Conduct training and sensitization of 35 staff on disability mainstreaming	Training of disability mainstreaming committee conducted on 17th to 19th May, 2022

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
		Undertake perception surveys	Monitor on quarterly basis adherence to the commitments stipulated in the Charter by establishing compliance mechanisms, maintaining records on number of customer requests, number of customers served, customer feedback and service turn-around-time using the prescribed format.	<ol style="list-style-type: none"> 1. Questionnaires on Customer feedback forms were shared and filled out in all WRA stations including customer service report templates. 2. Sensitization training was carried out on 17th January 2022 on PCReporting. The training was conducted on OIC of Service delivery Reporting.
		Improve staff Cohesion	Continual public awareness creation, capacity building, enforcement and monitoring of national values and principles of governance	<p>Staff participated in National Holidays and do wear Kenyan-Made clothes on Fridays and Public Holidays</p> <ul style="list-style-type: none"> • The Authority undertook promotions for deserving members of the staff. • The Authority has a staff welfare mechanism that offers assistance in time need to the staff members • Gender and disability mainstreaming committees were constituted to address staff issues.
Financial	Enhance resource mobilization and effective use of the finances	Adequate funding for water resources regulation	The approved budget amounted to Kshs.1,247,000,000 where, 984,000,000 was from Recurrent, 600,000,000 from A-I-A projections, and 263,000,000 from development grants.	The level of absorption was at 100%

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Balanced Scorecard Perspective	Strategic Objective	Key Performance Indicators	Activities	Achievements
		Enter into MoUs and agreements and develop projects	Develop 10 No proposals for funding by Development Partners.	13 proposals have been developed
		Increased partnerships in water resources management	Update list of the potential partners.	The list of potential partners was updated from 35 to 37
		Data Sales	Collect Ksh. 3,500,000 from Data Sales	Collected Ksh. 3,847,500 from Data Sales.
		Enhance compliance on water use regulation.	Improve compliance to regulation of water use by increasing the volume of water abstracted under permit to 88,522,605m ³ /day	<ul style="list-style-type: none"> a) Public notice on Class C and D were advertised b) The Authority issued stop order to non-complying customers
		Replace manual operations with digital systems	Establish information assets and secure them. Undertake automated backups and securing the Water Resources Data System (MIKE INFO) through putting in place a firewall.	<ul style="list-style-type: none"> • Information assets established, one of which is the MIKE INFO Water Resources Information Management System. a) Automated backups are taken by the system and network supporting the MIKE INFO

7. CORPORATE GOVERNANCE STATEMENT

i) Management Board.

The Management Board of the Water Resources Authority established under the Water Act 2016 is made up of six members appointed by name and a Chairperson. The Board membership also comprises a representative of the Cabinet Secretary, The National Treasury as well as representatives of the respective Principal Secretaries, Ministry of Water- Sanitation and Irrigation, Ministry of Lands and Housing, Ministry of Environment and Natural Resources, and the Inspectorate of State Corporations. The Chief Executive Officer is an *ex officio* member of the Board.

The Directors are provided with full, appropriate and timely information that enables them to maintain full and effective control over the strategic, financial, operational and compliance issues. The day-to-day running of the operations of the Authority is delegated to the Chief Executive Officer but the Management Board is responsible for establishing and maintaining the Authority's system of internal controls for the realization of the Authority's mandate. There is in place a Board Charter which sets out amongst areas the role and responsibilities of the Board.

All members of the Board are taken through a comprehensive induction programme and adequately trained on their roles through various corporate governance trainings. The Directors are professional, committed and guided by the mission, vision and core values of the Authority in the execution of their duties. At the end of each financial year, the Board, its Committees, individual directors and the Chief Executive Officer are evaluated by an independent body against targets agreed to at the beginning of the year. The process of appointment and removal of directors is guided by the Water Act 2016.

ii). Board Committees

The Board undertakes its work through Board Committees attending to specific matters. The Committees report to and remain accountable to the Board for all their activities. The Board Committees' main function is to reinforce the wholeness of the Board's responsibility.

The Board has four standing committees which meet at least once per quarter and work under the terms of reference set by the Governing Board. The membership of all the Committees is reviewed on a regular basis by the Board.

a) Finance and Support Services Committee

The primary responsibility of Finance and Support Services Committee is to provide advice to the Board on Water Resources Authority's financial and human resource management, performance and their financial implications.

The Committee reviews quarterly financial, human resource and procurement reports and recommends to the Board ways of raising and utilizing the Authority's funds and human resources and the establishment of systems and procedures for efficient financial management.

The Committee advises the Board on Water Resources Authority's human resource policies and guidelines which include the scheme of establishment and career progression and terms and conditions of service for the staff of the Authority.

b) Audit & Risk Committee

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

The scope of this Committee includes risk management, as well as compliance with the regulatory requirements. The Audit Committee broadly oversees Water Resources Authority's standards of integrity and behavior, reporting of financial information and internal control systems.

c) Resource Mobilization Committee

The Resource Mobilization Committee is charged with the responsibility of providing strategic directions as to funding of the Authority's activities and advice to the Board on the Authority's revenue and fundraising activities and forecasting the same in line with Water Resources Authority's statutory mandate.

d) Technical Committee

This Committee reviews and makes recommendations to the Board on compliance and enforcement policies. The Committee also advises on legislative issues and other measures for the management of the water resources management and their implementation

iii). Board Composition;

During the year the board composition was as summarized as shown in the table 1 below

Table 1 - Board Composition

Name of Director	Board Position	Audit & Risk	Finance and Support Services	Resource Mobilization	Technical
Hon. Isaac Kundai Kool	Chairman				
Ms. Rael Chebichii Lelei	Board Member	Member		Member	
Capt. (Rtd.) Pautrick Baiyu	Board Member		Member		Chairperson
Rev. Symon Kiuta Lonyayo	Board Member			Chairperson	Member
Ms. Rose Ndinda Wambua	Board Member	Chairperson		Member	
Mr. Eric Wokabi Mungai	Board Member		Member		Member
Hon. John Kitilit	Board Member		Chairperson	Member	Member
Mr. Moses K. Kanagi	CS Rep. Treasury	Member	Member	Member	
Mr. James Sitiency	Rep. IG. Insp. State Corporation	Member		Member	
Mr. Nderi Ndiani	Ps.Rep.MoW	Member	Member		Member
Mr. Augustine K. Kenduiwo	Ps.Rep.MoE			Member	Member
Mr. Samuel M. Mwati	Ps.Rep.MoL		Member	Member	
Mr. Mohamed M. Shurie	Ex-Officio/Chief Executive Officer				

iv). The Role of the Management Board

As guided by the Water Act, 2016, the State Corporations Act, Cap 446 and other relevant laws of Kenya, the Board's role is to provide effective leadership and control, in terms of approving the Authority's strategy and ensuring best practice of corporate governance.

The Board retains full and effective control over the Authority by monitoring the implementation of Board plans and strategies, review of management accounts and major capital expenditure. It reviews processes for the identification and management of risks as well as those concerning compliance with key regulatory and legal areas.

The Board also reviews the Authority's succession plans for the management team and endorses top executive appointments, organizational changes and remuneration matters. It is concerned with key elements of the governance processes, which sustain the operations of the Authority, performance reporting processes as well as other disclosure requirements.

On a quarterly basis, the Board considers reports from each Board Committee. The Board meets at least once a quarter and the calendar of meetings is prepared and adopted annually in advance.

v). Evaluation

The performance of the Board is a fundamental component of the Water Resources Authority's success. A corporate governance evaluation of performance for the period 2021/2022 was undertaken after the close of the financial year in order to have a formal and rigorous review of the entire Board as a collective unit and that of individual directors. The results of the evaluation were useful in putting in place a plan of action to improve effectiveness of each director and that of the Board as a collective unit.

vi). Conflict of Interest

No conflict of interest was recorded by the Board for the period 2021/2022.

vii). Director's remuneration

In accordance with guidelines provided in the State Corporations Act, the Directors are paid a taxable sitting allowance for every meeting attended, as well as travel and accommodation allowance while on the Authority's duty.

viii). Ethics and Code of Conduct

The Management Board has demonstrated a consistent commitment to implement all the requirements under the Leadership and Integrity Act, 2012 and the Corruption Eradication Guidelines as directed by the Ethics and Anti-Corruption Commission.

ix). Statement of Compliance

The Management Board confirms that the Authority has throughout the period ending 30th June 2022 complied with the Statutory and Regulatory requirements and that it has been managed in accordance with the principles of Corporate Governance.

x). Meeting attendance

During the financial year the management board meeting attendance is summarized by table 2 below;

Water Resources Authority
Annual Report and Financial statements
For the year ended 30th June 2022

Table 2 :Board and committee attendance

Board Members		Full Board	Board Committee Meetings			
			Audit & Risk	Finance and Support Services	Resource Mobilization	Technical
	Total Number of meetings to be attended	4	4	4	4	4
Hon. Isaac Kundai Kool		2				
Ms. Rael Chebichii Lelei		3	3		3	
Capt. (Rtd.) Patrick Baiyu		3				3
Rev. Symon Kiuta Lonyayo		3			3	3
Ms. Rose Ndinda Wambua		3	3		3	
Mr. Eric Wokabi Mungai		3		3		3
Hon. John Kitilit		3		3	3	3
Mr. Moses K. Kanagi		3	3		3	
Mr. James Sitiency		3	3		3	
Mr. Nderi Ndiani		3	3	3		3
Mr. Augustine K. Kenduiwo		3			3	3
Mr. Samuel M. Mwati		2		3	3	
Mr. Mohamed M. Shurie		3				

NOTE

- There was no board meeting convened in the 4th quarter due to lack of quorum following the expiry of term of 6 board members.
- The Chairman was appointed in October 2021 hence why he was not present in the meeting convened in the first quarter.

xi). Internal control and risk management

(a) Internal control Framework

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

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

The Audit Committee considers significant control matters raised by management and both the internal and external auditors and reports its findings to the Board. Where weaknesses are identified, the Audit Committee ensures that management takes appropriate action.

(b) Organization Structure

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

(c) Strategic Plan

The business of the Authority is determined by the Strategic Plan. The Strategic Plan sets out the objectives of the Authority, and the annual targets to be met to attain those objectives. The Strategic Plan is evaluated annually to assess the achievement of those objectives. The Board on an annual basis approves the work plan supported by the financial plan for the year. Progress against the plan is monitored on a quarterly and annual basis. The Authority's 5-year Strategic Plan running from 2018-2022 was reviewed and presented to key stakeholders as shown in the picture below.

(d) Risk Management

The Authority has a structure and process to help identify, assess and manage risks. The process was in place for the period up to the time this report was approved. The Management team reviews all the risks in the Authority and updates the risk register and ensures that all new and emerging risks are appropriately evaluated and any further actions identified. The identified risks are reported to the Audit Committee to assist the Board in the management of risk.

(e) Management Team

The management team headed by the Chief Executive Officer implements the Board decisions and policies through action plans. The team meets regularly to review these action plans to ensure that the Board's objectives are achieved effectively and efficiently. The action plans for the year include the Annual Work Plan, Annual Budget Estimates, Annual Procurement Plan, Annual Performance Contract, among others.

8. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance

During the financial year 2020/2022 the Authority put in place measures to ensure financial sustainability in its operations. The allocations received from the exchequer have been low over the years. This has put pressure on the Authority to improve on revenue collection to sustain its operations which is still not enough.

During the financial year ending 30th June 2022 the Authority was able to collect cumulatively KES 812 Million as internally generated funds (AIA). The Management intends to intensify efforts and improve on the level of revenue collections in future in order to reduce the current financing gap.

Learning institutions since closure recorded the least abstractions levels /water use levels ever since the pandemic hit. Large scale irrigation schemes.-Nib, Tarda, KVDA irrigation scheme have remained non-compliant to payment of water use invoices issued.

During the year under review the Authority's expenses were cumulatively KES 1.506Billion of which staff costs salaries and other remunerations still remains the major cost component accounting for 58% of the total expenses.

The operations and financial performance is summarized by the table 3 below;

Table 3: WRAs Financial and operations performance

S/N0	Item Description	Financial Year		
		2021/2022	2020/2021	2020/2019
Operational Performance				
No. of permits issued		1173	1128	840
Volume of water abstracted under permit		88,856,426 M3 per day	88,343,915 M3 per day	87,927,519 M3 per day
Financial performance				
Total billings		726,048,838	806,155,228	504,817,497
Actual collections		812,789,998	765,858,996	575,591,371
Gok Grants		612,000,000	542,499,996	582,999,996
Operating Expenses		1,512,125,203	1,538,336,433	1,375,114,180
Operating Surplus/deficit		(20,887,286)	(22,896,949)	(6,843,007)

b) Key Projects and Investments decisions

During the period under review Water Resources Authority undertook the following projects which are funded by the government under development grant.

i. Lamu Ground Water Conservation

Identification of other coastal sand dunes aquifer within Lamu County

Achievements

- Identification of other Coastal sand dunes aquifers undertaken and report compiled.
- Hydrogeological assessment for Mbelembele Chomo conducted and report compiled

ii. Kikuyu springs groundwater conservation

Develop and submit to the Ministry of Water, Sanitation and Irrigation management guidelines for gazettment of Manguo swamp.

iii. Abstraction Survey and pollution control

Assessed, geo-referenced and mapped 433 water quality and pollution monitoring stations.

Achievements.

- 4 No. Water Abstraction & Pollution Surveys were done and reports submitted for :
- Ngong, Mbagathi and Mweteta, 2. Muringato and 3. Mwanja Mbogo sub 4 moiben-catchments have been submitted.
- 24 No. sample boreholes in Garissa County were assessed for Arsenic prevalence
- Water quality guidelines for Lamu shallow wells were developed

iv . Implementation of Sub Catchment Management plans (SCMPs).

The following achievements were made:

Protected 13 springs as follows:

- Bukhungu WRUA 1 No.
- Safu WRUA 1 No.
- Ol Arabel WRUA 5 No. Bendera WRUA 1 No. Kamasian WRUA 5 No.

33 No. (33 Meters) gabions boxes installed for gully healing Isiukhu WRUA - 12 boxes
Safu WRUA - 8 boxes Bukhungu WRUA - 5 boxes Nontodo WRUA - 8 boxes

2 No. pans constructed as follows:

- Kamasian WRUA
- Bendera WRUA

8 No. SCMPs developed as follows: Githombokoni Mandune
Mukuyu Shirango kafuloni Barani Mulunguni Mitambue Olelaimutia Lagha Bulale

v. Drilling of Exploratory wells

Drilling of 8 deep exploratory boreholes for data collection, mapping, classification of aquifers and monitoring.

Achievements:

Review of 4 No exploratory boreholes at Kambi Graba, Changamwe and Muserechu and Wajir Bor undertaken.

- Contracts signed for Kambi Graba and Wajir Bor undertaken by contractors.
- Award for 2 No. Boreholes done and site handover done for the Wajir Bor site
- Assessments for exploratory boreholes done
- Kambi Graba borehole has been drilled

vi. Athi River Restoration Programme

Developing a plan for the protection of water resources in Upper Athi-Nairobi River Basin

- The plan has involved a number of stakeholders who include Onkaru, Kirichwa and ngong, Ruai Wruas
- Implement the plan for protection of Water resources in Upper Athi River-Nairobi River Basin
- Conducted enforcement of water resources compliance measures that included: riparian reserve marking, and pegging, effluent discharge Control Plans awareness creation.
- The above WRUAs and stakeholders are involved in campaigns and mobilization for removing solid waste dumpsite on Ngong River riparian reserve in Karagita – Mihango, Tassia estate and mavoko areas .

Vii Construction and Rehabilitation of Water Monitoring

- A total of 45 weather stations were automated and configured to transmit data to the server.
- Automation of 5 No. data loggers was under taken
- A total of 28 No. Stations were rehabilitated as follows: i) 11 telemetry stations were rehabilitated by reinstalling water level sensors, changing the batteries, configuring, calibration and reactivating the logger and modem to transmit data to WRA server.
- Maintenance of 119 Telemetric stations done through airtime loading, replacement cleaning of sensors, battery replacement.

c). Compliance to statutory requirements and Material arrears to financial obligations

It is a requirement for all state corporations to adhere to the set deadlines in remission of all statutory requirements including compliance to financial obligations.

i. Tax and Statutory Compliance

The Authority is currently compliant with tax remission and other statutory deductions it has no current outstanding

ii. Material arrears in statutory Requirements

The tax dues payable to KRA amounting to Kshs.1.368b comprises of Kshs. 882M as principal amount and Kshs.481M representing interest and penalties. The dues relate to unremitted PAYE deductions made from staff salaries, VAT deductions and Withholding tax from merchants and contractors/consultants. The debt has accumulated over the last five years, i.e. between the period September 2011 and June 2016, an amount of Kshs.826m was deducted from staff and merchants as taxes relating to PAYE, withholding tax and VAT but the same was not remitted to KRA as required due to cash flow limitations.

The Authority has a financial obligations of Kshs 362million this relate to on lent loan granted to the Authority for implementations of livelihood activities the loan fall due on March 2017

In May 2016 Kenya Revenue Authority undertook a Tax audit on Water Resources Management Authority and established that the total unremitted funds amounted to Kshs.882, 171,134. Further a penalty of Kshs.214, 375,967 and interest of Kshs.270, 207,113 were imposed on the said principle making the total amount due to KRA to be Kshs.1, 366,754,214.

The Authority has sought for support from the Ministry of Water and Sanitation to settle this debt on behalf of the Authority.

d). Major risks

Liquidity Risk

Low funding: Lack of adequate financial support and several supplementary Budget cuts from the government slows down the implementation of Authority's Mandate

Revenue Defaulters: A number of Water Service Providers and Government institutions are defaulting on payment of water bills thus exposing the Authority to risk related to cash flow.

i. Operational risks

Retirement of most of the technical staff exposes the organization to a major operations risk due to loss of institutional experts who have progressive skills in technical matters, among others. Security Threats to Authority's Equipment -Vandalism of Authority's devices and equipment for measuring river flows, weather stations and master meters leading to loss of water resource data and revenue.

Political interference in implementing our mandate: e.g. by the county government due to conflicting mandate on management of water resources.

Floods washing away water monitoring stations

Financial risks

Failure to pay the NRM loan has already attracted interest on loan thus increasing the Authority liability

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

i) Sustainability strategy and profile

The organization has a strategic plan with strategic objectives towards attaining and delivering our mandate as bestowed through Water Act 2016

The chief executive Office has committed to deliver on corporate quality objective through committing to a Quality Management System (QMS) the Institutional Corporate Quality Policy that relates to the overall Vision, Mission, and Values that are:

a. Strategic Plan 2018-2023

Water Resources Authority is mandated to regulate the management and use of water resources in Kenya. Water is life as the maxim goes. WRA's Strategic objectives, Vision, Motto, and core values are all focused to ensure better livelihood through provision of adequate and sustainable water resources.

b. Quality management systems-ISO 9001:2015

To ensure provision of quality service to our customers WRA has committed to the Quality Management system and is ISO: 9001-2015 certified. During the year WRA successfully underwent its second QMS-ISO Certification surveillance audit.

c. Customer service charter

WRA has committed and published its Customer service charter and set quality objective at all its operational levels that is open to the public for transparency and accountability on service delivery.

Water Resources management is environmental and well as natural resources sector responsibility that WRA has committed through Quality Objectives, set customer service Charters :

d. Performance contracting.

As a government entity WRA is under the Performance Contracting and to ensure adherence to this government policy, the WRA Performance contract has been cascaded to individual staff. The national PC has been linked to all areas and individual level. The results on the PC achievement and reporting for the year was-----Very Good

ii) Environmental performance

Effective Water resources management and use regulation is centred on sustainable natural resources effective use, protection, and conservation. Water bodies, Catchment areas including riparian reserves and the maintenance of reserve flows is the environmental impacts.

Environmental Resources Outline clearly, environmental policy guiding the organisation, WRA has a draft Environmental Policy committing to responsible stewardship of existing resources and the environment. The policy direction applies to all waste generated within WRA offices, Staff, WRUAs, Visitors and students addressing air and water pollution, waste management, ecosystem management and biodiversity protection and communication on environmental issues.

a. Riparian Marking and protection

WRA in its quest on conservation and protection of water bodies (resources) enforced the maintenance of the riparian reserves. Conditions on permitting of water use and management activities applications in the riparian reserves were maintained and enforced.

b. Water Abstraction and Pollution surveys.

To monitored adherence to water, use applications permit conditions were done through conducting of Water abstraction and Pollution surveys. Illegal abstractions, over abstraction and pollution through effluent discharge were captured through these surveys.

The data from the surveys and the existing data base is used to develop Water Allocation Plans that are statutory requirement as per the Water Act 2016.

c. Maintaining Environmental flows and the reserve

Dams have been used and continue to be utilized in maintaining the reserve flows on the rivers that ensures environmental sustainability of the river regimes. WRA in the Dam permit application processing sets conditions that ensure the construction gives provision of the maintenance of the reserve flows.

On Groundwater resources, WRA ensures the maintenance of the Groundwater reserve by setting the reserve through safe yield permitting after test pumping and determining the "borehole safe yield".

iii. Employee welfare

WRA is implementing its Human Resource Policy and Procedures Manual that sets the guidelines on recruitment, Gender ratio, and selection of members of staff. The Authority observes gender mainstreaming, balance on appointments, promotions and ensures that the rule on a minimum of a third (1/3) are of either gender is adhered to. In carrying out its mandate, we involve public consultation and stakeholder engagements i.e. licensing, enforcement and community engagement.

The Authority has career guidelines developed and approved by the SCAC. We also have training plans, Skills inventory, training needs assessments and skills gap analysis.

iv. Market place practices-

The organization should outline its efforts to:

a) Responsible Competition Practise

WRA ensures it gives equal opportunities to all issues regarding procurement, through advertising all procurement opportunities in public portals and website and relativity issues requests for quotation to the listed suppliers. Tenders are opened publicly in present of bidders who choose to attend opening session. This gives all a fair competition since evaluation is done within the set criteria in the bids.

b) Responsible Supply chain and supplier relations

WRA has a responsible supply chain with qualified professionals who maintains good relationship with suppliers. They offer business opportunities to all supplies treats the suppliers as partners where they develop and support them in different ways like writing a recommendation letter for financing, prompt payment among others.

c) Responsible marketing and advertisement

WRA being a public entity markets its self through the activities it does to the public it advertises all the business opportunities to his website and other public portals. Where high standards of ethics are observed.

d) Product stewardship.

WRA as a public institution enhances *product stewardship* to minimizing the health, safety, environmental, and social impacts of a product and its packaging throughout all lifecycle. This is done through ensuring that the products procured meets the quality stands of accreditation. This is included in the evaluation criteria during tendering. Through that we safeguard our customer's rights and interest.

V. Corporate Social Responsibility/Community Engagement

The Ministry of Water and Sanitation in collaboration with WRA Kitui Sub Basin Office and other relevant stakeholders made preparations towards World Water Day celebrations. The celebration took place on 22nd of March 2022 at Maliku Primary School in Kitui County. The theme for this year's celebration was "*Ground water: Making the Invisible Visible*" World Water Day is held annually as a means of focusing attention on the importance of freshwater and advocating for the sustainable management of freshwater resources.

The Authority carried the following activities to constitute the awareness campaign for World Water Day

- Exhibition of WRA's mandate in conjunction with the Groundwater department & Kitui Sub-Basin Office. This was set up to profile the authority and its mandate by displaying key activities, brochures, Groundwater equipment, GW models, posters among others.

The Authority facilitated the procurement and installation of a 10,000 liter water tank at School, which was officially commissioned by the Ag. Secretary, Administration Douglas Mutai during the celebrations. The tank was donated to the school as a means of showcasing conservation efforts that can be emulated by the community so as to ease pressure on groundwater use by encouraging conjunctive water

10. REPORT OF THE MANAGEMENT BOARD

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of Water Resources Authority.

Principal activities

The principal activities of the Authority are to regulate water resources management in collaboration with Stakeholders for sustainable development.

Results

The results of the Authority for the year ending June 30th, 2022 are set out on page 1 and the Authority had a deficit of KES (20,887,286) Million compared to last year's financial performance of a deficit of KES (22,896,949) Million.

Directors

The members of the Management Board who served during the year are shown on page vi and were appointed with effect from 8th February 2019.

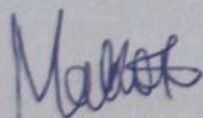
Dividends/Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. The entity did not make any surplus in the year FY 2021/22, hence no remittance to the Consolidated Fund.

Auditors

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

By Order of the Board



Janet Olewe Ochieng

Assistant Manager legal services /Corporation Secretary

11. STATEMENT OF MANAGEMENT BOARDS' RESPONSIBILITIES

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

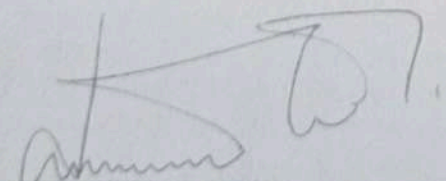
The Directors are responsible for the preparation and presentation of the Authority's financial statements, which give a true and fair view of the state of affairs of the Authority for and as at the end of the financial year that ended on June 30, 2022. This responsibility includes: (i) maintaining adequate 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 Authority; (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 Authority; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Authority'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 State Corporations Act. The Directors are of the opinion that the Authority's financial statements give a true and fair view of the state of Authority's transactions during the financial year ended June 30, 2022, and of the Authority's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained by the Authority, which have been relied upon in the preparation of the Authority's financial statements as well as the adequacy of the systems of internal financial control.

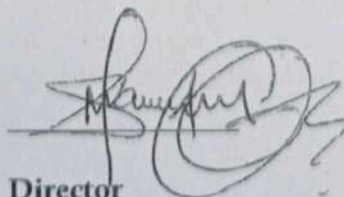
Nothing has come to the attention of the Directors to indicate that the Authority will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

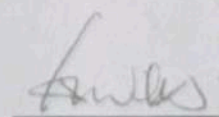
The entity's financial statements were approved by the Board on _____ 2022 and signed on its behalf by:



Hon. Isaac Kuntai Kool
Chairman



Director



Director

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal control, 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 Water Resources Authority set out on pages 1 to 63, which comprise of the statement of financial position as at 30 June, 2022 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on Water Resources Authority for the year ended 30 June, 2022

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 Water Resources Authority 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. Parcels of Land Without Ownership Documents

The statement of financial position reflects a property, plant, and equipment balance of Kshs.224,410,659 as disclosed in Note 20 to the financial statements. However, as previously reported, the balance does not include eleven (11) parcels of land with buildings and related infrastructure located in Laikipia, Embu, Murang'a, Kirinyaga, Kitui, Nakuru, West Pokot, Kisumu (2), Mombasa, and Siaya counties and cumulatively measuring 23.7296 Acres. Further, the Authority does not have in its possession ownership documents for the parcels of land.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.224,410,659 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

As disclosed in Note 18 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.2,675,466,381 as at 30 June, 2022. Included in the balance are long outstanding debts amounting to Kshs.2,551,061,157 or 95% of the total receivables and which have been outstanding for several years. In addition, Kshs.769,807,017 is due from Government Institutions for which no confirmations were provided for audit review. Although the Management made a provision for bad debts of Kshs.297,274,042 during the year under review, the provision is inadequate for the growing long outstanding receivables from exchange transactions. Further, the Authority has not adhered to its own debt collection policy that requires debts to be recovered as they fall due and that outstanding debts should be stated at nominal value less provisions of 10% and 50% for debts older than eight (8) and twelve (12) months respectively.

In the circumstances, the completeness and recoverability of the receivables from exchange transactions balance of Kshs.2,551,061,157 could not be confirmed.

3. Long Outstanding Trade and Other Payables

As disclosed in Note 21 to the financial statements, the statement of financial position reflects trade and other payables from exchange transactions totalling Kshs.1,341,120,234 that were not settled during the financial year 2021/2022, but were instead carried forward to 2022/2023 financial year. Included in the balance are statutory deductions totalling Kshs.1,225,687,250 or 91% of the total payables that have not been remitted to the relevant authorities for several years. Delayed settlement of outstanding payables casts doubt on the validity of the balances and could lead to litigations.

In the circumstances, the validity and full settlement of the trade and other payables from exchange transactions balance of Kshs.1,225,687,250 could not be confirmed

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

Emphasis of Matter

Un-Serviced Long-Term Loan

As previously reported, the statement of financial position reflects current portion of borrowing and long-term loan of Kshs.121,988,821 and Kshs.296,133,378 respectively, totalling to Kshs.418,122,199 as reflected in Note 25 to the financial statements. The loan relates to an on-lent loan from the Government of Kenya arising from a credit granted by the World Bank (IDA) earmarked for Natural Resources Management (NRM) Project with various effective dates of repayments starting 30 March, 2017. However, although the repayment fell due, the Authority did not make any repayment on the loan of Kshs.121,988,821 made up of Kshs.66,478,922 being principal amount, Kshs.54,845,110 being interest and Kshs.664,789 being penalty.

Although Management explained that the failure to repay the loan was due to lack of budgetary allocations for the purpose, any further delay in servicing the loan is likely to make its repayment even more strenuous to the Authority due to compounding of interest and penalties.

My opinion is not qualified in respect to this matter.

Key Audit Matters

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

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, I confirm that, nothing 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Management

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable matters

related to sustainability of services and using the applicable basis of accounting unless the Management is aware of the intention to terminate the Authority or to cease its 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 Management is responsible for overseeing the Authority's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

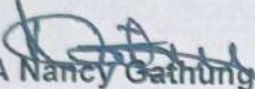
Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

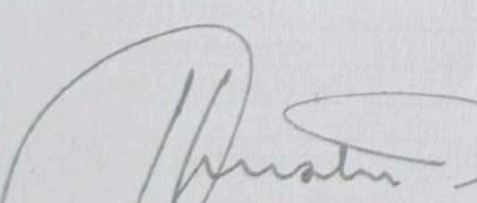
Nairobi

29 March, 2023

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Public Contribution and Donations	6	0	92,900
Licenses and Permits	7	68,076,053	75,544,884
Transfer from other Governments and agencies	8	665,115,714	583,981,061
Revenue from exchange transactions			
Sale of water and electricity	10	730,071,555	806,155,221
Rendering services	9	28,353,333	31,818,041
Other incomes	11	12,471,791	17,847,354
Total revenue		1,504,088,446	1,515,439,487
Expenses			
Employee costs	12	874,893,226	875,929,831
General expenses	14	281,101,078	246,035,341
Water Resources Management Expense	15	278,814,998	311,041,761
Board Expense	13	11,802,858	17,764,181
Depreciations and Amortization Expense	20C	68,270,864	77,472,591
Finance cost	16	10,092,709	10,092,701
Total expenses		1,524,975,732	1,538,336,433
Surplus /(deficit) for the period		(20,887,286)	(22,896,946)

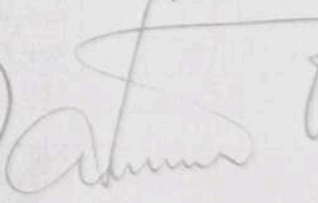
The notes set out on pages 7 to 57 form an integral part of these Financial Statements


CEO WRA

Mohamed M. Shurie OGW


Corporate Services Manager

James Muturi Mburu


Chairman of the Board

Hon. Isaac Kuntai



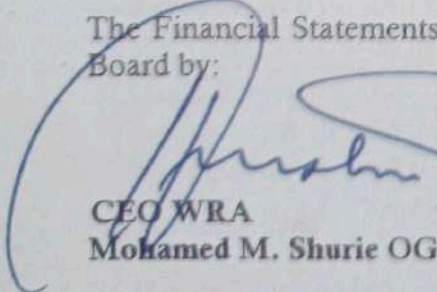
ICPAK Member No 6563

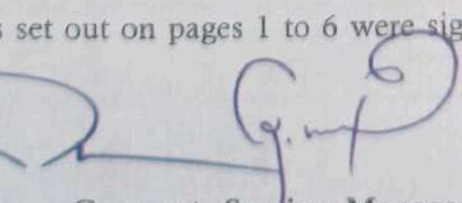
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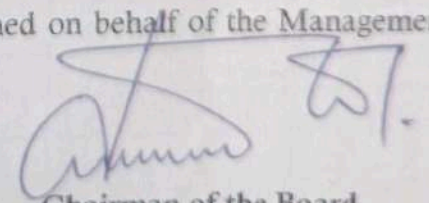
14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	17	141,854,236	39,851,288
Receivables from exchange transactions	18	2,675,466,381	2,572,347,214
Receivables from non-exchange transactions	19	29,061,735	109,452,107
Total Current Assets		2,846,382,351	2,721,650,609
Non-Current Assets			
Property, plant and equipment	20	224,410,659	262,766,450
Intangible assets-software	20	8,750,382	1,330,132
Total Non-Current Assets		233,161,041	264,096,582
Total Assets		3,079,543,392	2,985,747,192
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions-	21	1,341,120,234	1,357,959,325
Provisions	22	47,807,177	29,379,021
Deferred income	23	150,170,770	76,467,238
Current portion of borrowing	25	121,988,821	99,809,036
Total Current Liabilities		1,661,087,002	1,563,614,620
Non-current liabilities			
Long Term Loan	25	296,133,378	308,220,455
Total Liabilities		1,957,220,380	1,871,835,075
General Fund			
Capital Funds	24	237,199,044	206,900,863
Revenue Reserves		885,123,968	907,011,254
Total General Funds		1,122,323,012	1,113,912,117
Total Liabilities and General Funds		3,079,543,392	2,985,747,192

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Management Board by:


CEO WRA
Mohamed M. Shurie OGW


Corporate Services Manager
James Muturi Mburu
ICPAK Member No 6563


Chairman of the Board
Hon. Isaac Kuntai Kool

Date... 17/02/2023 Date... 17/02/2023 Date... 17/02/2023

15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Capital Funds	Revenue Reserves	TOTAL
	Kshs	Kshs	Kshs
Balance 01.07.2020	198,495,860	936,408,203	1,134,904,063
Adjustments in Reserves			
Surplus for the year			
Balances 30.06.2021	198,495,860	936,408,203	1,134,904,063
Balance 01.07.2021	206,900,862	907,011,254	1,113,912,116
Transfer to Capital funds-Donated assets- ADB, AMI and DAI	30,298,181		30,298,181
Adjustments in Reserves		(1,000,000)	(1,000,000)
Surplus for the period	-	(20,887,286)	(20,887,286)
Balance as at 30 June 2022	237,199,043	885,123,968	1,122,323,011

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

		2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Public contributions and donations	6		92,900
Licenses and permits	7	68,076,053	75,544,886
Transfer from other governments	8	665,115,714	583,981,068
Sale of water and Electricity	10	730,071,555	806,155,228
Rendering of services	9	28,353,333	31,818,043
Other Income	11	12,471,791	17,847,359
Total Receipts		1,504,088,446	1,515,439,484
Payments			
Employee Costs	12	874,893,226	875,929,830
General Expenses	14	277,250,549	246,035,347
Water Resources Management Expenses	15	281,101,078	311,041,761
Board Expenses	13	11,802,858	17,764,189
Finance Cost	16	10,092,709	10,092,709
Total payments		1,456,704,868	1,460,863,836
Net Cash generated from/(used in) Operating Activities		47,383,578	54,575,648
Adjusted for Changes in working capital			
(Increase)/Decrease in Debtors	18	(103,119,167)	(174,844,240)
Increase/(decrease) in prepayments	19	80,390,372	(41,701,389)
Increase/(Decrease) in Payables	21	(16,839,091)	103,687,948
Increase/(Decrease) in Payables- Deferred income	23	73,703,532	(16,216,412)
Increase in accounts payables	25	10,092,709	10,092,709
Increase/(Decrease) in Provisions	22	18,428,155	(3,873,940)
Net changes in working capital items		62,656,511	(122,855,325)
Net Cash flows from Operating activities		110,040,089	(68,279,676)
Cash flows from investing activities			
Purchase of PPE and intangible assets	20	(37,335,322)	(12,948,666)
Net cash flows used in investing activities		(37,335,322)	(12,948,666)
Cash flows from financing activities			
Adjustments in reserves		(1,000,000)	(6,500,000)
Net cash flows used in financing activities			
Other Proceeds- Transfer to capital funds	24	30,298,181	8,405,002
Net cash generated from/ (used in) Financing activities		(29,298,181)	(1,905,002)
Increase/(Decrease) in cash and cash equivalents		102,002,948	(79,323,340)
Cash and cash equivalents at 1 st July 2021		39,851,288	119,174,629
Cash and cash equivalents at 30 JUNE 2022	17	141,854,236	39,851,288

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	% of utilization	Explanation
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Licenses and permits	40,000,000	30,000,000	70,000,000	68,076,053	1,923,947	97	
Transfer from other government	647,000,000	104,385,050	751,385,050	665,115,714	86,269,336	89	
Rendering of services-Misc.	20,000,000	10,000,000	30,000,000	28,353,333	1,646,647	95	
Sale of goods-Water	530,900,000	155,000,000	685,900,000	730,071,555	(44,171,555)	106	
Other Income	9,100,000	5,000,000	14,100,000	12,471,791	1,628,209	88	
Total income	1,247,000,000	304,000,000	1,551,385,050	1,504,088,446	47,296,604	97	
Expenses							
Compensation of employees	821,650,000	58,350,000	880,000,000	874,893,226	5,106,774	99	
General expenses	141,490,000	141,650,000	283,140,000	281,101,078	2,038,922	99	
Board expenses	20,860,000	0	20,860,000	11,802,858	9,057,142	57	
Depreciation and Amortisation	0	0	0	68,270,864	(68,270,864)	0	
Water Resource Management Expense	263,000,000	104,385,000	367,385,050	278,814,998	88,570,052	76	
Finance cost	0	0	0	10,092,709	(10,092,709)	0	
Total expenditure	1,247,000,000	304,385,000	1,551,385,050	1,524,975,732	26,409,318	98	
Surplus/(Deficit) for the period	0	0	0	(20,887,286)	(20,887,286)		

Budget notes.

- i. The difference between the original and final budget was due to additional funding for Thwake multipurpose programme and Twende project. This affected development budget only.
- ii. For the item of depreciation and amortization there was no budget allocation due to limited resources and its factored as a non-cash item
- iii. For the item of finance cost there was no budget allocation due to limited resources
- iv. For the item on sale of water the revenue collected was based on billings but the budget was based on actual collections.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Water Resources Authority is established by and derives its authority and accountability from section 11 of the Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the WRA accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 1

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

ii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a) Revenue recognition (Continued)
 - ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of water

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

Interest income

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

b) Budget information

The original budget for FY 2020-2022 was approved by the National Assembly on 23rd April, 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Depreciation is calculated on straight line basis to write down the cost of each asset to its residual value over its estimated useful life using the following per annum rates:

Buildings	10.0%
Water Supply Infrastructure	2.5%
Office Equipment	12.5%
Computers & IT Equipment	33.3%
Motor Vehicles	25.0%
Furniture and Fittings	12.5%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Intangible assets

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

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

f) Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Research and development costs (Continued)

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

g) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) Inventories

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Provisions

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

Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

WRA has made provisions for staff gratuity which is based on yearly contributions for staff on contract at the rate of 31% of the basic pay. Subsequent gratuity payment at the end of the contract shall be paid against this provision. At the end of the financial year leave allowance payable for the period shall also be based on the actual leave allowance payable hence a provision of the same amount is provided for.

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of revenue reserves and capital funds.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Related parties

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

p) Service concession arrangements

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

q) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- 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

6. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2021-2022	2020-2021
	KShs	KShs
Other Donor Funds		92,900
Total	0	0
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities		

7. Licenses and Permits

Description	2021-2022	2020-2021
	KShs	
Application & Authorization Fee	28,893,189	34,610,797
G/Water Permit Fee	31,918,389	31,720,183
S/Water Permit Fee	7,264,475	9,213,906
Total	68,076,053	75,544,886

8a) TRANSFERS FROM OTHER GOVERNMENTS

These are funds received from development GOK through Ministry of water and Sanitation and other state agencies for financing development programs.

Description	2021-2022	2020-2021
	KShs	
Unconditional grants		
Recurrent Grants- MoWS	384,000,000	393,999,996
Development Grants- MoWS	242,074,853	153,966,783
KWSCRPF Funds	35,319,948	26,600,664
Water Sector Trust Fund- WSTF	3,720,913	9,413,626
Conditional grants		0
Total government grants and subsidies	665,115,714	583,981,068

8b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES.

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognise d in capital fund.	Total grant income during the year	2020-2021
			KShs	KShs	KShs
Recurrent Grants- MOWS	384,000,000	-	-	384,000,000	393,999,996
Development Grants- MOWS	242,074,853	20,310,179		262,385,050	237,193,317
KWSCRIP Grants	35,319,948	53,393,335		88,713,383	28,246,370
WSTF	3,720,913			3,720,913	9,413,626
Total	665,115,714	73,703,532	0	738,819,346	668,853,309

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. RENDERING OF SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Laboratory Service charges	24,265,179	26,207,667
Waste Disposal Charges	4,088,154	5,610,376
Total revenue from the rendering of services	28,353,333	31,818,043

This represents revenue realized from offering laboratory service to clients undertaking water quality testing. Waste disposal charges are given to users of have effluent discharge permits.

10. SALE OF GOODS

Description	2021-2022	2020-2021
	KShs	KShs
Sale of goods		
S/Water use charges	589,107,218	590,470,772
G/Water use charges	140,964,337	215,684,456
Total revenue from the sale of goods	730,071,555	806,155,228

This represents revenue realized from water use charges.

11. OTHER INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Interest Income	928,781	1,381,178
Penalties	7,468,771	10,551,156
Data Sales	3,267,000	4,202,501
Other Incomes	759,638	1,712,524
Disposal income	47,601	0
Total other income	12,471,791	17,847,359

This are non-regular funds earned from Penalties and interest on bank balances negotiated with our banks on revenue collection accounts, sale of data and other miscellaneous receipts.

12. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Basic Salaries	548,632,998	554,596,687
House Allowance	132,930,600	132,551,900
Other Allowances	30,286,469	32,791,452
Gratuity & Pension Contribution	97,026,322	89,378,619
Leave Allowance	14,911,027	15,099,972
Commuter Allowance	50,140,000	50,136,000
Honoraria	517,000	1,375,200
Transfer Allowances	448,810	0
Total Employee costs	874,893,226	875,929,830

13. REMUNERATION OF DIRECTORS

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	720,000	644,000
Board Workshops and Seminars	0	800,006
Board Travel and Accommodation	6,188,358	11,703,217
Other allowances	4,894,500	4,616,967
Total director emoluments	11,802,858	17,764,189

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. GENERAL EXPENSES

Description	2021-2022	2020-2021
	KShs	KShs
Staff Training Expenses	1,691,400	6,851,470
Medical Expenses	0	307,200
Motor Vehicle Expenses	28,816,330	17,714,882
Travelling and Accommodation	46,365,568	32,589,595
Conferences and Meetings	316,000	33,000
Telephone & Internet costs	19,776,977	7,077,604
Postal & Courier Services	697,139	672,522
Official Entertainment	28,380	96,153
Staff Welfare Expenses	134,183	654,963
Hospitality Costs-Purchase of Coffin	560,000	400,000
Catering Expenses	2,399,421	1,105,129
Advertising Expenses	1,152,840	387,776
Uniform & Clothing	419,900	16,500
Insurance Costs	74,294,705	64,317,616
Membership Fees and Subscription to Professional Bodies	12,297,784	12,479,483
Legal Cost	704,094	3,078,687
Contracted guards	21,453,165	21,963,156
Show Expenses	55,000	0
Office Rent and Rates	21,649,627	21,522,099
Electricity Expenses	1,759,440	1,915,691
Water and Conservancy Expenses	351,394	400,260
General Office Expenses	4,706,796	5,367,471
Computer Stationery & Accessories	6,517,767	8,030,705
Office General Stationery	13,132,159	7,338,580
Publishing and Printing	1,381,780	872,465
Library Expenses	396,850	293,112
Maintenance of Furniture and Office Equipment	399,080	530,000
Plant & Machinery	2,098,260	2,823,526
Maintenance of Buildings and Stations	535,120	857,277
Minor Alterations & Maintenance works	95,050	2,307,623
Bank Charges & Commissions	1,039,701	1,020,205
Laboratory & Reagents Supplies	2,917,482	2,076,660
First aid Kit supplies	0	6,800
Audit fees	1,500,000	1,500,000
Provision for bad debts	11,457,685	19,427,137
Total general expenses	281,101,078	246,035,347

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. Water Resources Management Expenditure

Description	2021-2022	2020-2021
	KShs	KShs
Gender Sensitive & Human Resource Development	406,400	339,300
Workshop and Seminars	5,225,490	1,652,470
Publicity & Information Dissemination	1,299,960	1,230,450
Regulatory functions	31,017,475	15,110,094
Water abstraction system expenses	18,048,502	32,896,485
CAACs Expenses	0	143,000
WRUA's Establishment and Support	32,013,275	55,211,319
Catchment Management Strategy	2,459,120	2,266,728
Catchment monitoring plan-technical equipment	0	
Catchment monitoring plan-other activities	13,787,725	3,830,205
Catchment monitoring, Protection, & other water resources mgt measures	104,678,885	157,841,810
Feasibility study and project design	0	92,310
Preventive Water Resources Mgt. Measures	2,094,960	0
Water Quality Laboratory capacity enhancement	1,118,681	52,700
Roof Catchment Structures	414,740	100,800
Project Planning and Supervision	1,688,200	2,560,700
Rehabilitation of Water Monitoring Stations	29,188,837	10,452,726
Livelihood Based Investments	0	660,000
KWSCRIP activities	35,372,748	26,600,664
Total	278,814,998	311,041,761

16. FINANCE COSTS

Description	2021-2022	2020-2021
	KShs	KShs
Borrowings (amortized cost)*	10,092,709	10,092,709
Finance leases (amortized cost)		
Unwinding of discount		
Interest on Bank overdrafts		
Interest on loans from commercial banks		
Total finance costs	10,092,709	10,092,709

*Borrowing costs that relate to interest expense on acquisition of non-current assets and do not qualify for Capitalization as per IPSAS 5: on borrowing costs. This cost relates to interest payable on NRM loan.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
17. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
Bank Current accounts	141,717,485	39,799,991
Cash in hand	124	20,265
Mpesa	136,627	31,032
Total cash and cash equivalents	141,854,235	39,851,288

17 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
KCB- Athi Catchment Area-Mombasa	1106580001	34,882	424,844
National Bank of Kenya-HQ Nairobi	0100332099000	4,617,547	9,150,304
KCB-Athi Catchment Area-Machakos-General	1106448626	109,204	487,098
KCB- Athi Catchment Area-Nairobi Sub Region-KWSP	1102550973	30,963	1,477,593
KCB- Athi Catchment Area-Kibwezi Sub Region-KWSP	1102832561	57,602	36,092
KCB- Athi Catchment Area-Kiambu Sub Region -KWSP	1101981598	24,391	313,572
KCB- Athi Catchment Area-Loitoktok Sub Region-KWSP	1117354792	11,375	161
KCB- Athi CatchmentS Area-Machakos-Revenue	1106233980	5,654,683	4,088,997
KCB-Tana Catchment Area-Embu-General	1102960209	34,994	928,589
KCB-Tana Catchment Area-Meru Sub Region-KWSP	1103304062	20,496	7,779
KCB-Tana Catchment Area-Kerugoya Sub Region-KWSP	1104078783	829	896
KCB-Tana Catchment Area-Kitui Sub Region-KWSP	1121495869	10,456	99,734
KCB-Tana Catchment Area-Murang'a Sub Region-KWSP	1107235472	146,288	8,716
KCB-Tana Catchment Area-Garissa Sub Region-KWSP	1107841909	2,642	133,726
KCB-Ewaso Nyiro Catchment Area-Nanyuki-General	1103184620	190,727	61,233
KCB-Ewaso Nyiro Catchment Area-Nanyuki Sub Region-KWSP	1103189786	429,727	572,878

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

KCB-Ewaso Nyiro Catchment Area-Mandera Sub Region-KWSP	090-201800656	4,939	1,260
KCB-Ewaso Nyiro Catchment Area-Marsabit Sub Region-KWSP	1102669059	3,446	3,187
KCB-Ewaso Nyiro Catchment Area-Nyahururu Sub Region-KWSP	1102173134	3,637	187,512
KCB-Ewaso Nyiro Catchment Area-Isiolo Sub Region-KWSP	1107754755	8,532	20,680
NBK-Rift Valley Catchment Area-Nakuru-General	01003020443300	105,267	531,814
KCB-Rift Valley Catchment Area-Nakuru-KWSP	1101853697	3,873	5,064
KCB-Rift Valley Catchment Area-Baringo Sub Region-KWSP	11037500909	10,590	81,823
KCB-Rift Valley Catchment Area-Kapenguria Sub Region-KWSP	1106272730	61,254	505,493
KCB-Rift Valley Catchment Area-Narok Sub Region-KWSP	1102025720	49,818	1,649
KCB-Rift Valley Catchment Area-Lodwar Sub Region-KWSP	1107588286	2,154	1,695
KCB-Rift Valley Catchment Area-Naivasha Sub Region-KWSP	1105274195	18,118	5,776
KCB-Lake Victoria North Catchment Area-Kakamega-General	1101946644	149,592	9,148
KCB-Lake Victoria North Catchment Area-Siaya SubRegionKWSP	1106904591	5,375	1,712
KCB-Lake Victoria North Catchment Area-Eldoret Sub-Region KWSP	1107762480	857	301,800
KCB-Lake Victoria North Catchment Area-Kitale Sub Region KWSP	1109121865	9,189	57,375
KCB-Lake Victoria South Catchment Area-Kisii Sub Region-KWSP	1102024740	11,787	5,509
KCB-Lake Victoria South Catchment Area-Kisumu Sub Region-KWSP	1103994050	10,660	1,871
KCB-Lake Victoria South Catchment Area-Kericho Sub Region-KWSP	1103619098	8,514	10,570
KCB-General Operations A/C – HQ Nairobi	11366676678	69,381,729	571,532

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

KCB-Revenue A/C -HQ Nairobi	1109066295	335,539	9,699,621
NBK-Lake Victoria South Catchment Area- Kisumu - General	0100324733700	773	892
KCB-Lake Victoria South Catchment Area-Kisumu-Revenue	1104037513	96,359	771,720
KCB-Lake Victoria North Catchment Area-Kakamega-Revenue	1101923040	434,455	4,919,565
KCB-Rift Valley Catchment Area-Nakuru-Revenue	1101852062	73,480	1,462,249
KCB-Ewaso Nyiro Catchment Area-Nanyuki	1103187198	740,852	238,594
KCB- Tana Catchment Area-Embu	1102962643	3,770,850	963,962
Equity Bank -KWSCRPIU Account	0269867060	55,039,041	1,645,706
		141,717,485	39,799,991
b) Others			
Cash in Hand			
Cash in Hand Head office		124	0
LVNCA			
Cash in Hand Athi Catchment area			20,265
cash in hand Total		124	20,265
M pesa			
LVNCA			
LVSCA			
RVCA			5,000
Tana CA		15,000	5,000
Athi CA		108,027	14,032
HQ		13,600	7,000
Sub- total		136,627	31,032
Grand total		141,854,235	39,851,288

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS.

Description	2021-2022 KShs	2020-2021 KShs
Current receivables		
General Debtors	2,972,740,423	2,858,163,571
Less Provision for bad debts	297,274,042	285,816,357
Total receivables	2,675,466,381	2,572,347,214

These are amounts owed to the Authority by various water users where 80% of them are water service providers.

19. RECEIVABLES FROM NON-EXCHANGE CONTRACTS

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Staff Advances	2,036,914	1,623,954
Deposits	1,274,821	744,821
Prepayments	25,750,000	107,083,333
	29,061,735	109,452,107

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 a PROPERTY, PLANT AND EQUIPMENT

FY2020/21

Cost	Buildings	Furniture & Fittings and Office Equipment	Motor vehicles	Computers, Printers & IT Equipment	Water Supply Infrastructure	Capital Work In Progress	Total
	Kshs. 10%	Kshs. 12.5%	Kshs. 25%	Kshs. 33%	Kshs. 2.5%	Kshs. 0%	Kshs.
As at 1st July 2020	393,706,080	316,492,365	189,538,396	155,189,056	33,262,521	0	1,088,389,458
adjustments		0	0	0	0	0	0
Additions	0	1,488,550	8,405,002	1,059,914	0	0	10,953,466
Disposals/ W/O	0	0	0	0	0	0	0
As at 30 June 2021	393,706,080	318,181,955	197,943,398	156,248,970	33,262,520	0	1,099,342,925
Depreciation							
As at 1st July 2020	201,302,399	252,893,503	185,058,249	124,689,981	3,494,384	0	767,438,517
Adjustments							0
Charge for the year	41,805,608	10,382,864	3,249,410	12,964,510	735,565	0	69,137,957
Disposals	0	0	0	0	0	0	0
As at 30 June 2021	243,108,007	263,276,367	188,307,659	137,654,492	4,229,949	0	836,576,474
Net Book Value 30 June 2021	150,598,073	54,905,589	9,635,739	18,594,479	29,032,571	0	262,766,450
Net Book Value at 30 June 2020	192,403,681	63,799,903	4,480,147	30,499,075	29,768,136	0	320,950,941

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

FY2021/22

Cost	Buildings	Furniture & Fittings and Office Equipment	Motor vehicles	Computers, Printers & IT Equipment	Water Supply Infrastructure	Capital Work In Progress	Total
	Kshs. 10%	Kshs. 12.5%	Kshs. 25%	Kshs. 33%	Kshs. 2.5%	Kshs. 0%	Kshs.
As at 1st July 2021	393,706,080	318,181,955	197,943,398	156,248,970	33,262,521	0	1,099,342,925
Adjustments	0	0	0	0	0	0	0
Additions	0	5,008,315	16,075,337	4,324,750	0	0	25,408,402
Disposals/ W/O	0	0	0	0	0	0	0
As at 30 June 2022	393,706,080	323,190,271	214,018,735	160,573,720	33,262,521	0	1,121,187,527
Depreciation							
As at 1st July 2021	243,108,007	263,276,367	188,307,659	137,654,492	4,229,949	0	836,576,474
Adjustments							0
Charge for the year	41,805,608	7,401,	5,933,909	7,887,385,	735,565	0	63,764,194
Disposals	0	0	0		0	0	0
As at 30 June 2022	284,913,615	270,678,094	194,241,569	145,541,876	4,965,514	0	900,340,668
Net Book Value 30 June 2022	108,792,465	52,512,176	19,777,167	15,031,844	28,297,007	0	224,410,659
Net Book Value at 30 June 2021	150,598,073	54,905,589	9,635,739	18,594,479	29,032,571	0	262,766,450

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 B. INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	99,622,795	97,627,595
Additions	11,926,920	1,995,200
At end of the year	111,549,715	99,622,795
Additions-internal development	0	0
At end of the year	98,292,663	89,958,023
Amortization Charge for the Year	4,506,670	8,334,640
At beginning of the year		
As at 30 June 2022	102,799,333	98,292,663
NBV end of the year June 2022	8,750,382	1,330,132
NBV as at June 2021	1,330,132	7,669,572

20. DEPRECIATION AND AMORTIZATION EXPENSE.

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	63,764,194	69,137,957
Intangible assets	4,506,670	8,334,640
Total depreciation and amortization	68,270,864	77,472,597

21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade Creditors-	1,340,693,374	1,357,409,185
Laboratory Clients Prepayments and Accrued expenses	426,860	550,140
Total trade and other payables	1,341,120,234	1,357,959,325

22. CURRENT PROVISIONS.

Description	2021-2022	2020-2021
	KShs	KShs
Provisions	47,807,177	29,379,021
Total trade and other payables	47,807,177	29,379,021

This are payables originating from gratuity payable for the period. Gratuity is payable after the contract period but provided for at the end of financial year.

Description	Leave provision	Gratuity provision	Total
	KShs	KShs	KShs
Balance b/d (1.07.2021)	(1,390,655)	30,769,676	29,379,021
Additional Provisions		25,936,396	25,936,396
Provision utilized		(7,508,241)	(7,508,241)
Change due to discount and time value for money			
Transfers from non-current provisions			
Total provisions as at 30.6.2022	(1,390,655)	49,197,831	47,807,176

23. DEFERRED INCOME

Description	2021-2022	2020-2021
	KShs	KShs
National government	95,131,729	74,821,532
Transfers from other Governments-KWSCR	55,039,041	1,645,706
Public contributions and donations		
Total deferred income	150,170,770	76,467,238

The deferred income movement is as follows:

	National government	GOK-KWSCR	Total
Balance brought forward	74,821,532	1,645,706	76,467,238
Additions	262,385,050	88,713,283	351,098,333
Transfers to Capital fund			
Transfers to income statement	242,074,853	35,319,948	277,394,801
Other transfers			
Balance carried forward	95,131,729	55,039,041	150,170,770

24. CAPITAL FUNDS

This represents capital funds and assets given to the Authority by GOK, development partners. During the period we received donations from African Development Bank, through Athi water Works Agency of motor vehicles and Computers amounting Ksh 13 Million, Kshs 2.6 Million donation of two vehicle by USAID DAI and Kshs 12M worth assets from Advanced Metering Infrastructure Project

Description	2021-2022	2020-2021
	Kshs	Kshs
Capital Assets Transfer-GOK	32,262,705	32,262,705
GIZ	4,053,315	4,053,315
Kenya Water and Sanitation Programme	35,349,589	35,349,589
AWF	770,000	770,000
MTAP Fund	50,000,000	50,000,000
KWSCRIP	78,705,254	78,705,254
LAY Volunteers	5,760,000	5,760,000
ADB-AWDA and DAI	17,518,381	
AMI -PROJECT	12,779,800	
Total	237,199,044	206,900,863

25. BORROWINGS

Description	2021-2022	2020-2021
	KShs	KShs
Balance at beginning of the period	362,612,300	362,612,300
External borrowings during the year	0	0
Domestic borrowings during the year	0	0
Repayments of external borrowings during the period	0	0
Repayments of domestics borrowings during the period	0	0
Balance at end of the period	362,612,300	362,612,300

The principal amount has been split into two parts; current principal payable as a current liability and long term borrowing due,

The analyses of both external and domestic borrowings are as follows:

Current Liability

Description	2021-2022	2020-2021
	KShs	KShs
Short term borrowings(current portion)	66,478,922	54,391,845
Interest and penalties	55,509,900	45,417,191
Total	121,988,822	99,809,036

Long Term Loan

Description	2021-2022	2020-2021
	KShs	KShs
Long term borrowings- Part	296,133,378	308,220,455
Total	296,133,378	308,220,455

26. CASH GENERATED FROM OPERATIONS

	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax	(20,887,286)	(22,896,949)
Adjusted for:		
Depreciation	68,270,864	77,472,597
Non-cash grants received		
Contributed assets		
Impairment		
Gains and losses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost		
Working Capital adjustments		
Increase in inventory		
Increase in receivables	(103,119,167)	(174,844,240)
Increase in deferred income	73,703,532	(41,701,389)
Increase in payables	(16,839,091)	103,687,948
Increase in payments received in advance	80,390,372	(16,216,412)
Net cash flow from operating activities	81,519,224	(74,498,445)

27. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

27. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	2,675,466,381	0	0	0
Receivables from non- exchange transactions	29,061,735	0	0	0
Bank balances	141,854,235	0	0	0
Total	2,846,382,351	0	0	0
At 30 June 2021				
Receivables from exchange transactions	2,572,347,214	0		0
Receivables from non exchange transactions	109,452,107	0		0
Bank balances	39,851,288	0		0
Total	2,721,650,609	0		0

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the entity has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due from water sector institutions.

The Management Board sets the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

	Less than 1 month Kshs	Between 1- 3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2022				
Trade payables			1,341,120,234	1,341,120,234
Current portion of borrowings			121,988,821	121,988,821
Provisions				0
Deferred income	150,170,770			150,170,770
Employee benefit obligation				0
Total	150,170,770	-	1,463,109,055	1,613,279,825
At 30 June 2021				
Trade payables			1,357,959,325	1,357,959,325
Current portion of borrowings			99,809,036	99,809,036
Provisions				0
Deferred income.	76,467,238			76,467,238
Employee benefit obligation				0
Total	76,467,238	-	1,457,768,361	1,534,235,599

(iii) Market risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings	885,123,968	907,011,254
Capital reserve	237,199,044	206,900,862
Total funds	1,122,323,012	1,113,912,116
Total borrowings	362,612,300	362,612,300
Less: cash and bank balances	(141,854,236)	(39,851,288)
Net debt/(excess cash and cash equivalents)	220,758,064	322,761,012
Gearing Ratio	19.70	28.4

28. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Management Board;

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods		
Sales of services		
Total		
b) Grants from the Government		
Grants from National Govt	665,115,714	583,981,068
Grants from County Government	0	0
Donations in kind	30,298,181	0
Total	695,413,895	583,981,068
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for xxx		
Total		
d) Key management compensation		
Directors' emoluments	11,802,858	17,764,189
Compensation to the CEO	4,560,000	4,560,000
Compensation to key management	7,262,400	7,262,400
Total	0	0
Total	23,625,258	29,586,589

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

File Ref.	Particulars	Brief Facts	Contingent Liability FY 2020/21
WRA/4/106	HCCC NO. 754 OF 2012 Juanco Contech Ltd vs. WRMA	Suit alleging breach of contract by WRMA in failing to pay fully for construction works of certain office premises.	Kshs. 26,213,025.83
WRMA/HQ/LA /1/12/1/1	Nairobi JR No 69 Of 2014: WRMA V Commissioner For Co-Operative Development & Another	The Commissioner of Cooperative's irregularly issued Agency Notices freezing all the Bank Accounts operated by the Authority on the alleged grounds that the Sacco dues belonging to <i>Ukulima Sacco</i> had not been paid. Upon the Authority's instructions, we moved to court and obtained orders staying the operation of the Agency Notices. Suit withdrawn.	Outstanding arrears of Kshs.34,112,444 to <i>Ukulima Sacco</i> and half of the costs incurred by <i>Ukulima Sacco</i> in the case once assessed by court. (this can be estimated at Kshs.750,000)
WRA/4/32	HCCC No. 319 of 2013 WRMA VS. Nairobi City Water & Sewerage Company	Claim for Water Use Charges	Legal fees of Kshs. 26,341,423.00
WRA/4/137	Nairobi CMCC 8241 of 2018: Optace Limited vs. WRA & Others.	Suit alleging breach of contract by WRA in failing to pay fully for items ordered for and not paid for under an LSO.	Kshs. 1,624,232.00

WRA/4/87	CHR No. 11 of 2018:	Claim for lifting of WRA Order for demolition of 8 houses falling within riparian reserve of Stony Athi River	Although the Petitioner seeks an award of Kshs 466,955,673.00 in special damages, this is not likely to be awarded since a claim for special damages must be specifically pleaded in court Pleadings and strictly proved.
WRA/4/157	Superior Homes PLC vs. WRA Machakos ELC, Judicial Review Misc. 2 of 2020: Erdemann Property Ltd vs Export Processing Zone & 2 Others and London Distillers (K) Ltd & 3 Others	A Judicial Review matter filed by Erdemann Limited against several institutions with main contention being the discharge of effluence into the environment by London Distillers (K) Limited	
WRA/4/160	Thika (ELC) Pt. no. 14 of 2020: Prof. Francis Muregi & Steel Mill Limited & 9 others	Injunctive orders are sought by the Petitioners against the 1 st and 2 nd Respondents following an alleged encroachment on water catchment area in Uplands, Nyambari area, Kiambu	

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/161	Kajiado (ELC), Constitutional Petition No. E003 of 2021: Hon. Peter Ole Tirishe & 2 Others v Tata Chemicals Magadi Limited & 2 Others	Constitutional Petition by the Petitioners on behalf of Mosiro Ward In Kajiado West contending that the diversion of River Kisamis into Ordorko Swamp and construction of dykes by Tata Chemicals was done illegally and without regard to the environmental impact on the affected parties.	
WRA/4/162	Nyahururu (ELC) Pt. no. 120 of 2019: David Wang'ombe Karanja & 2 others vs County Government of Laikipia & 3 others	Suit seeking injunctive orders against the 1 st Defendant. Furthermore, there is an order sought directing WRA to protect the wetlands within the jurisdiction of the County Government of Laikipia, and particularly, the suit properties L.R LAIKIPIA/UASO NAROK B/51, L.R LAIKIPIA/UASO NAROK B/69 and L.R LAIKIPIA/UASO/NAROK/1381	
WRA/4/163	Migori (ELC) Petition No. E4 of 2020: Mathew Awuor Dimo & Others v The Hon. AG & 7 Others	Constitutional petition by several residents of Kabondo/Kadumo West Region in Homabay contending that Kendu Bay Water Project was done without public participation and is affecting the flow of River Awach Kabuony.	
WRA/4/164	Machakos (HC) Pt. no. 149 of 2012: Oasis Park Self Help Group vs Joinven Investments Ltd & 2 others	The Applicant seeks to enjoin WRA as a party to the suit for the purpose of enforcement of a court order	
WRA/4/166	Nairobi [ELC] Constitutional Pt. no. E0107 2021: Sultan Palace Development Limited Vs. WRMA- Albright Holdings Limited[interested party]	Gazettement of Dik Dik Gardens as a wetland.	

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/167	In The National Environment Tribunal Appeal No. 9 of 2021. Westlands Garden Limited Vs. NEMA – WRA and Westlands Cottage Apartments Limited(Magnate Ventures Limited)	Sinking of boreholes too close together	
WRA/4/169	In The Environment and Land Court at Nairobi. Petition No. E031 of 2021: Lone Tree Limited Vs. The Water Resources Authority	Demolition of development by the petitioner on parcel of land <i>L.R No. 21/1/22</i>	
WRA/4/171	In the High Court of Kenya at Nairobi. ELC Constitutional Petition No. E032/2021: Antony Mwangi & 35 others Kenya Urban Roads Authority & 6 others	Petitioners are seeking Court's assistance to stop future encroachment and erecting of illegal structures that will/ may be erected on the road.	
WRA/4/172	In the High Court of Kenya at Nairobi. Petition No. 184 of 2020: Legal Advice Centre & 3 others vs WRA & 9 others	The Petitioners allege that the Respondents have failed to take adequate steps towards the realization of the right to water by failing to provide the residents of Marsabit County with safe water.	
WRA/4/173	In The Environment and Land Court at Nyeri. ELC Case no. 15 of 2021: Richard Maina Mwangi & Another vs Phares Kabugu Njogu & Others	The Plaintiffs are seeking orders restraining Ragati River WRUA from interfering with the Plaintiffs' water intake situated at Gichichi River and converting it into a common intake for other water projects.	

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/174	In the Environment and Land court of Kenya at Kisumu. ELC Petition No. E022/2021: Calvin Oluoch Olang' & 18 others vs. Lake Victoria south water works & 7 others	The Petitioner alleges that Lake Victoria South Water Works Developments Agency Limited is implementing the construction of a Kshs. 7.5 billion wastewater treatment plant in Korando, Kisumu County without following due process.		
WRA /4/175	In The Environment and Land Court at Mombasa. ELC Petition No. 50 of 2021: Ainea Ragen & Anwaral Brothers and others vs Chief land registrar & others.	The Petitioner alleges that the 1 st Respondent has encroached a wetland and constructed permanent structures on it. The petitioner also alleges that the authorizations issued by various state agencies were done so irregularly.		
WRA/4/176	In the High Court at Garissa. Petition No. 09/2021: Hoko and Shalete Shallow Wells Co-Operative Society Ltd vs WRA & Others	The petitioner is seeking conservatory orders restraining Wajir Water, Sewerage & Sanitation Co. Ltd from drilling, proceeding to drill and/or operate the boreholes in Lan Bib South, Umbi, Rifed and Shalete or Wajir South within Wajir County.		
File Ref.	Particulars	Facts	Lawyer s	Status
WRA/4/116	Joseph Gitau Mwangi & Ano. Vs. WRMA. ENV. Law Div. 460/2010	Case arose out of an order by WRMA demanding that the Plaintiff demolish the wall he had constructed on the riparian way leave on the lower Mbagathi River.	Prof. Albert Mumba & Co. Advocates	Pending hearing and determination
WRMA/HQ/LA/1/12/12	NET/128 of 2014: Wilson Munguti & Others vs. WRMA & Others	Suit against issuance of Licence issued by NEMA and Authorization issued by WRMA to NIB in respect of rehabilitation and expansion of Kiboko	Rachier & Amollo Co. Advocates	Pending. Tribunal invites parties to address it on the issue of costs under rule 39 of its rules of

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

		Irrigation Development Project.		procedure on a date to be agreed.
WRMA/HQ/LA/1/12/2/34	Const. Petition No. 35 OF 2015: WRMA vs. EPZA & NEMA (I.P)	WRMA filed the suit to enforce Constitutional Rights and stop further pollution by Export Processing Zones Authority	Prof. Albert Mumm a & Co. Advocates	Pending settlement.
WRMA/HQ/LA/1/12/2/33	Malindi HCCC No. 28 of 2013 WRMA v Kensalt Limited	Claim for Kshs.270,295,759 outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from abstracting sea water in Malindi for extracting salt.	Prof. Albert Mumm a & Co. Advocates	Pending: WRA sought to amend its claim from the initial claim of Kshs.270,295,759 to 1,546,489,612. The court allowed this application. Mention on 17th January 2022.
WRMA/HQ/LA/1/12/2/33	Malindi HCCC No 26 of 2013 WRMA V Krystalline Salt Limited	Claim for outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from abstracting seawater in Malindi for extracting salt. Judgement entered in favour of WRMA in 2013.	Prof. Albert Mumm a & Co. Advocates	Judgment entered in favour of WRA for Kshs. 2,079,590,000.00 together with interest at court rates (14%) from November, 2013. Krystalline Salt Limited appealed the decision at the Court of Appeal. The Court of Appeal granted stay on condition that Krystalline issues a bank guarantee for Kshs. 100 million pending hearing and determination of the Appeal. Krystalline complied with

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

				this condition and therefore the stay orders are in force. The matter is awaiting hearing and determination by the Court of Appeal.
WRMA/HQ/LA/1/12/2/33	Malindi HCCC No 27 of 2013 WRMA v Malindi Salt Works	Claim for Kshs.7,564,075/- outstanding water use charges abstracted from the Indian Ocean for extracting salt for the period between 1/10/2007 and 31/9/13	Prof. Albert Mumba & Co. Advocates	Mention for directions on 7th March 2022.
WRMA/30/MSA/3 HD2/10936/S/1/1 2/2/33	Malindi HCCC No 29 of 2013 WRMA V Kemu Salt Packers Production Limited	Claim for Kshs.11,897,524.80 outstanding water use charges for the period between 1/10/2007 and 31/9/13 accruing from abstracting seawater in Malindi for extracting salt.	Prof. Albert Mumba & Co. Advocates	Mention for directions on 7th March 2022.
WRA/4/107	Nairobi ELRC Cause No.230 of 2016: Michael Muriuki Muturi vs. WRMA	Suit challenging transfer from one station to another.	Prof. Albert Mumba & Co. Advocates	Pending hearing and determination
WRA/4/91	CHR NO.13 of 2018: Justice and Environment Foundation & 6 Others Vs Water Resources Authority & 8 Others	Claim for compensation for damages caused by the collapse of Solai dam	Prof. Albert Mumba & Co. Advocates	Pending hearing and determination
WRA/4/134	ELC No. 77 of 2018: Easthaven Development Ltd Vs WRA and 2 Others	Construction of (Brooklyn Springs Apartment L.R NO. 4857/121) on Riparian Land	AG's office (Ms. Ruth Kerubo is on record)	Instructions to State Counsel sent; matter is pending before court.

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/36	Emp. & Labour Relations Court-Case No. 893/2017: Lucy Akinyi Kidero & 7 Others Vs Mohamed M. Shurie & 2 Others	Alleging termination employment contracts	unfair of and	Garane & Soman e Advocates	Matter came up for hearing on 7th July, 2022. During the examination, we made an application to have sensitive documents that offend the privacy and confidentiality of a particular group of employees not parties to the suit expunge. The court directed that the concerns raised were legitimate and the same should be formally filed and served within 14 days. The matter is scheduled for oral hearing of application to expunge the said documents from court record on 29th July, 2022
WRA/4/23	Civil Appeal NO. 9 of 2015: WRMA Vs Kensalt Ltd	Claim for Kshs.270,295,759.00 outstanding water use charges and permits fees.		Prof. Albert Mumba & Company Advocates	Ruling delivered and held inter alia that the Authority had no regulatory mandate over sea water. WRMA challenged the Court's finding and lodged an Appeal on the 27/10/2014. The Appeal was heard and the court found in favour of

				<p> 1. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>
Article IV	<p> Section 1. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 2. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 3. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 4. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>
Article V	<p> Section 1. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 2. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 3. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>	<p> Section 4. The Board of Directors shall have the authority to make and alter the Bylaws of the Corporation. </p>

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/90	NAIROBI ELC 317 OF 2018 (CONSOLIDATED WITH ELC 320 OF 2018) DIPENKUMAR MAVAN & 5 OTHERS – DIKDIK GARDENS RESIDENTS ASSOCIATIONS VS SULTAN PALACE DEVELOPMENT LTD & OTHERS	Encroachment of a wetland	Cheng e Busiku & Company Advocates	NLC sought leave to file a Defence and Counterclaim Mention on 21st September 2022 for further directions
WRA/4/85	Nakuru Const. Petition No.8 of 2018: Peter Mbae Vs. Nema & 5 Others	Constitutional orders for restoration of the environment and environmental audit following collapse of Solai dam.	Prof. Albert Mumba & Company Advocates	<ul style="list-style-type: none"> • Hg. Of interlocutory application scheduled for 15/11/2018 adjourned • Interlocutory applications abandoned • Pending hearing and determination of petition
WRA/4/86	Nairobi J.R Appl. 45 of 2018: R.Vs PS, Ministry of Transport, Infrastructure Housing & Urban Devt & 3 Others Ex. P Nishapa Investment Limited	JR orders seeking to quash notice by a multi-sectoral consultative committee from various government agencies issued for demolition of development lying on riparian land (Nairobi river riparian)	Garane & Soman e Advocates	Pending hearing and determination
WRA/4/177	Nairobi ELC 514/2018: Mosiara Trading Company vs AG & 4 Others	Claim for recovery of damages of Kshs. 45.2 billion as a result of demolition of property on riparian land (T-Mall) along Mbagathi Way Nairobi	Janet Olewe/ Tacey Makori	Negotiations is on going. Matter slated for hearing on 9th March, 2023 if parties will not have agreed by the next court date the matter will proceed for hearing.
WRA/4/114	HCC No. 375 of 2009: CFC Standard Bank Limited vs Nivina	Appeal against WRMA's decision to give authorization to Nivina to		Judgment has been pending since 2011 due to lack of

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

	Investment Limited & Anor	drill borehole near appellant's borehole.		members at the Water Appeals Tribunal.
WRA/4/89	Machakos MISC. Civil Application No. 192 of 2018: Superior Homes (Kenya) Limited vs. Water Resources Authority & 9 Others	Claim for lifting of WRA Order for demolition of 8 houses falling within riparian reserve of Stony Athi River	CFL Advocates	Judgment delivered. Appeal pending hearing. Ruling on taxation delivered without notice. Petitioner and WRA filed applications seeking leave to file a reference out of time. Both applications were allowed. Court directed that both the Petitioner's and WRA's references be heard together on 3rd March 2022. Petitioner granted 14 days to file their application for reference.
WRA/4/138	Kerugoya ELC No. 36 of 2018: Saweria Gichobi Vs WRA, NEMA & Others	Construction of Irrigation works contrary to the permit	Ngaywa & Kibet Partners LLP	Pending hearing and determination
WRA/4/139	Nairobi ELC Const. PT No. 2 of 2019: Kental Enterprises Ltd Vs The Attorney General & 4 Others	Illegal demolition of construction works on riparian land	Prof. Albert Mumba & Co. Advocates	Pending hearing and determination of petition
WRA/4/123	Nairobi H.C No. 380 of 2018: Hon Governor John Mbugua & 6 Petitioner vs. Hon Attorney Gen & 15 Others	Claim for compensation to the disabled as a result of Sarova Stanley Nairobi and other developments closing up foot paths thereby inconveniencing persons with disability	Attorney General's office	Pending hearing and determination

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/149	Makueni (ELC) Pt. No. 13B (Formerly Nairobi Pt. No. 45 Of 2019): Kiboko WRUA vs. KPC, NEMA, WRA, & ERPRA	Suit seeking various orders of injunction and environmental restoration following the oil spillage from KPC oil infrastructure in Kiboko.	Tacey Makori	1st Respondent filed a Preliminary Objection. Ruling on the Preliminary Objection shall be on notice
WRA/4/150	Milimani [ELC] No. 289 of 2019. Sewenei Limited & 2 others -Vs - Peter Kiplagat & 5 others	Suit Between two neighbours living in Hardy area of Karen. The Plaintiff alleges that their neighbour constructed multi dwelling houses and dug a borehole without following the laid down procedure and contrary to subsisting Karengata Physical Development Plan 2005-2015.	Ngaywa & Kibet Partners LLP.	Matter came up for mention on 14th September, 2022 to confirm compliance. The Court was not sitting and the matter has now been fixed for mention on 9th November, 2022 to confirm compliance
WRA/4/154	Makueni (ELC) Pt. No.15 of 2019: Rufus Mulatya Muathe & 52 others vs. KPC, NEMA, WRA	Suit seeking various orders of injunction and environmental restoration following the oil spillage from KPC oil infrastructure in River Thange	Tacey Makori/ Janet Olewe	1st Respondent granted Mention on 24th November, 2022 to confirm compliance. 14 days to file and serve their Supplementary Affidavit together with their Submissions Respondents to file and serve their Submissions after 7 days from day of service by the 1st Respondent
WRA/4/155	Nairobi ELC Case No. 128 of 2019: Skeeter Kwamboka vs WRA	Construction on the water channel on Sabaki River	Tacey Makori/ Janet Olewe	Parties given 30 days to sought the issue of representation and a further 14 days to file the necessary documents

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

				Matter slated for mention 1st February, 2023 for fixing of hearing date
WRA/4/165	Kajiado (ELC), Constitutional Petition No. E003 of 2021: Hon. Peter Ole Tirishe & 2 Others v Tata Chemicals Magadi Limited & 2Others	Constitutional Petition by the Petitioners on behalf of Mosiro Ward In Kajiado West contending that the diversion of River Kisamis into Ordorko Swamp and construction of dykes by Tata Chemicals was done illegally and without regard to the environmental impact on the affected parties.	Tacey Makori/ Janet Olewe	1st Respondent filed a preliminary objection to the petition. Petitioners informed the court that there is a possibility of settling the matter out of court. They requested for three months to enable them to pursue negotiations. Mention on 5th December 2022 for further directions
WRA/4/159	MCCMMSU E252/2020: Lavington Security Services LTD -VS Water Resources Authority	The Authority has allegedly defaulted in payment of Kshs 7,552,902.55/= to the Plaintiff who agreed to offer various security services to the Authority	Chenge, Busiku Advocates	The matter is yet to be set down for a pre-trial conference
WRA/4/178	PETITION NO. E009 OF 2021 Justice and Environment Foundation and 6 others Vs Perry Mansukh Kansagra & 12 others	Illegally and irregularly constructed man-made dam within the vast Patel coffee estate known as Solai farm in Solai broke its banks leaving unprecedented death and many more injuries	Tacey Makori/ Janet Olewe	Pleadings have been served upon WRA. Matter is ongoing
WRA/4/179	COURT OF APPEAL AT NAIROBI. CIVIL APPLICATION NO. E094 OF 2022 Sultan Palace Development Limited Vs WRA and Another	An Appeal matter against WRA on Ruling issued in ELC Petition No. E017 of 2021 dated 2nd March, 2021 seeking an Injunction against the Ruling pending and determination of the Application by Court of Appeal	Tacey Makori/ Janet Olewe	Pending hearing notice from court of appeal

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/180	Nairobi Constitutional and Human Right Division Petition No. E118 OF 2022 James Kamau Murango Vs Water Resources Authority and 2 Others	The Petitioners are seeking Declaratory orders against AG MoWSI and WRA on implementation of Regulation 84 and Part B of the Second Schedule of the Water Resources Regulation, 2021. Ruling on the Application for interim conservatory orders was delivered dismissing the application. Parties were directed to file responses and submissions on the Petition. All parties complied.	Janet Olewe/ Tacey Makori	Matter was scheduled for highlighting of submissions on 28th June, 2022. Parties adopted their submissions as filed and sought a judgement date. Matter scheduled for Judgement on 3rd November, 2022.
WRA/4/181	Milimani Commercial CMC Civil Case No.E1489 OF 2022 Charles Mwaura Gachui Vs Water Resources Authority and Another	The Plaintiff's are seeking Temporary Injunction and Conservatory Order against WRA restraining them from entering on the Plaintiff's property and disconnecting his borehole and/or sewer system in relation to a bill disputed dated 4th March, 2022 .	Tacey Makori/ Janet Olewe	Awaiting mention notice from the Plaintiff
WRA/4/168	Thika ELC Miscellaneous Application No. EO15 of 2021 Cellini Holdings Limited Vs Blue Nile Rolling Mills Limited and 4 Others	The Applicants are seeking orders against the Respondent (WRA being the 3rd Interested Party) that they be restrained from diverting the stream that is adjacent to his property to the neighbouring properties pending hearing and determination of the Application.	Tacey Makori/ Janet Olewe	The proposed 5th Interested Party application to be joined as the 5th Interested Party is allowed. The matter is slated for mention on 27th February, 2022

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRA/4/182	Muranga ELC Petition No.2 OF 2022 Hon. Mary Wamaua and 2 Others Vs Hon Attorney General and 4 Others	The Petitioners are seeking for Conservatory Order against the Respondents (WRA being the 3rd Respondent) restraining them from preventing the Petitioners and Nagami dam community from farming, abstracting and use of dam water and be restrained from uprooting, cutting, destroying or interfering with the Petitioner's split way area adjacent to the dam.	Tacey Makori/ Janet Olewe	Ruling to be delivered on 8th December, 2022
WRA/4/183	Milimani Commercial CMC ELC NO. E441 OF 2022 Francis Kahama Vs Nairobi Water & Sewerage Company and WRA	The Plaintiff is seeking an order of injunction against WRA and Nairobi Water restraining them from interfering, disconnecting or removing the measuring device installed in the borehole situated in plot L.R. No. 82/2290 pending hearing and determination of the matter	Tacey Makori/ Janet Olewe	Mention on 21st July, 2022 to confirm filing of submissions. Respondents and interested party granted 14 days to file responses. Applicant to file submissions within 10days of service of responses. Respondent and interested party granted 14 days to file responses.
WRA/4/184	Milimani Commercial CMC ELC NO. E180 OF 2022 Jeremiah Waweru and Another Vs WRA and 2 others	The Applicants are seeking orders of temporary injunction against the Respondents (WRA being the 1st respondent) restraining the Respondents from interfering with the quiet possession of the Applicants parcel of land known as NAIROBI/BLOCK 206/320 until the suit filed is heard and determined.	Tacey Makori/ janet olewe	Matter to be mentioned on 24th January, 2023 to confirm compliance with pretrial direction

WRA/4/185	Milimani Commercial CMC ELC NO.E243 OF 2022 H Young & Co.(EA)Ltd Vs WRA	Plaintiff is seeking Temporary Injunction against the Respondent restraining it from entering, invading, trespassing into the Plaintiff's use of borehole facility situated in Industrial Area Nairobi and Katani Site or disconnecting water pending the hearing and determination of the suit.	Janet Olewe/ Tacey Makori	The Magistrate was unwell and thus the court was not sitting. Matter to be mentioned on 1st December, 2022 to confirm compliance.
WRA/4/186	Mavoko ELC Miscellaneous Civil Application No. E006 of 2022 Syokimau Residents Association and 2 Others Vs WRA and 3 Others	Applicant is seeking orders against WRA and other Respondents to fulfil their lawful mandate by taking the necessary action to ensure that the proprietor of L.R No. 12715/119 either by himself, agents or servants be restrained from undertaking construction on top of the Sabaki River in such a manner not permitted and has adverse effect on the resident in the surrounding community.	Tacey Makori/ Janet Olewe	Applicants filed and served their amended Pleadings and the 1st Respondent filed a Preliminary Objection The Court directed that the PO should be dealt with first and parties to file and serve their response on the same Matter slated for Ruling on 8th December, 2022 to confirm compliance
WRA/4/187	Karatina Civil Case No.84 of 2022 Maina Mwangi and Another Vs Phares Kabugi Njogu & WRA and 4 Others	The Plaintiffs are seeking orders of permanent injunction restraining the Defendants from interfering with the Plaintiffs' water intake situated at Gichichi River and converting it into a common intake for other four(4) water projects	Tacey Makori/ Janet Olewe	Matter awaiting mention notice
WRMA/HQ/LA/1/12/2/12	WAB App. No. 1(Wr) 2010 CFC Stanbic Vs. WRMA & Wrma & 3 Others.	Appeal against WRMA's decision to give authorization to Nivina to drill borehole near appellant's borehole.	Prof. Albert Mumm a & Co. Advocates	<ul style="list-style-type: none"> • Ruling to be delivered on Notice • Tribunal not constituted.

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

WRMA/HQ/LA/1/ 12/2/17	No.01/WS/WAB/O F 2008 Kenya Water Project vs.WRMA Tana Catchment Area.	Appeal against the decision of WRMA Tana Catchment to deny the appellant a permit to abstract and supply water from Thambana River	Prof. Albert Mumm a & Co. Advoca tes	Pending • Tribunal not constituted.
WRMA/HQ/LA/1/ 12/13	Appeal No 1(WR) of 2012: Rhumba Kinuthia V WRMA Kiambu& Another	Appeal seeks to restrain the respondents from allegedly interfering with the appellants quiet possession over his property plot no. 1488/1489/1490 Kiamumbi farm which he avers is not riparian land	Prof. Albert Mumm a & Co. Advoca tes	Pending • Tribunal not constituted.
WRA/4/101	WAB Appeal No 4WR of 2012 Rumba Kinuthia v WRMA & Another	Appeal challenging the order of WRMA to stop construction works on plot No. L.R. KIAMBU MUNICIPALITY BLOCK 5(KIAMUMBI)/740 located in Kiamumbi, Kiambu area.	Prof. Albert Mumm a & Co. Advoca tes	Pending • Tribunal not constituted.
WRMA/HQ/LA/1/ 12/1/1	Appeal No. 2 (WR) of 2014: Ryan Properties Ltd V Daniel Odinge & 2 Others	Claim challenging the decision by WRMA inter alia to permit the 1st& 2nd respondents to drill a borehole on their land known as L.R. No. 127678/38 Karen.	Prof. Albert Mumm a & Co. Advoca tes	Pending • Tribunal not constituted.
WRA/4/102	Water Appeal No. 5(WR) of 2014: Abdullahi Alli Farah Vs. Water Resources Authority	Appeal against WRMA's decision to give authorization to drill borehole near appellant's borehole	Prof. Albert Mumm a & Compa ny Advoca tes	Pending hearing due to lack of members at the Water Appeals Tribunal
WRMA/HQ/LA/1/ 12/2/35	Abdulahi Ali Afrah vs WRMA and Qaire Salem Limited	Suit against issuance of two authorizations by WRMA within a 3 meter radius.	Prof. Albert Mumm a & Co. Advoca tes	Pending hearing upon appointment of members to the Water Appeals Tribunal.
WRA/4/103	Embu WAB Appeal No. 3 of 2011: Lobelia Farms Limited Vs. Water Resources Management	Appeal against WRMA's decision to give authorization to Lucern Self Help Group to drill borehole near appellant's borehole	Prof. Albert Mumm a & Compa ny	• The matter was pending Ruling prior to expiry of the term of Appeal Board Members.

	Authority & Lucern Self Help Group		Advoca tes	
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30. DIVIDENDS/SURPLUS REMISSION

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

31. EVENTS AFTER THE REPORTING PERIOD

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

32. ULTIMATE AND HOLDING ENTITY

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

33. Currency

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. 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 (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Property Plant and Equipment Kshs 337,412,827	<p>The statement of financial position reflects property, plant, and equipment balance of Kshs.262,766,450 as at 30 June, 2021 and as disclosed in Note 20 to the financial statements. However, as previously reported, the balance does not include eleven (11) parcels of land with buildings and related infrastructure located in Laikipia, Embu, Murang'a, Kirinyaga, Kitui, Nakuru, West Pokot, Kisumu, Mombasa, and Siaya counties and cumulatively measuring 23.7296 acres. Further, the Authority did not have in its possession ownership documents for the parcels of land.</p> <p>Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.262,766,450 as at</p>	<p><i>We concur with the observation that we has unvalued parcels of land across the country on which Water Resources Authority has put various developments is excluded from property, plants and equipment. Currently land for most of the offices has been demarcated and fenced off and ownership acquisition process is ongoing at county physical planning offices</i></p>	CAO/ CEO	On going	

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

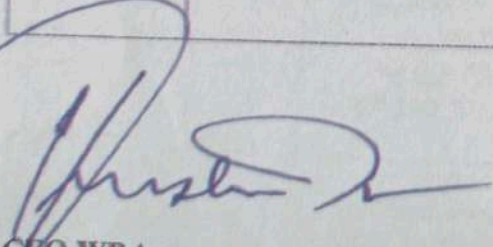
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	30 June, 2021 could not be confirmed				
2. Receivables from Exchange Transactions	The statement of financial position reflects receivables from exchange transactions balance of Kshs.2,572,347,214 as at 30 June, 2021 and as disclosed in Note 18 to the financial statements. Included in the balance, are long outstanding debts amounting to Kshs.2,346,296,049 which have been outstanding for a period exceeding 12 months (over 365 days). The provision for bad debts of Kshs.285,816,357 is inadequate for the growing balance of receivables from exchange transactions. Additionally, the Authority has not adhered to its own debt collection policy, which requires debts to be recovered as and when they fall due, and outstanding debts should be stated as nominal value less provisions of 10% and 50% for debts older than 8 and 12 months respectively. Consequently, the recoverability of the	<i>The above observations have been noted. WRA has struggled in debt collection since it has a lot of interest in the funding its operations. Much effort has been put in place in order to ensure that revenue collection is enhanced. The authority has entered into Mous with most debtors and in some cases has had to undertake court battles with the debtors. Commercial Department has already come up with a draft credit policy which is awaiting validation before approval alongside other policy manuals that are under development. A Credit committee has also been established and tasked with reviewing of debt settlement</i>	Chief commercial officer /FA M		

Water Resources Authority
Annual Report and Financial Statements
For the year ended June 30, 2022

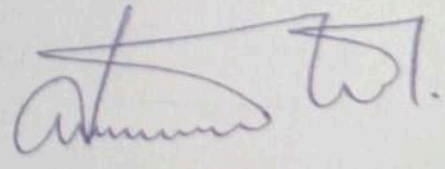
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	receivables from exchange transactions balance of Kshs.2,572,347,214 could not be confirmed.	agreements, disputes resolution of water use bills and enforcement of disconnection orders.			
Over commitment of staff Salaries	<p>Analysis of the payroll for the twelve (12) months under review, revealed that various employees received net pay which was below a third (%) of their basic pay contrary to Section 19 (3) of the Employment Act, 2007, Section C.1 (3) of the Public Service Human Resource Policies and Procedures Manual, 2016 and Section 3 (3.4.6) of Water Resources Authority's Human Resource Policy and Procedures Manual, which state that public officers shall not over-commit their salaries beyond two thirds (%) of their basic salaries and heads of human resource units should ensure compliance.</p> <p>Consequently, the Management is therefore in breach of the Regulations.</p>	<p>The above observations have been noted. This was occasioned by members of staff applying for various loans and advances from various third parties without an MOU with WRA. WRA management has since taken action by communicating to all staff to comply with the $\frac{1}{3}$ rule and informing staffs that only lenders with MOUs with WRA shall be allowed since they do undertake to ensure no lending is done beyond the allowed staff capacity as per PSC regulations. Further Management has stopped making deductions beyond the stipulated limit</p>	PHRO		
Budget over Expenditure	The statement of comparison of budget and actual amounts	Kindly note that the variance is as result of provision for	PFO		

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>reflects that Management spent Kshs.1,538,336,433 against actual budget of Kshs.1,212,500,000 resulting to an over expenditure of Kshs.325,836,433 of the budget. The Management operated over and above the approved budget for the year under review contrary to Section 43(b) of Public Finance Management (National Government) Regulations, 2015 which provides that an Accounting Officer shall ensure that public funds entrusted to their care are applied for purposes for only which they were intended and appropriated by the National Assembly.</p> <p>Consequently, the Management was in breach of the law.</p>	<p>Non- Cash items and utilization of deferred income. WRA's budget was prepared as per the guidelines issued by the national treasury; the format used did not contain provisions for non-cash items like depreciation and provision for bad debts which have been recognized and reported in the Financial Statements. Increase in provisions for Depreciation and amortization amounted to kshs77,472,597, increase in provisions for Bad debt amounted to kshs 19 Million, provisions for finance cost of Kshs10, 092, 709.</p>			
Un-Serviced Long Term Loan	<p>The statement of financial position reflects current portion of borrowing and long-term loan of Kshs.99,809,036 and Kshs.308,220,455 respectively all totalling Kshs.408,029,491 as</p>	<p>The above observations have been noted. WRA endeavors to comply with the subsidiary loan agreement and being a non-commercial government agency,</p>			

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	reflected in Note 25 to the financial statements. The loan relates to an on-lent loan from the Government of Kenya arising from a credit granted by the World Bank (IDA) earmarked for Natural Resources Management (NRM) Project with various effective dates of repayments starting on 30 March, 2017. However, although the repayment period fell due, the Authority did not make repayments totalling to Kshs.54,391,845 (principal amount) and Kshs.45,417, 191 (interest) in the year under review.	<i>it has written to the PS Ministry of Water and Sanitary and the investment secretary informing them of the inability to pay and requesting them for the financial support in repayment or waiver of the same facility. For the institution has included in its budget a loan repayment item but due to rationalization, funding to WRA has been drastically been reduced Making it difficult for it to access funds to fully operationalize and undertake its mandate.</i>			


CEO WRA

Date.....


Chairman of the Board

APPENDIX II: PROJECTS IMPLEMENTED BY THE WRA

Kenya Water Security and Climate Resilience Project

Kenya Water Security and Climate Resilience Project is a World Bank funded project implemented by the Ministry of Water, Sanitation and Irrigation (MoWSI). Water Resources Authority (WRA) is one of the executing agencies of the project and has Project Implementation Unit (PIU) within the institution. The PIU reports to the Project Management Unit (PMU) of the MoWSI and WRA management. The project account and auditing is done at the PMU during the review of various implementing agencies.

Project Title	Project Number	Donor	Period/duration	Donor commitment ('000 USD)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these Financial Statements (Yes/No)
Kenya Water Security and Climate Resilience (Loan)	5268-KE	World Bank	8yrs	29,603	Yes	Yes
	TF0A0761	Korea World Bank Group Partnership Facility (KWPF)	4yrs	3,500	Yes	Yes
Total				33,103		

Status of Projects Completion

The project total cost is USD '000 33,103 after restructuring, this includes USD '000 3,500 from Korean Trust Fund to support upgrading of Nzoia Flood Early Warning. All the bulk procurements for consultancies and contractors are done at the PMU. WRA received project operational costs/activity budgets amounting to 291,238,821.00 and so far the completion rate is 90% (SC 2;2 =100%, FFEWS 95% and NWSM 60%)

Project Title	Total Project Cost ('000 USD)	Total expended to date(Ksh)	Completion % to date	Budget(Ksh)	Actual(Ksh)	Sources of funds
Kenya Water Security and Climate Resilience (Loan)	33,103	291,238,821.00 *	85 .	2,666,878,153.00 *	291,238,821.00	World Bank and Korean Trust Fund

APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	Water Resources Authority		
	Break down of Transfers from the State Department of Water			
a.	Recurrent Grants	FY 2021/2022		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/08/2021	32,000,000	2021/22
		08/09/2021	32,000,000	21/22
		28/09/2021	32,000,000	21/22
		04/11/2021	32,000,000	21/22
		02/12/2021	32,000,000	21/22
		10/01/2021	32,000,000	21/22
		07/02/2022	32,000,000	21/22
		02/03/2022	32,000,000	21/22
		04/04/2022	32,000,000	21/22
		09/05/2022	32,000,000	21/22
		07/06/2022	32,000,000	21/22
		29/06/2022	32,000,000	21/22
		Total	384,000,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		26-08-2021	65,750,000	2021/2022
		01/11/2021	65,750,000	2021/2022
		16/05/2022	25,750,000	2021/2022
		13/07/2022	25,750,000	2021/2022
		Total	183,000,000	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	0	
	Other development grants	20/04/2022	45,000,000	2021/2022
d.		18/06/2022	34,385,050	2021/2022
		Total	79,385,050	
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
e.	WDC	04/08/2021	1,500,000	2021/2022
		09/09/2021	437,208	2021/2022
		08/10/2021	1,783,705	2021/2022
		Total	3,720,913	

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

Corporate Services Manager
Water Resources Authority

Head of Accounting Unit
Ministry of Water and Sanitation

Sign-----

Sign -----

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Other	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific- Opening deferred income	
Ministry of Water and Sanitation- Recurrent grant	384,000,000	Recurrent	384,000,000	384,000,000	-	-	-	-	384,000,000
Ministry of Water and Sanitation- Devt-Grant	262,385,050	Development	262,385,050	242,074,853	0	95,131,729	-	(74,821,532)	262,385,050
KWSCRP	88,713,283	donors	88,713,283	35,319,948	0	55,039,041	-	(1,645,706)	88,713,283
WDC	3,720,913	donors	3,720,913	3,720,913	0	0	0	-	3,720,913
Total	738,819,246		738,819,246	665,115,714	0	150,170,770	-	(76,467,238)	738,819,246