

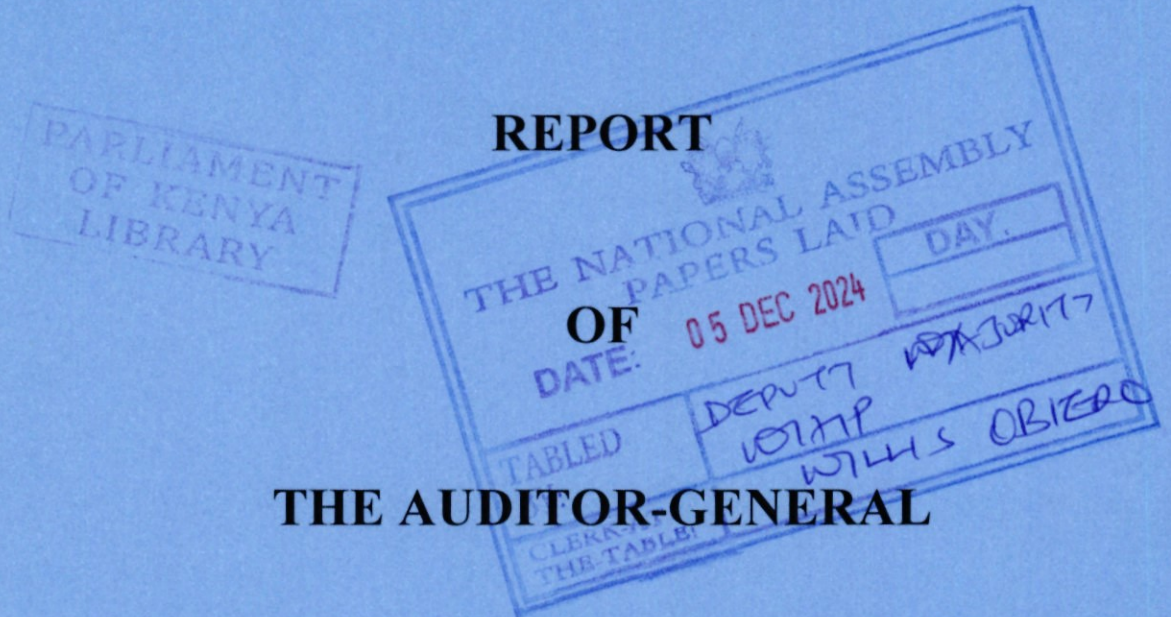
REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT



THE AUDITOR-GENERAL

ON

**KENYA TOWNS SUSTAINABLE WATER
SUPPLY AND SANITATION PROGRAM -
CREDIT NO. P-KE-E00-011 (AfDB LOAN
NO.200200000501)**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**ATHI WATER WORKS DEVELOPMENT
AGENCY**



PROJECT NAME:
KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM
IMPLEMENTING ENTITY:
ATHI WATER WORKS DEVELOPMENT AGENCY
PROJECT /CREDIT NUMBER: P-KE-E00-011

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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



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1. Acronyms and Glossary of Terms

ADF	African Development Fund
AfDB	African Development Bank
AWWDA	Athi Water Works Development Agency
CBK	Central Bank of Kenya
Comparative FY	Financial year preceding the current financial year.
CWWDA	Coast Water Works Development Agency
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MIC TAF	Middle Income Countries Fund
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
TAWWDA	Tanathi Water Works Development Agency
WRA	Water Resources Authority
WASREB	Water Services Regulatory Board

2. Project Information and Overall Performance

2.1 Name and registered office

Name

The project's official name is Kenya Towns Sustainable Water Supply and Sanitation Program.

Objective

The key objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns within Athi, Tanathi and Coast Water Works Development Agencies' areas of jurisdiction.

Address

The project headquarters offices are Nairobi, Nairobi County, Kenya. The address of its registered office is:

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

Contacts: The following are the project contacts

P.O. Box: 45283-00100, Nairobi
Telephone: (254) 0202724292/3
E-mail: info@awwda.go.ke
Website: www.awwda.go.ke

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	The project start date is 9th January 2017
Project End Date:	The project initial end date was 31st December 2021 , it was extended initially to 31st December 2023 and later to 31st December 2025
Project Manager:	The project manager is Eng. Bonnie Nyandwaro
Project Sponsor:	The project sponsor is the African Development Bank (AfDB)

2.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Water, Sanitation and Irrigation.
Project number	P-KE-E00-011
Strategic goals of the project	The strategic goals of the project are as follows: The main objective of the program is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi Cluster's area
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Development of water and waste water infrastructure in Limuru, Kikuyu , Kiambu, Kitui, Machakos, Mombasa and Malindi. (ii) Undertake institutional development for AWWDA, TAWWDA, CWWDA, WASREB and WRA (iii) Climate adaptation support for AWWDA, TAWWDA, CWWDA
Other important background information of the project	The Kenya Towns Sustainable Water Supply and Sanitation Program project covers the whole country, covering the nine water works development agencies, Water services Regulatory Authority and Water resources Authority, but with only three water works development agencies as the implementing agencies. Athi Water Works Development Agency (AWWDA) is implementing agency for projects within areas covered by AWWDA, Coast, Tanathi WWDA, Water Services Regulatory Authority (WASREB) and Water Resources Authority (WRA). Athi (AWWDA) will lead the implementation of sub-

projects within Athi, Tanathi and Coast WWDAs areas. The consortium of the five institutions is referred to as 'The Athi Cluster'.

Subsequently, AWWDA entered in to implementation agreements with CWWDA and TAWWDA whereby the project execution roles are shared by the three agencies. The project has four facilities namely: The ADB loan, the ADF loan, ADF Grant, and MIC TAF grant.

- AWWDA and CWWDA were beneficiaries of the ADB loan only
- WASREB and WRA were beneficiaries of ADF loan only
- TAWWDA benefited from ADB loan, ADF loan, ADF grant and MIC TAF grant
- AWWDA was also tasked to be in charge of the panel of experts responsible for the review of the dams being designed under the project across the country. The budget for the panel of experts is financed under the ADF loan.

The table below gives a breakdown of the budget allocations per agency per facility

ATHI CLUSTER BUDGET PER AGENCY PER FACILITY	
	Budget Amount (Kshs)
ADB loan	
AWWDA	6,119,577,734
TAWWDA	5,211,725,247
CWWDA	1,137,902,029
	12,469,205,010
ADF LOAN	
WASREB	76,000,000
WRA	35,000,000
AWWDA-PANEL OF EXPERTS	41,580,764
TAWWDA	141,950,000
	294,530,764
ADF GRANT	
TAWWDA	51,476,267
MIC TAF GRANT (Grant is in USD 497,275)	
TAWWDA	51,476,267

In addition to the above loan, the government of Kenya is required to:

- Finance additional cost of approximately Kshs. 2 Billion for implementation of Resettlement Action Plans and land acquisition
- Pay any taxes either in the form of actual payment or through tax exemption
- Finance any operational costs that will be incurred during project implementation

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Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) To support water supply infrastructure in 1 town and sanitation infrastructures in 4 towns, providing more than 100,000 people with reliable and sustainable water supply services and more than 250,000 people with water-borne sewerage systems (ii) To create more than 2000 jobs during and after the construction
Project duration	8 Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The donor funding is wholly direct payment and there was no project account opened. AWWDA got an approval from the National Treasury to open development fund account for efficient management of all the project's GoK counterpart funds. The Gok Counterpart funds are monitored and accounted for by the use of a fund accountability statement. The development was opened at:

The following are the bankers for the project:

- NCBA Bank
- Ridgeways Branch

2.5 Independent Auditor

The project is audited by the Auditor General,
 Office of the Auditor General,
 Anniversary Towers, University Way,
 P.O. Box 30084-00100,
NAIROBI.

2.6 Roles and Responsibilities

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

Names	Title designation	Key qualification	Responsibilities
Eng. Joseph Kamau	Chief Executive Officer	Msc. Environmental Planning and Management, Bsc. Civil Engineering, IEK	Accounting Officer
Eng. Bonnie Nyandwaro	Director, Infrastructure Development	Bsc. Civil Engineering, IEK	Project Manager
Eng. James Muturi	Deputy Director -Sewer & Sanitation Infrastructure Development	Msc. Civil Engineering, Bsc. Civil Engineering	Project Coordinator
Loise Kamau	Manager-Environment and Safeguards	BA Social studies	Project sociologist
CPA, John Njoroge Ndegwa	Assistant Director-Finance and Accounts	MBA, BA, CPA-K	Project accountant
Ann Gacheri	Assistant Director- Supply Chain Management	MBA, BA	Project procurement officer

2.7 Funding summary

The project duration was for four years from 2017 to 2021 it was initially extended by 2 years to December 2023 and was later extended by another 2 years to December 2025, with an approved budget of donor financing totalling to UA 89,750,732 broken down into: ADB loan (UA 86,983,974) equivalent to Kshs 12,469,205,011, ADF loan

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(UA 2,054,618) equivalent to Kshs 294,530,764, ADF grant (UA 359,093) equivalent to Kshs 51,476,267 and MIC TAF grant (UA 353,046) equivalent to Kshs 50,609,342. The GoK counterpart financing for the project was Kshs 2 Billion equivalent to UA 13,951,808; it was meant to finance land compensation, project operation costs and taxes (through exemptions). The table below gives the funding summary per agency, per facility.



Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30/06/2024)		Undrawn balance to date (30/06/2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
ADF Grant-TAWWDA	359,093	51,476,267	291,016	41,717,309	68,078	9,758,958
MIC-TAF Grant TAWWDA	353,046	50,609,342	291,016	41,717,309	62,030	8,892,033
(ii) Loan ADB						
AfDB-AWWDA	42,689,585	6,119,577,734	33,284,980	4,771,421,833	9,404,605	1,348,155,901
AfDB-TAWWDA	36,356,494	5,211,725,247	15,908,905	2,280,551,124	20,447,589	2,931,174,124
AfDB-CWWDA	7,937,895	1,137,902,029	4,191,861	600,905,799	3,746,034	536,996,230
Sub-total ADB loan	86,983,974	12,469,205,011	53,385,746	7,652,878,756	33,598,228	4,816,326,255
(iii) Loan ADF						
ADF-AWWDA	290,063	41,580,764	245,291	35,162,645	44,772	6,418,119
ADF-TAWWDA	990,230	141,950,000	462,863	66,351,630	527,367	75,598,370
ADF-WASREB	530,169	76,000,000	93,067	13,341,228	437,102	62,658,772
ADF-WRA	244,157	35,000,000	275,922	39,553,574	-	31,765
sub-total ADF loan	2,054,618	294,530,764	1,077,143	154,409,076	977,475	140,121,688
(iv) Counterpart funds						
Government of Kenya	13,951,808	2,000,000,000	4,545,663	651,623,500	9,406,145	1,348,376,500
Guarantee proceeds			1,220,782	174,999,833	-1,220,782	-174,999,833
Interest on Bank Deposits			70,636	10,125,763	-70,636	-10,125,763
Sub-Total	13,951,808	2,000,000,000	5,837,081	836,749,096	8,114,726	1,163,250,904
Total	103,702,540	14,865,821,383	60,882,002	8,727,471,545	42,820,537	6,138,349,838

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Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30/06/2024)		Cumulative Amount Paid to date – (30/06/2024)		Unutilised balance to date (30/06/2024)	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Grant						
ADF Grant-TAWWDA	291,016	41,717,309	291,016	41,717,309	0	0
MIC-TAF Grant TAWWDA	291,016	41,717,309	291,016	41,717,309	0	0
(ii) Loan ADB	0					
AfDB-AWWDA	33,284,980	4,771,421,833	33,284,980	4,771,421,833	0	0
AfDB-TAWWDA	15,908,905	2,280,551,124	15,908,905	2,280,551,124	0	0
AfDB-CWWDA	4,191,861	600,905,799	4,191,861	600,905,799	0	0
Sub-total ADB loan	53,385,746	7,652,878,756	53,385,746	7,652,878,756	0	0
(iii) Loan ADF						
ADF-AWWDA	245,291	35,162,645	245,291	35,162,645	0	0
ADF-TAWWDA	462,863	66,351,630	462,863	66,351,630	0	0
ADF-WASREB	93,067	13,341,228	93,067	13,341,228	0	0
ADF-WRA	275,922	39,553,574	275,922	39,553,574	0	0
sub-total ADF loan	1,077,143	154,409,076	1,077,143	154,409,076	0	0
(iv) Counterpart funds						
Government of Kenya	4,545,663	651,623,500	4,339,967	622,136,828	205,696	29,486,672
Performance guarantee Recall	1,220,782	174,999,833	289,023	41,431,618	931,759	133,568,215
Interest on Bank Deposits	70,636	10,125,763			70,636	10,125,763
Sub-Total	5,837,081	836,749,096	4,628,990	663,568,445	1,208,092	173,180,651
Total	60,882,002	8,727,471,545	59,673,911	8,554,290,895	1,208,092	173,180,651

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i. Budget performance against actual amounts for current year and for cumulative to-date,

The project had an allocated budget of Kshs 1.9 billion donor and Kshs 190 million GoK. Under supplementary II budget it was reduced to Kshs 1.182 billion comprising of Kshs 1.112 billion donor and Kshs 70 million GoK which was below the value of the disbursements to date. The overall budget absorption rate for the reporting period was 129% and 81% cumulatively.

ii. Physical progress based on outputs, outcomes, and impacts since project commencement

CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
Gatundu water supply and sewerage project	<ul style="list-style-type: none"> Laying of 30km of trunk, reticulation sewers and sanitation blocks, Construction of 2,769m³/d waste stabilization ponds. Construction of 3Nr water schemes Construction of 9,000m³/d water treatment plant Laying of 25km of HDPE water distribution network <p>Cost of Contract Kshs 1,750,800,775.34 exclusive of VAT.</p>	<p>Start Date: 8th February 2019</p> <p>End Date: 17th December, 2024</p>	<p>Progress at 70%</p> <ul style="list-style-type: none"> 13.23km trunk sewers have been laid 14.36 reticulation sewers have been laid Handege works at 76.4% Ngenda works at 41.7% Ruabura works at 66.3% Office block complet Laid 7.253/8.1 km Ruabura transmission 	<ul style="list-style-type: none"> Inadequate GoK counterpart for compensation
Kiambu/Ruaka water supply and sewerage project	<p><u>KIAMBU SEWERAGE</u></p> <ol style="list-style-type: none"> Rehabilitation of existing STP. Rehabilitation of existing problematic sewers. Extension of sewerage network to cover areas not currently served. Construction of a DN 450PCC outfall sewer to Kiu River Trunk Sewer. 9,700 with a 2,885m bypass from the Kiambu STP (Kiu Outfall Trunk). Construction of a DN 450PCC outfall sewer to Riara River Trunk Sewer 	<p>Start Date: 7th January 2019</p> <p>End Date: 7th October 2023</p>	<p>Progress at 96.8%</p> <p>99.1 km sewers have been laid</p> <p>38.8 km of water distribution networks have been completed</p> <p>2.9km of raw water pipeline</p> <p>2 Nr Boreholes have been operationalized</p> <p>Kiameru intake works ongoing – 99%</p>	<ul style="list-style-type: none"> Delay in processing payment.

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CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
	<p>of 4,800 m with an outfall from Riara River Branch of 1,776m.</p> <p>f. Construction of a DN 450PCC outfall sewer to Kasarani River Trunk Sewer of 6,642m with an outfall from Kigwa River Trunk of 4,950m plus an extension to Githogoro of 2,200m.</p> <p>g. Construction of 33,858m of DN300 uPVC Reticulation Sewers within Kiambu Area i.e., Kiambu Town, Ndumberi, Kirigiti, Mugumo, Kiamumbi, Thindigwa Reticulation.</p> <p>RUAKA SEWERAGE</p> <p>a. Construction of an outfall sewer to Rui Ruaka River Trunk Sewer of 14,088m and 7,300m from Ndenderu.</p> <p>b. Construction of Reticulation Sewers within Ruaka & Mucatha Town centres of 15,400m.</p> <p>Water Supply</p> <p>a. Construction of approximately 25km of water HDPE distribution pipelines (Diameters 50-160mm) within Kiambu town: i.e., in Kabae, Kanunga, Ndumberi Early Bird, Ndumberi Girls, Kangoya to Mwandus, and Riabai.</p> <p>b. Drilling and equipping of 6 no. Boreholes.</p> <p>c. Construction of 6 No. 48m³ elevated steel tanks.</p> <p>d. 30km water distribution for Gitweku, Kahuro, Kahuti, Gitaro, Kagaa, Mirichu, and Kiria:</p> <ul style="list-style-type: none"> • HDPE OD315 = 6,600m • HDPE OD160 = 13,400m • HDPE OD110 = 10,000m <p>e. 15,000m of HDPE OD315 for Rwathia to Gitweku.</p> <p>f. Kiameru Water Treatment Plant in Githunguri</p> <ul style="list-style-type: none"> • 6.5m High Concrete Weir 		308 out of 2000 connections done	

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CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
	<ul style="list-style-type: none"> 8,000m raw water line 4,000m³/d Treatment Works <p><i>Sanitation</i> Construction of 4No. Ablution Blocks.</p> <p>Cost of Contract Kshs 1,438,041,865.00 exclusive of VAT. This is the new cost after the technical and financial appraisal</p>			
Limuru water supply and sewerage project	<ul style="list-style-type: none"> Rehabilitation of existing Limuru STW and upgrading existing sewerage network, Construction of a new Sewage Treatment Works, Extension of sewerage network by 31Km new sewers Construction of 20km, water distribution network. <p>Cost of Contract Kshs 576,508,513.11 exclusive of VAT</p> <p>Amended contract value KES 788,414,389.57</p>	<p>Start Date: 10th December 2018</p> <p>End Date: 20th August 2023</p> <p>Revised end date 29th November, 2023</p>	<p>Progress at 99%</p> <ul style="list-style-type: none"> Laying of sewers completed. Water distribution networks have been completed. STP – completed all civil works Rehabilitation works on the Existing Plant is complete. 388 household connections complete Drilling and equipping of 2nr. BHs and rehabilitation of 1 nr. BH and 4 transformer houses complete Installation of surface pump at Tigoni in water treatment plant complete 	<ul style="list-style-type: none"> Delay in delivery of E&M equipment
Kikuyu water supply and sewerage project	<ul style="list-style-type: none"> Laying of 43.5km of sewers and Sanitation blocks. Laying of 19km of HDPE water distribution network,, Drilling and Equipping of 6 Nr Boreholes and elevated steel tanks 	<p>Start Date: 10th November 2018</p> <p>End Date: 23rd May 2023</p> <p>Revised end date 7th August, 2023</p>	<p>Project substantially complete (99.6%)</p> <ul style="list-style-type: none"> 42.4km sewers have been laid 19.1 km of water distribution networks have been completed 	None

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CONTRACTS UNDER AWWDA				
PROJECT	SCOPE	TIMELINES	PROGRESS	CHALLENGES
	<p>Cost of Contract Kshs 635,993,481.75 exclusive of VAT</p>		<ul style="list-style-type: none"> • 4Nr Boreholes have been solarized • 5Nr Borehole have been equipped and 6 no. elevated tanks have been constructed • Completed 450 nr. Household connections 	
Makutano Water and Sewerage Project	<p>Makutano Sewerage</p> <p>Laying of 12.5km of 600/450/300 dia. PCC trunk sewer pipeline, Sewerage treatment plant of capacity 3,000m³/d (Phase 1), 15.5km of reticulation sewers and provision of 1000 household sewer connections. Also, rehabilitation of the Ablution block in Kangari market</p> <p>Makutano/Kenol Water Supply</p> <p>Laying of 34.9km, 200mm dia. and 11.0km, 160mm dia. HDPE treated water pipeline, construction of 2no. 250m³ masonry tank and laying of 152km of distribution pipelines in underserved areas within the Murang'a</p> <p>Cost of Contract Kshs 689,651,517.67 exclusive of VAT</p>	<p>Start Date: 9th October 2020</p> <p>End Date: 31st December 2024</p>	<p>Progress at 87%</p> <ul style="list-style-type: none"> • 194km of water pipelines have been laid • 2 no. tanks are complete Tank works at 41% completion • 8.5km of sewer pipeline laid • WWTP done up to 19% 	<ul style="list-style-type: none"> • Delayed in payments to the contractor

Goods-AWWDA

Project Name	Project Scope	Progress to date	Challenges
Supply and delivery of Office equipment for AWWDA	The contract was signed at a contract sum of Kshs 15,821,483 exclusive of taxes. It was for supply of office equipment including office laptops, desktops and printers	The contract is completed	None

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Project Name	Project Scope	Progress to date	Challenges
Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Athi Water Services Board	The contract was awarded on 22 nd February 2019 at a contract sum of Kshs 51,724,137.93 exclusive of VAT being the supply and delivery of ERP and all the necessary hardware.	The contract is complete	None
Supply and delivery of 3 No. vehicle mounted sewer flushing units	The contract was awarded at a contract price of Euro 638,000.00 exclusive of taxes on 9 th December 2019 and was concluded on 7 th July 2021	The contract is complete	None
Supply and delivery of Non-Revenue water management equipment	The contract was awarded at a contract price of Kshs 145,569,449.72 exclusive of taxes on 13 th March 2020;	The contract is completed	None
Supply, Delivery, Installation, Configuration & Commissioning of an Integrated Billing System for Limuru Water & Sewerage Company	The contract was awarded at a contract price of Kshs 10,000,000.00 exclusive of taxes on 16 th September 2021 and was concluded on 22 nd January 2022. With a post implementation support service of 3 years.	The contract is complete	None
Development of water Regulation Information System (Waris) Version 4 for the Water Service Regulatory Board (WaSREB)	The contract was awarded at a contract price of Kshs 27,500,000.00 exclusive of taxes on 11 th July 2023 and was concluded 11 th July 2024 followed post implementation period of 24 months.	The contract is complete	None
Supply and Delivery of Laboratory Equipment for AWWDA WSPs	The contract was awarded at a contract price of Euro 287,000.00 exclusive of taxes on 19 th June 2020 and was concluded on 2 nd August 2021.	The contract is complete	None
Lot 2 Supply and Delivery of Sewer Maintenance Equipment for AWWDA WSPS	The contract was awarded at a contract price of USD 163,770.00 exclusive of taxes on 15 th October 2020 and was concluded on 19 th July 2022	The contract is complete	None
Supply, Delivery and Installation of Laboratory Equipment for Tanathi Water Works Development Agency	The contract was awarded at a contract price of Kshs. 11,420,000.00 exclusive of taxes on 5 th March 2020 and was concluded on 16 th October 2020	The Contract is complete	None
Supply and Delivery of Laboratory Equipment	The contract was awarded at a contract price of Kshs. 20,881,068.97 exclusive of taxes	The Contract is complete	None

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Project Name	Project Scope	Progress to date	Challenges
for Coast Water Works Development Agency	on 3 rd July 2020 and was concluded on 10 th June 2022		
Supply and Delivery of Laboratory Equipment for Water Resources Authority	The contract was awarded at a contract price of Kshs. 10,978,700.00 exclusive of taxes on 13 th March 2020 and was concluded on 10 th February 2021	The Contract is complete	None
Supply and Delivery of 1 No. Heavy Duty Utility Vehicle For Water Services Regulatory Board	The contract was awarded at a contract price of Kshs. 6,641,228.07 exclusive of taxes on 15 th October 2020 and was concluded on 29 th October 2021	The Contract is complete	None
Supply and Delivery of Office Equipment for Water Resources Authority	The contract was awarded at a contract price of Kshs. 1,775,925.00 exclusive of taxes on 13 th July 2021 and was concluded on 30 th August 2021	The Contract is complete	None
Supply and Delivery of 2 No. Heavy Duty Utility Vehicles for Water Resources Authority	The contract was awarded at a contract price of Kshs. 13,282,456.14 exclusive of taxes on 15 th October 2020 and was concluded on 29 th October 2021	The Contract is complete	None
Supply and Delivery of 1 No. Double Cabin Pick Up for Coast Water Works Development Agency	The contract was awarded at a contract price of Kshs.5,087,719.30 exclusive of taxes on 15 th October 2020 and was concluded on 23 rd February 2022	The Contract is complete	None

Consultancies-AWWDA

Project Name	Consultancy Scope	Progress to date	Challenges
Consultancy Services for Design Review and Supervision of Gatundu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 102,580,770.00 exclusive of indirect taxes	Consultant has submitted a claim for additional costs for designs and supervision amounting to Kshs 18,498,450.00 exc. Vat. This revised the contract amount to Kes. 120,629,220.00 exc. of VAT. Total payments processed – Kshs 63,322,207.50 -62%	None
Consultancy Services for Design Review and Supervision of Limuru and Kikuyu Water Supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 101,754,530.00 exclusive of indirect taxes	Consultant has submitted a claim for additional costs for designs and supervision amounting to Kshs 11,248,750. This revised the contract sum to Kes. 113,003,280.00 exc. Ov	None

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Project Name	Consultancy Scope	Progress to date	Challenges
		VAT representing a 9.53% variation. Total payments received – Kshs 92,737,133 - 100%	
Consultancy Services for Design Review and Supervision of Kiambu and Ruaka Water supply and Sewerage Project	Design review, tender documentation and construction supervision of water and sewerage works Consultancy period is 37 Months Cost of Contract Kshs 95,808,015 exclusive of indirect taxes	Consultant has submitted an appraisal for additional design services at a cost of KES 12,544,484.50. This is a 15% variation and it revised the contract sum to KES 95,808,013.50. Total payments received – Kshs 76,150,633	None
Consultancy Services for Design Review and Supervision of Makutano water and sanitation project	Design review, tender documentation and construction supervision of water and sewerage works. The cost of the contact Kshs 74,115,000.00 exclusive of VAT	Consultant has submitted a claim for additional costs for designs and supervision amounting to Kshs 45,375,166.67 which is under review Total payments received – Kshs 41,232,750 - 55%	None
Consultancy Services for Environmental & Social Compliance Audit	Consultancy Services for Environmental & Social Compliance Audit Cost: Kshs. 18,000,000.00 Start Date: 22 nd June, 2023 End Date:22 nd June, 2025	Contract signed and provision of services commenced. The consultant has submitted the first annual compliance audit report. Payments processed – Kshs.	None
Consultancy Services for Baseline and Customers Identification Survey for Kenya Towns Sustainable Water and Sanitation Services – Athi Cluster	Consultancy Services for Baseline and Customers Identification Survey for Kenya Towns Sustainable Water and Sanitation Services – Athi Cluster Cost: Kshs. 11,990,115.00 Start Date: 13 th October, 2022 End Date:13 th June, 2024	The consultant has submitted all the deliverables and payments processed Payments processed – Kshs. 2,917,528.75	Delay in processing of payments IPCs
Consultancy Services for Evaluating Faecal Sludge Management (FSM) Institutional Arrangements, Service Delivery Mechanisms and Preparation of FSM Institutional Framework for Mavoko, Kitengela,	Consultancy Services for Evaluating Faecal Sludge Management (FSM) Institutional Arrangements, Service Delivery Mechanisms and Preparation of FSM Institutional Framework for Mavoko, Kitengela, Ngong, Kajjado and Ongata Rongai Townships	Contract signed and provision of services commenced. The consultant has submitted the first three deliverables: assessment report on the existing FSM legislative and regulatory content, existing FSM institutional framework report and a draft	None

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Project Name	Consultancy Scope	Progress to date	Challenges
Ngong, Kajiado and Ongata Rongai Townships	Cost Ksh. 4,900,000.00 Start Date: 27 th July, 2023 End Date:30 th September, 2024	institutional framework outline Payments are being processed	
Monitoring and Evaluation of Kenya Towns- Athi Cluster Projects	Monitoring and Evaluation of Kenya Towns- Athi Cluster Projects Start Date: November 2021 End Date: December 2023 Cost: Kshs 13,040,000	Provision of services ongoing Total payments received – Kshs 7,235,180 - 30%	None
Project Communication & Documentary	Project Communication & Documentary Start Date: August 2019 End Date: December 2023 Cost: Kshs 33,504,343	Total payments processed – Kshs 5,025,651 - 15%	Contract was terminated at 15 % progress. Fresh procurement has been initiated.
Consultancy Services for Capacity Building of Athi Cluster Water Works Development Institutions	Start Date: 2 nd June, 2022 End Date: 2 nd December, 2023 Scope of services <ul style="list-style-type: none"> • Capacity building for Athi cluster WWDAs • Training Needs Assessment for Athi Cluster WWDAs • Preparation of training plan on capacity building for Athi Cluster WWDAs • Preparation of semi-annual reports on capacity building for Athi Cluster WWDAs Cost: Kshs. 30,000,000	Submission of Two No. semi-annual evaluation reports on Capacity Building for Athi Cluster WWDAs not yet submitted. Total payment processed – Kshs. 18,000,000.00 60%	Implementation delays due to non-payment of the requested amounts.
Consultancy Services for Capacity Building of Athi Cluster Water Works Development Institutions	Start Date: 2 nd June, 2022 End Date: 2 nd December, 2023 Scope of services <ul style="list-style-type: none"> • Implementation of County Engagement Strategy • Capacity building in regulation (training, networking and benchmarking) • Strengthening of inspectorate services: Procurement of Part Time Inspectors • Implementation of Communication Strategy – outreach to stakeholders and media advocacy 	The Inception Report was submitted to MWSI on 7th February, 2023 Total Payment processed – Kshs. 5,700,000.00 – 15%	Implementation delays due to non-payment of the requested amounts

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Project Name	Consultancy Scope	Progress to date	Challenges
	Contract price Kshs. 38,000,000 exc. of VAT		
Consultancy Services for Development of Sub-Catchment Management Plans for Selected Areas and Capacity Building of WRA Staff and WRUAS	<p>i. Develop a methodology and implementation plan of the task assigned and present an inception report detailing the understanding of tasks, methodology and the expected outputs for concurrence with WRA</p> <p>ii. To guide the process of SCMP development and provide technical expertise including prepopulating data and strategic guidance, technical advisory, planning and management</p> <p>iii. Develop key priority activities for implementation of SCMPs that have direct impact on water supply in terms of conservation quality and quantity in enhancing sustainability in water supply</p> <p>iv. Mobilize and build capacity of WRUAs within the prioritized sub catchments. This is important because SCMPs are developed by WRUAs thus the need to identify some of the WRUAs, need for strengthening and rejuvenate them to enhance their capacity to develop and implement SCMP in line with WDC</p> <p>v. Dissemination of SCMPs to stakeholders to create awareness on the contents of the SCMP on water resources</p> <p>vi. Develop SCMP that incorporate measures on Climate Change Adaptation and cooperative management of use of water resources</p>	Total payment processed Kshs. 12,193,800 – 100%	None
Development of County Atlases (Kericho, Kajiado and Embu) for WASREB	<p>Development of County Atlases (Kericho, Kajiado and Embu) for WASREB</p> <p>Start Date: September 2021 End Date: May 2023</p> <p>Cost: Kshs 5,000,000.00.</p>	Provision of services ongoing the consultant has submitted the inception report. Draft report and maps of all schemes have been submitted AWWDA intends to terminate the contract owing	Contract facing implementation challenges

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Project Name	Consultancy Scope	Progress to date	Challenges
		to non-performance of the Consultant and request for removal of the consultancy from the procurement plan Total payments received – Kshs 1,000,000 - 20%	

Independent Panel of Experts-AWWDA

	Consultancy Scope	Progress to date	Challenges
IOANNIS KARAVOKYRIS	The Independent Panel of Experts is on course Amounts disbursed by the IPE's for certificates 1-4 are; Ioannis Karavokyris- Kshs 4,270,695.43 Angelina Nduta- Kshs 1,767,806.00 George T. Dounias- Kshs 4,428,002.58 Ljiljana Spasic-Gril- Kshs 10,159,383.23	<ul style="list-style-type: none"> 6th Mission Report submitted and shared. 	<ul style="list-style-type: none"> The contract is on course
ANGELINA NDUTA MWENDE			
GEORGE T. DOUNIAS			
LJILJANA SPASIC-GRIL			

Progress projects in TAWWDAs area

Project Name	Project Scope	TIMELINES	Progress to date	Challenges
	Works			
Machakos Water Supply Project	Scope of works <ul style="list-style-type: none"> Construction of Miwongoni 15 m high Earth fill Weir with, storage capacity 1.6 Mm³. New Miwongoni Treatment Works of capacity 10,000m³/d. 77 km raw and treated water mains. 2nr Storage tanks Rehabilitation works for Maruba Dam and Treatment works. Installation of 3000 customer connections <p>Cost – Kshs 1,070,693,554.13</p>	Start Date: 8th March,2021 End Date: 7 th December, 2024	<ul style="list-style-type: none"> Progress at 66.9% Water Storage Tank – the site clearance, excavations and concrete works are 100% complete. The connection works in the three tanks are 98% complete. Fencing and backfilling if Iveti water tank is ongoing. <ul style="list-style-type: none"> Rehabilitation works of Maruba dam water treatment works, water storage tanks – works are 72% complete. Boreholes, new and rehabilitation works – the contractor has equipped 10 No. boreholes and handed over 6 boreholes. WSP office block – the office block has been complete and Machwasco currently occupies the block. 	<ul style="list-style-type: none"> Delays in Land Acquisition of site for the Miwongoni dam

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Project Name	Project Scope	TIMELINES	Progress to date	Challenges
	Works			
Machakos Sewerage Project Scope of works	<p>Scope of works</p> <ul style="list-style-type: none"> Construction of 1 No. wastewater treatment plant capacity 10,500m³/day Laying of 60km trunk and lateral lines within Machakos Town and Environs Rehabilitation of the existing sewer networks Construction of 4 Nr. Sanitation Blocks 2,000 individual sewer connections <p>Cost: Kshs 840 Million</p>	<p>Start Date: 15th June, 2020</p> <p>End Date: 14th July, 2025</p>	<p>Works ongoing, currently at 82% progress</p> <ul style="list-style-type: none"> Ablution blocks - the 4 No. ablution blocks 100% complete. Machakos Primary ablution and Machakos law courts are operational. Sewer line works – the total length as per the scope is 64,521m. A total of 47,248m have been laid. Construction of manholes – 796 No. manholes have been constructed. Out of this 786 no. have been walled and 412No. manholes have provisions of step irons and benching. Sewerage Treatment Plant – construction of inlet works, 2No. Primary Sedimentation Tanks, 1No. Tricking Filters, 2No. Secondary Sedimentation Tanks, 2No. one bedroom house and laboratory are 100% complete. Construction of leachate pumping station building, access road and site ancillary works are still on going 	Hard rock excavation along the trunk sewer alignment
Mwala – Mbiuni Water Supply and Sewerage Project	<p>Scope of works</p> <ol style="list-style-type: none"> Intake weir 1.65 m high Raw Water Transmission Main (450 steel pipe) Conventional Water Treatment Plant (6600m³/day) Treated Water Transmission Main (110km DN 355/200 MM Upvc/steel) 	<p>Start Date: 14th December 2023</p> <p>End Date: 14th December, 2025</p>	Works are at 15%	None

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Project Name	Project Scope	TIMELINES	Progress to date	Challenges
Works				
	v.3 No. Water Storage Tanks and 1 No. Booster Sump Tank Contract sum Kshs 1,473,077,891.78 exclusive of VAT			
Last mile connectivity (Kitui and Matuu)	Scope of works 40km water distribution lines 40km Sewer lines Cost – Kshs 860m	Start Date: July 2020 End Date: 31st December 2023	Progress at 44% 97.8km of water distribution lines have been laid. Construction of Matuu water treatment plant at 50% complete Construction of Unoa-Wote water tank at 90% progress Termination of works commenced	<ul style="list-style-type: none"> Slow progress of works by the contractor

Consultancies		
Project name	Progress	Challenges
Feasibility study, detailed design and tender documentation for Mwanja/Miwongoni	The consultant has submitted all deliverables under the contract and all payments have been fully made.	None
Consultancy for Oloolotikosh-Kitengela - Kajiado water supply and sanitation project. Oloolotikosh Dam water supply studies. Contract sum; Kshs. 102,952,533.00 (Exclusive of VAT)	Feasibility study complete and Preliminary designs complete. The final design report and tender documentations were submitted. The contract is on course. Total payments received – Kshs 41,181,013.21 & USD 397,820.00	None
Consultancy services for design and supervision of Mwala cluster water and sanitation.	The consultancy was tied to the works contract and the provision of services for stopped after termination of works. Total payments received – Kshs 33,450,000.0	None
Consultancy services for design review and construction supervision of Machakos water and sewerage works.	Component 1 payments have been fully made. The contract is on course.	None
Consultancy Services for Design Review and Supervision of Kitui and Matuu Towns Last mile connectivity for Water Supply and Sanitation Works.	Provision of services for supervision stopped by the consultant and handed over to TAWWDA Total payments received – Kshs 34,886,200	None
Consultancy Services for Carrying out Feasibility Studies for proposed Ongata Rongai, Ngong	Final design report submitted. ESIA/RAP report under preparation. Total payments processed – Kshs 26,090,470 - 70%	None

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Consultancies		
Project name	Progress	Challenges
and Mavoko Sewerage Infrastructure Project in Tanathi Water Works Development Agency Area Contract sum: Kshs. 37,272,100.00 exclusive of VAT.		
	Goods	
Supply, Delivery and Installation of an Integrated Enterprise Planning (ERP) System for Tanathi Works development Agency (formerly Tanathi Water Services Board).	The contract is on course and had disbursed up to Kshs 43,465,517.25	None

Progress of contracts under CWWDA's area

Project Name	Project Scope	Timelines	Progress to date	Challenges
	Works			
Construction of changamwe repooling water works	Scope of works Rehabilitation of approx. 800m of trunk mains Rehabilitation of approx. 9km secondary sewer network Extension of secondary sewer network- Approx. 6 km Construction of approx. 303 No. manholes Cost – Kshs 204,483,295	Start Date: 14th December 2018 End Date: 14th January 2022	Stalled at 20% 3.1km sewers have been laid 73 Nr. Manholes have been constructed. Arbitration ongoing - Preparation for case presentation ongoing.	Abandonment of site Project under arbitration process.
Pemba Water Supply Project	Scope of works Rehabilitation of pemba weir and construction of a water treatment Plant of 3,000m ³ /d. Cost – Kshs 286,801,675.00	Start Date: 13th December 2018 End Date: 20th February 2023	The overall progress is at 100% against a planned physical progress of 100%. The works are complete and preparation of the final inspection and acceptance report is ongoing	None.

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Project Name	Project Scope	Timelines	Progress to date	Challenges
Construction Works For Water Distribution For Malindi/Watamu	Construction of Water Distribution pipelines (90mm - 400mm, Approx. 26kms) Household connections approx. 300	Start Date: 26th August 2020 End Date: 26 th December 2023	Progress at 93% 33km of water distribution pipelines have been laid. Fittings delivered and installed	The works are substantially complete
Services				
Consultant Name		Details		
Interconsult Consulting Engineers		Consultancy Services for Design Review and Supervision of Pemba and Changamwe re-pooling Water supply and Sewerage Project. The contract disbursed up to Kshs 61,526,300.00 for certificates 1-6		Contract on course
Interconsult Engineers Limited		Consultancy Services for Design Review and Supervision of Watamu project and had disbursed up to Kshs 26,040,862.07		Contract on course

iii. Indicate the absorption rate for each year since the commencement of the project.

The table below gives a detailed account of the absorption rates since the commencement of the project:

Financial Year	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	Total
Budget (Kshs)	1,841,623,500	1,650,000,000	1,925,000,000	1,896,000,000	2,031,809,471	1,182,000,000	10,526,432,971
Utilization (Kshs)	1,148,706,307	1,056,326,353	1,411,899,171	1,431,998,611	1,982,192,367	1,523,212,830	8,554,335,638
Absorption Rate	62%	64%	73%	76%	98%	129%	81%

iv. List the implementation challenges and recommended next steps.

2.9 Summary of Project Compliance:

The project performed all its activities ensuring compliance with applicable laws and regulations, and essential external financing agreements/covenants.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

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

The key development objectives of the Kenya Towns Sustainable Water Supply and Sanitation Program- Athi cluster is to improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns in the Athi cluster's areas of jurisdiction.

Progress on attainment of Strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement. Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Kenya Towns Sustainable Water Supply and Sanitation Program	To improve the access, quality, availability and sustainability of water supply and wastewater management services in multiple towns	1000km	Length of water pipes laid	502.689
		20	No of water treatment plants constructed/upgraded	5
		17	No. of intake structures constructed /rehabilitated	4
		500km	Length of sewer pipes laid	288.35
		17	No. of waste water treatment plants constructed/upgraded	2
		67	No. of ablution blocks constructed	5
		11, 19	No. of laboratories constructed, supplied with equipment	1 Lab constructed 3 Labs supplied with equipment.
		7	No. of exhausters procured	3
		800 (at least 30% women)	No. of WSP/WSB staff trained	0
		20	No. of climate mainstreamed WSP business plans developed/revised (gender-informed)	0
		12	No. of studies prepared for future investments	3

4. Environmental and Sustainability reporting

4.1 Introduction

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of the environment on a long-term basis as well acceptable social norms over the long term. It is also defined as the ethical obligation of companies/organizations to protect natural resources, reduce pollution and other forms of environmental harm.

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

As such, Athi Water Works Development Agency (AWWDA) a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

It is committed to environmental conservation and protection as well as safeguarding the health and safety of workers within its premises, projects and project areas. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the Institution's area of jurisdiction.

AWWDA has a structured way of managing the environmental and social aspects associated with its operations through the existing Environmental and Social Safeguards division with a total of 7 permanent staff.

The following elements underpin AWWDA environmental sustainability.

- Pollution prevention and resource efficiency;
- Regulatory compliance;
- Assessment and management of environmental and social risks;
- Community and impacts stakeholder engagement;
- Public consultation and
- Biodiversity conservation and sustainable management of the natural resources.

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

4.2 Approach

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

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

The environmental and social safeguards standards generally include considerations for:

- Assessment and Management of Environmental and Social Risks and Impacts
- Labor and Working Conditions
- Resource Efficiency and Pollution Prevention and Management

- Community Health and Safety
- Land Acquisition, Restrictions on Land Use and Involuntary Resettlement
- Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities
- Cultural Heritage
- Stakeholder Engagement and Information Disclosure.

4.3 Environmental and Sustainability activities

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

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

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

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

- Murang'a Water Supply Project
- Murang'a Sanitation Project
- Kiambu Water and Sanitation Project

AWWDA has in place an operational Environmental and social safeguards division within the Water and Sanitation department responsible for Environmental and Social compliance and Management. The team comprises of both sociologists and environmentalists. They are tasked with managing the Environmental and social aspects of the organization and community.

4.4 Pollution Prevention and Abatement

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

Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others. The following are some of the measures employed by the organization to mitigate pollution

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.
- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.
- Compliance to the Occupational, Health and Safety Act, 2007
- Conformance to EMCA (Air quality regulations), 2014
- Compliance to EMCA (Noise and Vibrations pollution control), 2009
- Compliance to the national environmental Action Plan, 2009-2013

- The penal code chapter 63.

4.5 Climate Change Mitigation and adaptation

Climate change poses a significant challenge to the water sector impacting both water quality and availability. To mitigate climate change, AWWDA advocates for environmental sustainability and maintaining the natural ecosystem services of the environment. AWWDA has also liaised with various stakeholders to ensure that all projects within its jurisdiction comply with environmental legislations, regulations and Acts. The following are some of the measures taken by the Agency to mitigate climate change:

- I. Projects such as the Rehabilitation of Dandora sewerage treatment plant is aimed at improving efficiency by reducing the amount of GHG emission into the atmosphere. Efforts are also being directed towards exploring the possibility of trapping methane gas generated from the sewerage treatment plants for energy use.
- II. Oloitoktok Water Supply project is another project that aims at mitigating climate change by utilizing solar energy in its day-to-day operations, therefore complying with the renewable energy Act, 2019.
- III. AWWDA is also implementing large and medium dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.
- IV. Water conservation through the use of water storage tanks- The organization has donated plenty of water tanks to community projects and schools.
- V. Waste water reuse and recycling-This involves treating of waste water and directing it to rivers. Community members are able to use the water for various purposes such as irrigation.
- VI. Flood management- Projects such as NCT have been constructed to collect flood water. Therefore, increasing the availability and quantity of clean drinking water.
- VII. Tree planting- The agency has carried out various tree planting exercises as a climate change adaption measure to act as carbon sinks.

4.6 Promoting Environmental protection and conservation through partnerships with stakeholders

Kenya has experienced prolonged droughts and as a result, livestock, nature and biodiversity loss has been witnessed to a higher magnitude as compared to other decades. In response to this, the government has initiated a national tree planting and restoration campaign to raise the forest cover by 2032.

AWWDA in association with other stakeholders such as County governments, community members, WRA, NEMA, WRUA, NGOs, private sector, local administrations etc have teamed up to carry out afforestation activities within its area of jurisdiction.

Table 1: Tree planting exercise FY 2023-2024

S/NO	PROJECT	NO. OF TREES	AFFORESTATION AREA	STAKEHOLDERS
I.	Karimenu II Dam 7 th December, 2023	7,500	Within the project sites. Spoil Area No.04; Administration Block, Camp 04 site, Quarry AB	Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA
II.	Kigoro Water Treatment Plant 7 th December, 2023	500	Water treatment site	AWWDA, Local community

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III.	Lot 1 – Construction Works for Eastern Nairobi Water and Sewer Intensification Project 17 th November, 2023	200	Project site	Project teams, local community
IV.	Karimenu II Dam 12 th April, 2024	3,500	Spillway sites	TAI SACCO and local community
V.	Kamiti River Riparian Restoration 19 th April, 2024	5,000	WRA defined riparian areas	Kamiti Local Water Resource Users Association (WRUA) NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
VI.	Kimakia Forest, Murang'a County 3 rd May, 2024	10,000	KFS Designated rehabilitation block	Kenya Forestry Services, Gatanga Sub-County, Murang'a County CO-OPERATIVE Bank, NORKEN International, RODI Kenya
VII.	Kinale Forest 17 th May, 2024	20,000	KFS Designated rehabilitation block	Kenya Forestry Services, Local community, local primary and secondary schools
VIII.	Kimana Wetlands, Kajiado County 12 th June, 2024	2,000	Kimana Girls Secondary School	Kimana Girls Secondary School, Oloitoktok Water Service Provider and local community
TOTAL		48,700 (in the period FY 2023/2024)		

4.7 Social economic activities

SOCIO-ECONOMIC IMPACT ASSESSMENT

It is the systematic analysis used during EIA to identify and evaluate the potential socio-economic and cultural impacts of a proposed development on the lives and circumstances of people, their families and their communities. If such potential impacts are significant and adverse, SEIA can assist the developer, and other parties to the EIA process, find ways to reduce, remove or prevent these impacts from happening. It also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure. AWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate'.

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

Where people's assets and properties are affected, AWWDA ensures that there is prior and informed consent from the project affected persons; that there is prompt and adequate compensation for any loss; and where people are resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other social sustainability activities include:

- i. Stakeholder engagement and public participation

- ii. Livelihood restoration
- iii. Community benefits/ projects
- iv. Economic development through initiatives such as ablution blocks that are handed over to CBOs

4.8 Environmental monitoring and reporting

AWWDA has established various mechanisms of tracking the performance of Environment, Health and Safety (EHS) for the various projects under implementation. Project implementation units are at the fore front of ensuring compliance to EHS. Monthly/quarterly and annual reports, site inspections, EHS monthly meetings, EHS committees and audits form part of EHS monitoring and reporting.

4.9 EHS committees, inspections and audits

The environment and social safeguard unit has established an EHS committee for each project whose main objective is to carry out routine inspections on specific sites with a view to check the contractor's level of EHS compliancy. This includes conformity to Occupational Health and Safety guidelines and the Environmental Management and Coordination (Amendment) Act of 2015. The EHS committee also carries out periodic environmental audits which informs the contractor on his level of compliance and the improvements that need to be done in order to maintain a safe workplace and promote environmental and social sustainability of the project. The EHS Committees also holds monthly EHS meeting on site. These meetings are informed by the cumulative inspections carried out during that month. The output of the meetings is a monthly EHS performance and monitoring report that enables AWWDA to keep track of the project's EHS performance.

4.10 Environmental and social sustainability management systems

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

4.10.1 Environmental and Social Management Plans

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

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

4.10.2 Health and Safety Management Plans

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

4.10.3 Grievance redress mechanism

AWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow for them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system.

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

4.10.4 Gender Mainstreaming

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

AWWDA and its many projects have both male and female employees. The organization has identified the following measures to enhance gender mainstreaming

- Both male and female employees are involved in decision making
- Equal access to and utilisation of services
- Use of gender sensitive information
- Equal treatment is integrated for both men and women is practised

4.10.5 Prevention of gender-based violence

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

The following table summarises the climate relevant expenditure FY 2023-2024.

4.10.6 Conclusion

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

4.11 Employee welfare

The project management is by AWWDA staff and therefore the entity's employee welfare policies and guidelines apply as detailed below:

AWWDA has developed an approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

Under the career development, AWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental work plans and the Government's performance contracting tool enables employees set their targets and eventually evaluated through annual appraisals. The evaluation enables employees of the Agency to be up skilled, helped or otherwise redeployed and up scaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its

employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

4.12 Market place practices-

a) Responsible Supply chain and supplier relations-

The Agency has put in place systems that the project respects the terms and conditions of contract. This brings about good partnership and effective project delivery. Some of the practices within the project that ensure good business practices, responsible treatment of suppliers including honouring of contracts and respect to payment terms include:

- i. **Contract Negotiation/Pre-contract Clarification:** The Agency engages in fair and transparent contract negotiations with its suppliers. Contracts clearly outline the terms and conditions, including the scope of work, pricing, delivery schedules, quality requirements, and any other relevant details.
- ii. **Compliance with the Terms and Conditions of Contract:** Once contracts are entered into, the Agency adheres to the agreed-upon terms. This includes fulfilling its obligations on timely payments by ensuring prompt and timely payment to suppliers, consultants and contractors to maintain a good relationship. Delays in payments can cause financial strain on these service providers, impacting their ability to implement projects efficiently.
- iii. **Clear Payment Policies:** In compliance with the Agency's service charter, there's clear payment policies that specify payment terms, mode, and timelines which are agreed upon during contract negotiations. The Agency has also invested in automated payment systems ERP that streamline the payment process, reducing the chances of errors and delays for projects.
- iv. **Whenever there are delay in payment, an open and transparent communication channel is maintained.** If any payment delays are anticipated, the organization informs the suppliers in advance and works together to find a mutually acceptable solution.
- v. **Early Payment Programs:** The agency offers early advance payments to suppliers who may benefit from faster access to funds upon presentation of an advance payment guarantee.
- vi. **Supplier Performance Evaluation:** Regularly evaluating supplier performance to ensure that they meet the agreed-upon standards. Feedback on performance helps suppliers improve their processes, ultimately benefiting both parties.
- vii. **Conflict Resolution Mechanism:** The agency has in place a conflict resolution mechanism to address any disputes or disagreements with suppliers and contractors promptly and fairly.

b) Responsible ethical practices

AWWDA has ensured that responsible competitive practices within the Agency are practised by promoting ethical behaviour, transparency, and compliance with relevant laws and regulations i.e., PPADA ACT 2015 and its Attendant Regulations, donor funded Rules and Procedures governing Procurement of Goods Works and Services, Executive Orders and Circulars issued from time to time by the NT, and Regulator PPRA.

To address issues like anti-corruption, responsible political involvement, fair competition, and respect for competitors, the Agency has implemented several key measures:

Code of Conduct and Ethics: The Agency has established a comprehensive code of conduct that clearly outlines the expected behaviour of all staff during implementation of projects. All staff deployed to the projects, contractors engaged by the institution and other stakeholders are required to uphold the highest ethical standards.

Compliance reporting: The Agency Prepares statutory compliance reports to the Various Regulatory Bodies on projects i.e., PPRA, NT, and EACC and reports all the awarded contracts through the PPIP Portal (Public Procurement and Information Portal) which is accessible by the public with disclosures of Beneficial Ownership Information for all awarded contracts. Quarterly reports are also submitted to donors who finance projects and for monitoring of compliance with the financing agreement.

Projects teams are expected to comply with the principles guiding public employees and restriction towards involvement in any political activities. However, good working relationship with all stakeholders including political leaders within projects areas is encouraged as part of public participation towards project delivery.

Internal Controls and Audits: The Agency implements internal controls and conducts regular project audits, to monitor compliance with policies and identify any potential gaps. Observations and recommendations from these audits are implemented to improve and ensure best practices within the project.

c) Regulatory impact assessment

Article 10(2) of the CoK, 2010 indicates that public participation is among the national values and principles of national governance. As such, citizens and stakeholder rights need to be upheld in implementation of projects. The Agency endeavors to comply with the requirements of the constitution and all the other laws that safeguard citizen and stakeholder's rights and as part of its commitment to achieve the same, the following is practiced in projects:

The Agency ensures projects are scoped in consultation with the citizens' through public participation and engagement. During contracting, procurement is done through open and competitive process ensuring transparency and once contract is signed a framework of continuous monitoring of projects is established to ensure value for money and that the set objectives of the project are fully met, delivered within the set timelines and the set budgetary allocation.

Incorporating initiatives such as Buy Kenya Build Kenya in its performance targets which go a long way in support of local citizens and brings about sustainability of the local industries and involvement of the local communities and stakeholders in the projects. The AGPO programme promotes and safeguards marginalized groups which includes; Youth, Women and Persons living with disability to be able to participate in projects, this brings about diversity and inclusion of small and minority-owned businesses.

4.13 Community Engagements

During the 2023/2024FY AWWDA continued to ensure enhanced access to water across our area of jurisdiction.

5. Statement of Project Management responsibilities

The Chief Executive Officer Athi Water Works Development Agency (AWWDA) and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes: (i) maintaining adequate financial management arrangement 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 Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial period ended June 30, 2024, and of the Project's financial position as at that date. The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Chief Executive Officer AWWDA and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial statements

The Project financial statements were approved by the Chief Executive Officer Athi Water Works Development Agency and the Project Coordinator for Kenya Towns Sustainable Water Supply and Sanitation Program on **13th September 2024** and signed by them.



Chief Executive Officer

Name: Eng. Joseph Mungai Kamau



Project Manager

Name: Eng. Bonnie Nyandwaro

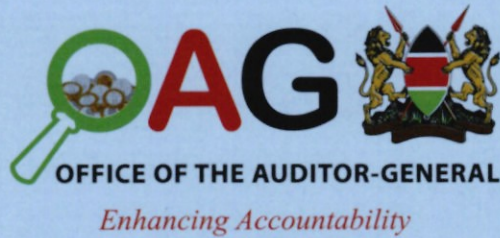


Director Finance

Name: CPA, Michael Kihungi Kimotho
ICPAK Member Number: 6490

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA TOWNS SUSTAINABLE WATER SUPPLY AND SANITATION PROGRAM - CREDIT NO. P-KE-E00-011 (AfDB LOAN NO.200200000501) FOR THE YEAR ENDED 30 JUNE, 2024 – ATHI WATER WORKS DEVELOPMENT AGENCY

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Unmodified Opinion indicates the books of accounts and underlying records agree with the financial statements and that no materials misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and working effectively in the financial year under review.

The Unmodified Opinion on the report on the Financial Statements should be read together with the report on the Lawfulness and Effectiveness in the Use of Public Resources, and the report on the Effectiveness of Internal Controls, Risk Management and Governance.

Report of the Auditor-General on Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-KE-E00-011 (AfDB Loan No.200200000501) for the year ended 30 June, 2024 – Athi Water Works Development Agency

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kenya Towns Sustainable Water Supply and Sanitation Program Credit No. P-KE-E00-011 set out on pages 1 to 38, which comprise the statement of financial assets as at 30 June, 2024, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-KE-E00-011 as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Loan Agreement No.2000200000501 dated 09 January, 2017 between the African Development Bank and the Republic of Kenya and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Towns Sustainable Water Supply and Sanitation Program - Credit No. P-KE-00-011 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual Amounts for the year ended 30 June, 2024 reflects a final receipts budget of Kshs.1,416,700,335 and actual on comparable basis of Kshs.1,696,393,480 resulting to a budgetary increase of Kshs.279,693,145 or about 20% of the Budget. Similarly, the Project spent Kshs.1,523,212,830 out of the approved expenditure budget of Kshs.1,416,700,335.

In the circumstances, the Management prepared an unrealistic budget and ended up incurring an over expenditure of Kshs.106,512,495 which was not budgeted for.

2. Inadequate Budgetary Allocation for Land Acquisition for Works-Gatundu Water Supply and Sewerage Project

The total amount earmarked for the land acquisition was Kshs.701, 974,375. However, Kshs.344,512,247 has already been disbursed to various land owners who have then granted access to the contractor and works are ongoing. The outstanding balance of Kshs.357,462,128 is yet to be remitted to the project as part of GOK Counterparts funding for the year.

In the circumstances, the project might be delayed owing to non acquisition of land and hence the public might not get benefits from the project on time.

My opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Information

Conclusion

The Management is responsible for the other information set out on page iii to xxxvi which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Activities, Environmental and Sustainability Reporting, and Statement of Project Management Responsibilities.

Basis for Conclusion

In connection with my audit on the Project's, financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing

else has come to my attention to cause me to believe that public resources have not been applied lawfully in an effective way.

Basis for Conclusion

1. Inconsistency in the Valuation of Assets

The financial statements reflect an amount of Kshs.7,396,121,019 for fixed assets under summary of fixed assets as disclosed in Annex 5. The asset register provided for audit review confirmed that all fixed assets were recorded on an accrual basis of accounting. However, it was noted that assets funded by the donors were reported using the cash basis of accounting, making it difficult to determine their exact value in the financial statements of the project.

In the circumstances, the correct value of the Project's fixed assets could not be confirmed.

2. Delayed Payment of Consultancy Services

The Project signed a contract to provide consulting services for baseline and customer identification survey at a contract sum of Kshs.11,990,115 on the 13 October, 2022 for a period 12 months. An extension was given from 13 October, 2023 to 13 June, 2024 at no additional cost. However, it was noted that a balance payment of Kshs.3,594,035 had not been paid at the time of the audit.

In the circumstances, failure to make timely payments is a violation of the contract terms and the consultant could take legal action for breach of contract. This might lead to disputes, penalties, or compensation claims against the project.

3. Commitment Charges Payable on Undrawn Amounts

The Republic of Kenya entered into a loan agreement with African Development Bank (AfDB) for Kenya Towns Sustainable Water Supply and Sanitation Program whose original completion date was 31 December 2021. The AfDB agreed to finance a total of Kshs.12,469,205,010 to AWWDA, TAWWDA and CWWDA being Kshs.6,119,577,734, Kshs.5,211,725,247 and Kshs.1,137,902,029 respectively. As a result of delays in project completion due to various factors such as delays in processing payments, delay in approving tax exemption certificates and delays in acquisition of land parcels and wayleaves among others, the project's completion date was revised to 31 December, 2025, as indicated in the project status report, leading to accrual of higher amounts of commitment charges. As at 30 June, 2024, a total of Kshs.7,652,878,756 had been received, and Kshs.4,816,326,255 was the undrawn amount for a period of about 7 years, leading to accrual of commitment charges amounting to Kshs.85,940,287.

In the circumstances, had the project been completed on time, the commitment charges would have been avoided.

4. Delayed Completion of Projects

Reference to the signed contractual agreement indicate that the borrower is supposed to repay the principal of the loan following eight (8) years grace period commencing from the date of signature of the agreement, which was signed on 09 January, 2017, meaning the principal will become payable as from 09 January, 2025.

Review of project status showed that the projects are at various levels of completion, with the overall project completion status being 67.9% as at 30 June, 2024. It was not clear whether the bank had granted additional time in the contract to allow the entity to complete the projects that were yet to be completed, and if not, the Country may find itself repaying loan amounts that have not been received for the outstanding projects.

In the circumstances, public did not receive value for money that was budgeted for the specific projects and which have not yet been completed.

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards 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 else 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the provisions of the Financing Agreement - Credit No: P-KE-E00-011 dated 09 January, 2017 between the African Development Bank and the Republic of Kenya, except for the matters under Emphasis of Matter, Other Matter and the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have been kept by the Program, so far as appears from the examination of those records; and,
- iii. The Program's financial statements agree with the accounting records and returns.

The Financing Agreement requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal 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, Program's Management is responsible for assessing the Program's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Program's Management is aware of the intention to terminate the Program or to cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 November, 2024



7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	2023/2024			2022/2023			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	TOTAL	Receipts and payments controlled by the entity	Payments made by third parties	TOTAL	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
RECEIPTS								
Transfer from Government entities	1	47,500,000	-	47,500,000	75,000,000	-	75,000,000	651,623,500
Proceeds from domestic and foreign grants	2	-	-	-	-	-	-	83,434,618
Loan from external development partners-AWWDA	3	-	1,033,691,640	1,033,691,640	-	1,011,613,431	1,011,613,431	4,806,584,477
Loan from external development partners-TAWWDA	3.1	-	352,752,180	352,752,180	-	377,191,290	377,191,290	2,346,902,754
Loan from external development partners-CWWDA	3.2	-	22,049,326	22,049,326	-	158,969,243	158,969,243	600,905,799
Loan from external development partners-WASREB	3.3	-	5,700,000	5,700,000	-	6,641,228	6,641,228	13,341,228
Loan from external development partners-WRA	3.4	-	-	-	-	4,877,520	4,877,520	39,553,574
Miscellaneous receipts	4	10,083,399	-	10,083,399	42,365	-	42,365	10,125,763
Proceeds from guarantee recall	4.1	174,999,833	-	174,999,833	-	-	-	174,999,833
TOTAL RECEIPTS		232,583,231	1,414,193,145	1,646,776,377	75,042,365	1,559,292,712	1,634,335,077	8,727,471,545
PAYMENTS								
Compensation of employees	5	-	-	-	-	-	-	-
Purchase of goods and services-AWWDA	6	109,019,684	23,172,853	132,192,538	406,439,727	46,087,123	452,526,850	899,322,967
Purchase goods and services-TAWWDA	6.1	-	9,195,000	9,195,000	-	42,493,840	42,493,840	222,182,193
Purchase goods and services-CWWDA	6.2	-	-	-	-	-	-	5,224,569
Purchase goods and services-WRA	6.3	-	-	-	-	4,877,520	4,877,520	24,740,148
Purchase goods and services-WASREB	6.4	-	5,700,000	5,700,000	-	-	-	6,700,000
Social security benefits	7	-	-	-	-	-	-	-
Acquisition of non-financial assets-AWWDA	8	-	1,010,518,786	1,010,518,786	-	965,526,309	965,526,309	4,554,370,028
Acquisition of non-financial assets-TAWWDA	8.1	-	343,557,180	343,557,180	16,459,928	334,697,450	351,157,378	2,224,615,107
Acquisition of non-financial assets-CWWDA	8.2	-	22,049,326	22,049,326	-	158,969,243	158,969,243	595,681,230
Acquisition of non-financial assets-WASREB	8.3	-	-	-	-	6,641,228	6,641,228	6,641,228
Acquisition of non-financial assets-WRA	8.4	-	-	-	-	-	-	14,813,426
Transfers to other government entities	9	-	-	-	-	-	-	-
Other grants and transfers and payments	10	-	-	-	-	-	-	-
TOTAL PAYMENTS		109,019,684	1,414,193,145	1,523,212,830	422,899,655	1,559,292,712	1,982,192,367	8,554,290,895
SURPLUS/(DEFICIT)		123,563,547	-	123,563,547	- 347,857,290	-	- 347,857,290	173,180,651

*Kenya Towns Sustainable Water Supply and Sanitation Program
Annual Report and Financial Statements for the financial year ended June 30, 2024*

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Chief Executive Officer
Name: Eng. Joseph Mungai Kamau



Project Manager
Name: Eng. Bonnie Nyandwaro



Director Finance
Name: CPA, Michael Kihungi Kimotho
ICPAK Member Number: 6490

8. Statement of Financial Assets as at 30th June 2024

	Note	2023-2024	2022-2023
		Kshs	Kshs
FINANCIAL ASSETS			
Cash and Cash Equivalents			
Bank Balances	11A	173,180,651	30,033,140
Cash Balances	11B		
Cash Equivalents (short-term deposits)	11C		19,583,963
Total Cash and Cash Equivalents		173,180,651	49,617,104
Accounts receivables – Imprest and Advances	12		
TOTAL FINANCIAL ASSETS		173,180,651	49,617,104
REPRESENTED BY			
Fund balance b/fwd	14	49,617,104	397,474,394
Prior year adjustments	15		
Surplus/(Deficit) for the year		123,563,547	- 347,857,290
NET FINANCIAL POSITION		173,180,651	49,617,104

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **13th September 2024** and signed by:



Chief Executive Officer

Name: Eng. Joseph Mungai Kamau



Project Manager

Name: Eng. Bonnie Nyandwaro



Director Finance

Name: CPA, Michael Kihungi Kimotho
 ICPAK Member Number: 6490

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9. Statement of Cashflow for the year ended 30th June 2024

		2023-2024	2022-2023
	Note	Kshs	Kshs
Receipts from operating activities			
Transfer from the Ministry	1	47,500,000	75,000,000
Proceeds from domestic and foreign grants	2		
Miscellaneous receipts	4	10,083,399	42,365
Proceeds from guarantee recall	4.1	174,999,833	
		232,583,231	75,042,365
Payments from operating activities			
Compensation of employees	5		
Purchase of goods and services-AWWDA	6	- 132,192,538	- 452,526,850
Purchase goods and services-TAWWDA	6.1	- 9,195,000	- 42,493,840
Purchase goods and services-CWWDA	6.2	-	-
Purchase goods and services-WRA	6.3	-	- 4,877,520
Purchase goods and services-WASREB	6.4	- 5,700,000	-
Social security benefits	7	-	
Transfers to other government entities	9		
Other grants and transfers	10		
Total Payments		- 147,087,538	- 499,898,210
Net Receipts / (Payments)		85,495,694	- 424,855,845
Adjustments during the year			
Prior Year Adjustments	15		
Decrease/(Increase) in Accounts receivable: (outstanding imprest)	16		612,400
Increase/(Decrease) in Accounts Payable: (deposits and retention)	17		
Net cash flow from operating activities		85,495,694	- 424,243,445
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets AWWDA	8	-1010518786	- 965,526,309
Acquisition of Assets TAWWDA	8.1	-343,557,180	- 351,157,378
Acquisition of Assets CWWDA	8.2	-22,049,326	- 158,969,243
Acquisition of non-financial assets-WASREB	8.3		- 6,641,228
Acquisition of non-financial assets-WRA	8.4		-
Net cash flows from Investing Activities		- 1,376,125,292	- 1,482,294,157
CASHFLOW FROM BORROWING ACTIVITIES			
Proceeds from Foreign Borrowings AWWDA	3	1,033,691,640	1,011,613,431
Proceeds from Foreign Borrowings TAWWDA	3.1	352,752,180	377,191,290
Proceeds from Foreign Borrowings CWWDA	3.2	22,049,326	158,969,243
Proceeds from Foreign Borrowings WASREB	3.3	5,700,000	6,641,228
Proceeds from Foreign Borrowings WRA	3.4	-	4,877,520
Net cash flow from financing activities		1,414,193,145	1,559,292,712
NET INCREASE IN CASH AND CASH EQUIVALENT			
		123,563,547	- 347,244,890
Cash and cash equivalent at BEGINNING of the year		49,617,104	396,861,994
Cash and cash equivalent at END of the year		173,180,651	49,617,104



10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities	190,000,000	- 120,000,000	70,000,000	47,500,000	22,500,000	68%
Proceeds from domestic and foreign grants TAWWDA	-	-	-	-	-	0%
Proceeds from borrowings	1,900,000,000	- 788,000,000	1,112,000,000	1,414,193,145	- 302,193,145	127%
Miscellaneous receipts		10,083,399	10,083,399	10,083,399	-	100%
Proceeds from guarantee recall		174,999,833	174,999,833	174,999,833	-	100%
Fund Balance B/F		49,617,104	49,617,104	49,617,104	-	100%
Sub-Total Receipts for Athi cluster	2,090,000,000	- 673,299,665	1,416,700,335	1,696,393,480	- 279,693,145	120%
Payments						
Compensation of employees	-	-	-	-	-	-
Purchase of goods and services	350,000,000	- 202,910,000	147,090,000	147,087,538	2,462	100%
Social security benefits			-	-	-	-
Acquisition of non-financial assets	1,740,000,000	- 470,389,665	1,269,610,335	1,376,125,292	- 106,514,957	108%
Total Payments	2,090,000,000	- 673,299,665	1,416,700,335	1,523,212,830	- 106,512,495	108%
Surplus/Deficit	-	-	-	173,180,651		

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for, a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for Kenya Towns Sustainable Water Supply and Sanitation Program under the State Department of Water and Sanitation. The financial statements are for Kenya Towns Sustainable Water Supply and Sanitation Program as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

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

d) Recognition of receipts

Kenya Towns Sustainable Water Supply and Sanitation Program recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

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

Significant Accounting Policies (continued)

i) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

ii) Other receipts

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

iii) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

iv) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

v) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

Significant Accounting Policies (continued)

e) Recognition of payments

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

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

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

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

Significant Accounting Policies (continued)

v) Acquisition of fixed assets

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

f) In-kind donations

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

g) 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.

Significant Accounting Policies (Continued)

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

i) Imprests and Advances

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

j) Contingent Liabilities

A contingent liability is:

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

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

Significant Accounting Policies (Continued)

k) 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.

l) Pending bills

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

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

Significant Accounting Policies (Continued)

11 Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments.

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

a) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

b) Comparative figures

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

c) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

d) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). The project did not have any prior year adjustments.

12. Notes to the Financial Statements

1. Transfers from Government entities

These represent counterpart funding and other receipts from government as follows:

	2023/24	2022/23	Cumulative to-date (from inception) Kshs
	Kshs	Kshs	
Counterpart funding through Ministry of Water, Sanitation and Irrigation			
Counterpart funds Quarter 1		25,000,000	281,623,500
Counterpart funds Quarter 2			120,000,000
Counterpart funds Quarter 3	47,500,000	50,000,000	242,500,000
Counterpart funds Quarter 4			7,500,000
	47,500,000	75,000,000	651,623,500
Other transfers from government entities			
			-
Appropriations-in-Aid			-
Total	47,500,000	75,000,000	651,623,500

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Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	2023/2024						2022/2023	Cumulative to Date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)								
Grants Received from Multilateral Donors (International Organisations)								
African Development Bank (AfDB)	N/A	-	-	-	-	-	-	83,434,618
Grants Received from Local Individuals and organisations								
Total		-	-	-	-	-	-	83,434,618

Notes to the Financial Statements (Continued)

3. Loan from External Development Partners AWWDA

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Description	2023/2024					2022/2023	Cumulative to date
Name of Donor	Date received	Amount in loan currency	Loans received in cash	Loans received as direct payment*	Total amount	Total amount	
		UA	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors (International Organizations)							
African Development Bank-AWWDA	Various	7,210,933	-	1,033,691,640	1,033,691,640	1,011,613,431	4,806,584,477
Total		7,210,933	-	1,033,691,640	1,033,691,640	1,011,613,431	4,806,584,477

3.1 Loan from External Development Partners TAWWDA

Description	2023/2024					2022/2023	Cumulative to date
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount	Total amount	
		UA	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors (International Organizations)							
African Development Bank- TAWWDA	Various	2,460,765	-	352,752,180	352,752,180	377,191,290	2,346,902,754
Total		2,460,765		352,752,180	352,752,180	377,191,290	2,346,902,754

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3.2 Loan from External Development Partners CWWDA

Description	2023/2024					2022/2023	Cumulative to date
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount	Total amount	
		UA	Kshs	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors (International Organizations)							
African Development Bank-CWWDA	Various	153,814	-	22,049,326	22,049,326	158,969,243	600,905,799
Total		153,814		22,049,326	22,049,326	158,969,243	600,905,799

3.3 Loan from External Development Partners WASREB

Description	2023/2024					2022/2023	Cumulative to date
Name of Donor	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount	Total amount	
			Kshs	Kshs	Kshs	Kshs	Kshs
Loans Received from Multilateral Donors (International Organizations)							
African Development Fund -WASREB	Various	39,763		5,700,000	5,700,000	6,641,228	13,341,228
Total		39,763		5,700,000	5,700,000	6,641,228	13,341,228

3.4 Loan from External Development Partners WRA

Description	2023/2024					2022/2023	Cumulative to date
	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment*	Total amount	Total amount	
		UA	Kshs	Kshs		Kshs	
Loans Received from Multilateral Donors (International Organizations)							
African Development Fund -WRA	-	-		-	-	4,877,520	39,553,574
Total		-		-	-	4,877,520	39,553,574

4. Miscellaneous receipts

Description	2023/2024			2022/2023		Cumulative to- date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts		
	Kshs	Kshs	Kshs	Kshs		
Interest earned on bank deposits	10,083,399	-	10,083,399	42,365		10,125,763
Total	10,083,399	-	10,083,399	42,365		10,125,763

4.1 Proceeds from guarantee recall

Description	2023/2024			2022/2023		Cumulative to- date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts		
	Kshs	Kshs	Kshs	Kshs		
Advance and performance guarantee amount	174,999,833	-	174,999,833	-		174,999,833
Total	174,999,833	-	174,999,833	-		174,999,833

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5. Compensation to Employees

The project is implemented by AWWDA staff and therefore no staff compensation was drawn from the proceeds of the loan.

6. Purchase of Goods and Services AWWDA

	2023/2024			2022/23	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Bank charges	161,895	-	161,895	9,225	171,120
Communication, supplies and services	260,861	-	260,861	5,025,651	17,725,377
Domestic travel and subsistence	3,603,726	-	3,603,726	2,851,350	23,542,959
Foreign travel and subsistence	-	-	-	-	2,696,858
Printing, advertising and – information supplies & services	425,186	-	425,186	1,697,465	21,266,813
compensation & community sensitization	101,989,838	-	101,989,838	393,776,403	549,877,146
Training payments	-	-	-	-	116,000
Hospitality supplies and services	154,938	-	154,938	716,986	2,565,506
Insurance costs	-	-	-	-	-
Specialized materials and services	2,423,240	-	2,423,240	7,388,298	26,403,288
Supply of non-revenue water equipment	-	-	-	-	136,999,679
Supply of Lab Equipment for WSPS	-	-	-	-	31,526,950
Monitoring and Evaluation consultancy	-	3,323,180	3,323,180	3,912,000	7,235,180
Baseline survey consultancy	-	5,395,552	5,395,552	2,997,529	8,393,081
Sewer cleaning equipment	-	-	-	19,719,840	19,719,840
Billing software for Limuru WSP	-	-	-	10,000,000	10,000,000
Panel of experts	-	3,654,122	3,654,122	4,432,102	30,283,170
Annual environment & social compliance audit consultancy	-	10,800,000	10,800,000	-	10,800,000
Total	109,019,684	23,172,853	132,192,538	452,526,850	899,322,967

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Notes to the Financial Statements (Continued)

6.1 Purchase of Goods and Services TAWWDA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Consultancy for Oloolotikosh-Kitengela - Kajiado water supply and sanitation project	-	-	-	-	83,434,618
Feasibility study, detailed design and tender documentation for Mwanja/Miwongoni	-	9,195,000	9,195,000	27,585,000	91,950,000
Consultancy Services for Carrying out Feasibility Studies for proposed Ongata Rongai, Ngong and Mavoko Sewerage Infrastructure Project in Tanathi Water Works Development Agency Area	-	-	-	14,908,840	26,090,470
Supply and Delivery of Laboratory Equipment for Tanathi Water Works Development Agency and Water Resource Authority in 2 Lots	-	-	-	-	9,592,800
Supply of non-revenue water equipment	-	-	-	-	11,114,305
Total	-	9,195,000	9,195,000	42,493,840	222,182,193

6.2 Purchase of Goods and Services CWWDA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Purchase of non-revenue water equipment	-	-	-	-	5,224,569
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	-	5,224,569

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6.3 Purchase of Goods and Services WRA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Consultancy Services for Development Management Plans for Selected Areas & capacity Building for Water Resources Authority	-	-	-	4,877,520	12,193,800
Supply and Delivery of Laboratory Equipment for Water Resource Authority Lot 2	-	-	-	-	12,546,348
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	-	-	4,877,520	24,740,148

6.4 Purchase of Goods and Services WASREB

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Consultancy Services for Development of County Water Atlas for Selected Counties	-	-	-	-	1,000,000
Consultancy Services for Capacity Building and Institutional Support to WASREB	-	5,700,000	5,700,000	-	5,700,000
Exchange rate losses/gains (net)	-	-	-	-	-
Total	-	5,700,000	5,700,000	-	6,700,000



Notes to the Financial Statements (Continued)

7. Social Security Benefits

The project did not have any costs social benefit costs

8. Acquisition of Non-Financial Assets AWWDA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	1,010,518,786	1,010,518,786	888,530,439	4,126,293,170
Purchase of office equipment	-	-	-	-	15,821,483
Purchase, installation and operationalization of the ERP system	-	-	-	-	43,448,276
Supply and Delivery of 3 NO. Vehicle Mounted Sewer Flushing Units	-	-	-	-	82,973,942
Research, studies, project preparation, design & supervision	-	-	-	76,995,870	285,833,159
Total	-	1,010,518,786	1,010,518,786	965,526,309	4,554,370,028

8.1 Acquisition of Non-Financial Assets TAWWDA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments		
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	343,557,180	343,557,180	299,379,178	2,032,801,622
Supply and Delivery of ERP for TAWWDA	-	-	-	-	43,465,516
Research, studies, project preparation, design & supervision	-	-	-	51,778,200	148,347,969
Total	-	343,557,180	343,557,180	351,157,378	2,224,615,107

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Notes to the Financial Statements (Continued)

8.2 Acquisition of Non-Financial Assets CWWDA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Construction of civil works	-	21,539,326	21,539,326	113,765,455	490,042,442
Supply and Delivery of Motor vehicles	-	-	-	5,087,719	5,087,719
Lab Equipment	-	-	-	20,881,069	20,881,071
Research, studies, project preparation, design & supervision	-	510,000	510,000	19,235,000	79,670,000
Total	-	22,049,326	22,049,326	158,969,243	595,681,230

8.3 Acquisition of Non-Financial Assets WASREB

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Acquisition of Operational Motor Vehicles	-	-	-	6,641,228	6,641,228
Total	-	-	-	6,641,228	6,641,228



8.4 Acquisition of Non-Financial Assets WRA

	2023/2024			2022/2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Acquisition of Office Equipment	-	-	-	-	1,530,970
Acquisition of Operational Motor Vehicles	-	-	-	-	13,282,456
Total	-	-	-	-	14,813,426

9. Transfers to other Government Entities

During the financial period to 30 June 2024, there were no transfers to other Government Agencies. AWWDA is the implementing agency for the Kenya Towns Sustainable Water Supply and Sanitation Program-Athi cluster administratively managing the project on behalf of TAWWDA, CWWDA, WASREB, and WRA. The budget, procurement and reporting are domiciled at AWWDA while the day-to-day project management and initiation of payments is undertaken by the individual beneficiary Agencies. Additionally, the project payments are direct (AIA) in nature whereby the respective agencies certify the works done and AWWDA facilitates the submission of the said payments to AfDB through the ministry and with the approval of the National Treasury.

10. Other Grants, Transfers and Payments

The project did not make transfers to any other entity in the period under review

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Notes to the Financial Statements (Continued)

11. Cash And Cash equivalents

	2023-2024	2022-2023
	KShs	KShs
Bank accounts (Note 11A)	173,180,651	30,033,140
Cash in hand (Note 11B)	-	-
Cash equivalents (short-term deposits) (Note 11C)	-	19,583,964
Total	173,180,651	49,617,104

The project has only one bank account and no foreign currency account because the donor component is disbursed wholly as direct payments.

11. A Bank Accounts

Project Bank Accounts

	2023-2024	2022/2023
	Kshs	Kshs
Foreign Currency Accounts		
N/A	-	-
Total Foreign Currency balances	=	=
Local Currency Accounts		
NCBA [A/c No 6206720012]	173,180,651	508,984
Kenya Commercial Bank [A/c No 1143199359]	-	29,524,156
Co-Operative Bank of Kenya [A/C No.01141084618501]		
Total local currency balances	<u>173,180,651</u>	<u>30,033,140</u>
Total bank account balances	<u>173,180,651</u>	<u>30,033,140</u>

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Notes to the Financial Statements (Continued)

Special Deposit Accounts

The project did not have a special deposit account because all the donor payments are of direct payment in nature

12 B Cash in hand

The project did not have any cash in hand as at 30th June 2024

11 C Cash equivalents (short-term deposits)

Description	2023-2024	2022/2023
	KShs	Kshs
Co-Operative Bank of Kenya [A/C No 01150084618512]	-	19,583,964
Total	-	19,583,964

The amounts initially on call deposit account was recalled and the project balances were deposited into the project bank account.

12. Imprests and Advances

The project did not have any pending imprests and advances as of 30th June 2024

12A: Breakdown of Imprests and Advances

The project did not have any pending imprests as of 30th June 2024

13. Third-Party Deposits and Retention Monies

Description	2023-2024		2022/2023	
	Kshs		Kshs	
Retention	-		-	
Deposits	-		-	
Total	-		-	
Ageing analysis:	2023-2024	% of the Total	2022/2023	% of the Total
Under one year	-	%	-	%
1-2 years	-	%	-	%
2-3 years	-	%	-	%
Over 3 years	-	%	-	%

The payments under the project are in the form of direct payments. The retention monies are not disbursed by AfDB until the completion of the contracts upon which the monies are paid out directly to the contractors. However, for purposes of monitoring the project payables the project. Similarly, the project did not have any deposits as at 30th June 2024.

Notes to the Financial Statements (Continued)

14. Fund Balance Brought Forward

	2023-2024	2022/2023
	Kshs	Kshs
Bank accounts	49,617,104	396,861,994
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
Deposits and retentions	-	-
Total	49,617,104	396,861,994

15. Prior Year Adjustment

The project did not have events likely to have a significant impact on the financial statements for the year ended 30th June 2024.

16. Changes in Account Receivables (Imprests and Advances)

Description	2023-2024	2022/2023
	Kshs	Kshs
Opening Receivables as at 1 st July 2023	-	612,400
Closing account receivables as at 30 th June 2024	-	-
Change in Imprests and advances	-	- 612,400

17. Changes in Accounts Deposits and Retention

The project did not have any changes related to deposits and retentions. Given that the project disbursements are wholly direct in nature the project did not hold any deposits and/or retention monies.

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Other Important Disclosures

18. Pending Accounts Payable (See Annex 4a)

	Balance b/f FY 2023/24	Additions for the period	Paid during the year	Balance c/f FY 2023/24
Description	Kshs	Kshs	Kshs	Kshs
Construction of civil works	559,515,515	1,510,859,880	1,375,615,292	694,760,103
Supply of goods	-	27,500,000	-	27,500,000
Supply of services	9,353,236	71,845,304	38,577,853	42,620,687
Total	568,868,751	1,610,205,184	1,414,193,146	764,880,790

19. Pending Staff Payables (See Annex 4b)

The project did not have any staff related payables.

20. Other Pending Payables (See Annex 4c)

The project did not have any other pending payables.

21. External Assistance

The project did not have any external assistance either in form of loan or grants during the year ended 30th June 2024.

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Other Important Disclosures (Continued)

22. Payments By Third Party on Behalf of The Project

22.1 Classification by Source

	2023-2024	2022-2023
Description	Kshs	Kshs
N/A		-
Multilateral donors-AfDB	1,414,193,145	1,559,292,712
Bilateral donors	-	-
International assistance organization	-	-
NGOs	-	-
National Assistance Organization	-	-
Total	1,414,193,145	1,559,292,712

22.2 Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	2023-2024	2022-2023
Description	Kshs	Kshs
Compensation of employees		-
Use of goods and services	38,067,853	93,458,483
Subsidies	-	-
Transfers to other government units	-	-
Other grants and transfers	-	-
Social security benefits	-	-
Acquisition of assets	1,376,125,292	1,465,834,229
Finance costs, including loan interest	-	-
Other payments	-	-
Total	1,414,193,145	1,559,292,712

N/B The civil works and the related supervision consultancies are classified under acquisition of assets while all the other costs for studies and purchase of office equipment and other maintenance tools and equipment are classified under use of goods and services.

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Other Important Disclosures (Continued)

23. Related Party Disclosures

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

Related party transactions:

	2023-2024	2022-2023
	Kshs	Kshs
Compensation to Key Management		
Compensation to the program manager/ director	-	-
Key Management Compensation others (specify)	-	-
Total Compensation to Key Management	-	-
Transfers to related parties	-	-
Transfers to other government entities	-	-
Total Transfers to related parties	-	-
Transfers from related parties		
Transfers from the Ministry/ department	47,500,000	75,000,000
Payments made on behalf of the project by other govt. entities	-	-
Total Transfers from related parties	47,500,000	75,000,000

24. Contingent Liabilities

The project did not have any contingent liabilities as of 30th June 2024

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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
Other Matter	<p>The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects final receipts budget of shs.3,194,516,759 and actual on comparable basis of Kshs.2,031,809,471 resulting to underfunding of Kshs.1,162,707,288 (or 36% of the budget). Similarly, the project spent Kshs.1,982,192,759 out of the approved expenditure budget of Kshs.3,194,516,759 resulting in an under expenditure of Kshs.1,212,324,391 (or 38% of the budget). The under-funding and under-expenditure affected the planned project's activities and may impacted negatively on service delivery.</p>	<p>The underfunding was caused by the budget cuts within the period. The under expenditure in the program was caused by slow progress of the projects due to way leave issues and court cases which hindered disbursement for some of the programs.</p> <p>This was resolved and most of the programs are now complete.</p>	Resolved	
1. Stalled Projects				
1.1	<p>Construction of Kitui and Matuu Towns Last Mile Connectivity of Water and Sanitation Project</p> <p>The contract for construction of Kitui and Matuu Towns Last Mile Connectivity of Water and Sanitation Project, was awarded to a contractor at contract sum of Kshs.860,005,431. The contract was</p>	<p>The contract for Kitui-Matuu has been under implementation from 11 March 2020. By the time works were about 30%, the contractor significantly slowed down works implementation. The employer together with the beneficiary agency (Tanathi Water Works Development Agency) held</p>	Not Resolved	ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>to commence on 11 March, 2020 with an expected completion date of 11 March, 2022. As at 14 March, 2022 the value of works done was Kshs.243,256,721. Review of the documents provided for audit revealed that the contractor had abandoned site and the contract was in the process of being terminated due to slow execution of works.</p> <p>Further, as at March 2022, the contractor had been paid an amount of Kshs.478,350,899 which included advance payment of Kshs.153,344,130. However, Athi Water Works had performance security bond which could not guarantee the recovery of the paid amounts. Physical verification carried out in October, 2023 revealed that the project had stalled.</p> <p>In the circumstances, the value for money for the expenditure amount of Kshs.478,350,899 may not be realized.</p>	<p>several management meetings to unlock the challenges without much success. Due to continued slow progress of implementation, the employer-initiated contract termination by recalling the guarantees, a process that faced challenges. This prompted the employer to forward the case to the Directorate of Criminal Investigation (DCI) for investigation.</p> <p>The Kshs. 478,350,898.91 is equivalent to value of work done and materials on site. Once termination process is complete, AWWDA will initiate procurement of a new works contractor to complete the works as originally designed thereby ensuring that there is value for money.</p>		
1.2	<p>Changamwe Re-pooling Sewer Network</p> <p>As reported in the previous year's report, the contract for construction of Changamwe Re-pooling Sewer Network, was awarded to a company at a contract sum of Kshs.204,483,295. The contract commencement date was 14 December, 2018 with</p>	<p>The contract faced challenges of slow mobilization of the contractor. The Agency as a result recalled the Advance Payment Guarantee and Performance Guarantee with an intention to terminate the contract. However, the contractor</p>	Not Resolved	Ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>an expected completion date of 14 June, 2020, which was later extended to 14 January, 2021. As at 30 June, 2023, the contractor had been paid Kshs.72,816,261.</p> <p>However, review of the documents presented for audit revealed that the project had stalled due to a court order issued on a lawsuit by the contractor against the Athi Water Works Development Agency (AWWDA) for breach of contractual agreement that restrained the Agency from evicting the Contractor from the construction site and appointing another contractor to proceed with the implementation of the works, pending the hearing and determination of the suit. As at the time of the audit the matter has been referred to arbitration.</p> <p>Further, physical verification carried out in October, 2023 revealed that manholes constructed had been vandalized and filled with litter, an indication that the project will require additional costs. In addition, the piping works were done for about 3km out of the expected 15km, while the overall work completed was estimated</p>	<p>challenged the payment of the guarantees through the court which gave a court order that restrained the AWWDA from evicting him from the construction site and appointing another contractor to proceed with the implementation of the works, pending the hearing and determination of the suit.</p> <p>The matter was since referred for arbitration. AWWDA made an appeal requesting to be allowed to access site and appoint a subcontractor to finish the works. Although the court granted the request, the financier required the arbitration process to be completed before releasing the financing for the same project.</p> <p>The Agency is awaiting the completion of the arbitration process in order to procure another works contractor to complete the project.</p> <p>The Kshs.72,816,261 paid was for permanent works and is equivalent to the value of work done.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>to be about 15%. It is therefore not clear if the works will be completed due to the ongoing lawsuit.</p> <p>In the circumstances, the value for money for the expenditure amount of Kshs.72,816,261 may not be realized.</p>	<p>Further, the guarantees that will be recovered from the contractor will ensure recovery of part of the paid amount.</p>		
2. Delayed Project Implementation				
2.1	<p>Makutano Water Supply and Sewerage Project</p> <p>The statement of receipts and payments as disclosed in Note 8 to the financial statements reflects an amount of Kshs.965,526,309 with respect to the acquisition of non-financial assets-AWWDA which includes Kshs.888,530,439 for construction of civil works, out of which Kshs.167,947,888 was paid to a contractor for the construction of Makutano Water Supply and Sewerage Project. The contract for the works was awarded to a contractor at a contract sum of Kshs.689,651,518 with a commencement date of 09 September, 2020 and an expected completion date of 08 April, 2021 which was later extended to 31 December, 2023.</p>	<p>The project faced delay in implementation due to land acquisition process for the Wastewater treatment plant which was availed to the contractor on August 2022. The construction of the Wastewater treatment plant is in progress and will be completed by December 2024. The expenditure of Kshs.167,947,888 paid in relation to this contract is equivalent to the value of work done.</p> <p>The project is 89% and due for completion by December 2024.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>However, physical verification of the project done in October, 2023, revealed that the overall project progress was at 63% against a time-lapse of 95% or about 2 months to the end of the project duration. It is unclear when the project will be completed as some work components in the waste stabilization pond such as anaerobic pond and maturation pond had not started.</p> <p>In the, circumstances, the value for money for the expenditure amount of Kshs.167,947,888 may not be realized.</p>			
2.2	<p>Machakos Water Supply Project</p> <p>Further, the acquisition of non-financial assets-TAWWDA expenditure of Kshs.351,157,378 includes an amount of Kshs.299,379,178 for the construction of civil works as disclosed in Note 8.1, to the financial statements, out of which Kshs.163,551,943 was paid to a firm for the construction of Machakos Water Supply Project.</p> <p>However, review of the project documents and physical inspection done in October, 2023 revealed that the overall project progress was at 57% and some work components including source works,</p>	<p>The Project faced delays mainly due to an ongoing land acquisition challenge of the Miwongoni dam site, which is yet to be handed over to the contractor. AWWDA has made significant progress in engagements with project-affected persons (PAPs) in a bid to acquire land for the Dam site. The National Land Commission (NLC) is finalizing on the valuation report after which compensation will begin.</p> <p>It is important to note that the other components of the project have been completed and are being</p>	Not Resolved	ongoing

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>raw water mains, rising mains, gravity transmission mains and electrical mechanical water supply had not been completed with the delay being attributed to a lawsuit filed by Project Affected Persons (PAPs) which required all project works to be stopped. The case was set aside on 29 January, 2021 and a resumption order was issued to the Contractor on 08 March, 2021 except for the Miwongoni dam site.</p> <p>As reported in the previous year, even though the AWWDA is undertaking engagements with (PAPs) in a bid to acquire land for the dam site and the National Land Commission (NLC) is finalizing on the valuation report after which compensation will begin, the process has taken long, and this may lead to several works not being completed within the contract period which may lead to cost overruns.</p> <p>In the circumstances, the value for money for the expenditure amount of Kshs.163,551,943 may not be realized.</p>	<p>tested with the contractor waiting for the land to be availed to embark on dam construction.</p> <p>Once the land is availed, we are confident that then contractor will be able to complete the works within the project period.</p> <p>The contractor has further interconnected the rehabilitated and new water treatment plants so that utilization of the new system can commence awaiting the availability of land.</p> <p>The expenditure of Kshs.163,551,943 paid in relation to this contract is equivalent to the value of work done.</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
2.3	<p>Machakos Sewerage Project</p> <p>Further, the amount of Kshs.299,379,178 for the construction of civil works as disclosed in Note 8.1 to the financial statements includes Kshs.89,367,307 paid to a Contractor for the construction of the Machakos Sewerage Project. However, review of the project documents and physical inspection done in October, 2023 revealed that some work components including sewage treatment plant, consumer connections sewer, electromechanical sewerage and rehabilitation works were ongoing or not started due to delays in acquisition of the sewer treatment plant land. The projects overall progress was at 55% as at June, 2023 with a revised extension of completion date to 14 June, 2024.</p> <p>In the circumstances, the value for money for the expenditure amount of Kshs.89,367,307 may not be realized.</p>	<p>Construction of Machakos Sewerage Treatment Plant faced challenges due to land acquisition of the Sewerage Treatment Plant and Trunk Sewer line. The land for the sewerage treatment plant has since been acquired and construction of the treatment plant has commenced. The other two components can only be implemented upon completion of civil works for the treatment plant. Kshs 89,367,307 paid in the financial year relates to value of measured works done hence there is no doubt about value for money since we are confident the project will be completed by December 2024. The project is at 82%.</p>	Resolved	
2.4	<p>Construction Works for Water Distribution for Malindi/Watamu Project</p> <p>The statement of receipts and payments as disclosed in Note 8.2 to the financial statements reflects an amount of Kshs.158,969,243 in respect to acquisition of nonfinancial Assets-</p>	<p>We noted the encroachment of about 30m of pipeline around Mkaomoto and Gede and CWWDA together with Malindi Water and Sewerage Company (MAWASCO) are engaging with the County Government and Roads Authority</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>CWWDA which includes Kshs.30,057,160 paid to a contractor for the construction of water distribution line for Malindi/Watamu. The contract sum was Kshs.288,793,278 effective 26 August, 2020 and the expected completion date was 26 February, 2022 which was later extended to 25 November, 2022. As at the time of the audit in October, 2023 the works were substantially complete. However, physical verification carried out in October, 2023 revealed that the water pipeline constructed especially in the Mkaomoto and Gede areas has been encroached on by residents and may result in illegal connections and damage to the pipeline.</p> <p>Further, the contract's bills of quantities include nine thousand one hundred (9,100) meters of consumer connections to the newly constructed line, however, only two thousand three hundred and eight two (2,382) meters representing 26% of total works have been connected as at the time of the audit. Review of documents provided for audit revealed that the Contractor and Malindi Water and Sewerage Company (MAWASCO) were having challenges identifying and connecting existing customers on the old pipeline</p>	<p>to secure the wayleave already acquired for the pipeline.</p> <p>As at the time of the Audit, MAWASCO had identified 150 connections out of which the contractor had connected 75 utilizing the 2,382m of pipeline. The contractor has acquired all the required pipelines and is awaiting identification of connections in the other priority areas.</p> <p>AWWDA has since issued the certificate of substantial completion for the project.</p> <p>Kshs 30,057,160 paid in the financial year relates to value of measured works done. Already the connected consumers have constant supply of water as was intended hence there is no doubt about value for money. We are confident the project which is currently at 93% complete will be completed by December 2024</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	<p>to the new pipeline due to illegal connections since the said customers were not in the MAWASCO database. Measures being taken if any to prevent encroachment of the pipeline and ensure connections for those not in the database was not provided for audit review.</p> <p>In addition, though the project was 93% complete with the last Interim Payment Certificate (IPC) No.6) having been paid to the contractor on 27 June, 2023, no Certificate of Partial Completion (CPC) had been issued as at the time of audit in October, 2023.</p> <p>In the circumstances, the value for money for the expenditure amount of Kshs.30,057,160 may not be realized.</p>			

Chief Executive Officer
Name: Eng. Joseph Mungai Kamau

Project Manager
Name: Eng. Bonnie Nyandwaro

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Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	70,000,000	47,500,000	22,500,000	68%	The exchequer was received after the year end
Proceeds from domestic and foreign grants TAWWDA	-	-	-	0%	The final invoice was not expected within the year
Proceeds from borrowings	1,112,000,000	1,414,193,145	- 302,193,145	127%	Budget cuts under supplementary II was effected after the expenditure has been incurred
Miscellaneous receipts	10,083,399	10,083,399	-	0%	Within Budget
Proceeds from guarantee recall	174,999,833	174,999,833	-	0%	Within Budget
Fund Balance B/F	49,617,104	49,617,104	-	0%	Within Budget
Sub-Total Receipts for Athi cluster	1,416,700,335	1,696,393,480	- 279,693,145	120%	
Payments					
Purchase of goods and services	147,090,000	147,087,538	2,462	100%	Within Budget
Acquisition of non-financial assets	1,269,610,335	1,376,125,292	- 106,514,957	108%	The absorption was commensurate to the value of direct payments by AfDB. The budget cut under supplementary II was effected after disbursements had occurred
Total Payments	1,416,700,335	1,523,212,830	- 106,512,495	108%	
Surplus/Deficit		173,180,651	- 173,180,651		

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Annex 3: Reconciliation of inter-entity transfers

PROJECT NAME:		Kenya Towns Sustainable Water Supply and Sanitation Program		
Break down of Transfers from the Ministry of Water, Sanitation and Irrigation				
a.	Government Counterpart Funding			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		4-Mar-24	47,500,000	2023/2024
		Total	47,500,000	
b.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Various	1,414,193,145	2023/2024
		Total	1,414,193,145	
c.	Others			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
		N/A	N/A	
		Total	0	
		TOTAL(a+b+c)	1,461,693,145	

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

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Annex 4a: Analysis of Pending Bills

Contracts	Date Contracted/invoiced	Original Amount (Kshs)	Amount Paid To-Date (Kshs)	Outstanding Balance 2023/24 (Kshs)	Outstanding Balance Previous year FY2022/23 (Kshs)	Comments
		a	b	c=a-b		
Construction of civil works						
Construction Works Makutano Water and Sewerage Project	6-Feb-23	238,336,527	156,525,088	81,811,439	47,495,444	The year closed when the payment had not reached ADB
Construction works for Kitui and Matuu Towns Last mile connectivity	18-Sep-19	-	-	-	-	The project is under termination
Kiambu and Ruaka Water supply and Sewerage Project	26-Jun-23	293,298,913	119,020,369	174,278,544	119,020,369	The year closed when the payment had not reached ADB
Construction of Pemba Intake and Treatment works Project	1-Jun-23	34,588,072	4,051,534	30,536,538	20,257,621	The USD component had not been paid by AfDB by close of the year
Construction of Kikuyu Water and Sewerage Project	2-Jun-23	87,682,945	87,682,945	-	51,728,299	The contract didn't have pending payments by the end the year
Construction of Gatundu Water Supply and Sewerage Project	5-Mar-23	376,128,355	321,105,374	55,022,981	77,639,057	The year closed when the payment was still at the National Treasury
Construction of Water Distribution for Watamu Town Lot 2	25-Apr-23	17,487,792	17,487,792	-	17,487,792	The contract didn't have pending payments by the end the year
Construction of Machakos Water Supply Project	26-Jun-23	277,746,352	229,906,016	47,840,336	133,257,727	The year closed when the payments had not reached ADB
Construction of Machakos Sewerage Project	6-Mar-19	197,959,745	113,651,164	84,308,581	-	The year closed when the payment had not reached ADB
Construction of Limuru Water and Sewerage Project	23-Jun-23	326,185,010	326,185,010	-	92,629,206	The contract didn't have pending payments by the end the year
Construction for Mwala Cluster Water Supply Works Project		220,961,684	-	220,961,684	-	
Sub-Total		2,070,375,395	1,375,615,292	694,760,103	559,515,515	

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Contracts	Date Contracted/invoiced	Original Amount (Kshs)	Amount Paid To-Date (Kshs)	Outstanding Balance 2023/24 (Kshs)	Outstanding Balance Previous year FY2022/23 (Kshs)	Comments
		a	b	c=a-b		
Supply of goods						
Development of Water Regulation Information System (Waris) version 4 for the WASREB	11-Jul-23	27,500,000		27,500,000		The year closed when the payment had not reached ADB
Sub-Total		27,500,000	-	27,500,000	-	
Supply of services						
Consultancy Services for Design Review and Supervision for Construction of Water Distribution Works for Malindi Water and Sewerage Company - Watamu Lot 2A Works	7-Feb-20	510,000	510,000	-		Pending bill cleared
Consultancy Services for design review and supervision of Makutano Water and Sewerage Project	16-Jul-20	6,332,750	-	6,332,750	-	The year closed when the payment had not reached ADB
Consultancy Services for Design Review and Supervision of Limuru and Kikuyu Water Supply and Sewerage Project	31-Jul-17	9,017,397	-	9,017,397	-	The year closed when the payment had not reached ADB
Consultancy Services for Feasibility study, preliminary and detailed design of the proposed Mwanja/Miwongoni Dam and Water Supply Project in Tana Athi Water Services	19-Jun-18	9,195,000	9,195,000	-		Contract didn't have outstanding payments by close of the year

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Contracts	Date Contracted/invoiced	Original Amount (Kshs)	Amount Paid To-Date (Kshs)	Outstanding Balance 2023/24 (Kshs)	Outstanding Balance Previous year FY2022/23 (Kshs)	Comments
		a	b	c=a-b		
Consultancy Services for Consultancy Services for the Independent Panel of Experts (Principal Expert (Chair))	7-Oct-19	3,654,122	3,654,122	-	-	Pending bill cleared
Consultancy Services for Consultancy Services for the Independent Panel of Experts (Hydrology and Hydraulic Expert)	7-Oct-19	1,966,997	-	1,966,997	-	The year closed when the payment had not reached ADB
Consultancy Services for Consultancy Services for the Independent Panel of Experts (Geotechnical Expert)	7-Oct-19	1,981,452	-	1,981,452		The year closed when the payment had not reached ADB
Consultancy Services for Consultancy Services for the Independent Panel of Experts (Environmental and Ecological Expert)	7-Oct-19	421,056	-	421,056	421,056	The year closed when the payment was still at the National Treasury
Consultancy Services for Capacity Building and Institutional Support	8-May-22	5,700,000	5,700,000	-	5,700,000	The year closed when the payment was still at the National Treasury
Capacity Building for WWDAs and the WSPs	29-Jul-21	18,000,000	-	18,000,000	-	The year closed when the payment was still at the National Treasury
Consultancy services for annual environment & social compliance audit for Kenya Towns Sustainable Water Supply and Sanitation Sub-Project (Athi Cluster)	22-Jun-23	10,800,000	10,800,000	-		Contract didn't have outstanding payments by close of the year

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Contracts	Date Contracted/invoiced	Original Amount (Kshs)	Amount Paid To-Date (Kshs)	Outstanding Balance 2023/24 (Kshs)	Outstanding Balance Previous year FY2022/23 (Kshs)	Comments
		a	b	c=a-b		
Consultancy Services for Technical assistance in monitoring and evaluation and preparation of quarterly reports for Kenya towns sustainable water and sanitation services - Athi Cluster	29-Mar-23	4,627,180	3,323,180	1,304,000	3,232,180	The year closed when the payment had not reached ADB
Consultancy Services for Baseline and customer Identification Survey for Kenya Towns Sustainable Water Supply and Sanitation Program - Athi Cluster	13-Oct-22	8,992,586	5,395,552	3,597,035		The year closed when the payment had not reached ADB
Sub-Total		81,198,540	38,577,853	42,620,687	9,353,236	
Grand Total		2,179,073,935	1,414,193,146	764,880,790	568,868,751	

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Annex 4b: Analysis of Pending: Staff Bills

The project did not have staff-related pending bills as of 30th June 2024

Annex 4c: Analysis of other Pending Payables

The project did not have any pending bills due to other government agencies, county governments, or third parties as of 30th June 2024

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Annex 5: Summary of Fixed Assets Register

Asset class	Opening Cost (KShs) 2023/24	Donations in form of assets (KShs) 2023/24	*Purchases/ Additions in the Year (KShs) 2023/24	**Disposals in the Year (KShs) 2023/24	Transfers in/(out) (KShs) 2023/24	Closing Cost (KShs) 2023/24
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
AWWDA						
Office Equipment,	15,821,483	-	-	-	-	15,821,483
Plant and Machinery	82,973,942	-	-	-	-	82,973,942
Work in Progress	3,445,055,817	-	1,010,518,786	-	-	4,455,574,604
Total	3,543,851,242	-	1,010,518,786	-	-	4,554,370,029
						-
TAWWDA						
Work in Progress	1,881,057,927	-	343,557,180	-	-	2,224,615,107
Total	1,881,057,927	-	343,557,180	-	-	2,224,615,107
						-
CWWDA						
Motor Vehicles	5,087,719	-	-	-	-	5,087,719
Lab Equipment	20,881,069	-	-	-	-	20,881,069
Work in Progress	547,663,116	-	22,049,326	-	-	569,712,442
Total	573,631,904	-	22,049,326	-	-	595,681,230
						-
WASREB						
Motor Vehicles	6,641,228	-	-	-	-	6,641,228
Total	6,641,228	-	-	-	-	6,641,228
						-
WRA						
Transport equipment- Motor Vehicles	13,282,456	-	-	-	-	13,282,456
Office equipment	1,530,970	-	-	-	-	1,530,970
Total	14,813,426	-	-	-	-	14,813,426
						-
Grand Total for Athi Cluster	6,019,995,727	-	1,376,125,292	-	-	7,396,121,019

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Annex 6: Contingent Liabilities Register

The project did not have contingent liability as at 30th June 2024

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Annex 7: Reporting of Climate Relevant Expenditures

Project Name	Project Objectives	Tree planting expenditure				Source Of Funds	Implementing Partners
		Q1	Q2	Q3	Q4		
Karimenu II Project	The system is currently supplying 40% of its 70,000m ³ design capacity of water to Juja, Gatundu and Ruiru. The system is expected to operate at 100% once the pipeline works to Kiambu tank are completed	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	0.00 <i>(Seedlings donated by Stakeholders)</i>	-	AWWDA Forester Nation Gatundu North & South University Students & Alumni (GUSA) Fit Nation RODI KENYA TAI SACCO Local community
Kamiti River Riparian Restoration	Important intake area for Kiambu Water Supply				450,660	AWWDA, KCB Bank, Muchemi & Co. Advocates, DANCO Capital Ltd	NCBA Bank, KCB Bank, Muchemi & Co. Advocates, RODI Kenya, and DANCO Capital Ltd
Kimakia Forest, Murang'a County	Part of the AWWDA Water catchment areas				580,360	AWWDA, CO-OPERATIVE Bank, NORKEN International	CO-OPERATIVE Bank, NORKEN International, RODI Kenya
Kinale Forest	National Tree Planting and Catchment Restoration Campaign				429,650	AWWDA Thika Water & Sewerage Company	Kiambu Water & Sewerage Company, Limuru Water & Sewerage Company, Kikuyu Water & Sewerage Company, Thika Water & Sewerage Company,
Kimana Wetlands, Kajiado County	National Tree Planting and Catchment Restoration Campaign				213,850	GoK	MWSI

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Annex 8: Reporting Disaster Management Expenditure

The project did not incur any disaster related expenditure

Annex 9: Other Support Documents

- i. Bank Reconciliations statement as at 30th June 2024
- ii. Board of Survey Report