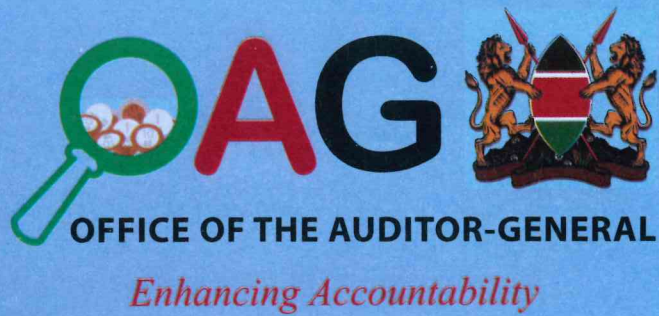


REPUBLIC OF KENYA



REPORT

OF

THE AUDITOR-GENERAL

ON

**COAST WATER WORKS DEVELOPMENT
AGENCY**

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

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

OFFICE OF THE AUDITOR GENERAL
P.O. Box 95202, MOMBASA

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COAST WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2024**

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

Coast Water Works Development Agency
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Definition of Key Terms

Financial Management- Members of Management directly involved with the responsibility of financial resources of the organization.

Comparative Years- Means the prior period.

Coast Water Works Development Agency

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1. ACRONYMS AND DEFINITION OF KEY TERMS

A: Acronyms

AFD	Agence Francaise De' development
BWSU	Bulk Water Supply Unit
CWWDA	Coast Water Works Development Agency
CBO	Community Based Organizations
CLSG	Conditional Liquidity Support Grant
CEO	Chief Executive Officer
CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KIMAWASCO	Kilifi/Mariakani Water and Sanitation Company
MALWASCO	Malindi Water and Sanitation Company
MOWASCO	Mombasa Water and Sanitation Company
NRW	Non Revenue Water
PFM	Public Finance Management
PPE	Property Plant & Equipment
TAWASCO	Taveta Water and Sanitation Company
WB	World Bank
WSDP	Water and Sanitation Development Project
WSP	Water Service Provider

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

Coast Water Works Development Agency

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2. KEY ENTITY INFORMATION AND MANAGEMENT

a) Our identity

Coast Water Works Development Agency (CWWDA) is a corporate body established under the Provisions of the Water Act 2002 of the Laws of Kenya and it is domiciled in Kenya. Through Legal Notice Number 27 of 26th April 2019, and with reference to Water Act 2016, the Cabinet Secretary for Water and Sanitation established eight entities and named them 'Water Works Development Agencies' among them CWWDA with commencement date of 3rd May 2019 for this change.

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

- a. Undertake the development, maintenance and management of National Public Water works;
- b. Operate the water works and provide water services as a water service provider, until such a time the responsibilities for the operation and management of waterworks are handed over to a County Government, joint committee, Authority of County Government or water services provider,
- c. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee,
- d. Provide technical services and capacity building to such County Government and water providers,
- e. Provide to the Cabinet Secretary technical support in discharge of his or her functions under the Constitution and the Water Act 2016.

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

b) Principal Activities

The principal activities of the agency are to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Mombasa County, Kilifi County Lamu County, Kwale County, Taita Taveta County and Tana River County.

Vision

Universal access to clean water and sanitation services

Mission

To develop quality water, sanitation infrastructure and offer bulk-water services for a sustainable economy and social growth

Motto

The Coast Water Works Development Agency motto is **"Water for Generations"**

Coast Water Works Development Agency

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Core Values

The agency draws its values from Article 10 of the Constitution on National Values and Principles of Governance as follows:

Teamwork

The Agency will fully subscribe to the principles of working together in executing our mandate.

Integrity The Agency will conduct its affairs in serving Kenyans by upholding the highest degree of honesty and responsiveness

Professionalism

The Agency's staff will effectively serve the public in a skillful manner and with the highest level of expertise

Accountability

The Agency shall exercise prudence in use of public resources to effectively serve the public and bear responsibility in all its undertakings.

Customer Focus

The Agency will endeavor to build close relationships with its customers in serving the public.

Transparency The Agency shall execute its mandate by upholding openness through regular engagement with all our stakeholders.

Innovation

The Agency will embrace new technology, creativity in its pursuit for effective service delivery and continuous improvement.

Inclusivity

The Agency is committed to engage its stakeholders in all its undertakings including decision making that will affect the lives of the public

Key Responsibilities

The key responsibilities of CWWDA include:

- i) Ownership and holding of water and sewerage assets/infrastructure on behalf of the National Government.
- ii) Planning, development and expansion of water and sewerage infrastructure on behalf of the National Government.
- iii) Assisting the County Governments within its jurisdiction, during the transition period, in contracting out water and sewerage services provision to Water Services Providers (WSPs) and in the monitoring of water and sewerage services provision.

Coast Water Works Development Agency

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Strategic direction.

Strategic Goals

In pursuit of its mandate, the Agency will pursue the following strategic goals which are as follows: -

- i. Increased access to water and sanitation services
- ii. Increased bulk water supply services
- iii. Enhanced human resources and institutional capacities
- iv. Enhanced resource mobilization

Strategic Objectives

Based on the identified strategic themes, CWWDA has resolved to focus on the accomplishment of various strategic objectives over a five-year period from July 2023 to June 2028. The strategic objectives reflect the key result areas that will respond to particular sets of strategic theme and challenges facing the agency.

The following are the strategic objectives: -

The following are the strategic objectives:

- i. To increase access to water from 57% in 2023 to 80% in 2027 and increase improved sanitation from 76% in 2023 to 90% in 2027.
- ii. To increase access to sewerage from 20% to 25% from 2023 to 2027.
- iii. To increase effectiveness of bulk water sources from 65% to 80% from 2023 to 2027.
- iv. To enhance human resource and institutional capacity.
- iv. To improve revenue collection from 69% to 95% from 2023 to 2027.
- v. To enhance resource mobilization

c) Key Management and other key information.

CWWDA day to day management is under the following key departments and the key management personnel who held office during the financial year ended 30th June, 2024 and who had direct fiduciary responsibility were:

- Chief Executive Officer
- Deputy Director Technical Services
- Deputy Director Corporate Communication
- Deputy Director Finance
- Deputy Director Human resource and administration
- Deputy Director Internal audit.
- Deputy Director corporation secretary and Legal Services

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag. Chief Executive Officer	Eng. Martin Tsuma
2.	Deputy Director Technical Services	Eng. David Kanui
3.	Deputy Director Corporate Services	Ms. Fatma Gakuria (December 2023)
4.	Deputy Director - Finance	CPA Stephen Kivuva
5.	Deputy Director- Internal audit.	CPA Hamadi Mwazito
6.	Deputy Director Legal Services	Ms. Mary Okioma
7.	Deputy Director HRM	Mr. Simon Charo

e) Fiduciary Oversight Arrangements

The ultimate oversight authority of CWWDA is exercised by the Board of Directors. To ensure that good corporate governance and that effectiveness is enhanced in this process, the Board of Directors have established Four committees:

- i) Finance, Human Resource and Administration Committee
- ii) Audit, Risk and Governance Committee
- iii) Technical, Planning and Development Committee
- iv) Assets Management Committee

f) Entity Headquarters

Coast Water Works Development Agency
Mikindani Street
Off Nkrumah Road
P.O Box 90417-80100
MOMBASA

g) Entity Contacts

TEL: 041-2315230
FAX: 041-2316471
EMAIL: info@cwwda.go.ke

h) Entity Bankers

KCB Bank
Treasury Square
P.O. Box 90254, 80100

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

MOMBASA

Co-operative Bank
Digo Road
P.O. Box 86039 – 80100

MOMBASA

Consolidated Bank of Kenya
Nkrumah Road
P.O Box
MOMBASA

i) Independent Auditors

Auditor General
Anniversary Towers
University Way
P.O. Box 30084-00100 GPO
NAIROBI

j) Principal Legal Advisor





The Attorney General
State Law Office
Harambee Avenue
P. O. Box 40112-00200
City Square
NAIROBI

Coast Water Works Development Agency


Annual Report and Financial Statements for The Year Ended 30th June 2024

3. THE BOARD OF DIRECTORS

The following Directors were in office as at 30th June 2024 during the year under review.

NAME	POSITION	QUALIFICATIONS	OPERATIONS
DR. DANIEL KATAMA MWARINGA 	Chairman Effective from 26 th April, 2024	<ul style="list-style-type: none">• PhD in Communication• MA in Communication Studies• Bachelors Degree in Education (English/Literature)	Non-Executive
HAFSWA ABDALLA DELE 	Director Effective from 1 st February, 2023	<ul style="list-style-type: none">• Master in Operations Management(MBA)• Bachelor of Business Management Finance and Banking(BBM)	Non-Executive
MOHAMED M. MWAHIMA 	Director Effective from 1 st February, 2023	<ul style="list-style-type: none">• Certificate in Information and Communication Technology (ICT)	Non-Executive
GEORGE MAINA KARIUKI – REP. PS NATIONAL TREASURY 	Director Effective from 5 st July, 2022	<ul style="list-style-type: none">• BSc Statistical Mathematics & Computer Science	Non-Executive

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

<p>JUDITH MWABOSHA MWAMBURI</p> 	<p>Director</p> <p>Effective from</p> <p>1st February, 2023</p>	<ul style="list-style-type: none"> • Leaving Certificate of Secondary School 	<p>Non-Executive</p>
<p>FA. WALTER JEREMIAH OSELU - REP. PS MINISTRY OF WATER AND SANITATION</p> 	<p>Director</p> <p>Up to April 2024</p>	<ul style="list-style-type: none"> • Master's in Business Administration – (Finance option) • Bachelor of Education in Business Studies & Economics • Certified Investment and Financial Analyst • CIFA Member 	<p>Non-Executive</p>
<p>HAMID MBARAK</p> 	<p>Director</p> <p>Effective 9. June 2023</p>	<p>LLB degree in Law</p> <p>Post graduate diploma KSL</p>	<p>Non-Executive</p>
<p>Eng. MARTIN TSUMA</p> 	<p>Ag, Chief Executive Officer</p> <p>From 24th March, 2021</p>	<ul style="list-style-type: none"> • MTech.- Sustainable Energy Engineering • BTech (Production Engineering) • Professional Eng, EBK • Corporate Member, IEK • Certified Energy Manager • Member Institute of Electrical and Electronics Engineering (IEEE) 	<p>Executive</p>





Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

4. KEY MANAGEMENT TEAM

During the FY 2023 - 2024 financial period, the following officers held key management positions

Name of the Staff	Qualifications
<p>Eng. Martin Tsuma---- Ag.CHIEF EXECUTIVE OFFICER</p>  <p>Effective 24th March 2021</p>	<ul style="list-style-type: none"> • MTech.- Sustainable Energy Engineering • BTech (Production Engineering) • Professional Eng, EBK • Corporate Member, IEK • Certified Energy Manager • Member Institute of Electrical and Electronics Engineering (IEEE)
<p>Mr. Stephen Kivuva ----- DEPUTY DIRECTOR FINANCE</p> 	<ul style="list-style-type: none"> • BBA-Finance and Accounting • CPA-K
<p>Mr. Simon Charoh --- DEPUTY DIRECTOR HR&ADMINISTRATION</p> 	<ul style="list-style-type: none"> • Masters of Business Administration (Strategic Management) • Bachelor of Arts (Human Resource Management) • Diploma in Human Resource Management Registration - IHRM
<p>Ms. Mary Okioma – DEPUTY DIRECTOR CORPORATION SECRETARY</p>	<ul style="list-style-type: none"> • Bachelor of Law • Diploma in Law • Practicing Certificate 2020

Coast Water Works Development Agency
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<p>Ms. Fatma Gakuria –DEPUTY DIRECTOR CORPORATE COMMUNICATIONS Up to December 2023</p> 	<ul style="list-style-type: none"> • Masters of Business Administration – Marketing • Bachelor of Education • Diploma in Management Public Relations Option
<p>Mr. Hamadi Mwazito -----DEPUTY DIRECTOR INTERNAL AUDIT</p> 	<ul style="list-style-type: none"> • Bachelor of Business Administration (Accounting & Finance) • CPA K
<p>Eng. David Kanui-----Ag DEPUTY DIRECTOR Infrastructure Development and Management</p> 	<ul style="list-style-type: none"> • MSC- Civil Engineering • BSc civil Engineering

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

5. CHAIRMAN'S STATEMENT

I am delighted to report the performance of CWWDA in the Annual Report and Financial Statements for the year ended 30th June, 2024.

Water assets and infrastructure Development Projects

Under its core mandate of infrastructure development, CWWDA has been recording an upward movement in the water infrastructure with development increasing year by year from the preceding period in the last 5 years.

During the year under review the water assets under development increased from Kshs 21,281,549,707 in the previous year to Kshs 22,547,057,064.

As the Water Supply and Sanitation Improvement Projects (WaSSIP) came close in December 2019, CWWDA embarked on more projects under Water and Sanitation Development Programs (WSDP). The WSDP is undertaking various projects which include Baricho Lot 3, Baricho Replacement Boreholes, Nyali pipeline, Baricho Wellfield Protection, Second Baricho-Kakukuni Pipeline and Mombasa Water Distribution Works Tiwi Emergency Works.

Revenue

The year under review also recorded a huge increase in total revenue billed amounting to Kshs. 1,203,730,688 due to implementation new tariff. The Agency Collected a total of Kshs. 846,456,009 from the sale of bulk water to the water service providers. This represents a collection efficiency of 70 %. Further disbursements from the Government to subsidize on recurrent and development expenditures amounted to Kshs. 337,333,334 and Kshs. 515,406,113 Respectively.

Compliance

On compliance the Agency complied with all guidelines and laws applicable within its mandate and other applicable laws including deducting and remitting of all statutory deductions from its employee salaries as well as preparing financial statements to the relevant Agencies. In addition, CWWDA also complied with other guidelines from state agencies and circulars on the same.

Performance

Under its mandate, CWWDA covers six Coast Counties with an estimate area of 83,630 km² and with it an estimated current population for the region being 4.4 million. Water demand has continued to rise with the current demand for the region estimated at 329,306 m³/day. With the current water production from all sources being 180,000 m³/day the gap is evidence and this is a daily concern to us as an Agency with the mandate of ensuring adequate water infrastructure in the region. In consultation with other stakeholders CWWDA also has strategized on providing infrastructure for piped water considering that currently the total population that is served with piped water is approximately 55% or 2.405 Million.

During the year the Agency through its four water schemes produced 49,162,914 m³ of water. It was able to bill the Water Service Providers 37,962,876 m³. This indicated a Non. Revenue Water level of 23%.

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

Corporate Governance:

The Board's corporate governance structure and practices are in line with the guidelines issued by Mwongozo and other applicable regulations. At a Board level CWWDA has a non-executive Chairman and the Director's except the CEO who is in charge of day to day management of the Agency. The key role of the Board is to give direction and address policy issues. This clarity ensures the Board and management perform their roles within specific parameters.

All the members of the Board have committed themselves to observing ethical behavior and practices in all the Board's businesses. In addition, all the members of the Board have gone through various Governance training to enable them undertake their roles and mandate with information.

The Board has constituted appropriate committees which are the Human Resource and Administration, Technical and Asset Development and the Audit and Risk Committee. All the Board meetings are scheduled and are held on quarterly basis. Ad hoc board meetings are also held whenever necessary and with specific agenda.

Stakeholder Management

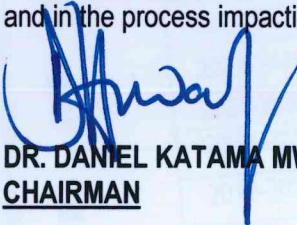
CWWDA has various types of stakeholders who perform different roles complimentary to it. Some of these are: the various water institutions like WASREB, WARA, Water Appeals Board, Water Services Providers, Water Services Trust Fund, Community Based Organizations (CBO) the Hospitality Industry players among others.

Appreciation

In conclusion, I take this opportunity to thank my colleagues in the Board for supporting me in providing leadership since I took over the leadership of this Agency as the Chairman. Their commitment contributed immensely to our performance and being able to focus on the future together.

I also commend management and staff for working tirelessly to achieve the level of service growth that we have witnessed. I am confident that they will continually spare no effort to attain and surpass the targets set for the new financial year. I recognize the support from the community at large and all other stakeholders for supporting and doing business with us.

I also wish to thank our Government and Development Partners for their continued support in building this Agency and in the process impacting positively on lives and communities in our region.



DR. DANIEL KATAMA MWARINGA
CHAIRMAN

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

6. REPORT OF THE CHIEF EXECUTIVE OFFICER

Execution of our mandate

CWWDA mandate is implemented principally through two roles which are to develop and maintain water infrastructure and management of the Bulk Water Supply unit which produces water for sale to the Water Service Providers namely Mombasa, Kilifi-Mariakani, Malindi, Kwale and Tavevo Water Companies.

The assets development is under the technical unit which plays its role in various ways including:

- a) Operations and maintenance of Bulk Water Systems in the Region.
- b) Overall Planning Design and Construction for capital improvement projects, facility improvements and replacements for existing systems.
- c) Preparation of Terms of Reference, RfP's and Tender Documents.
- d) Projects' Supervision and reporting.
- e) Provision of Technical Assistance to the CS, other departments, WSPs and Counties.

The Bulk Unit (established under the technical department) is responsible for the operation and maintenance of the bulk system which comprises Baricho, Marere, Tiwi and Mzima schemes. Currently the Bulk Unit is semi-autonomous with offices at Mazeras and headed by a Managing Director. The bulk unit is financially supported by CWWDA.

The Operation and Maintenance (O & M) of the Bulk Water Supply Unit (BWSU) involves patrolling of the systems' pipelines, attending to leaks and bursts, servicing and repair of electrical installations, bulk meter reading and bulk water billing, servicing and repair of bulk water meters. In undertaking these activities, BWSU is able to effectively serve the Water Service Providers (WSPs) as well as the Community Based Organizations. (CBOs)

The water production under the below schemes has increased over time as shown in Table 1 below.

Table No 1. Production of water by different schemes

	Marere	Mzima	Tiwi	Baricho	Total Prod.(m3)
2023-2024	2,606,800	14,640,000	2,139,013	29,777,101	49,162,914
2022-2023	1,778,430	14,782,000	2,241,122	27,498,196	46,299,748
2021-2022	2,534,000	14,609,000	2,257,654	27,359,364	46,760,018
2020-2021	2,902,535	14,618,182	2,062,185	25,749,835	45,332,737
2019-2020	3,441,893	14,760,000	2,394,188	23,183,100	43,779,181
2018-2019	2,398,000	14,473,729	1,876,911	23,363,930	42,112,570

The demand for water in the coast region is yet to be met despite the increase in Water production from these schemes. Some of the reasons that contribute to this scenario include aged infrastructure that requires frequent repairs and maintenance, non -revenue water as well as the length of time that it takes to complete projects when compared to the rise in demand for water.

Coast Water Works Development Agency

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During the Financial year 2023-2024 the Agency was able to supply water to the five water service providers amounting to 37,962,876 m³. There was a 23% loss in terms of Non-Revenue Water. The table below shows how the four water schemes supplied to the Companies.

Table No.2. Supply of water by different schemes

	Marere	Mzima	Tiwi	Baricho	Total Supply.(m3)
2023-2024	2,056,045	11,275,099	1,733,631	22,898,101	37,962,876
2022-2023	1,778,430	14,782,000	2,241,122	27,498,196	46,299,748
2021-2022	2,534,000	14,609,000	2,257,654	27,359,364	46,760,018
2020-2021	2,902,535	14,618,182	2,062,185	25,749,835	45,332,737
2019-2020	3,441,893	14,760,000	2,394,188	23,183,100	43,779,181
2018-2019	2,398,000	14,473,729	1,876,911	23,363,930	42,112,570

Non-Revenue Water:

This is water lost from dilapidated infrastructure and from commercial sources like faulty meters, theft of water, wrong billing, estimated billing etc.

The Agency has been struggling with this menace since its inception. A Lot of effort have been put in place to reduce the NRW since it impacts on the revenue side as well as water coverage and supply sufficiency. Every year hundreds of millions of shillings go to waste as a result of this.

Year	Total NRW (m3)	Revenue Lost (Kshs)
2023-2024	11,200,038	380,801,292
2022-2023	7,998,204	159,964,080
2021-2022	7,512,494	150,249,880
2020-2021	7,227,614	144,552,280
2019-2020	6,798,900	135,978,000
2018-2019	7,016,125	140,322,500

Revenue collection

Coast Water Works Development Agency has had challenges with collection of its revenues that emanate from the bills generated and delivered to the WSPs. There has been a reluctance by these WSPs to pay in full their bills. For a very long time the efficiency level has been way below the standard set by WASREB of 90% and above.

Efforts to involve the Counties have yielded minimal results. The table below shows the revenue collection efficiency over the years.

Coast Water Works Development Agency Annual Report and Financial Statements for The Year Ended 30th June 2024

Table 3: Revenue collection trend For the Last Five Years

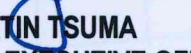
Year	Billed Amount (Kshs)	Collected (Kshs)	Collection Efficiency (%)
2023-2024	1,203,730,688	846,456,009	70%
2022-2023	790,421,418	605,946,684	77%
2021-2022	787,320,840	564,182,220	72%
2020-2021	784,271,796	521,289,333	66%
2019-2020	849,760,568	490,369,595	58%

Working with Stakeholders

Stakeholders play an important role in our ability to deliver on our strategy and meet our customer expectations. We continue to engage with them, and are committed to developing and maintaining healthy relationships. These include various ministries in the government, Counties, various government agencies, private organizations, media houses, financial institutions, suppliers and the general public. CWWDA has maintained good working relationships with all stakeholders and will endeavor to do so in future.

Appreciation

In conclusion, I thank the Government of Kenya for its confidence in our ability to execute our strategy to ensure efficient and economical provision of water and sewerage services within our area of jurisdiction. I also thank the board and the employees for their commitment and dedication in delivering on our mandate and our development partners who have continued to support our expansion of water and sanitation infrastructure.


ENG. MARTIN TSUMA
Aq. CHIEF EXECUTIVE OFFICER

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

7. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES FOR FY 2023-2024

Coast Water Works Development Agency draws its mandate from water Act 2016 as follows,

- i. Undertake the development, maintenance, and management of the national public waterworks within the six countries in the coastal region*
- ii. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the waterworks are handed over to a county government, joint committee, authority of governments or water services provider within whose area of jurisdiction or supply the water works is located*
- iii. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting water services provider to another licensee*
- iv. Provide technical services and capacity building to such county governments and water services providers within its area as may be requested*
- v. Provide Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and this Water Act, 2016.*

CWWDA develops its annual work plans based on the above *mandate*. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2023/2024 as indicated below:

S/No.	Performance Criteria/ Category Indicator Name	Unit of measure	Weight (%)	Status in year 2023-2024
A	Financial Stewardship			
A1	Absorption of Allocated Funds(GoK)	%	2.00	1.691
A3	Absorption of Externally Mobilized Funds	%	3.00	0.04
A2	Appropriation -In-Aid	Kshs	2.00	0.0611
A4	Pending Bills Ratio	%	3.00	0.0900
	Weight Sub total		10.00	0.3558
B	Service Delivery			
B2	Business Process Reengineering	%	3.00	0.1500
B1	Implementation of Citizens' Service Delivery Charter	%	4.00	0.1200
B3	Resolution of Public Complaints	%	3.00	0.0942

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	Weight Sub total		10.00	0.3642
C	Core Mandate			
C37_8	Baricho Protection Works implemented	%	8.00	0.2545
C37_4	Mombasa North Mainland (Nyali Area Phase 1) Program for Improvement of Water Services Implemented	%	6.00	0.2215
C37_3	Mombasa Water Distribution Works for North Mainland (Short Term Works) Lot 1A Constructed.	%	6.00	0.1886
C37_1	Mwache Dam Water Transmission Pipeline Implemented	%	6.00	0.1800
C37_11	Mwache Dam Water Treatment Plant (WTP) Implemented.	%	6.00	0.1800
C37_2	Pemba Dam and Water Treatment Plant Constructed/Rehabilitated	%	6.00	0.1800
C37_10	Project Completion rate	%	2.00	0.1000
C37_9	Second Baricho Kakuyuni Pipeline implemented	%	8.00	
C37_7	Tiwi Boreholes Rehabilitated and Drilled	%	5.00	0.2100
C37_6	Watamu Town Water Distribution Network Lot 2A Constructed	%	7.00	0.2240
	Weight Sub total		60.00	1.7386
D	Implementation of Presidential Directives			
D1	Implementation of Presidential Directives	%	2.00	0.0600
	Weight Sub total		2.00	0.0600

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E	Access to Government Procurement Opportunities			
E1	Access to Government Procurement Opportunities (AGPO)	Kshs	3.00	0.1107
	Weight Sub total		3.00	0.1107
F	Promotion of Local Content in Procurement			
F1	Promotion of Local Content in Procurement	Kshs	2.00	0.0200
	Weight Sub total		2.00	0.0200
G	Cross - Cutting			
G1	Asset Management	%	1.00	0.0500
G3	Competence Development	%	2.00	0.0608
G11	Corruption Prevention	%	2.00	0.0624
G4	Disability Mainstreaming	%	1.00	0.0350
G5	Gender Mainstreaming	%	1.00	0.0310
G9	National Values and Principles of Governance	%	2.00	0.0600
G6	Prevention of Alcohol and Drug Abuse	%	1.00	0.0355
G7	Prevention of HIV Infections and Non-Communicable Diseases	%	1.00	0.0305
G10	Road Safety Mainstreaming	%	1.00	0.0304
G2	Youth Internships/ Industrial Attachments/ Apprenticeships	No	1.00	0.0298
	Weight Sub total		13.00	0.4254
Total Weight			100.00	3.0747

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8. CORPORATE GOVERNANCE STATEMENT

Introduction

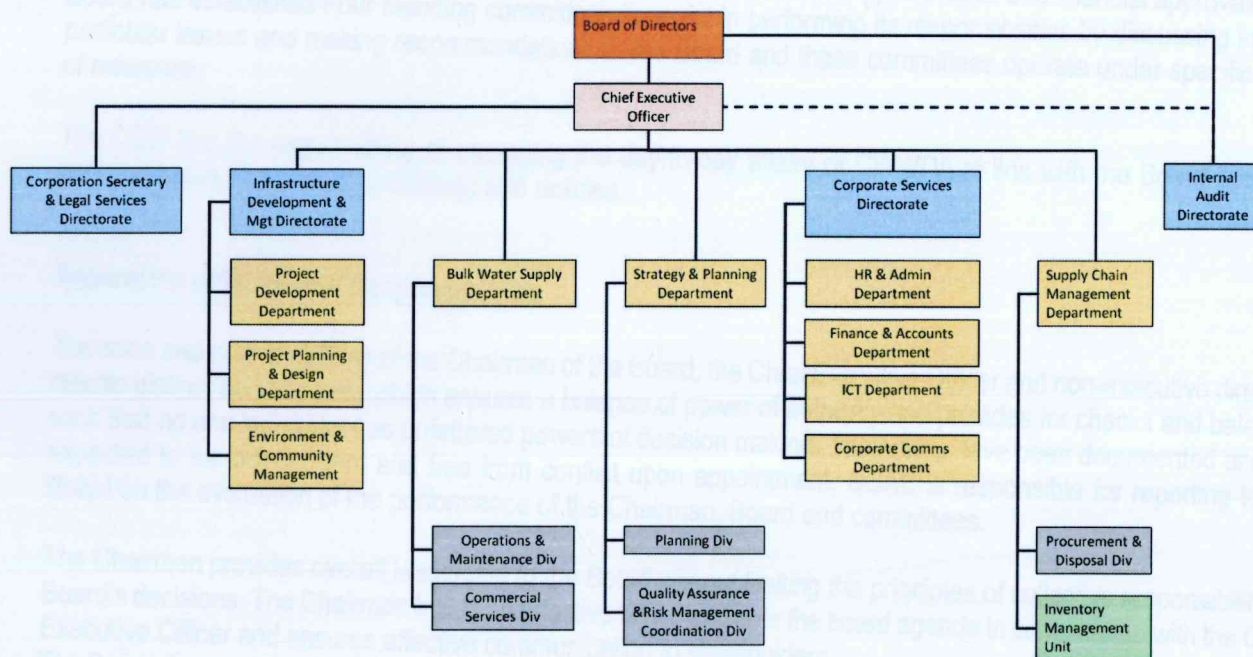
The agency is committed to maximizing business performance, generating appropriate levels of stakeholder's value and financial returns, and sustaining the growth and success of CWWDA.

Effective governance is achieved through a combination of strong process and structures, underpinned by the right values and culture. The principles of corporate governance are contained in the Constitution and The Public Officer Ethics Act, 2003 among other guidelines. CWWDA is in compliance with the governance tenets of the recently developed "Code of Governance for Government Owned Entities", Mwongozo. CWWDA is committed to ensuring compliance with the provisions of Water Act 2016 among other regulatory and supervisory Corporate Governance requirements.

In conducting business in accordance with these objectives, the Agency seeks to ensure that CWWDA is properly managed to protect and enhance stakeholder interests, and that CWWDA, its Directors, officers and employees operate in an appropriate environment of corporate governance.

The Board has in place a framework for governing CWWDA which includes adopting internal controls, risk management processes and corporate governance policies and practices, designed to promote responsible management and ethical conduct.

Organization structure



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Board Size, Composition and Appointment

The structure of CWWDA Board starts with the Board of Directors who are appointed by the Cabinet Secretary and all independent except the CEO. The Cabinet Secretaries in both the National Treasury and the Ministry of water and sanitation are represented in the Board by their duly appointed nominees. The Inspectorate of state Corporations is also represented in the board.

The Board is well composed in terms of range and diversity of skills, knowledge, and experience in various sectors which makes it effective in providing an appropriate balance for the oversight of the Board's mandate

Roles and responsibilities of the Board and management

The Board provides overall strategic guidance for CWWDA and effective oversight of management. Responsibility for the governance of CWWDA, including establishing and monitoring key performance goals, rests with the Board. The Board monitors the operational performance and financial position of the agency through management reports, performance contracts procurement plans as well as the audited financial reports.

The Board Charter articulates the Board's roles and responsibilities, its membership and operation clearly stating which responsibilities may be delegated to committees or to management. Specific responsibilities have been reserved by the Board in key areas of strategy, governance, executive appointments and financial approvals. The Board has established Four standing committees to assist in performing its responsibilities by discussing in detail particular issues and making recommendations to the Board and these committees operate under specific terms of reference.

The CEO has the responsibility of managing the day-to-day affairs of CWWDA in line with the Board-approved corporate plan, the corporate strategy and policies.

Separation of Roles and Responsibilities

The roles and responsibilities of the Chairman of the Board, the Chief Executive Officer and non-executive directors remain distinct and separate which ensures a balance of power of authority and provides for checks and balances such that no one individual has unfettered powers of decision making. Their roles have been documented and are expected to be independent and free from conflict upon appointment. SCAC is responsible for reporting to the Board on the evaluation of the performance of the Chairman, Board and committees.

The Chairman provides overall leadership to the Board without limiting the principles of collective responsibility for Board's decisions. The Chairman builds an effective board and sets the board agenda in consultation with the Chief Executive Officer and ensures effective communication to stakeholders.

The Board does not consider the Chief Executive Officer to be independent as this is an executive role. All Directors are non-executive and are independent of management. Their roles include appointing the CEO and establishing a framework for the delegation of authority and ensure succession planning for the CEO and the senior management. Their main role is therefore to give oversight and strategy direction and monitor the progress of strategy implementation ensuring it is done within the risk appetite and control framework that is set out by the Board.

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The CEO is responsible to the Board and takes the overall responsibility for the management of the affairs of CWWDA. The CEO recommends the strategy to the Board and implements it and makes operational decisions. The CEO further ensures appropriate and timely information flows within the Board, its committees and management.

Board Committees and Responsibilities

The Board delegates certain functions to well-structured committees but without abdicating its own responsibilities. The Board has developed a committee structure that assists in the execution of its duties, powers and authorities. Each Committee is guided by the Committee Charter/Terms of Reference, which outlines its responsibilities as mandated by the Board.

The Committees are appropriately constituted drawing membership from amongst the Board members with appropriate skills and experience. The Chairman of the Board, management and external parties/advisors are required to attend the committee meetings only by invitation. The committees are expected to operate transparently, ensure full disclosure to the Board and conduct themselves within the rules and procedures set out by the Board. Matters deliberated by the Committees are presented to the Board by the respective chairman during the next Board meeting.

Conflict of Interest, Code of Conduct and Ethics

The Directors and employees of CWWDA have a fiduciary duty to act honestly and in the best interest of the Agency. Business transactions with all parties must be carried out at arm's length and with integrity. The Board provides effective leadership based on ethical foundation and ensures all deliberations, decisions and actions are based on the Boards' core values underpinning good governance.

The Board has put various measures in place to ensure that there is no conflict of interest amongst its directors and staff. The Board has put in place corruption prevention plan and Code of Conduct & Ethics Policies that binds both the directors and the employees. A declaration of interest is signed by board members before deliberating on various matters. During the year, under review CWWDA conducted various training to Directors and staff on ethics and integrity.

Accountability & Audit /Control Environment Management

a) Internal Auditors

CWWDA has an internal audit function which has the role of providing independent and objective assurance to the Audit and Risk committee on the adequacy and effectiveness of the risk management framework, financial reporting processes, internal control systems and compliance

The annual internal audit plan, which is approved by the committee of the board is developed using a risk-based approach and is driven by the risk framework, risk profile and governance principles. The head of the internal audit function reports directly to the committee Chairman, with an administrative reporting line to the Chief Executive Officer. This ensures that internal audit is given the independence that is required.

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The Manager, Internal Audit & Risk reports to the committee meeting on progress against the annual internal audit plan, audit findings and recommendations and the status of management actions. The Board has qualified staff who carry out the internal audit function and present reports on compliance. The Audit and Risk Committee is composed of non-executive directors.

b) Internal Controls and Risk Management

The Board has the responsibility of identifying internal risk exposures and developing measures to mitigate against the identified risks. The Board reviews and monitors the development and implementation of internal control systems and risk management systems using various approach including through policies and manuals.

c) Relationship with Stakeholders

As an organization, CWWDA appreciates that stakeholder perception affects the organizations reputation and may affect its ability to effectively undertake its mandate. Therefore, the Board strives to achieve an appropriate balance between its various stakeholders in the best interest of the organization by taking into account their legitimate interest and expectations in decision making.

The Board values the importance of complete, timely, transparent and effective communication with its stakeholders for building and maintaining their trust and confidence by providing regular information on its performance, activities and addressing their concerns while taking into consideration legal and strategic considerations.

CWWDA has developed a Corporate Communications Strategy which encompasses internal & external communication, customer service and public relations. The main avenues for communication are through press releases, stakeholder forums and publications in print and social media, and annual reports and financial statements. The Board has continued to encourage electronic communication through publishing documents in the corporate website and has endeavored to ensure that the website is highly interactive and contains all the relevant information.

Additionally, the Board has dedicated staff to deal with complaints and public relations efficiently and effectively. The Board has an established mechanism of receiving, resolving and giving feedback on complaints referred to it by its stakeholders. The Board submits quarterly reports to the Commission of Administrative Justice on the complaints handling and management.

d) Annual Report and Accounts

The financial reports for CWWDA accounts are audited by the Auditor-General whose role and responsibilities are defined under the Constitution of Kenya. CWWDA has in the past prepared and submitted its annual reports and financial statements to the auditor general for review as required. In addition, quarterly reports are prepared and submitted to the relevant agencies as per existing guidelines.


ENG. MARTIN TSUMA
Ag. CHIEF EXECUTIVE OFFICER

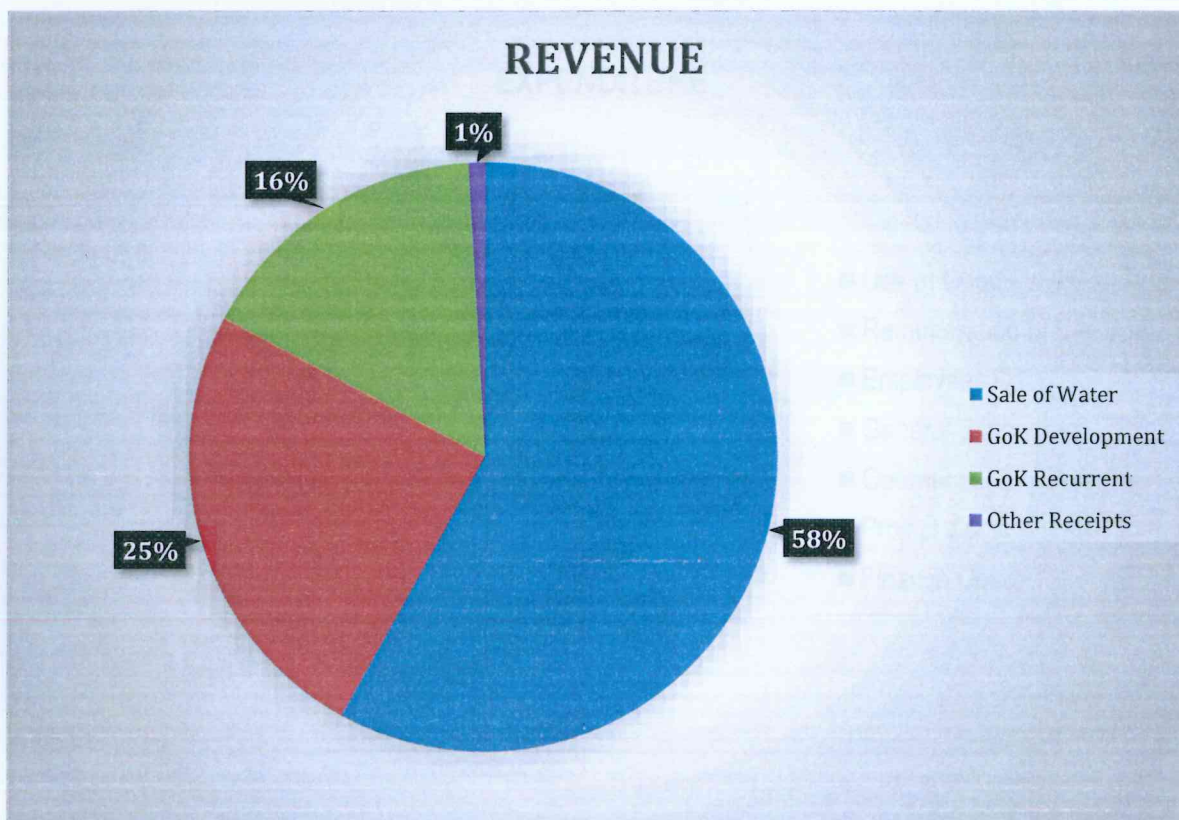
Coast Water Works Development Agency Annual Report and Financial Statements for The Year Ended 30th June 2024

9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

During the financial year ending 30th June 2024, CWWDA generated total revenue amounting to Kshs. 2,076,366,036 against an expenditure of Kshs. 1,787,955,625

Detail	Kshs	%
Sale of Water	1,203,730,688	58.0
GoK Development	515,406,113	24.8
GoK Recurrent	337,333,334	16.2
Other Receipts	19,895,901	1.0
Total	2,076,366,036	100

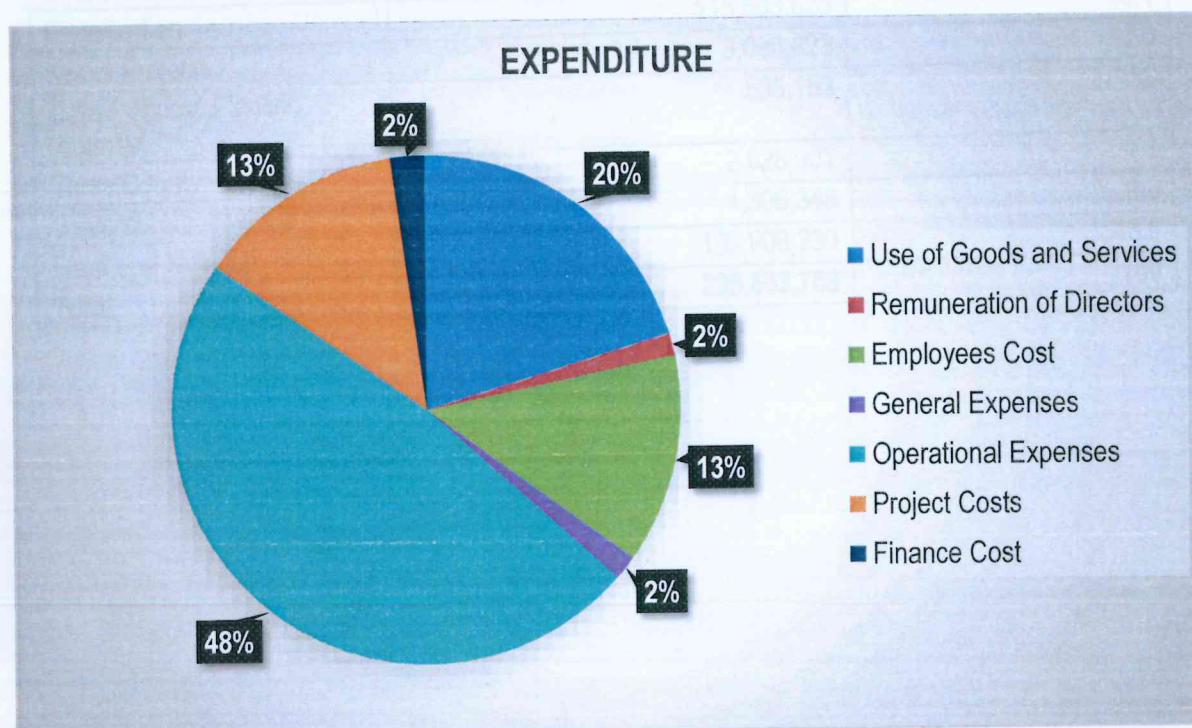


Expenditure

The total expenditure for year under review was Kshs. 1,787,591,293 with bulk of the same being utilized for operational Expenses, Use of Goods and Services and Projects among others as indicated below

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

Expenditure	Kshs.	%
Use of Goods and Services	363,648,679	20.3
Remuneration of Directors	25,059,759	1.4
Employees Cost	237,839,288	13.3
General Expenses	28,045,707	1.6
Operational Expenses	859,038,427	48.0
Project Costs	235,663,769	13.2
Finance Cost	38,712,000	2.2
Total	1,788,007,630	100



Coast Water Works Development Agency Annual Report and Financial Statements for The Year Ended 30th June 2024

Detailed Utilization of Revenue

a) Projects expenses

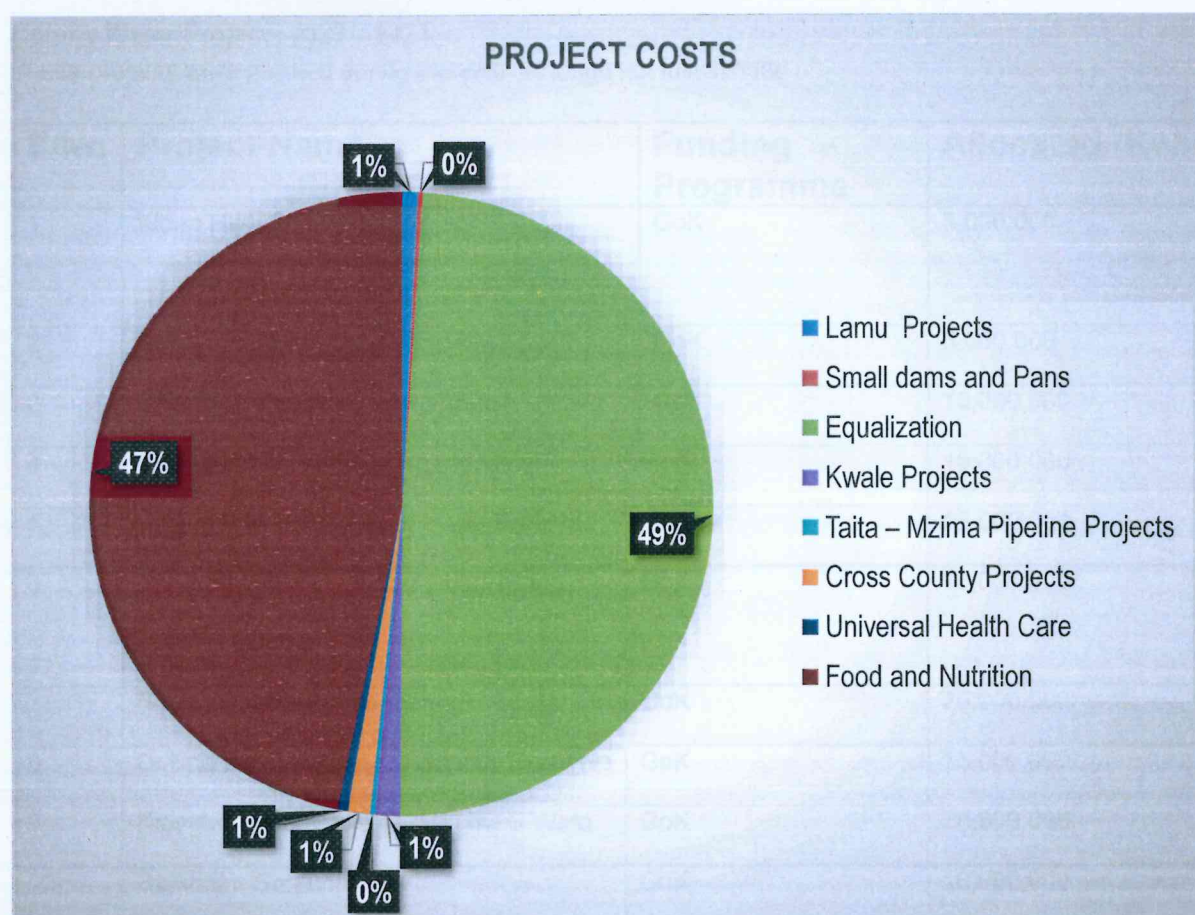
During the year under review, CWWDA undertook several projects under its Master plan as well as other projects during period.

The projects that were undertaken were under different programmes depending on the source of funds as well as the key purpose of the project. Some projects were factored in the budget while others were continuing project from the previous period. Some of the projects were completed while others are ongoing and will be completed in the coming financial periods.

The table below shows the project expenditure as per each category respectively:

Project Name	Cost(Kshs)	%
Lamu Projects	1,936,420	0.8
Small dams and Pans	595,266	0.3
Equalization	115,603,628	49.1
Kwale Projects	3,090,823	1.3
Taita – Mzima Pipeline Projects	596,153	0.3
Cross County Projects	2,626,901	1.1
Universal Health Care	1,306,348	0.6
Food and Nutrition	109,908,230	46.6
Total	235,663,769	100

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The Agency planned to Implemented Several Projects in the financial year under review as indicated below,

S/No	Project Name	Funding Programme	Allocated (Kshs)
1	Water & Sanitation Services Improvement Project	GoK	157,000,000
2	Improvement of Drinking Water & Sanitation Systems in Mombasa	GoK	840,000,000
3	Mwache Water Pipeline Extension	GoK	100,000,000
4	Dongo Kundu Water Supply Project BETA	GoK	100,000,000
5	Affordable housing water supply project	GoK	40,000,000
6	Mzima II Water Supply Project	GoK	70,000,000
7	Water Harvesting Projects	GoK	110,000,000
8	Coast WWDA Projects	GoK	270,000,000
	TOTAL		1,687,000,000

Most of these projects are ongoing including the Projects funded by World bank under WSDP Program.

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County Water Projects 2023 – 2024

These projects were initiated during the year although not fully funded

S/No	Project Name	Funding Programme	Allocated (Kshs)
1	Kipao High Sch Water Project	GoK	5,000,000
2	Bura Anani High Sch Water Pro	GoK	5,000,000
3	Drilling of boreholes in Marungu	GoK	10,000,000
4	Drilling of boreholes in Ngongodinyi	GoK	10,000,000
5	Drilling and Equipping of Onjila Borehole	GoK	15,000,000
6	Construction of water harvesting at Midoina Sec Sch	GoK	10,000,000
7	Baricho Water Works	GoK	20,000,000
8	Drilling and Equipping of Baricho Borehole	GoK	15,000,000
9	Kipasho Water Project – Mkomani Ward	GoK	20,000,000
10	Barsheba Borehole	GoK	10,000,000
11	Dibe Water Project	GoK	10,000,000
12	Gubani Water Project	GoK	8,000,000
13	Hosingo Water Project	GoK	10,000,000
14	Kibusu Water Project	GoK	9,000,000
15	Kokona Water Project	GoK	8,000,000
16	Kongowea Borehole	GoK	10,000,000
17	Mboghoni Ward Borehole	GoK	10,000,000
18	Mwatate Ward Borehole	GoK	10,000,000

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Operational Expenses

This is a major expenditure that the Agency incurred during the financial period with the main expenditure under this category being the electricity for water production in Baricho plant.

These Expenses constitute 86% of the total expenditure under the category.

Operational Expenses	Kshs.	%
Electricity - Operations	740,930,706	86.1
Baricho Emergency Repairs	4,071,553	0.5
Chemical & other related materials	22,512,549	2.6
Bulky Water Operations	2,446,240	0.3
Maintenance/ Operations of Water Assets	89,077,378	10.4
Total	859,038,426	100.0

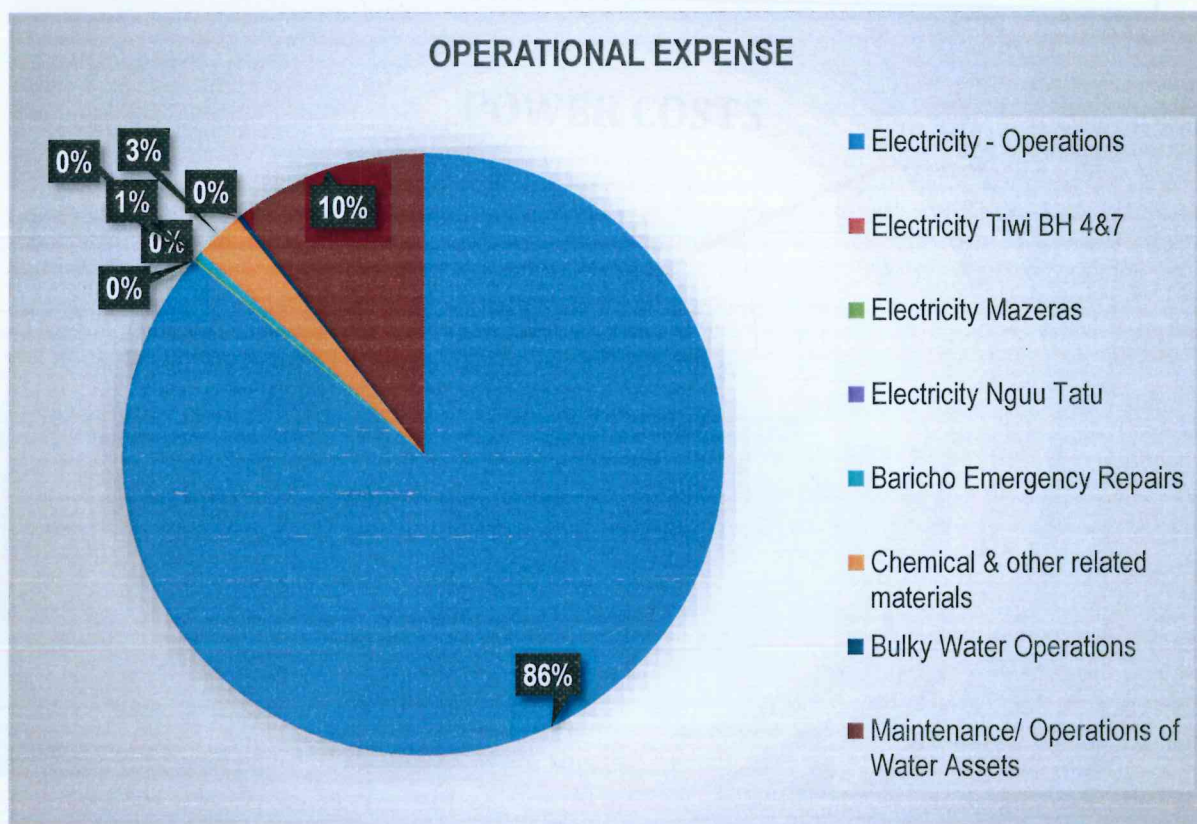
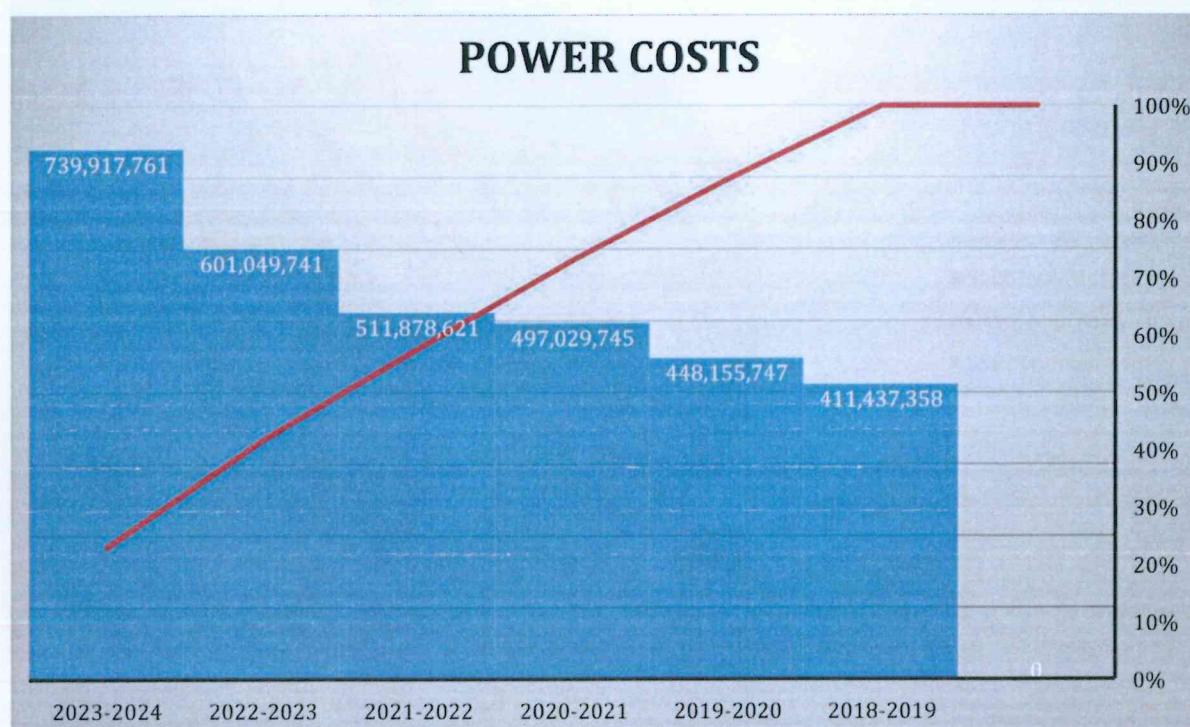


Table below show the trend of power bill over the last seven years which shows progressive increase in the trend with the last six years.

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Cost of power bill for the last six years.

Year	Kshs
2018-2019	411,437,358
2019-2020	448,155,747
2020-2021	497,029,745
2021-2022	511,878,621
2022-2023	601,049,741
2023-2024	740,930,706

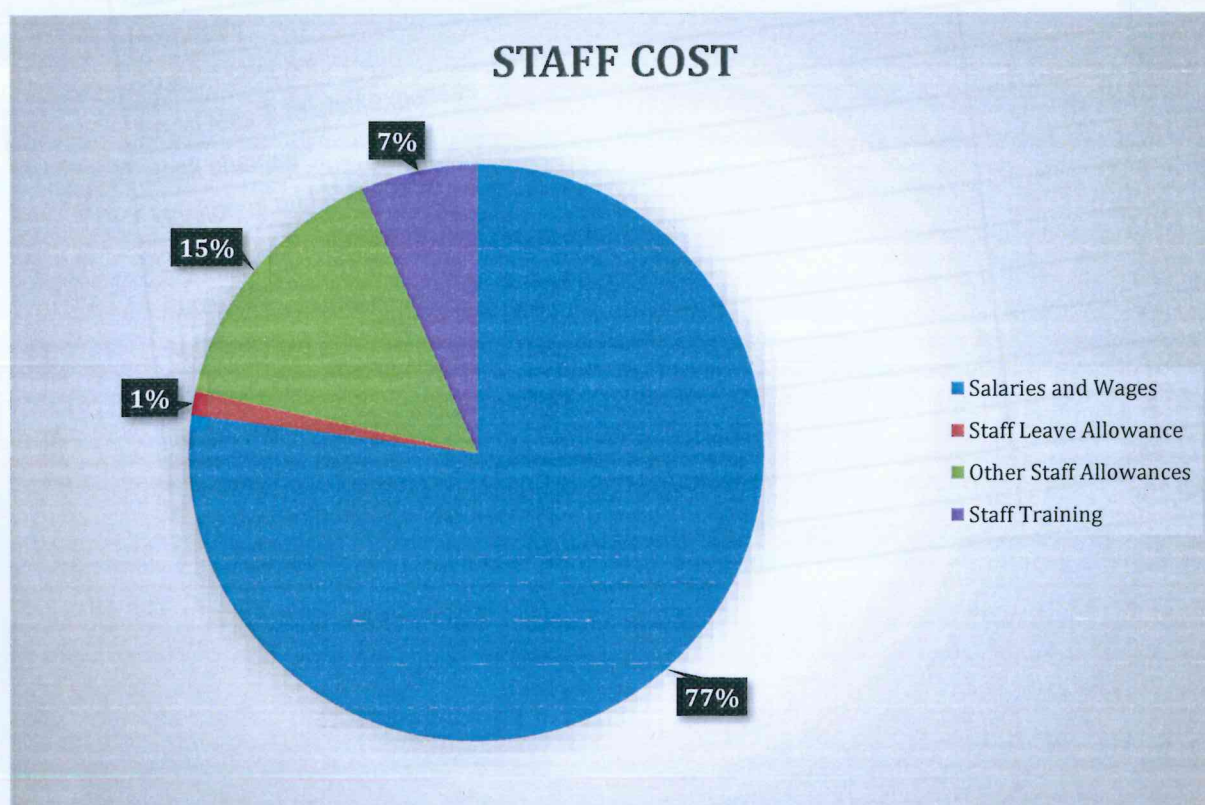


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Staff Costs

The summary of staff expenses is given by table below

	Kshs	%
Salaries and Wages	183,461,373	77.1
Staff Leave Allowance	3,215,418	1.4
Other Staff Allowances	35,597,730	15.0
Staff Training	15,564,767	6.5
Total	237,839,288	100.0

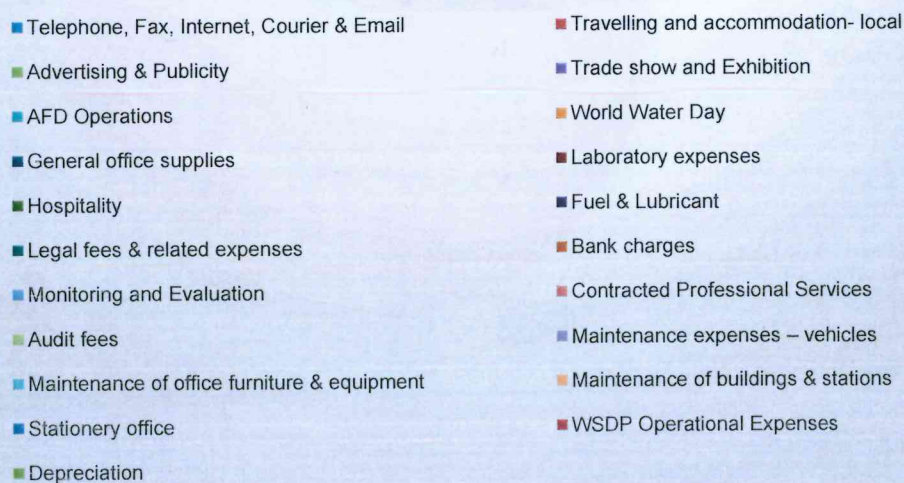


Use of Goods and Services

This Category of expenditures constitute 20% of the total costs of the Agency. Notable among the expenses is a provision of depreciation which has consumed 67% in overall. This Category covers administrative expenses that cut across all the departments and a myriad of Agency programmes.

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NOTE 9 Use of Goods and Services		
	Kshs	%
Telephone, Fax, Internet, Courier & Email	3,796,237	1.0
Travelling and accommodation- local	34,710,581	9.6
Advertising & Publicity	2,557,462	0.7
Trade show and Exhibition	6,758,268	1.9
AFD Operations	7,409,799	2.0
World Water Day	1,281,400	0.4
General office supplies	5,051,137	1.4
Laboratory expenses	1,492,640	0.4
Hospitality	314,022	0.0
Fuel & Lubricant	10,340,729	2.8
Legal fees & related expenses	889,000	0.2
Bank charges	330,530	0.1
Monitoring and Evaluation	19,881,623	5.4
Contracted Professional Services	1,394,566	0.4
Audit fees	1,172,760	0.3
Maintenance expenses – vehicles	7,044,131	1.9
Maintenance of office furniture & equipment	2,088,494	0.6
Maintenance of buildings & stations	7,503,656	2.1
Stationery office	1,283,533	0.4
WSDP Operational Expenses	4,033,860	1.1
Depreciation	244,314,250	67.3
TOTAL	363,648,679	100

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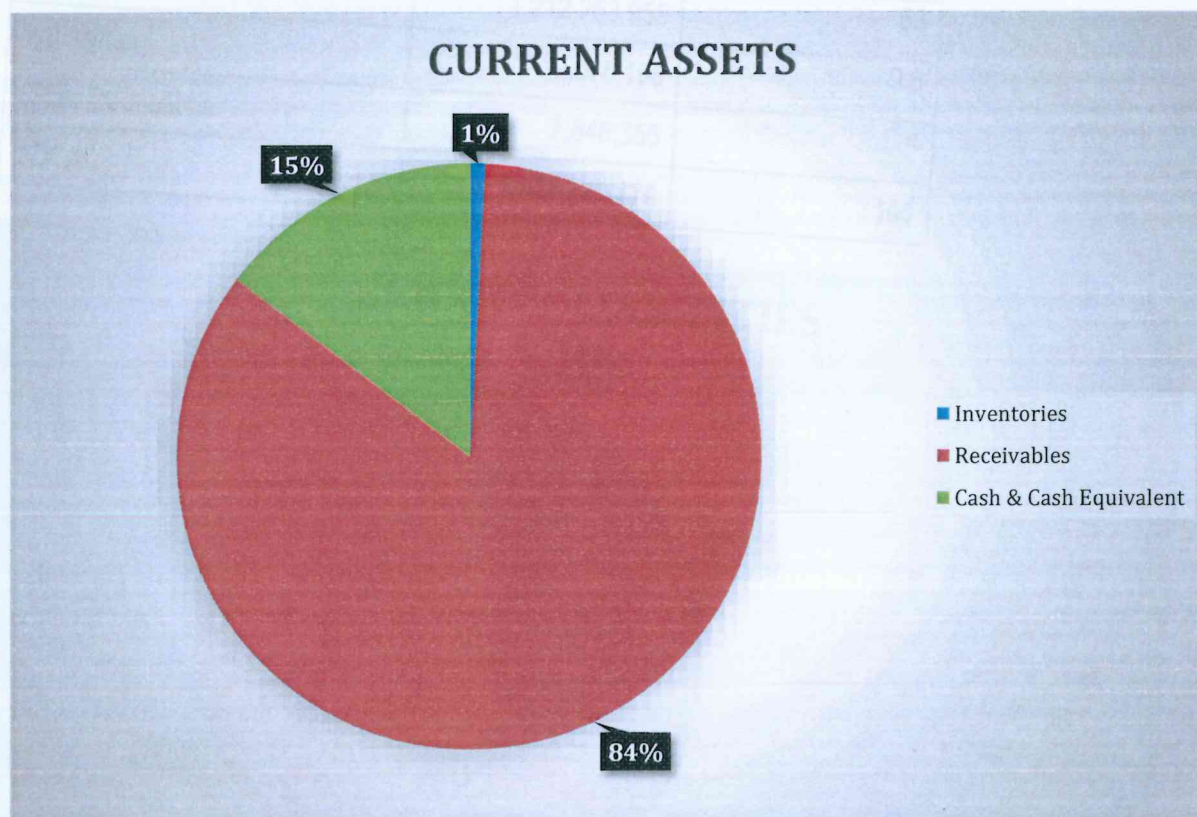
Assets and liabilities

The Assets have continued to grow over the years as CWWDA continue to endeavor to meet the ever rising demand for water. The bulk of the non-current assets constitute the water infrastructure while the receivables constitute the biggest percentage of the current assets.

a) Current assets

Under current assets, the receivables take the highest percentage (84%) of the assets cost as shown by table below. Under Inventories, machinery, pipes and fittings are held for continuous repair for our pipelines and this were the closing stock.

Current Assets	Kshs.	%
Inventories	48,892,038	0.8
Receivables	4,121,219,804	84.5
Cash & Cash Equivalent	888,343,210	14.7
Total	5,058,455,052	100



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b) Non-current assets

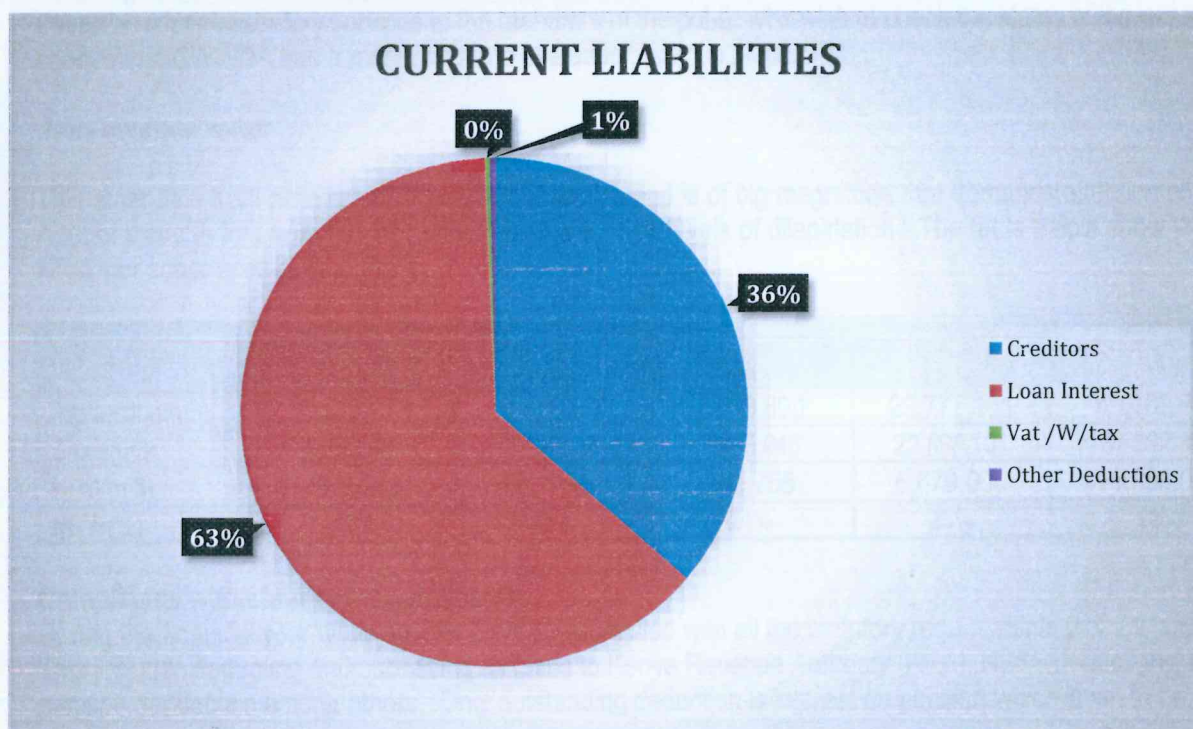
In this category, Work In Progress (WIP) takes 53% of the total cost while property, plant and equipment take the balance of 47%.

The WIP is attributable to various projects that are on-going at different stages of implementation funded by Government and Donors

c) Current liabilities

In this category, Accumulated loan interest and General Creditors are the main components as at 30th June 2024. CWWDA has not paid any interest for the Loans and this is attributable to the failure by WSPs to pay for their bulk water bills in full. A summary of the current liabilities is given by table below

Current Liabilities	Kshs	%
Creditors	726,597,968	36
Loan Interest	1,212,253,955	63
Vat /W/tax	12,075,198	0.6
Other Deductions	7,846,355	0.4
TOTAL	1,958,773,476	100



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d) Non -Current liabilities

The non-current liabilities are composed of the World Bank (WB) loan, AFD Loan, and ADB Loans.

e) Solvency, going concern and liquidity

As at 30th June 2024, CWWDA had a strong solvency base with assets valued at Kshs22,547,057,064 and liabilities valued at Kshs. 20,306,358,826 hence a net assets worth of Kshs 2,240,698,237 and this gives a good indication of a going concern status for the Agency

The current assets cover the current liabilities is above the minimum professional requirement of 2. Which is a positive Financial position. However, liquidity has been a challenge due to the huge pending bills from WSPs.

Quality assurance and value for money

High quality standards are taken very seriously as CWWDA undertakes its mandate. Effort made to ensure the projects are designed, implemented and maintained by applying strict standards that are applicable in all aspects. Inspection teams composed of officers with relevant skills and experience are constituted and inspection criteria developed at all stages of the projects implementation.

This ensures that there is value for money for the resources that are assigned to different task.

For the bulk unit, laboratory tests are conducted regularly to ensure the water that is released to the consumers is safe. In addition, CWWDA also ensures that chlorine and other chemicals that are required are procured and tested within the applicable standards.

As an agency, we do also appreciate the fact that not all consumers rely entirely on our water and in this regard, CWWDA offers laboratory services to the members of the public who wish to check the status of the water they are consuming. CWWDA has a monitoring and evaluation team in place..

Non-revenue water

This emanates from physical and commercial losses and is of big magnitude that demands attention all the time. A lot of water is lost from the four schemes due to their levels of dilapidation. The table below show the level of NRW per scheme as at 30.6.2024.

	Schemes				Total
	Tiwi	Mzima	Marere	Baricho	
Production(m3)	2,139,013	14,640,000	2,606,800	29,777,101	49,162,914
Sales(m3)	1,733,631	11,275,099	2,056,045	22,898,101	37,962,876
NRW(m3)	405,382	3,364,901	550,755	6,879,000	11,200,038
NRW(%)	19%	23%	21%	23%	23%

Compliance with statutory requirements

During the financial year under review CWWDA complied with all the statutory requirements that are applicable. This includes deducting and submitting all taxes to Kenya Revenue Authority (KRA), NSSF deductions, NHIF and pension deductions among others. Only outstanding deduction is interest on pension which is yet to be settled.

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Pictures of bursts repairs that happen along our various water assets.

Coast Water Works Development Agency

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10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Introduction

Sustainable development is all about ensuring a better quality of life for everyone, now and for generations to come. This can be achieved through the three strands of social equity which recognizes the needs of everyone, maintenance of stable levels of economic growth and employment, and using natural resources prudently, whilst protecting, and if possible enhancing, the environment. Sustainable or ecological development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with the future as well as present needs.

Sustainability requires continuous technological, economical the social progress of continuous improvement that respects the limits of the Earth's ecosystems, and meets the needs and aspirations of everyone for a better quality of life, now and for future generations to come.

CWWDA is committed to meeting our stakeholder's present and future requirements through a collaborative culture which provides the capability to provide services and knowledge allowing systematic change to take place whilst reinforcing mutually desired social, economic and environmental outcomes. CWWDA recognizes the importance of conducting operations in a manner that meets existing needs without compromising the ability of the future generation to meet their needs; therefore, it carries out its operations in a manner that ensures the economic life of the community in which it operates. It remains the policy of the agency to ensure that activities meet and exceed the social, economic and environmental expectations of stakeholders.

The agency considers key aspects to be able to achieve its goal on the above.

- (a) Our people, values and processes;
- (b) Stakeholder engagement;
- (c) Protecting the environment; and
- (d) Corporate Social Responsibility and Investment.

Our People, Values and Processes

The staff of CWWDA are the primary asset of the Agency. CWWDA therefore recruits, retains and invests in the best talent in the market and also gives opportunity for new comers through internships and attachments.

Diversity and Equal Opportunity

The Agency endeavors to preserve gender and cultural diversity in our employee mix and takes pride as an equal opportunity employer for all qualified persons.

Our Culture and Values

Our vision of "To be a world class water and sanitation infrastructure development agency.

This describes who we are, what we stand for and what makes our culture distinctive. The staff and Directors are committed in upholding our core values in the discharge of our mandate.

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Employee Welfare

The agency takes every effort to ensure that employees' well-being is considered as this affects them both at home and at work.

The Board has continued to ensure that all cross cutting issues have been addressed; in particular, the policies and work plans for HIV/AIDs, Persons with Disability and Gender have been developed and are being implemented.

Staff Training and Development

To ensure that CWWDA not only attracts but also retains the best talent, the agency aims to nurture people's careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions or specialism. Staff training and development are a prerequisite for employees' growth. In FY 2022/2023, training continued to focus on departmental technical competencies and people management skills at all levels.

The Board also provides opportunities for groups of existing and future senior leaders to benchmark with best practices on management. Capacity building will remain a key objective for the agency.

Occupational Health and Safety

Good health and safety standards are ideal and remain an individual and corporate responsibility for the staff and the agency. The agency is committed to proactively managing all health and safety risks associated with its mandates.

The Board has a comprehensive medical scheme for its staff and directors. The policies are reviewed annually to ensure that the CWWDA maintains a healthy workforce and safe environment.

Zero Tolerance to Corruption

CWWDA has a zero tolerance policy towards corruption. During the year the agency carried out corruption risk assessment and mitigation measures. In order to enhance integrity in public procurement, CWDA posted all advertisements and awards to the public notice board at the gate of the head quart officers. Advertised open tenders in the papers for everybody to participate.

Corporate Social Responsibility and Investment

Through stakeholder engagement, we have listened to and talked with our employees, customers, investors, regulators, suppliers, Non-governmental Organizations (NGOs) and community representatives, who have helped us to develop our water master plan.

Towards this, the Board continues to pay school fees for best performing student at Baricho primary school.



Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

Environmental Sustainability Report

Environmental Sustainability refers to concerted efforts to mitigate against environmental degradation. It is the maintenance of the factors and practices that contribute to the quality of environment on a long term basis. It involves making decisions and taking action that are in the interests of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. CWWDA is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environments.

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

Approach

CWWDA 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 and guidelines by National Environment Management Authority (NEMA). During the year under review CWWDA undertook the following activities in compliance with the guidelines:

Environmental sustainability planning

CWWDA developed an integrated workplace environment health and safety policy statement which states the organization's commitment to protect the environment, preserve the health and safety of CWWDA 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

Some of the environmental and social impact assessment reports licensed by NEMA are for the following projects among others:

Rehabilitation of Mzima pipeline, rehabilitation of Marere pipeline, rehabilitation of Baricho Wellfields and rehabilitation of Tiwi Boreholes

CWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination Act, (EMCA), 1999 in order to identify both potential positive and negative impacts. This process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and also to funding agencies (where applicable) for approval based on international standards.

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

11. REPORT OF THE DIRECTORS

The Directors submit their report together with the un-audited financial statements for the year ended June 30, 2024 which show the state of CWWDA

Principal activities

The principal activity of the Board is to ensure efficient and sustainable provision of quality and affordable water and sewerage services in its area of jurisdiction.

The main functions of CWWDA

- i) Ownership and holding of water and sewerage assets/Infrastructure on behalf of the National Government in the Coast Region.
- ii) Planning, development and expansion of water and sewerage services Infrastructure on behalf of the National Government in the Coast Region.
- iii) Provision of Bulk water services in the Coast region.

Results

The results of the entity for the year ended 30th June, 2024 are set out on page 1 – 5.

Auditors

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

By Order of the Board

For and on its behalf



Mary Okioma
Corporation Secretary

Date.....31/12/2024.....

Coast Water Works Development Agency

Annual Report and Financial Statements for The Year Ended 30th June 2024

12. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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


The Directors are responsible for the preparation and presentation of the CWWDA's financial statements, which give a true and fair view of the state of affairs of the Board for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the agency; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for CWWDA's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, CAP 446. The Directors are of the opinion that CWWDA's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2023, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the internal control systems.

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

Approval of the financial statements

The agency's financial statements were approved by the Board on 29th August 2024 and signed on its behalf by:



DR. DANIEL KATAMA
CHAIRPERSON



ENG. MARTIN TSUMA
Ag. CHIEF EXECUTIVE OFFICER

REPUBLIC OF KENYA

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON COAST WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the 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 Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Coast Water Works Development Agency set out on pages 1 to 29, which comprise the statement of financial position as at 30 June, 2024, and the statement of financial performance, statement of changes in net assets, statement of cashflows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Coast Water Works Development Agency 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 (Accrual Basis) and comply with Water Act, 2002 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

Review of the financial statements revealed the following anomalies;

- i. The financial statements are prepared using an incorrect template instead of the template recommended for state corporations -SAGA's.
- ii. Note 17 to the financial statement reflects trade and other receivables balance of Kshs.4,121,219,804 which erroneously includes provision for bad and doubtful debts of Kshs.788,600 as receivables.
- iii. Comparative balance for accumulated surplus is erroneously indicated as Kshs.3,160,425 while the certified balance is reflected as Kshs.2,949,499,284.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Unsupported Capital Balance

The statement of financial position and the statement of changes in net assets reflects capital balance of Kshs.3,400,000. However, the balance is not supported.

In the circumstances, the accuracy and completeness of the capital balance of Kshs.3,400,000 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Coast Water Works Development Agency

Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.3,187,250,000 and Kshs.2,076,366,036 respectively, resulting to an under-funding of Kshs.1,110,883,964, or 35% of the budget. Similarly, the Agency spent Kshs.1,788,007,630 against actual receipts of Kshs.2,076,366,036 resulting to an under-utilization of Kshs.288,358,406, or 14% of the actual receipts.

The under-funding and under-expenditure may have affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

In the audit report of the previous financial year, several issues were raised under the Report on Financial Statements and Report on Effectiveness of Internal Controls, Risk Management and Governance which remained unresolved. Although Management has indicated that some of the issues are being acted upon and others have been finalized, no evidence was provided to support that status.

Other Information

The Directors are responsible for the other information set out on page v to xlv, which comprise of Key Entity Information, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Coast Water Works Development Agency's financial statements, my responsibility is to read the other information and in doing so, consider

whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information and 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 THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Gender Balance and Ethnic Distribution

Review of human resource records revealed that the Agency had a total of one hundred and sixty-two (162) employees, out of which one hundred and one (101), or about 62% were from the same ethnic group. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which provide that no public establishment shall have more than one third of its staff from the same ethnic community. Similarly, one hundred and thirty-three (133) staff out of the one hundred and sixty-two (162), or 82% of the staff were male and twenty-nine (29), or 18% were female. This was contrary to Paragraph B.22(2) of the Human Resource Policies and Procedures Manual for Public Service of May, 2016 which stipulates that the Government will endeavor to have a gender balanced civil service by ensuring that not more than two-thirds (2/3) of positions in its establishment are filled by either gender.

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

2. Irregular Payments of Special Duty and Acting Allowances

The statement of financial performance and Note 11 to the financial statements reflects employee costs of Kshs.237,839,288. Included in this amount is Kshs.142,603 paid to two (2) members of staff as special duty allowances for nine months. This was contrary to the provisions of Section 5.7.2 of the Agency Human Resource Policies and Procedures Manual which requires that special duty allowances shall be paid for a maximum period of six (6) months or until the post is filled, whichever is earlier.

Further, out of the employee costs two (2) members of staff were paid acting allowances for ten (10) months amounting to Kshs.610,635. This was contrary to the provisions of Section 5.7.2 of the Agency Human Resource Policies and Procedures Manual which requires that acting allowance be paid to an employee for a period of not more than six (6) months within which the position should be advertised and competitively filled.

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

3. Unfunded Projects under County Water Project 2023-2024

During the year under review the Agency initiated County Water Project which was approved by Ministry of Water Sanitation and Irrigation on 18 December, 2023 for a budgetary allocation of Kshs.270 million. Based on this approval the Agency is yet to procure construction works for the project due to non-funding.

In the circumstances, the intended objectives for the project may not be achieved.

4. Project Verification

Physical project verification during the month of October 2024 on sampled Agency's projects revealed the following anomalies;

	Project Name	Project Cost (Kshs)	Observation
1.	Supply of Water to Livestock Holding Ground at LDM Bachuma (Export Zone) Taita Taveta County - CWWDA/RT/TTW/07/2022-2023	19,992,588	Project not in use as the water was confirmed not fit for animal consumption.
2.	Supply of Water to Mwatate Sheep and Goat Farm Pasture Irrigation Taita Taveta County - CWWPDA/RT/TVT/W/12/2022-2023	19,925,613	Contractor was required to supply and install 4No. of 10 M ³ plastic tank which was to be placed on a 3-meter high on concrete slab. Instead, the contractor constructed and supplied only two tanks of 10 M ³ , two tanks costing Kshs.370,000 were not supplied. Cattle trough, of 4.0mX3.0m and all the necessary fittings, 30m away from old borehole costing Kshs.175,000 was not done.
4	5. Maumau Memorial Girls Secondary and Kalkacha Primary School and Hola Secondary School Water Supply in Tana River County - CWWDA/RTTR/023/2022-2023	12,533,452	Project not branded as required by the bill of quantity under preliminary and general item
		52,451,653	

In the circumstances, value for money may not have been achieved.

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

REPORT ON 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, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1 Staff in Employment with Invalid Certification

The statement of financial performance and Note 11 to the financial statements reflects employee costs of Kshs.237,839,288. Review of reports on validation of employee's certificates by Kenya National Qualification Authority revealed that four (4) employees had invalid certificates and the qualifications of eleven (11) staff members were not verified. However, Management failed to act on the outcome of the verification exercise and the four employees with invalid certificate are still in employment.

In the circumstances, the regularity of the employment of the staffs with invalid and unverified certification could not be ascertained.

2. Stalled Projects

2.1 Makamini Dam Phase I Project (Dam, Treatment Plant and Pipeline Construction)

The Agency contracted for Design and Build of Makamini Dam – Phase I to start from 03 November, 2020 and be completed by 03 November, 2023 and an extension period of up to 03 March, 2024 for contract sum of Kshs.1,283,008,877. However, project implementation status report as at 30 September, 2024 indicates that the project stalled at 65%, with cumulative payments of Kshs.728,073,826, against an elapsed time of 127%. In addition, the last site meeting minutes state that the main challenges are delayed land acquisition process resulting in frequent disruption of works by section of Project Affected Persons (PAPs), slow supply rate of filter material and increase in the cost of construction materials.

2.2 Dongo Kundu Reservoir Pipeline Phase II (Line SC24)

The Agency contracted for the construction of water pipeline 4.2km, Mbuta Mosque-Dongo Kundu Reservoir Pipeline Phase II (Line SC24) at contract sum of Kshs.226,359,227 on 21 December, 2020. The contract period was previously ending on 20 November, 2021 but with an additional 12 months for the Defect Notification Period (DNP). The contract period was later extended to a new revised completion date to December 2022. The internal audit report dated March, 2024 and the Project Implementation Status Report as at 30 September, 2024 shows that the project stalled at progress rate of 40%, due to pipes price escalations and that the contractor faced serious challenges in procurement of steel pipes, lack of site for tank and challenges with new bypass road crossings. The cumulative payments amount was Kshs.81,954,525. Management attributed the delay and stoppage of works to budget cuts.

In the circumstances, value for money may not have been achieved on the stalled projects.

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 controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Directors

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

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The Board of Directors is responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how 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 International Standards for Supreme Audit Institutions (ISSAIs). The standards require 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

10 January, 2025

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2024

	Notes	2023/2024	2022/2023
		Kshs.	Kshs.
Revenue from Non-Exchange Transactions			
Grants	7	852,739,447	851,259,030
			851,259,030
Revenue from Exchange Transactions			
Operational Income	6	1,203,730,688	791,658,920
Other Incomes	8	19,895,901	9,189,763
TOTAL REVENUE		2,076,366,036	1,652,107,714

EXPENSES			
Use of Goods and Services	9	363,648,679	340,754,982
Board Expenses	10	25,059,759	17,114,320
Employees costs	11	237,839,288	231,923,912
General Expenses	12	28,045,708	30,708,944
Operational Expenses	13	859,038,427	751,230,285
Project Costs	14	235,663,769	446,771,321
Finance Costs	15	38,712,000	44,530,462
TOTAL EXPENSES		1,788,007,630	1,863,034,226
Surplus/(Loss) before Tax		288,358,406	(210,926,513)

Ag. CHIEF EXECUTIVE OFFICER
ENG. MARTIN TSUMA

SIGN.....

Date. 31/12/2024.

HEAD OF FINANCE
CPA STEPHEN M. KIVUVA
ICPAK.NO.73560

SIGN.....

Date. 31/12/2024.

CHAIRMAN OF THE BOARD
DR. DANIEL KATAMA

SIGN.....

Date. 31/12/2024.

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

15. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2024

	Notes	2023/2024	2022/2023
		Kshs	Kshs
ASSETS			
CURRENT ASSETS			
Inventories	16	48,892,038	42,144,379
Receivables	17	4,121,219,804	4,805,961,783
Cash and Cash Equivalents	18	888,343,210	907,281,610
TOTAL CURRENT ASSETS		5,058,455,052	5,755,387,772
NON CURRENT ASSETS			
Property ,plant and equipment	19	8,062,702,906	7,782,742,512
Work in progress	20	9,425,482,769	7,743,419,423
TOTAL NON CURRENT ASSETS		17,488,185,675	15,526,161,935
TOTAL ASSETS (A)		22,546,640,727	21,281,549,707
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables	21	1,958,773,476	1,975,984,289
Customer Deposits			
TOTAL CURRENT LIABILITIES		1,958,773,476	1,975,984,289
NON -CURRENT LIABILITIES			
World bank loan	22	4,754,658,653	4,754,658,653
World bank loan Direct		2,033,412,733	2,033,412,733
World Bank Loan AF		11,559,513,965	9,567,994,749
TOTAL NON CURRENT LIABILITIES		18,347,585,351	16,356,066,135

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

TOTAL LIABILITIES (B)		20,306,358,827	18,332,050,424
NET ASSETS (A-B)		2,240,281,900	2,949,499,283
REPRESENTED BY:			
ACCUMULATED SURPLUS		1,948,523,494	3,160,425,796
Surplus(Deficit) for the Period		288,358,406	(210,926,513)
Capital		3,400,000	0
TOTAL NET ASSETS AND LIABILITIES		2,240,281,900	2,949,499,283

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

Ag. CHIEF EXECUTIVE OFFICER
ENG. MARTIN TSUMA

HEAD OF FINANCE
CPA STEPHEN M. KIVUVA
ICPAK.NO.13560

CHAIRMAN OF THE BOARD
DR. DANIEL KATAMA

SIGN.....

Date..31/12/2024.

SIGN.....

Date..31/12/2024.

SIGN.....

Date..31/12/2024.

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

16. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2024

Attributable to the owners of the controlling entity

	Notes	Accumulated surplus	Reserves Total
		Kshs	Kshs
Balance as at 1.7.2022		3,160,425,796	3,160,425,796
Surplus for the period		(210,926,513)	(210,926,513)
Balance as at 1.7.2023		2,949,499,283	2,949,499,283
Reconciliation Adjustment		(1,000,975,789)	(1,000,975,789)
Surplus/Deficit for the period		288,358,406	288,358,406
Capital		3,400,000	3,400,000
Balance as at 30.6.2024		2,240,281,900	2,240,281,900

Coast Water Works Development Agency
Annual Report and Financial Statements for The Year Ended 30th June 2024

17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

		2023/2024	2022/2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Operational Income		887,496,878	549,198,220
Grants		852,739,447	851,259,030
Other Incomes		19,895,901	9,189,763
Total Receipts		1,760,132,226	1,409,647,013
Payments			
Employees Costs		237,839,288	231,923,912
Goods and services		127,254,849	110,978,033
Remuneration of Directors		25,059,759	17,114,320
General Expenses		28,045,707	30,708,944
Operational Expenses		910,033,979	1,098,098,894
Project Costs		235,663,768	446,771,321
Finance Costs		0	0
Total Payments		1,563,419,178	1,935,595,424
Net cash flows from operating activities		196,713,048	(525,948,411)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(524,274,644)	(25,414,127)
Proceeds from sale of property, plant and Equipments			
Decrease in non-current receivables			
Increase in investments		(1,682,063,346)	(1,680,316,862)
Net cash flows used in investing activities		(2,206,337,990)	(1,705,730,989)
Cash flows from financing activities			
Proceeds from borrowings		1,991,519,217	1,942,889,736
Increase in deposits			
Net cash flows used in financing activities		1,991,519,216	1,942,889,736
Net increase/(decrease) in cash and cash equivalents		(18,522,067)	(288,786,662)
Cash and cash equivalents at 1 JULY 2023		907,281,609	1,196,071,272
Cash and cash equivalents at 30 JUNE 2024		888,343,210	907,281,609

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**18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR
ENDED 30.6.2024**

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Percentage Utilization
	2023 /2024	2023 / 2024	2023 / 2024	2023 / 2024	2023 / 2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Operation Income	739,000,000	502,250,000	1,241,250,000	1,203,730,688	96%%
Recurrent GoK	368,000,000	0	368,000,000	337,333,334	92%
Grants GoK	515,406,113	0	515,406,113	515,406,113	100%
Donor AfD	2,030,000,000	(110,000,000)	1,920,000,000	377,381,027	20%
Other Income	8,250,000	0	8,250,000	19,895,901	241%
Total Revenue	3,187,250,000	395,250,000	3,187,250,000	2,076,366,036	65%
Expenditure					
Use of Goods And Services	372,379,000	0	372,379,000	363,648,679	98%%
Board Expenses	30,000,000	0	30,000,000	25,059,759	84%
Employee Costs	262,117,000	0	262,117,000	237,839,288	98%
General Expenses	35,913,000	0	35,913,000	28,045,708	71%
Operational Expenses	437,091,000	502,250,000	939,341,000	859,038,427	91%
Project Costs	235,663,769	0	235,663,769	235,663,769	100%
Finance Costs	38,712,000	0	38,712,000	38,712,000	100%
Total	1,411,875,769	502,250,000	2,148,354,168	1,788,007,630	83%

Coast Water Works Development Agency **Annual Report and Financial Statements for The Year Ended 30th June 2024**

NOTES

Operations Income

Approved bulk budget was Kshs 739,000,000 for the year under review and actual billing amounting to Kshs. 1,203,730,688. The increment is attributed to implementation of new bulk water tariff. Approved Recurrent budget was Kshs 368,000,000 and all the funds were received with June allocation being received in July 2024. GoK Grants of 100% includes Equalization funds received during the year which were not in the original budget. Other income increment is attributed to sale of scrap material which were budgeted at kshs. 2,000,000. Total AFD loan receipt during the year was Kshs 344,138,200 against a budget of Kshs. 1,920,000,000.

Use of Goods and Services.

Expenditure under use of Goods and services of 98% implies the cost was within budget for the year under review.

Board Expenses and staff costs

Remuneration of Directors of the Board was Kshs. 25,059,759 inclusive of Honoraria for the chairman and Staff Cost was Ksh. 237,839,288 which were within the approved budget,

General Expenses

The overall expenditure under general expenses was within the approved budget for the year under review

Operations Expenses

The expenditure covers mainly production Electricity, Chemicals, Bulk operations and pipeline operational costs and was within budget approved for the year under review.

Project Costs

This is mainly for GoK funded projects and all were fully funded in the year under review.

Coast Water Works Development Agency

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19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

CWWDA was initially established under water Act 2002 and registered as Coast Water Services Board. Following the adoption of the water Act 2016 in the water sector, CWWDA changed its name to CWWDA as per the guidelines. CWWDA is wholly owned by the Government of Kenya and is domiciled in Kenya. CWWDA's principal activity is to ensure efficient, effective and sustainable provision of quality and affordable water services (defined to include sewerage) in its area of jurisdiction - Mombasa County, Taita Taveta County, Kilifi County, Kwale County, Lamu County and Tana River County.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Coast Water Services Board's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of CWWDA.

The financial statements have been prepared on the basis of historical cost. The cash flow statement is prepared using the indirect method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2020.

Standard	Effective date and Impact
IPSAS:33 First time adoption of Accrual Basis IPSAS	CWWDA adopted IPSAS in the year ended 30.6.2014 and therefore provision of first time adoption of accrual basis does not apply
IPSAS:34 Separate Financial statement	The Agency does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply
IPSAS:35 Consolidate Financial Statements	The Agency does not have any subsidiaries , joint ventures or investments and therefore the standard does not apply
IPSAS:36 Investment in Associates and Joint Ventures	The Agency does not have investments in associates or joint ventures
IPSAS:37 Joint Arrangements	The Agency does not have an interest in a joint arrangement and therefore the standard does not apply
IPSAS:38 Disclosure of interest in other Entities	The Agency does not have interest in other entities and therefore the standard does not apply

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ii) New Standards and Interpretation in use issue but not yet effective in Year Ended 30 June 2022

Standard	Effective date and impact
IPSAS 39: Employee Benefits	Applicable ;1 January 2018 IPSAS 39 was to create convergence to changes in IAS 19. Employees benefits. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefits scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable 1 January 2019 Covers public combinations arising from exchange transactions in case they are treated similarly with IFRS 3 Business combinations and combinations arising from non – exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii) Early adoption of standards

Coast Water Works Development Agency did not adopt any new or amended standards in year 2021.

4. SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenues from lease fees and miscellaneous income have been recognized as exchange transactions. Grants for the donors and Government of Kenya have been recognized as non-exchange transactions. Lease fees Income is recognized in the year in which it is due. A grant from the Government of Kenya and other donors for specific expenses is recognized as income in the period it is received and it is not accrued.

b) Budget information

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

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c) Property, plant and equipment

Property, Plant and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the reducing balance basis to write down the cost of each asset to its residual value over its estimated useful life as follows;

Equipment	12.5%
Furniture, Fittings	12.5%
Computers	33.3%
Water Infrastructure	2.5%
Motor Vehicles and Cycles	25%

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by First in first out (FIFO) method. Net realizable value is the estimate of the selling price in the ordinary course of business less the selling expense. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

e) Provisions

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

f) Contingent liabilities

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

g) 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.

h) Nature and purpose of reserves

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

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maintained and appropriate policies adopted.

i) Changes in accounting policies and estimates

The Agency recognizes the effects of changes in accounting policy prospectively.

j) Foreign currency transactions

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

k) Borrowing costs

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

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at the 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

m) Taxation

Coast Water Works Development Agency is a non-commercial state corporation in the provision of essential services. No provision for taxation has been made.

5. Critical Accounting Estimates, Judgments and Assumptions

In the process of applying the Board's accounting policies, the directors have made estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and underlying assumptions are reviewed on an ongoing basis.

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(a) Critical Judgments in applying the agency's Accounting Policies

In the process of applying the agency's accounting policies, judgments have been made in determining:

- Whether the assets are impaired;
- The classification of financial assets;
- The going concern.

(b) Critical Accounting Estimates and Assumptions

The key areas of judgments and sources of uncertainty in estimation are as set out below:

(i) Useful lives of property and Equipment

The directors make estimates in determining depreciation rates for property and equipment. The rates are set out in the accounting policy (g) above for property and equipment.

The agency reviews the estimated useful lives of plant and equipment at the end of each reporting period. During the financial year, no changes to the useful lives were identified by the board of directors.

(ii) Provision for Doubtful Debts

The agency reviews its current assets portfolio to assess the likelihood of impairment. Provision for impairment of receivables is established when there is objective evidence that the agency will not be able to collect all amounts due. Where necessary an estimation of the amounts irrecoverable is made in that year. Provision for impairment shall be recognized upon approval by the Board of Directors. No provision of bad debts were made in respect to the year under review.

NOTE 6 Operational Income

The Agency's major sources of revenues are the water sales which are earned from the sale of bulk water to the WSPs and administrative fees that is earned from the lease of its assets to them. During the year, revenue was earned as follows:

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	2023/2024	2022/2023
	Kshs.	Kshs.
Bulky Water Sales	1,203,730,688	791,658,920
Total	1,203,730,688	791,658,920

WSP	KIMAWSCO	KWAWASCO	MALWASCO	MOWASCO	TAWASCO	TOTAL
PERIOD						
Jul-23	17,098,280.00	7,211,780.00	11,309,560.00	23,193,580.00	9,115,640.00	67,928,840.00
Aug-23	16,759,940.00	7,254,080.00	9,843,840.00	24,254,000.00	8,724,820.00	66,836,680.00
Sep-23	32,944,538.00	15,423,182.00	17,216,376.00	38,855,336.00	13,891,448.00	118,330,880.00
Oct-23	29,981,676.00	13,571,168.00	16,556,062.00	34,442,714.00	13,397,156.00	107,948,776.00
Nov-23	30,466,584.00	13,634,442.00	16,773,050.00	40,554,486.00	12,813,886.00	114,242,448.00
Dec-23	21,852,106.00	16,126,404.00	15,233,122.00	37,916,800.00	11,062,444.00	102,190,876.00
Jan-24	27,936,202.00	14,329,062.00	17,416,296.00	40,972,754.00	11,222,312.00	111,876,626.00
Feb-24	27,798,162.00	14,701,226.00	16,760,028.00	28,824,690.00	13,470,936.00	101,555,042.00
Mar-24	30,164,902.00	14,031,800.00	15,352,802.00	32,394,214.00	12,731,096.00	104,674,814.00
Apr-24	27,002,698.00	18,254,634.00	15,940,594.00	31,479,240.00	11,414,072.00	104,091,238.00
May-24	26,708,190.00	12,800,218.00	16,180,158.00	27,697,794.00	11,414,072.00	94,800,432.00
Jun-24	28,234,892.00	12,799,232.00	24,345,734.00	32,653,124.00	11,221,054.00	109,254,036.00
TOTAL	316,948,170.00	160,137,228.00	192,927,622.00	393,238,732.00	140,478,936.00	1,203,730,688.00

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NOTE 7 Grants

Grants are recognized in the books when they are actually received and they are not accrued. During the Financial year, grants were received as follows.

Grant	AMOUNT	AMOUNT
	2023/2024	2022/2023
GOK Recurrent	337,333,334	362,477,936
GOK Development	515,406,113	488,781,094
Total	852,739,447	851,259,030

NOTE 8

Other Income

The agency earned other income from various sources as summarized below.

DETAILS	AMOUNT	AMOUNT
	2023/2024	2022/2023
Tender sales	10,526,077	0
Rent Received	1,308,125	1,409,501
Miscellaneous income	1,368,172	0
Sale of water to CBOs	5,533,017	4,790,560
laboratory charges	306,320	453,000
Water Tanker sales	854,190	2,536,703
Total other income	19,895,901	9,189,764

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NOTE 9

Use of Goods and Services	2023/2024	2022/2023
	Kshs	Kshs
Telephone, Fax, Internet, Courier & Email	3,796,237	4,677,401
Travelling and accommodation- local	34,710,582	25,712,436
Advertising & Publicity	2,557,462	3,681,150
Trade show and Exhibition	6,758,268	5,041,188
World Water Day	1,281,400	2,032,300
AfD Operations expenses	7,409,799	1,632,232
General office supplies	5,051,137	5,784,085
Laboratory expenses	1,492,640	3,345,840
Hospitality	314,022	701,290
Fuel & Lubricant	10,340,729	8,714,785
Legal fees & related expenses	889,000	109,080
Bank charges	330,529	317,999
Contracted professional services	1,394,566	2,968,873
Monitoring and Evaluation	19,881,623	24,154,193
Audit fees	1,172,760	2,345,520
Maintenance expenses – vehicles	7,044,131	6,542,163
Maintenance of office furniture & equipment	2,088,494	1,792,454
Maintenance of buildings & stations	7,503,656	4,310,323
WSDP Operations expenses	4,033,860	2,957,240
Stationery office	1,283,533	932,742
Covid -19 Expense	0	1,916,000
Depreciation	244,314,250	231,085,689
TOTAL	363,648,679	340,754,982

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NOTE 10

Board Expenses	2023/2024	2022/2023
	Kshs	Kshs
Board Allowances	24,456,094	16,383,520
Honoraria	603,665	730,800
TOTAL	25,059,759	17,114,320

NOTE 11

Employees Costs	2023/2024	2022/2023
	Kshs	Kshs
Salaries and Wages	183,461,373	192,478,541
Staff Leave Allowance	3,215,418	3,426,071
Other Staff Allowances	35,597,730	32,274,243
Staff Training	15,564,767	3,745,058
Total	237,839,288	231,923,912

NOTE 12

General Expenses	2023/2024	2022/2023
	Kshs	Kshs
Office Electricity	2,427,365	1,863,947.00
Motor Vehicles Insurance	2,488,779	1,889,423.20
Resettlement compensation	0	5,962,948.00
Security Expense	22,288,400	19,795,750.10
WIBA	841,164	1,196,876.00
Total	28,045,708	30,708,944.30

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NOTE 13

Operating Expenses	2023/2024	2022/2023
	Kshs	Kshs
Electricity – Operations	740,930,706	601,049,741
Water Use Charges	0	5,560,710
Baricho Emergency Repairs	4,071,553	9,978,846
CLSG Expenses	0	27,938,177
Cost of Specialized Materials	22,512,549	34,023,415
Bulky Water Operations	2,446,240	3,300,896
Maintenance/ Operations of Water Assets	89,077,378	69,378,501
Total	859,038,427	751,230,285

NOTE 14

Project Costs	2023/2024	2022/2023
	Kshs	Kshs
Lamu Projects	1,936,420	29,848,365
Small dams and Pans	595,266	2,741,709
Drought mitigation	0	25,334,749
Equalization	115,603,628	248,837,778
Taita – Mzima Pipeline Projects	596,153	6,654,137
Kwale Projects	3,090,823	6,389,202
Dongo Kundu	0	8,247,279
Cross County Projects	2,626,901	14,282,180
Universal Health Care	1,306,348	16,698,866
Food and Nutrition Projects	109,908,230	87,737,058
Total	235,663,769	446,771,321

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NOTE 15

Finance Cost	2023/2024	2022/2023
	Kshs	Kshs
Financing cost	38,712,000	44,530,462

NOTE 16

	2023/2024	2022/2023
Inventories	Kshs	Kshs.
Machinery, Pipes and Fittings	45,346,073	37,757,798
Chemicals	66,500	0
Stationery	1,288,267	1,735,560
Water Inventory	2,191,198	2,651,021
Total	48,892,038	42,144,379

NOTE 17

	2023/2024	2022/2023
	Kshs	Kshs
Trade and Other Receivables		
Mombasa Water and Sewerage Company Ltd	1,376,575,489	1,638,664,903
Malindi Water and Sewerage Company Ltd	544,312,512	506,375,138
Kilifi Mariakani Water and Sewerage Ltd	854,103,006	947,973,999
Kwale Water and Sewerage Company Ltd	535,460,732	908,587,827
Taveta Water and Sewerage Company Ltd	782,540,381	776,226,904
Lamu Water and Sewerage Company Ltd	15,763,804	15,763,804
Tana Water and Sewerage Company	3,024,000	3,024,000
Salary Advances	1,145,830	2,098,843
Prepaid Medical Cover	5,124,032	5,148,570
Prepaid Motor Insurance	1,651,419	1,309,195
Staff Imprest	730,000	788,600
Provision for bad and doubtful debts	788,600	
TOTAL	4,121,219,804	4,805,961,783

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NOTE 18

Cash and Cash Equivalent	2023/2024 Kshs	2022/2023 Kshs
Development	207,194,559	211,267,751
Loan repayment	236,286	236,286
Projects	130,829,794	425,544,470
Drought Mitigation	649,112	663,992
Administration Fees	4,437,578	311,927
World Bank – AF	75,268	76,333
Bulk	2,789,400	19,433,571
Equalization	21,001,344	26,337,296
World Bank WSDP	367,806,278	219,343,564
AFD	153,318,580	4,061,408
KCB KISSIP	5,011	5,011
Total	888,343,210	907,281,609

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NOTE 19
Property, Plant and Equipment

	Motor Vehicles	Computers	Office Equipment	Furniture and Fittings	Water Equipment	Water Infrastructure	Land	Total
As at 30.7.2022	262,030,492	56,749,121	43,483,562	19,667,739	450,115,231	8,739,876,853	150,000	9,572,072,998
Additions	0	1,800,680	486,447	9,000	23,118,000			25,414,127
As at 30.6.2023	262,030,492	58,549,801	43,970,009	19,676,739	473,233,231	8,739,876,853	150,000	9,597,487,125
Additions		148,500				520,726,144	3,400,000	524,274,644
As at 30.6.2024	262,030,492	58,698,301	43,970,009	19,676,739	473,233,231	9,260,602,997	3,550,000	10,121,761,769
Depreciation								
Net book Value	262,030,492	48,471,883	38,286,078	13,731,655	412,961,196	571,542,991		1,347,024,295
Charge for year 2022	0	5,245,804	3,515,385	901,184	8,475,336	218,496,921		236,634,630
Net book Value	262,030,492	53,717,687	41,801,463	14,632,839	421,436,532	790,039,912		1,583,658,925
Charge for year 2023	0	1,905,567	430,331	254,535	9,998,335	218,496,921		231,085,689
Net book Value	262,030,492	55,623,254	42,231,794	14,887,374	431,434,867	1,008,536,833		1,814,744,614
Charge for year 2024	0	1,821,600	430,331	248,910	10,298,334	231,515,075		244,314,250
Net book Value	262,030,492	57,444,854	42,662,125	15,136,284	441,733,201	1,240,051,908		2,059,058,864
As at 30.6.2020	-	8,435,148	5,227,772	5,701,222	66,020,503	4,221,811,392	150,000	4,307,346,037
As at 30.6.2021	0	4,761,618	2,338,862	5,656,084	37,154,035	7,421,750,888	150,000	7,471,811,487
As at 30.6.2022	0	3,031,434	1,682,099	5,034,900	28,678,699	7,949,836,941	150,000	7,988,414,073
As at 30.6.2023	-	2,926,547	1,738,215	4,789,365	41,795,364	7,731,340,020	150,000	7,782,742,512
As at 30.6.2024	-	1,253,447	1,307,884	4,540,455	31,500,030	8,020,551,089	3,550,000	8,062,702,905

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NOTE 20

	2023/2024	2022/2023
Work In Progress	Kshs.	Kshs.
Balance b/f	7,743,419,423	6,063,102,562
World Bank Baricho 3BHS		21,337,275
Makamini Dam	329,264,815	161,462,598
Mwache Dam Treatment Plant		37,897,572
Mwache Dam pipeline	36,491,960	35,126,558
North mainland Msa	322,199,037	155,061,232
Phase 1 Nyali	157,503,587	110,489,881
Protection Works Baricho	118,512,177	485,189,379
Baricho 2 Pipeline	903,336,041	545,837,243
Dongo Kundu Phase 2	0	-
Sureca LTTA Mwache Dam	132,165,852	51,567,329
GKW STTA Mwache Dam	180,533,621	73,499,992
Office Block	0	-
WIP EMC Mwache Distribution	22,782,400	2,847,800
Transfer to Water Infrastructure	(520,726,144)	-
Total	9,425,482,769	7,743,419,423

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NOTE 21

Trade and Other Payables	2023/2024	2022/2023
	Kshs.	Kshs
General Creditors	726,597,969	1,975,984,289
Loan interest	1,212,253,955	0
Vat/Wtax	12,075,198	0
Other Deductions	7,846,354	0
TOTAL	1,958,773,476	1,975,984,289

NOTE 22

	2023/2024	2022/2023
World Bank Loan	Kshs.	Kshs
Balance B/F	16,356,066,135	14,413,176,398
WSDP Loan	918,357,510	1,911,444,062
WSDP Loan-Direct	682,760,365	
AFD Loan	344,138,200	0
AFD Loan Direct	46,263,141	31,445,675
TOTAL	18,347,585,351	16,356,066,135

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Financial Risk Management

Financial Risk Management Objectives and Policies

CWWDA considers risk management to be an integral part of good management practices and a significant aspect of corporate governance. Effective management of risk will contribute towards achievement of the agency's objectives.

The Agency's approach to risk management is based on risk governance structures, risk management policies, risk identification, measurement, monitoring and reporting. The risk management policies and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

This risk management framework captures the following among other things: -

- The Agency's risk appetite and parameters;
- The Agency's risk matrix that highlights the rating of risks;

The structure of managing risks and accountabilities;

- The processes, procedures and reports that manage risks;
- The mitigating factors, prevention, contingency plans and controls.

The Agency's core business involves major engagements with financial transactions and processes which pose certain risks. Three types of risks are reported as part of the risk profile namely operational, strategic and business continuity risks.

i) Operational risks are events, hazards, variances or opportunities which could influence the achievement of the Agency's compliance and operational objectives.

ii) Strategic risk is a significant unexpected or unpredictable change or outcome beyond what was factored into the organization's strategy and business model which could have an impact on the entity's performance.

iii) Business continuity risks are those events, hazards, variances and opportunities which could influence the continuity of the entity.

One of the key risks the agency has identified in both the operational and strategic areas is the sustainability of the administrative fee receivable in the provisions of the Water Act 2016 Financial risk as defined in IPSAS 15 and the management thereof, form part of this risk area.

The financial management objectives and policies are as outlined below:-

(a) Liquidity Risk

Liquidity risk is the risk that the Agency will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued, etc.

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The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels. The agency has adopted an overall balance sheet approach which consolidates all sources and utilization of liquidity, with the aim of maintaining a balance between liquidity, cash flows and interest rate considerations.

The agency's liquidity and funding management process includes:-

- Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- Maintaining balance sheet liquidity ratios,
- Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,
- Managing the concentration and profile of debt maturities, where applicable,
- Maintaining liquidity and funding contingency plans.

(b) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. CWWDA is exposed to the following market risks:-

(i) Currency Risk

The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.

(ii) Price Risk

The revenue source for CWWDA is the administrative levy which is denominated in Kenya Shillings. The exposure arises where the contract prices are denominated in foreign currencies for the development funded projects. This is mitigated by enforcing direct payments so as to reduce the exposure. Price risk is therefore rated as minimal.

(iii) Interest Rate Risk

The Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the Agency does not have any borrowings.

(c) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Agency's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior. The agency will endeavor to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. Being a public entity CWWDA has related parties in this regard and operates under the national Government and Board of Directors.

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20. APPENDIX

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR GENERAL RECOMMENDATIONS

CWWDA has been audited up to 30th June 2023 and Final audit reports submitted. The following audit issues were outstanding as at the date of the report.

Ref No	Reference no. on the external audit report	Issue/observation from the auditor	Management comments	Action point	Status as at 30 th June 2024	Expected completion date
1	Unsupported Trade and Other Payables Balance	Creditors without support documents	The support invoices and contracts are available	CWWDA	Report to be availed for audit review for FY 2024	30 th June 2025
2	Unsupported World bank loan	The balances were not reconciling with the figures at the National Treasury records.	CWWDA has already initiated reconciliations with national treasury	CWWDA-Finance Manger	The Agency is working with Treasury to resolve the matter.	30 th June 2025
3	Unsupported Property ,Plant and Equipment	Details not provided for review	Support available for review	CWWDA-Finance Manger	Records in place is support of the same.	30 th June 2024
4	Trade and other Receivables	The balances were not reconciling with the figures of WSPs	Reconciliation ongoing	CWWDA-CEO	Finalized and incorporated in the Annual report	30 th June 2024
5	Untransferred Complete Assets	Asset still in work in progress.	Assets now transferred to property plant and Equipments	CWWDA-Finance Manger	Finalized and incorporated in the Annual report	30 th June 2024

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APPENDIX II: PROJECTS IMPLEMENTED BY THE AGENCY

During the period under review, the agency implemented projects as follows.

S/No	Project/Contract Name	Partner	Project Amount	Completion Date	Status
1	Design and Building of Makamini Dam	GoK	Kshs. 1,200 million	Nov 2025	Ongoing 40% complete
2	Dongo Kundu SEZ water project	GoK	Kshs. 500 Million	Dec 2025	Ongoing 75% complete
3	Fish Landing Sites , Markets & Livestock holding Grounds	GoK	Kshs. 295 Million	Jun 2024	complete
4	Baricho Protection Works (WSDP)	World Bank	Kshs. 791 Million	June 2024	Completed
5	Baricho/Kakuyuni Second Pipeline (WSDP)	World Bank	Kshs. 1.9 Billion	Oct 2025	Ongoing 95% complete
6	Mombasa North Mainland Lot 1A (WSDP)	World Bank	Kshs 781 Million	Oct 2025	Ongoing 80 % Complete
7	Mombasa North Mainland (Nyali) phase 1 (WSDP)	World Bank	Kshs 516 Million	Oct 2025	Ongoing 70% complete
8	Baricho Replacement B/Hs (WSDP)	World Bank	Kshs 414 Million	Mar 2024	Completed
9	Mwache Water Treatment Plant (CKE1103)	AFD	Kshs. 7.0 Billion	N/A	Design & Tender Doc Complete
10	Mwache/South Mainland Pipeline(CKE1103)	AFD	Kshs. 5.5 Billion	N/A	Design & Tender Doc Complete
11	Likoni Emergency Works (Tiwi) (CKE1103)	AFD	Kshs. 319 Million	Jan 2025	Ongoing 50% complete
12	Pemba Dam Rehabilitation	ADB	Kshs. 286 Million	May 2024	Completed
13	Watamu Water Distribution Works Lot 2A	ADB	Kshs. 218 Million	Oct 2025	Ongoing 95% Complete
14	Equalization Project	GoK	Kshs. 1.2 Billion	N/A	Ongoing

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APPENDIX III: INTER-ENTITY TRANSFERS

Break down of Transfers from the State Department of Water and Sanitation				
FY 2023/2024				
Recurrent				
	Bank Statement Date	Amount (Kshs)	Amount (Kshs)	FY to which the amounts relate
Recurrent Funds July 2023	8/15/2023		30,666,667.00	2023 - 2024
Recurrent Funds Aug 2023	9/8/2023		30,666,667.00	2023 - 2024
Recurrent Funds Sept 2023	10/24/2023		30,666,666.00	2023 - 2024
Recurrent Funds Oct 2023	11/16/2023		30,666,667.00	2023 - 2024
Recurrent Funds Nov 2023	12/6/2023		30,666,667.00	2023 - 2024
Recurrent Funds Dec 2023	1/17/2024		30,666,667.00	2023 - 2024
Recurrent Funds Jan 2024	2/9/2024		30,666,667.00	2023 - 2024
Recurrent Funds Feb 2024	3/13/2024		30,666,667.00	2023 - 2024
Recurrent Funds Mar 2024	4/11/2024		30,666,666.00	2023 - 2024
Recurrent Funds Apr 2024	5/13/2024		30,666,667.00	2023 - 2024
Recurrent Funds May 2024	6/13/2024		30,666,667.00	2023 - 2024
	TOTAL		337,333,335.00	
Development				
	Bank Statement Date	Amount (KShs)	Amount (KShs)	FY to which the amounts relate
Water & Sanitation Services Improvement Project	7/6/2023	40,000,000.00	205,000,000.00	2023 - 2024
Improvement of Drinking Water & Sanitation Systems in Mombasa		125,000,000.00		
Mwache Water Pipeline Extension		40,000,000.00		
Equalization funds - Drilling and equipping of 8no bhs in Matuga IPC3	7/12/2023		6,458,460.00	2023 - 2024

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Equalization funds - Rumina Ward	12/18/2023		1,334,000.00	2023 - 2024
Equalization funds - Magarini Const	12/18/2023		2,661,156.00	2023 - 2024
Equalization funds - Mkapuni Batani	12/18/2023		925,529.80	2023 - 2024
Equalization funds - Hola Pri	12/18/2023		870,556.10	2023 - 2024
Equalization funds - Ruvuma Ward	12/19/2023		1,007,634.00	2023 - 2024
Equalization funds - Lakeshore - Kiunga	12/27/2023		10,556,585.80	2023 - 2024
Water & Sanitation Services Improvement Project	3/4/2024	16,750,000.00	161,750,000.00	2023 - 2024
Improvement of Drinking Water & Sanitation Systems in Mombasa		37,500,000.00		
Mwache Water Pipeline Extension		25,000,000.00		
Dongo Kundu Water Supply Project BETA		25,000,000.00		
Mzima II Water Supply Project		17,500,000.00		
Water Harvesting Projects		15,000,000.00		
Coast WWDA Projects		25,000,000.00		
Construction of Amu Water Supply	4/19/2024		3,404,418.00	2023 - 2024
Equalization funds - Baricho Water Works Lot I&II (Procurement of Valves and Water Meters)				2023 - 2024
	4/19/2024		5,793,103.50	
	4/19/2024		18,315,136.40	
Equalization funds - Baricho Water Works Lot I&II (Supply and Installation of Electric Items Lot 2A)	4/19/2024		23,538,860.80	2023 - 2024
	4/19/2024		2,496,432.00	
	4/19/2024		13,609,008.00	
	4/25/2024		4,515,796.45	
Equalization funds - Maumau Memorial Girls Sch water supply IPC1	6/13/2024		3,155,780.00	2023 - 2024

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Equalization funds - Kalkacha pri Sch water piping IPC1	6/13/2024		9,377,672.00	2023 - 2024
Equalization funds - Hola Mango Factory	6/13/2024		15,150,000.00	2023 - 2024
Total			489,920,128.85	
Donor funds				
	Bank Statement Date	Amount (Kshs)	Amount (Kshs)	FY to which the amounts relate
WSDP	7/31/2023		185,760,676.00	2023 - 2024
WSDP	12/31/2023		150,000,000.00	2023 - 2024
AfD	2/21/2024		344,138,200.00	2023 - 2024
WSDP	2/29/2024		252,785,592.70	2023 - 2024
WSDP	2/29/2024		126,153,630.00	2023 - 2024
WSDP - GoK Counterpart	6/30/2024		25,485,984.15	2023 - 2024
WSDP	6/30/2024		203,657,612.00	2023 - 2024
Total			1,287,981,694.85	