



**AUDITOR-GENERAL'S SUMMARY REPORT
ON WATER COMPANIES
2021 - 2022**

SUMMARY

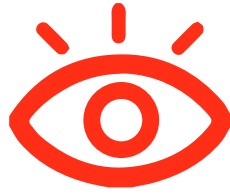
OF

THE AUDITOR-GENERAL'S REPORT

ON

WATER COMPANIES

2021/2022



VISION

Making a difference in the lives and livelihoods of the Kenyan people



MISSION

Audit services that impact on effective and sustainable service delivery



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Integrity • Credibility • Relevance •
Accountability • Independence

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Foreword by the Auditor-General

This summary report is a compilation of the cross-cutting audit issues arising from the audit of Water Service Providers for the year ended 30 June, 2022.

The Auditor-General is mandated by the Constitution of Kenya, 2010, under Article 229, to audit and report on the use of public resources by all entities funded from public funds. These entities include the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State and County Corporations, Commissions, Independent Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

Water and sanitation services are important resources for quality life and a catalyst for economic growth and prosperity. Indeed, the United Nations Sustainable Development Goal 6 requires Members States to ensure, by 2030, availability and sustainable management of water and sanitation for all. Further, Article 43(1) (b) & (d) of the Constitution recognizes access to reasonable standards of sanitation and to clean and safe water in adequate quantities as an economic and social right of every person.

Management of water resource is a shared responsibility between the National and County Governments. The Water Service Providers (WSPs), as county entities and as provided for in the Water Act, 2016, are critical in improving access, quality, availability and sustainability of water supply and waste management services in Kenya. This report has identified a number of cross-cutting issues which require urgent attention as they have significant implications on sustainability of provision water and sanitation services by the WSPs.

Article 229 (7) of the Constitution requires the Auditor-General to audit and submit reports to Parliament or the relevant County Assembly within six (6) months after the end of the financial year. However, Section 164(4) of the Public Finance Management Act, 2012, reduces the timeline to three (3) months by giving entities leeway up to the end of September to prepare and submit financial statements for audit. This reduces the duration for audit and reporting from six (6) months given by the Constitution to three (3) months. This has been adversely affecting the timelines for reporting, leading to backlogs and affecting the efficiency and effectiveness for oversight by Parliament and the County Assemblies.

Further, as previously reported, an effective mechanism for follow up on implementation of audit recommendations is lacking and as such most audit queries recur in subsequent audit reports due to lack of requisite action. The Public Finance Management Act, 2012 does not provide sanctions to a county government entity that fails to address issues raised by the Auditor-General, to the satisfaction of the Auditor-General.

However, despite numerous reports indicating lack of accountability and documents to support the legality and effectiveness in the use of public resources, the lack of the requisite sanctions and consequences has resulted to some Accounting Officers not adequately accounting for the management and use of public resources with impunity. Lack of action and sanctions has also led to fiscal indiscipline including misallocations, wastage of resources, lack of value for money in implementation of projects and loss of public funds, thereby impacting negatively on development programmes. This in turn threatens economic growth and sustainability of service delivery to citizens. There are instances where some Accounting Officers are in breach of Section 62 of the Public Audit Act, 2015 by failing to adequately prepare for audit which is exhibited by numerous inaccuracies in financial statements presented for audit, lack of requisite supporting documents, several revisions of financial statements and, in some cases, reluctance to cooperate with the auditors during the audit process.

The Office of the Auditor-General has been continuously improving on the effectiveness and quality of the audit process to ensure that the results of audit and the recommendations thereof are credible, relevant, reliable and value adding. This is geared towards influencing improved decision making and positive impact on the lives and livelihoods of citizens and other stakeholders. Provision of quality and effective audit services and confirmation of the lawfulness and effectiveness in programme implementation requires comprehensive scrutiny and evaluation of supporting documents. Most critical is the physical confirmation of the existence and utilization of projects or programmes implemented throughout the country. To achieve this, therefore, requires an independent and well-resourced audit Office with guaranteed adequate funding to enable efficient, effective and timely execution of the audit cycle as well as retention of optimal staffing to ensure continuous, quality and sustainable audit operations.

The Office continues to seek financial independence and support from Parliament and The Executive through The National Treasury for enhancement of resources to enable it build technical capacity, expand its presence in the counties, widen the scope and comprehensiveness of audit and motivate staff. We continue to devolve our services closer to the people through establishment of regional offices and construction of office premises to accommodate our staff in order to address the audit needs at the grassroots level. During the year under review, we established the Upper North Regional Office in Isiolo and the North Western Regional Office in Kitale. We have so far constructed regional offices in Garissa, Kakamega and Eldoret, while construction works in Embu is almost complete. Plans for construction of our Headquarters in Nairobi, which is currently at the design stage, has been delayed by lack of funding. However, the Office continues to make appeals to Parliament and The National Treasury for adequate funds to enable us perform our functions and achieve our mandate in enhancing accountability across government, both at the national and county levels, and in all other entities funded from public funds.

The audit scope has been expanding over the years due to the expansion of government programs to ensure sustainable development and delivery of continuous and quality services to the citizens. This has led to growth in the national budget and formation of additional entities that I am required to audit and report on. All the over nine thousand (9,000) Public Secondary Schools were from 30 June, 2022 required to prepare and submit financial statements to the Auditor-General for audit and quite a number have complied. In addition, I am required to audit and report on financial statements for all the three hundred and fifty-eight (358) Level 4 hospitals and fourteen (14) Level 5 hospitals separately. In the current financial year, I am also required to audit a total of two hundred and eighteen (218) Technical and Vocational Education and Training (TVET) Institutions and the number could increase as we are currently undertaking an evaluation exercise with the State Department for Technical, Vocational Education and Training to identify all institutions funded by the Exchequer including the Community Vocational Training Institutions that are estimated to be over one thousand and two hundred (1,200) Institutions. In addition, new projects and funds have been created that require timely oversight.

Specific reports together with my opinion for each entity are contained in the respective WSPs audited financial statements for the year ended 30 June, 2022, which I have already submitted to Parliament and to each Accounting Officer. I have also issued a performance audit report on Implementation of the Kenya Towns Sustainable Water Supply and Sanitation Programme in which ten (10) WSPs are beneficiaries of the Programme. The report gives additional challenges to sustainability of water supply and sanitation facing WSPs.

I wish to sincerely thank the entire staff of the Office of the Auditor-General for their commitment, passion and professionalism in carrying out their duties despite the challenges posed by lack of adequate funds. Special appreciation goes to the team that prepared this Summary Water Book.

I wish to appreciate my clients or auditees for their cooperation they accorded my staff during the audit.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 January, 2024

1.0 Introduction

1.1 Constitutional Mandate of the Auditor-General

The Auditor-General is mandated by the Constitution of Kenya, under Article 229, to audit and report on the use of public resources by all entities funded from public funds. These entities include; the National Government, County Governments, the Judiciary, Parliament, Statutory Bodies/State Corporations, Commissions, Independent Offices, Public Debt, Political Parties funded from public funds, other government agencies and any other entity funded from public funds. The mandate of the Auditor-General is further expounded by the Public Audit Act, 2015.

Further, the Constitution requires the Auditor-General to audit and submit the audit reports of the public entities to Parliament and the relevant County Assemblies by 31 December, every year. In carrying out the mandate, the Auditor-General, is also required by the Constitution under Article 229(6) to assess and confirm whether the public entities have used the public resources entrusted to them lawfully and in an effective way.

In addition, the objects and authority of the Auditor-General, as outlined in Article 249 of the Constitution, are: to protect the sovereignty of the people; to secure the observance of democratic values and principles by all State Organs; and to promote constitutionalism. The Auditor-General has also been given powers by the Constitution, under Article 252, to conduct investigations, conciliations, mediations and negotiations and to issue summons to witnesses for the purpose of investigations.

The mandate of the Auditor-General as enshrined in the Constitution, has been operationalized by the Public Audit Act, 2015 and the Public Finance Management Act, 2012. The Auditor-General carries out audit in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Framework of Professional Pronouncements.

1.2 Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Public Sector Accounting Standards (IPSAS), as prescribed by the Public Sector Accounting Standards Board (PSASB). Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of the Public Finance Management Act, 2012 and Section 47 of the Public Audit Act, 2015.

Management is also responsible for maintaining effective internal control environment, necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for the assessment of the effectiveness of internal control, risk management and governance.

Further, Management is required to ensure that the activities, financial transactions and information reflected in the financial statements are in compliance with the law and other relevant or applicable authorities, and that public resources are applied in an effective way.

Those charged with governance are responsible for; overseeing the 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.

1.3 Auditor-General's Responsibility

My responsibility is to conduct an audit of the financial statements in accordance with the International Standards of Supreme Audit Institutions (ISSAIs), and to issue an auditor's report. The audit report includes my opinion as provided by Section 48 of the Public Audit Act, 2015, and the report is submitted to Parliament in compliance with Article 229(7) of the Constitution.

In addition, Article 229(6) of the Constitution requires me to 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 law and other authorities that govern them, and that public resources are applied in an effective way. I also consider the entities' 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.

I am independent in accordance with Article 249(2) of the Constitution of Kenya and 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 public entities in the Republic of Kenya.

1.4 Structure of the Report

The structure of my report addresses the reporting requirements of Article 229(6) of the Constitution of Kenya, which requires that an audit report shall confirm whether or not public money has been applied lawfully and in an effective way. Section 7(1)(a) of the Public Audit Act, 2015 also requires that I provide assurance on the effectiveness of internal controls, risk management and overall governance in National and County Governments entities. In addition, the International Standards of Supreme Audit Institutions (ISSAIs), require the incorporation of Key Audit Matters in the report on the financial statements, which are those matters that I determine in my professional judgment, are of most significance in the audit of the financial statements as a whole, for the year under review. In order to address these requirements, my audit reports contain the following:

- i. **Report on Financial Statements**, in which I give an audit opinion on whether the financial statements present fairly, in all material respects the financial position and performance of the entity.
- ii. **Report on Lawfulness and Effectiveness in Use of Public Resources**, in which I give a conclusion on whether or not public money has been applied lawfully and in effective way.
- iii. **Report on Effectiveness of Internal Controls, Risk Management and Governance**, in which I give a conclusion on whether internal controls, risk management and overall governance were effective.
- iv. **Report on Other Legal and Regulatory Requirements** is included where applicable, especially for the entities that are registered under the Companies Act, 2015 and any other enabling legislation or authorities that require such disclosure.

1.5 Audit Opinions

For the eighty-two (82) audited Water Companies, I have expressed different types of audit opinions based on the following criteria.

(a) Unmodified Opinion

The books of accounts and underlying records agree with the financial statements and no materials misstatements were found. The financial statements present fairly, in all material respects the operations of the entity. Only Naromoru Water and Sanitation Company Limited had an unmodified opinion as listed in **Appendix 1**.

(b) Qualified Opinion

The financial statements are to a large extent in agreement with the books of accounts and the underlying records, except for few cases where material misstatements or omissions were noted in the books of accounts and the financial statements. The issues though material, are not widespread or persistent. The number of financial statements with qualified opinion is sixty-eight (68) as listed in **Appendix 2**.

(c) Adverse Opinion

The financial statements exhibit significant misstatements with the books of accounts and the underlying accounting records. There is significant disagreement between the financial statements and the underlying books of accounts and/or standards. These problems are widespread, persistent and require considerable intervention by the Management to rectify. The number of financial statements with adverse opinion is nine (9) as listed in **Appendix 3**.

(d) Disclaimer of Opinion

The financial statements exhibit serious and significant misstatement that may arise from inadequate information, limitation of scope, inadequacy or lack of proper records such that I was not able to form an opinion on financial operations. The number of financial statements with disclaimer of opinion is four (4) as listed in **Appendix 4**.

1.6 Water Sector and the Regulatory Framework

Water remains an important component in the national socio-economic development. However, the sector is faced with several challenges including unsustainability of water supply systems and low investment in the sector. The low investment has led to dilapidation of water supply systems in most parts of the country. Other challenges faced in the sector include growing water demand and water scarcity leading to frequent water rationing especially in the urban areas. The challenges in the sector have further been aggravated by climate change, population growth, urbanization, water pollution, and poor management of water resources.

The legal and regulatory framework for the water sector include Article 43(1) (b) & (d) of the Constitution which recognize access to reasonable standards of sanitation and to clean and safe water in adequate quantities as an economic and social right of every person. The fourth schedule of the Constitution recognizes the shared responsibility of the national and county governments with respect to water. The Water Act, 2016 which repealed the earlier Water Act of 2002 aligns the institutional framework for water and sanitation services to the Constitution.

Other water sector regulatory tools include the National Water Master Plan (NWMP) which provides a framework for managing water resources consistent with Kenya's socio-economic development activities and the National Water Policy, 2021 which aims to guide the achievement of sustainable management, development, and use of water resources in the country.

1.7 Thematic Issues

This report has identified a number of cross-cutting issues which require urgent attention as they have significant implications on sustainability of water and sanitation services by the Water Companies.

These include;

- i. Material uncertainty related to going concern due to persisted losses and negative working capital
- ii. High rates of non-revenue water loss allowances beyond the 25% allowed limit
- iii. Inaccuracies in the Financial Statements and unsupported balances and expenses
- iv. Long outstanding receivables from Water sales which affects cashflows for the Companies
- v. Use of outdated Water Tariffs which impedes increased revenue collection
- vi. Transfer of ownership of Water Companies

- vii. Non-settlement of liabilities including statutory deductions
- viii. Failure to account for Water inventory held in reservoirs and pipelines at close of the year
- ix. Compliance and Governance Issues which include;
 - Non Compliance with the Public Procurement and Asset Disposal Act, 2015
 - Lack of Internal Audit Functions and Audit Committees contrary to the provision of Section 155(1)(a) of the Public Finance Management Act, 2012.

Detailed findings on the cross-cutting issues are presented in Chapter 2 of the summary report.

2.0 Key Audit Findings

The sections below highlight key audit findings from the audit of the financial statements for the water companies for the year ended 30 June, 2022.

2.1 Ownership of Water Companies

Section 77 of the Water Act, 2016 provides that a county government shall establish water service providers which may be a public limited liability company established under the Companies Act, 2015 or other body providing water services as may be approved by the Water Services Regulatory Board. However, review of documents indicated that some Water Companies were still under the ownership of the defunct local authorities while some did not provide share certificates and details of payments for the shares. This is as detailed in Table 14 below:

Table 1: Ownership of Water Companies

S/No	Name of Company
1	Oloolaiser Water and Sewerage Company Limited
2	Homa Bay County Water and Sanitation Company
3	Migori County Water and Sanitation Company
4	Gatundu Water and Sanitation Company Limited
5	Kapenguria Water and Sewerage Services Company Limited
6	Kikuyu Water Company Limited
7	Kirandich Water Company Limited
8	Mombasa Water Supply and Sanitation Company Limited
9	Kwale Water and Sewerage Company Limited
10	Tana Water and Sanitation Company Limited
11	Mandera Water and Sewerage Company Limited
12	Iten Tambach Water and Sewerage Company Limited
13	Nzoia Water Services Company Limited
14	Kitui Water and Sanitation Company limited

S/No	Name of Company
15	Mbooni Water and Sanitation Company
16	Yatta Water Services Company Limited
17	Wote Water and Sewerage Company Limited
18	Nyandarua Water and Sanitation Company Limited
19	Lamu Water and Sewerage Company Limited
20	Nithi Water and Sanitation Company Limited

In the absence of share certificates and details of payment for the shares, the ownership status of these Companies could not be confirmed.

2.2 Water Companies Revenue and Expenditure Review

2.2.1 Budget Analysis

Review of the Water Companies' budget and expenditures for the year 2021/2022 revealed the following observations: -

- (i) The gross estimated Water Companies revenue and expenditure for the year 2021/2022 was Kshs.37,395,378,209 and Kshs.35,575,537,386 respectively. Similarly, the actual gross revenue and expenditure amounted to Kshs.30,238,378,571 and Kshs.31,716,267,690 resulting to under collection of Kshs.7,156,999,638 and under performance of Kshs.3,859,269,696 respectively.
- (ii) The revenue collection has increased over the last two (2) years from an amount of Kshs.27,854,780,678 in the year 2020/2021 to an amount of Kshs.30,238,378,571 in the year 2021/2022 representing an increase of Kshs.2,383,597,893 or approximately 8.6% over the period. This indicates that the scope of my audit has also increased considerably over the last two years.

This is summarized below;

Table 2: Revenue Collection

Description	Financial Year		Increase/(Decrease)	Percentage Increase
	2020/2021	2021/2022		
Revenue Collection in Kshs.	27,854,780,678	30,238,378,571	2,383,597,893	8.6%

Table 3: Estimated vs Actual Expenditure and Revenue for the Financial Year 2021/2022

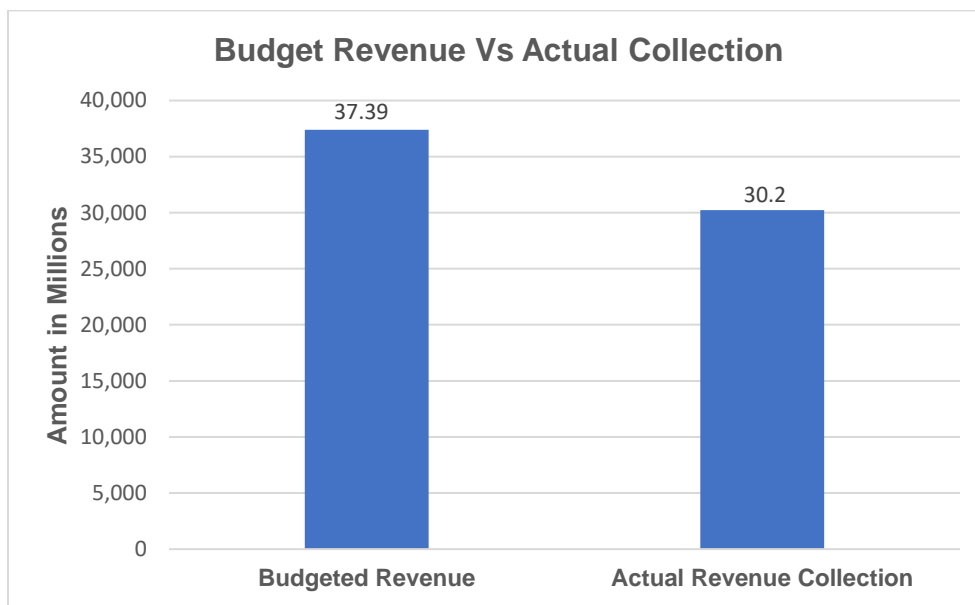
Gross Estimated Revenue	Actual Gross Revenue (Kshs.)	Under Collection (Kshs.)	Gross Estimated Expenditure (Kshs.)	Actual Gross Expenditure (Kshs.)	Under Performance
37,395,378,209	30,238,378,571	7,156,999,638	35,575,537,386	31,716,267,690	3,859,269,696

2.3 Revenue Analysis

2.3.1 Estimated Gross Receipts Versus Actual Gross Receipts

During the year under review, total revenue budget amounted to Kshs.37,395,378,209. However, three (3) companies namely Cherang'any Marakwet Water and Sanitation Company Limited, Wajir Water and Sewerage Company and Lodwar Water and Sanitation Company Limited did not report on revenue budget. Total actual receipts for the companies amounted to Kshs.30,238,378,571. However, a total of sixty-two (62) water companies realized total revenue shortfall of Kshs.8,297,100,194 which represents 22% of the budget while nineteen (19) Water Companies realized over collection of revenue to the tune of Kshs.1,140,100,556. This could be a pointer to possible budgeting challenges or inadequate budgeting process by the companies. See **Appendix 5**.

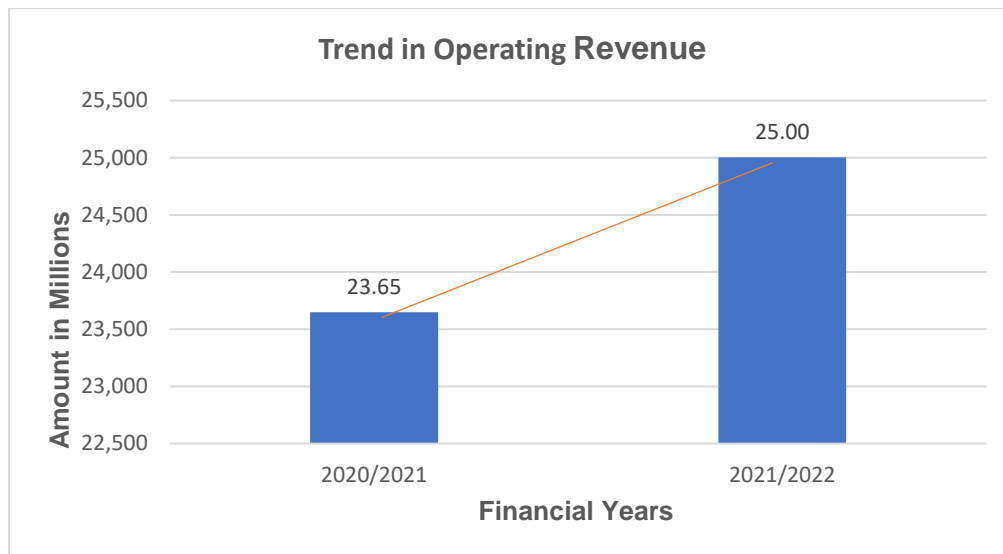
Below is a Graphical Representation of the Data:



2.3.2 Own Generated Revenue

Further, during the year, the companies reported own generated revenue totalling to Kshs.25,004,189,926 compared to Kshs.23,649,071,620 in the 2020/2021 financial year resulting to an increase of Kshs.1,355,118,306 as detailed in **Appendix 6**.

Below is a Graphical Representation of the Data



2.4 Use of Outdated Water Tariffs

Section 72(1)(b) of the Water Act, 2016 require the Water Services Regulatory Board (WSRB) to evaluate and recommend water and sewerage tariffs to the county water services providers and approve the imposition of such tariffs in line with consumer protection standards. Further, the WSRB Tariff Guidelines recognizes the need to have realistic water and sewerage tariffs to ensure financial sustainability as Water Service Providers (WSPs) are expected to operate on a commercially sustainable basis where each WSP should recover the full cost of providing services to their customers to avoid systems deterioration and poor service delivery.

During the year under review, all the eighty two (82) water companies used outdated water tariffs to raise own generated revenue totalling Kshs.25,004,189,926. Information provided revealed that for various reasons, the revised tariffs had not been implemented.

Continued application of outdated water tariffs threatens sustainability of the Water Companies as they may not be able to fully recover their operational cost.

2.5 Non-Revenue Water (NRW)

Non-Revenue Water refers to produced water that is lost before reaching the customers and therefore not billed. Non-Revenue water occurs mainly through;

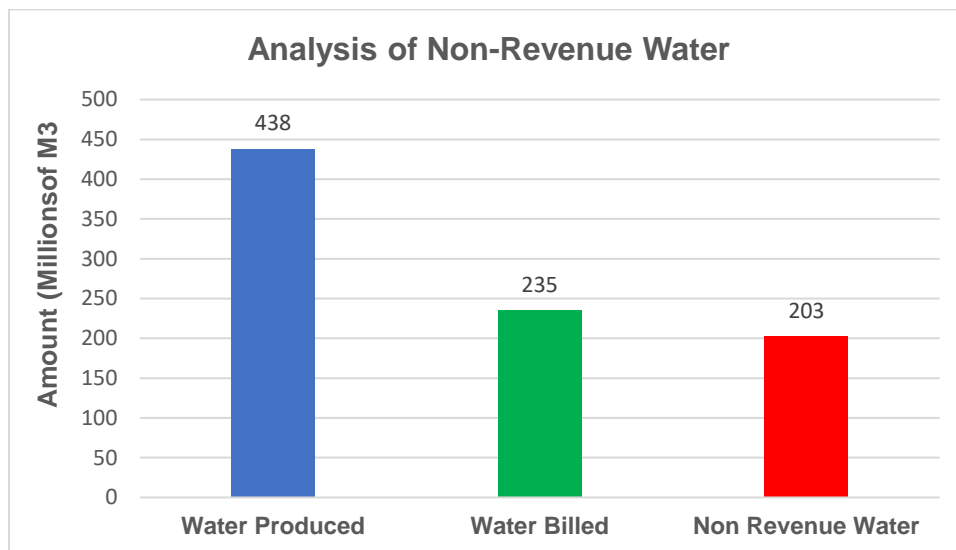
- Illegal connections.
- Use of flat rates to bill water consumed.
- Leakages from dilapidated water infrastructure that is not replaced due to low funding.
- Faulty water meters

Review of water production and sales data revealed that the problem of Non-Revenue Water cut across almost all companies. Out of the eighty-two (82) Companies, seventy-two (72) exceeded the 25% WASREB limit on non-revenue water. The total water produced for the seventy-two Companies amounted to 438,326,993 cubic meters while water billed was 235,411,644 cubic meters. The difference of 202,915,349 cubic meters represents Non-Revenue Water which represents 46.3% of the water produced against the allowed limit of 25%. The loss translate to approximately Kshs.16.9 billion.

The significant losses through Non-Revenue Water poses real threat to sustainability of water services by the affected Water Companies.

The breakdown of the NRW is as analyzed in **Appendix 7**.

Below is a Graphical Representation of the Data



2.6 Expenditure Analysis

2.6.1 Recurrent Expenditure

The eighty-two Companies reported total recurrent expenditure budget and actual of Kshs.33,190,714,931 and 30,379,918,183 respectively resulting to net under expenditure of Kshs.4,122,625,581. However, three water companies namely Cherang'any Marakwet Water and Sanitation Company Limited, Wajir Water and Sewerage Company and Lodwar Water and Sanitation Company Limited did not report on the budget. Further, thirty one (31) water companies realized over expenditures totalling to Kshs.1,312,805,393 which represents 3.9% of the budget as analyzed in **Appendix 8**.

2.6.2 Development Expenditure

Review of the financial statements revealed that out of the eighty-two (82) companies, thirty nine (39) Companies reported total development expenditure budget and actual

expenditure of Kshs. 2,384,822,455 and 1,336,349,507 respectively resulting to net under expenditure of Kshs.1,048,472,948. However, ten (10) companies realized over expenditure of Kshs.162,576,551 which represents 6% of the budget as analyzed in **Appendix 9**.

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

2.7 Excessive Wage Bill

During the year under review, twenty three (23) water companies or 18% of the companies recorded excessive wage bill totalling to Kshs.1,615,589,088 above the allowable 30%, contrary to Water Services Regulatory Board Circular Ref:WASREB/TARIFF/003VOL.(XI)/(26) dated 25 March, 2014 on Regular Tariff Adjustment (RTA) which provides the maximum allowed proportion of personnel cost to total operational costs as 30%.

The details are as illustrated in Table 3 below;

Table 4: Excessive Wage Bill

S/No	Financial Statement	Amount in (Kshs.)	Excess Percentage	Excess Staff Costs (Kshs.)
1	Nairobi Water and Sewerage Company Limited	6,087,532,959	22%	1,339,257,251
2	Othaya Mukurweini Water Services Company Limited	76,755,136	8%	6,140,411
3	Nzoia Water Services Company Limited	175,344,904	15%	26,301,736
4	Thika Water and Sewerage Company Limited	306,270,000	7%	21,438,900
5	Gatanga Community Water Scheme	27,660,885	3%	829,827
6	Yatta Water Sevices Company Limited	16,058,022	12%	1,926,962
7	Wote Water and Sewerage Company Limited	23,729,442	10%	4,745,888
8	Municipal Council of Machakos Water and Sewerage Company Limited	62,644,247	13%	8,143,752
10	Kericho Water and Sanitation Company Limited	163,953,017	28.6%	46,890,563
11	Gatamathi Water and Sanitation Company Limited	36,260,277	13%	4,713,836

S/No	Financial Statement	Amount in (Kshs.)	Excess Percentage	Excess Staff Costs (Kshs.)
12	Meru Water and Sewerage Services Registered Trustees	82,308,329	4%	3,292,333
13	Ngagaka Water and Sanitation Company Limited	22,783,512	17%	3,873,197
14	Embe Water and Sanitation Company Limited	19,893,183	11%	2,188,250
15	Isiolo Water and Sewerage Company Limited	55,010,989	20%	11,002,198
16	Murang'a South Water and Sanitation Company Limited	95,255,790	7%	6,667,905
17	Murang'a Water and Sanitation Company Limited	123,173,567	10%	12,317,357
18	Nyeri Water and Sanitation Company Limited	224,636,910	3%	6,739,107
19	Kiriyaga Water and Sanitation Company	97,978,679	3%	2,939,360
20	Nyahururu Water and Sanitation Company	136,367,137	54.6%	74,456,457
21	Nanyuki Water and Sanitation Company	157,320,734	10.6%	16,675,998
22	oloolaiser Water and Sewerage Company	104,870,802	10.6%	11,116,305
23	Kyeni Water and Sewerage Company	10,346,041	38%	3,931,496
	Total	8,106,154,562		1,615,589,088

2.8 Long Outstanding Receivables

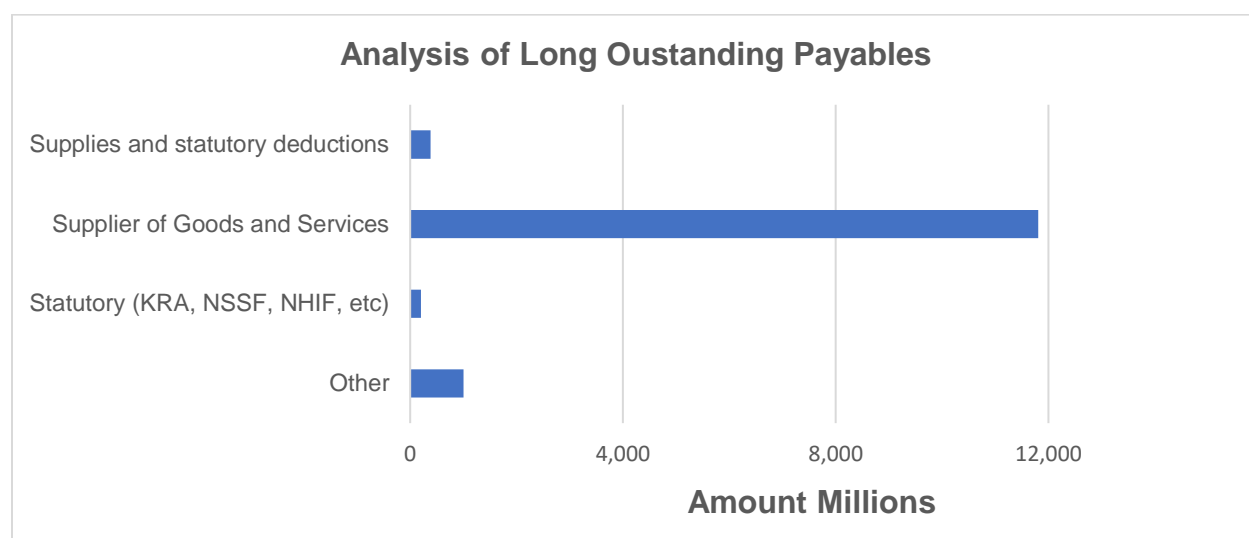
As at 30 June, 2022, the Water Companies reported trade and other receivables totalling Kshs.13,531,231,105 net of provision for bad debts out of which Kshs.14,390,708,547 were long outstanding and were carried forward to the 2022/2023 financial year as detailed in **Appendix 10**.

The significant balance of outstanding debtors is an indication of Management's inability to manage the debt portfolio which may result in bad debts and inability to deliver services. Further, failure to collect amounts receivable contravenes Regulation 46. (1) of the Public Finance Management (County Governments) Regulations, 2015. The Regulation states that an Accounting Officer shall inform his or her responsible County Executive Committee Member immediately of any circumstances that are likely to affect materially the budgetary results either through revenue and expenditure or other receipts and payments of the county government entity.

2.9 Long Outstanding Trade and Other Payables

As at 30 June, 2022, Water Companies owed suppliers and other service providers a total of Kshs.16,379,924,242 out of which Kshs.13,396,559,902 were long outstanding regulatory fees, un-remitted statutory deductions such as NSSF, NHIF, PAYE and other amounts due to suppliers of goods and services as detailed in **Appendix 11**.

The significant balances owed to supplies of goods and services poses risk of incurring nugatory expenditure through interest and penalties that could arise from litigation by the creditors for failure to settle amounts owed within the contractual timelines.



2.10 Unauthorized Use of Customer Deposits

Review of customer deposits data revealed that twenty-eight (28) Companies irregularly spent customer deposits money totalling Kshs.324,243,719 to fund operational expenses without the approval of Board of Directors. The unauthorized spending is analyzed in Table 4 below:

Table 5: Unauthorized Use of Customer Deposits

S/No	Water Company	Unauthorized Amount (Kshs.)
1	Nakuru Rural Water and Sanitation Company Limited	38,485,031
2	Muranga Water and Sanitation Company Limited	35,121,836
3	Tavevo Water and Sewerage Company Limited	32,360,259
4	Nyahururu Water and Sanitation Company Limited	27,056,776
5	Mavoko Water and Sewerage Company Limited	24,000,000
6	Kericho Water and Sanitation Company Limited	20,808,877
7	Kikuyu Water Company Limited	19,523,159
8	Limuru Water and Sewerage Company	17,340,043

S/No	Water Company	Unauthorized Amount (Kshs.)
9	Gusii Water and Sanitation Company Limited	16,646,460
10	Sibo Water and Sanitation Company Limited	12,182,603
11	Amatsi Water Services Company Company Limited	10,985,516
12	Narok Water and Sewerage Company	10,825,476
13	Naivasha Water and Sanitation Company	9,335,088
14	Migori County Water and Sanitation Company Limited	8,456,647
15	Imetha Water and Sanitation Company Limited	7,411,006
16	Embe Water and Sanitation Company Limited	5,275,982
17	Yatta Water Services Company Limited	4,021,579
18	Embu Water and Sanitation Company Limited	3,918,237
19	Kapsabet Water and Sanitation Company Limited	3,599,071
20	Kibwezi - Makindu Water and Sanitation Company Limited	3,583,067
21	Wote Water and Sewerage Company Limited	3,258,891
22	Matungulu Kangundo Water and Sewerage Company Limited	3,183,419
23	Kyeni Water and Sewerage Company Limited	2,264,750
24	Nithi Water and Sanitation Company	2,197,283
25	Mwala Water and Sanitation Company Limited	1,642,685
26	Lamu Water & Sewerage Company Limited	678,113
27	Kathiani Water and Sanitation Company Limited	81,865
	Total	324,243,719

Failure to obtain approval of the Board of Directors leads to irregular use of customer deposit and impends the ability of the water companies to make refunds to customers as and when required.

2.11 Weaknesses in Accounting for Cash and Cash Equivalent

The audit of cash and cash equivalents revealed a number of weaknesses including non-disclosure of balances in the financial statements, failure to reconcile cashbook and bank balances and failure to provide bank reconciliation statements, cashbooks and bank confirmation certificates. The weaknesses are highlighted in Table 5 below:

Table 6: Weaknesses in Accounting for Cash and Cash Equivalents

S/No	Water Company	Balances (Kshs.)	Description/Issue(s)
1	Nairobi City Water and Sewerage Company Limited	250,530,323	Account not disclosed in the financial statements and cash book, bank reconciliation statement and certificate of bank balance were not provided

S/No	Water Company	Balances (Kshs.)	Description/Issue(s)
2	Garissa Water and Sewerage Company Limited	95,263,496	Undisclosed Cash and Cash Equivalents
3	Wajir Water and Sewerage Company Limited	90,083,399	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
4	Lamu Water and Sewerage Company Limited	13,072,190	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
5	Olkejuado Water and Sewerage Company Limited	4,313,876	Bank balances not supported with cashbooks and bank reconciliation statements
6	Embu Water and Sanitation Company Limited	3,141,740	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
7	Tavevo Water and Sewerage Company Limited	3,092,301	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
8	Narok Water and Sewerage Company Limited	1,400,418	Variance between financial statement balance and the cashbook
9	Tana Water and Sanitation Company Limited	484,111	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
10	Nyandarua Water and Sanitation Company Limited	348,631	Certificate of Bank Balance not provided
11	Mbooni Water and Sanitation Company Limited	308,107	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
12	Mombasa Water Supply and Sanitation Company Limited	200,494	Bank reconciliation statements, bank statements and certificate of bank balances were not provided
13	Kitui Water and sanitation Company Limited	187,791	Ureconciled variance
14	Ololaiser Water and Sewerage Company Limited	88,580	No certificate of deposit

S/No	Water Company	Balances (Kshs.)	Description/Issue(s)
15	Nyandarua Water and Sanitation Company	48,161	Unsupported mobile balance
	Total	462,563,618	

Failure to support cash and cash equivalent balances was in breach of Regulations 90 (1) and 100 of the Public Finance Management Regulations, 2015 which stipulates that the Accounting Officer shall ensure that bank accounts reconciliations are completed for each bank account every month and cashbooks showing receipts and payments are kept. In addition, Regulations 90 (3) requires Accounting Officers to ensure any discrepancies noted during bank reconciliation exercise, are investigated immediately and appropriate action taken including updating the relevant cash books.

2.12 Material Uncertainty Related to Going Concern

During the year under review, twenty-four (24) Water Companies out of eighty-two (82) or 29% of the Companies were faced with material uncertainty in relation to going concern.

The twenty-four companies posted combined current liabilities of Kshs.10,918,129,423 against combined current assets of Kshs.6,496,215,662 resulting in excess current liabilities (insolvency) of Kshs.4,421,913,761 an indication that these Companies were technically insolvent as at the end of the year.

Review of the financial statements indicate that the adverse financial performance was mainly attributed to a number of factors including the following;

- (i) Inability to realize full revenue potential due to high rate of water loss through non-revenue water.
- (ii) Low metering ratio which means that significant volume of water is consumed but not metered.
- (iii) Use of outdated pricing regime. Review of records indicated that most Companies billed customers based on expired tariffs. Use of expired tariffs result to inability of the companies to fully recover their operation and maintenance costs.
- (iv) High cost of operations and maintenance that fail to match revenue generated. Operations and maintenance costs include cost in respect to power, labor chemicals and materials.

The performance of the twenty-four companies is as detailed in Table 5 below;

Table 7: Material Uncertainty Related to Going Concern

S/No	Financial Statement	Deficit (Kshs.)	Current Assets (Kshs.)	Current Liabilities (Kshs.)	Negative Working Capital (Kshs.)
1	Mombasa Water Supply and Sanitation Company Limited	2,097,527,856	299,149,040	1,900,432,450	(1,601,283,410)
2	Nairobi City Water and Sewerage Company Limited	84,714,791	4,488,582,401	5,976,930,689	(1,488,348,288)
3	Wajir Water and Sewerage Services Company Limited	-	92,766,399	596,039,088	(503,272,689)
4	Nolturesh Loitokitok Water and Sanitation Company Limited	-	84,514,547	291,759,513	(207,244,966)
5	Githunguri Water and Sanitation Company Limited	-	73,230,909	194,987,765	(121,756,856)
6	Karuri Water and Sanitation Company Limited	-	41,962,136	127,631,889	(85,669,753)
7	Limuru and Sewerage Company Limited	78,611,716	30,888,759	100,245,573	(69,356,814)
8	Eldama Ravine Water and Sewerage Company Limited	86,561	46,592,151	94,284,098	(47,691,947)

S/No	Financial Statement	Deficit (Kshs.)	Current Assets (Kshs.)	Current Liabilities (Kshs.)	Negative Working Capital (Kshs.)
9	Kiambu Water and Sewerage Company Limited	-	174,151,335	219,612,709	(45,461,374)
10	Olkejuado Water and Sewerage Company	10,250,479	50,488,169	90,402,268	(39,914,099)
11	Samburu Water and Sanitation Company Limited	2,323,323	22,138,220	54,272,678	(32,134,458)
12	Kericho Water and Sanitation Company Limited	6,802,006	236,602,020	268,161,623	(31,559,603)
13	Gatamathi Water and Sanitation Company Limited	2,548,793	32,765,448	59,827,106	(27,061,658)
14	Homabay Water and Sanitation Company Limited	5,309,816	66,572,602	91,029,871	(24,457,269)
15	Kikuyu Water Company Limited		89,931,156	112,404,476	(22,473,320)
16	Elwak Water and Sewerage Company Limited	3,412,527	2,966,664	18,590,380	(15,623,716)
17	Yatta Water Sevices Company Limited	5,531,327	21,410,391	33,291,551	(11,881,160)
18	Nyahururu Water and Sanitation Company Limited	11,838,183	85,889,531	95,786,755	(9,897,224)

S/No	Financial Statement	Deficit (Kshs.)	Current Assets (Kshs.)	Current Liabilities (Kshs.)	Negative Working Capital (Kshs.)
19	Migori County Water and Sanitation Company Limited	10,090,105	54,747,455	63,108,642	(8,361,187)
20	Wote Water and Sewerage Company Limited	-	15,301,607	21,878,793	(6,577,186)
21	Kwale Water and Sewerage Company Limited	15283795	414,887,984	420,946,039	(6,058,055)
22	Lamu Water and Sewerage Company Limited	5,794,920	26,782,261	32,064,184	(5,281,923)
23	Wajir Water and Sewerage Company Limited	5,794,920	26,782,261	32,064,184	(5,281,923)
24	Kapenguria Water and Sewerage Services Company Limited	20,071,840	17,112,216	22,377,099	(5,264,883)
	Total	2,365,992,958	6,496,215,662	10,918,129,423	(4,421,913,761)

The financial statements for these Companies were therefore, prepared on a going concern basis on the assumption of continued support from the County governments and creditors.

3.0 Summary of Audit Observations

3.1 Overall Summary of Audit Opinions

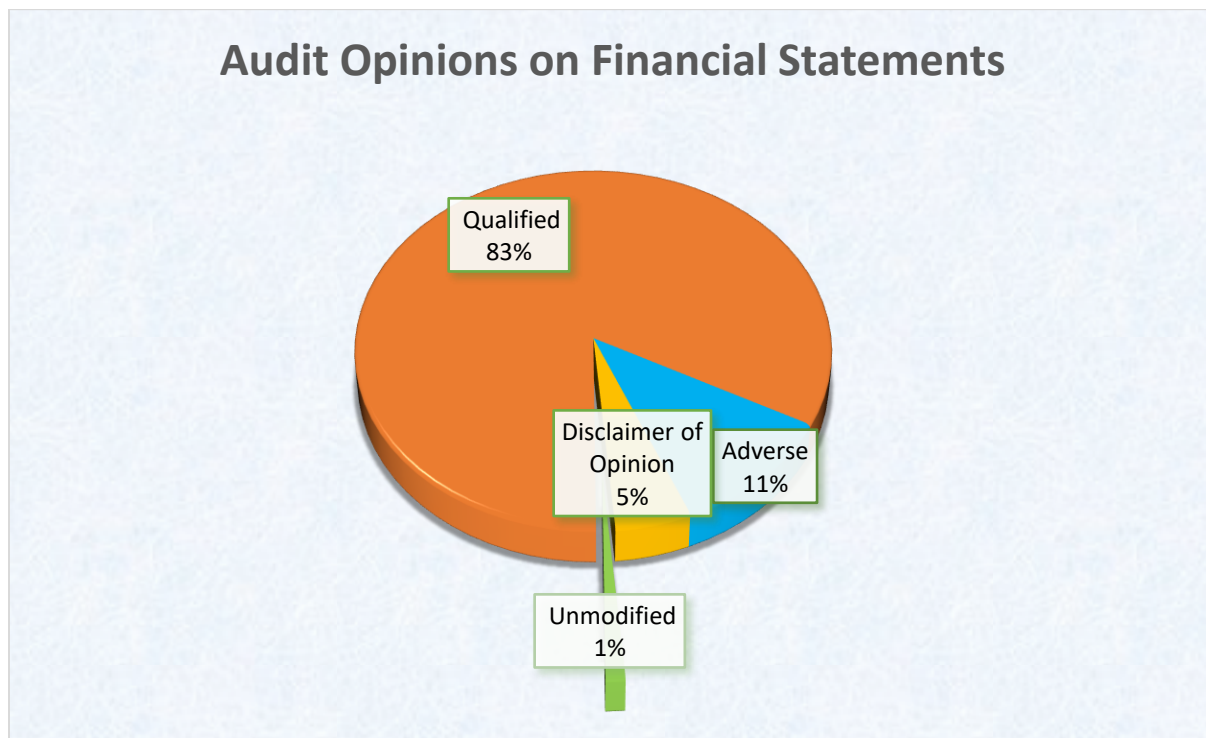
During the year under review, a total of eighty-two (82) water companies were examined and audit opinions issued. The actual revenue and expenditure reflected in the financial statements for the Water Companies for the year 2021/2022 was Kshs.35,575,537,386

and Kshs.31,716,267,690. I have expressed different types of audit opinions as listed in **Appendices 1 to 4** and as summarized in the Table 7 and pie-chart below:

Table 8: Opinions Issued

Type of Opinion	No.of Companies	Percentage %
Unmodified Opinion	1	1%
Qualified Opinion	68	83%
Adverse Opinion	9	11%
Disclaimer Opinion	4	5%
Total Companies	82	100%

Pie Chart



3.1.1 Basis for Modified Opinion

The observations described in this section formed the basis of various modified audit opinions expressed on the financial statements.

3.1.2 Inaccuracies in the Financial Statements

The audit raised several queries on the accuracy of the financial statements presented for audit. During the year under review, variances totalling to Kshs.6,350,580,726 were noted between balances reflected in the financial statements and amounts in the ledgers and Notes to the financial statements. Ordinarily the balances reflected in the financial

statements and the corresponding figures in the supporting documents and Notes should be the same.

The major reasons for the inaccuracies included:

3.1.2.1 Variances between balances reflected in the financial statements submitted for audit and balances in the schedules/ledger/trial balance totalling to Kshs.2,229,191,371 as shown in **Appendix 12**.

3.1.2.2 Variances between reported amounts and balances in Notes, misclassifications, addition errors and omissions totalling to Kshs.4,121,389,355 are as shown in **Appendix 13**.

Failure to prepare accurate financial statements is a breach of Regulation 22(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that Accounting Officers shall, in accordance with Article 226(2) of the Constitution and Section 149(1) of the Act, be accountable to the County Assembly for measures taken to prepare the financial reports that reflect a true and fair financial position of the entity.

Further, failure by the Companies to address the noted variances casts doubt on the accuracy and authenticity of the reported balances and expenditure. It is also an indication of weak internal controls and governance in the affected entities.

3.1.3 Unsupported Amounts

The audit raised several queries on unsupported amounts in the financial statements presented for audit. During the year under review, unsupported expenditure and balances totalling to Kshs.8,424,964,913 were noted as detailed in **Appendix 14**.

Failure to support or provide requisite documents for audit is a breach of Section 62 of the Public Audit Act, 2015 which states that a person who without justification, fail to provide information required under this Act or without justification fail to provide information within reasonable time or submit false or misleading information commits an offence and is liable on conviction to a fine not exceeding five million shillings or to imprisonment for a term not exceeding three years, or to both.

Further, failure by the entities to fully support payments casts doubt on the authenticity of the reported balances and expenditure. It is also an indication of weak internal controls and governance in the affected Companies.

3.1.4 Stalled/Incomplete and Delayed Projects

Review of the audit reports indicated that some water companies continued to incur huge expenditure on projects which had either stalled or had remained incomplete long after their completion dates had elapsed. These projects risk attracting penalties due to delays in payment of completion certificates of milestones already achieved and also cost escalations. In addition, payments have been made to projects which appear to have completely stalled casting doubt on value for money for such expenditure. Some of the entities with stalled projects contracted at Kshs.2,729,838,192 and corresponding amounts paid are listed in Table 8 below:

Table 9: Stalled/Incomplete Projects

S/No	Company	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
1.	Mandera Water and Sewerage Company Limited	75,428,783	66,951,857	The project appears to have stalled since the contractor was not on site at the time of audit inspection conducted on 13 February, 2023 and the project was seven months past the expected completion date of 10 July, 2022.
2.	Embu Water and Sanitation Company Limited	3,264,233		Fencing at Old sewerage plant had not commenced and the contractor was not on site, an indication that the project may have stalled
3.	Homabay Water and Sanitation Company Limited	69,162,160	45,596,220	The contract was signed on 12 January, 2021 and begun on 17 February, 2021 for a contract period of six (6) months. There was no contractor on site and the site appeared to have been abandoned.
4.	Ruiru Juja Water and Sewerage Company Limited	19,489,102	13,472,076	Project had stalled after the contractor encountered some difficulties while excavating the sewer line around Juja City Mall. It was agreed that work be suspend pending evaluation and feasibility study on different options available to reroute the sewer line
5.	Eldoret Water and Sanitation Company Limited	2,805,824	-	Works on laying of pipes not commenced
6.	Homabay Water and Sanitation Company Limited	18,803,993	9,800,942	Delayed rehabilitation and Agglomeration Project at Homabay

S/No	Company	Contract Amount (Kshs.)	Amount Paid (Kshs.)	Description
7.	Nairobi City Water and Sewerage Company Limited	2,540,884,097	1,251,201,178	(37) projects with a total contract cost of Kshs.2,540,884,097 had not been completed within the stipulated period. Physical verification on some of the project revealed that the contractors were not on site exposing the projects to vandalism.
	Total	2,729,838,192	1,387,022,273	

The amounts spent on these projects is a sunk cost as no development has been achieved from the stalled or incomplete project. Further, the public did not obtain value for money spent on the stalled projects.

3.2 Other Audit Matters

These are matters other than those presented or disclosed in the financial reports that, in the auditor's judgement, are relevant to users' understanding of the audit process, the auditor's responsibilities or the auditor's report. These matters may not affect the opinion expressed on the financial statements but are important and require to be brought to the attention of users of the audit reports. The significant audit matters are outlined below:

3.2.1 Unresolved Prior Year Audit Issues

The audit revealed numerous instances where prior year audit observations had not been resolved. Instances were noted where the unresolved prior year issues were not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board (PSASB). There were also instances where no supporting evidence was provided to support how issues were resolved.

Further, Section 68(2)(l) of the Public Finance Management Act, 2012 requires an Accounting Officer for a national government entity to take appropriate measures to resolve any issues arising from audit which may remain outstanding.

In addition, Section 53(1) of the Public Audit Act, 2015 requires an Accounting Officer of a state organ or public entity to within three months after Parliament has considered and made recommendations on the audit report –

- (a) take the relevant steps to implement the recommendations of Parliament on the report of the Auditor-General; or
- (b) give explanations in writing to Parliament on why the report has not been acted upon.

Further, Section 53(2) of the Public Audit Act, 2015 states that failure to comply with the provisions of Section 53 subsection (1), the Accounting Officer shall be in contempt of Parliament or County Assembly and upon determination by Parliament or relevant County Assembly, Parliament or relevant County Assembly may recommend administrative sanctions such as removal as the Accounting Officer, reduction in rank among others. Further, failure to resolve audit issues may result in loss of public funds where the issues involve irregular use of public resources.

4.0 Governance and Compliance Matters

4.1 Irregular Engagement of Casuals

During the year under review, fifteen (15) water companies or 18% of the companies were found to have irregularly engaged casual workers. Cases noted include engagement of casuals for longer period than allowed contrary to Section 37 of the Employment Act, 2012 without converting to permanent basis, recruitment documentation not provided, terms of employment changed without corresponding budget allocation while some County Executives catered for the salaries of water companies' casual employees.

The water companies incurred casual wages totalling Kshs.49,137,192 as detailed in the Table 9 below:

Table 10: Irregular Engagement of Casuals

S/No	Financial Statement	Amount (Kshs.)
1	Gatanga Community Water Scheme	5,617,349
2	Wote Water and Sewerage Company Limited	445,000
3	Iten Tambach Water and Sewerage Company Limited	7,541,696
4	Kirandich Water Company Limited	1,413,334
5	Mwala Water and Sanitation Company Limited	235,500
6	Mavoko Water and Sewerage Company Limited	4,293,040
7	Matungulu Kangundo Water and Sewerage Company Limited	882,908
8	Kiambere Mwingi Water and Sanitation Company Limited	999,359
9	Ololaiser Water and Sewerage Company Limited	1,778,230
10	Embu Water and Sanitation Company Limited	1,736,769
11	Mbooni Water and Sanitation Company Limited	258,550
12	Mombasa Water Supply and Sanitation Company Limited	3,350,701
13	Kilifi Mariakani Water and Sewerage Company	15,879,743
14	Githunguri Water and Sewerage Company	331,263
15	Gusii Water and Sanitation Company Limited	4,373,750
	Total	49,137,192

The irregular engagement of casual employees may occasion loss of public funds.

4.2 Non-Adherence to One Third Basic Salary Rule

During the year under review, seventeen (17) Water Companies out of eighty-two (82) or 21% of the Companies failed to adhere to the one third rule of the basic pay contrary to Section 19(3) of the Employment Act, 2007 which states that public officers shall not over-commit their salaries beyond two thirds (2/3) of their basic salaries and Heads of Human Resource Units should ensure compliance. The water companies that failed to comply with the law are shown in Table 10 below:

Table 11: Non-Adherence to One Third Rule

S/No	Financial Statement
1	Murang'a Water and Sanitation Company Limited
2	Kilifi Mariakani Water and Sewerage Company Limited
3	Wote Water and Sewerage Company Limited
4	Mwala Water and Sanitation Company Limited
5	Municipal Council of Machakos Water and Sewerage Company Limited
6	Mavoko Water and Sewerage Company Limited
7	Matungulu Kangundo Water and Sewerage Company Limited
8	Kibwezi - Makindu Water and Sanitation Company Limited
9	Oloolaiser Water and Sewerage Company Limited
10	Kericho Water and Sanitation Company Limited
11	Kitui Water and Sanitation Company Limited
12	Embe Water and Sanitation Company Limited
13	Mombasa Water Supply and Sanitation Company Limited
14	Kapenguria Water and Sewerage Services Company Limited
15	Rukanga Water and Sewerage Company Limited
16	NoI Turesh Loitokitok Water and Sanitation Company
17	Nithi Water and Sanitation Company

The over-commitment of salaries by employees is an indication of failure by Management to enforce the internal controls in place and also a violation of the law.

4.3 Lack of Internal Audit and Audit Committee Functions

During the year under review, it was observed that, twenty four (24) Companies as detailed in Table 11 below had no Internal audit committees and they had not established internal audit function, contrary to the provision of Section 155(1)(a) of the Public Finance Management Act, 2012.

Table 12: Lack of Internal Audit and Audit Committee Functions

S/No	Name of Water Company
1.	Garissa Water and Sewerage Company Limited
2.	Elwak Water and Sewerage Company Limited
3.	Embe Water and Sanitation Company Limited
4.	Kiambere Mwingi Water and Sanitation Company Limited
5.	Yatta Water Services Company Limited
6.	Municipal Council of Machakos Water and Sewerage Company Limited
7.	Matungulu Kangundo Water and Sewerage Company Limited
8.	Mavoko Water and Sewerage Company Limited
9.	Kathiani Water and Sanitation Company Limited
10.	Wote Water and Sewerage Company Limited
11.	Mwala Water and Sanitation Company Limited
12.	Kibwezi - Makindu Water and Sanitation Company Limited
13.	Mbooni Water and Sanitation Company Limited
14.	Nyandarua Water and Sanitation Company Limited
15.	Naromoru Water and Sanitation Company
16.	Gatanga Community Water Scheme
17.	Githunguri Water and Sanitation Company Limited
18.	Lodwar Water and Sanitation Company Limited
19.	Kapenguria Water and Sewerage Services Company Limited
20.	Samburu Water and Sanitation Company Limited
21.	Iten Tambach Water and Sewerage Company Limited
22.	Kapsabet Nandi Water and Sanitation Company Limited
23.	Eldama Ravine Water and Sewerage Company Limited
24.	Kirandich Water Company Limited

In the absence of the internal audit function and internal audit committees, the efficiency and effectiveness of the Companies internal controls and risk management could not be confirmed.

4.4 Lack of a Risk Management Policy

During the year under review, Management of twenty three (23) Water Companies ought to have prepared and approved a risk management policy clearly showing the purpose of the policy, the scope, those who are involved in risk management, risk management process, risk categories and reporting of risk. However, the Management of these Companies did not have an approved risk management policy and they did not carry out risk assessment on key areas. The details are shown in Table 12 below:

Table 13: Lack of a Risk Management Policy

S/No	Name of Water Company
1.	Elwak Water and Sewerage Company Limited
2.	Embu Water and Sanitation Company Limited
3.	Kiambere Mwingi Water and Sanitation Company Limited
4.	Mwala Water and Sanitation Company Limited
5.	Municipal Council of Machakos Water and Sewerage Company Limited
6.	Mavoko Water and Sewerage Company Limited
7.	Matungulu Kangundo Water and Sewerage Company Limited
8.	Kathiani Water and Sanitation Company Limited
9.	Kibwezi - Makindu Water and Sanitation Company Limited
10.	Mbooni Water and Sanitation Company Limited
11.	Kahuti Water and Sanitation Company Limited
12.	Githunguri Water and Sanitation Company Limited
13.	Ruiru Juja Water and Sewerage Company Limited
14.	Limuru Water and Sewerage Company Limited
15.	Kapenguria Water and Sewerage Services Company Limited
16.	Samburu Water and Sanitation Company Limited
17.	Eldama Ravine Water and Sewerage Company Limited
18.	Kirandich Water Company Limited
19.	Ololaiser Water and Sewerage Company Limited
20.	Olkejuado Water and Sewerage Company
21.	Homa Bay County Water and Sanitation Company
22.	Migori County Water and sanitation Company Limited
23.	Gusii Water and Sanitaitaion Company Limited

In the circumstances, it was not possible to confirm how the Companies identified and mitigated against risk.

4.5 Non-Adherence to National Cohesion Requirement on Ethnicity

Review of staff records revealed that forty-four (44) Water Companies had more than one third of the total employees from the dominant ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community. This is detailed Table 13 below:

Table 14: Non-Adherence to National Cohesion Requirement on Ethnicity

S/No	Financial Statement	Total Staff	Dorminant Community	Percentage
1	Cherang'any Marakwet Water and Sanitaion Company Limited	9	9	100%
2	Iten Tambach Water and Sewerage Company Limited	36	36	100%
3	Naromoru Water and Sanitation Company Limited	21	21	100%
4	Gatamathi Water and Sanitation Company Limited	61	60	98%
5	Gatundu Water and Sanitation Company Limited	143	140	98%
6	Ngagaka Water and Sanitation Company Limited	37	36	97%
7	Nyeri Water and Sanitation Company Limited	238	231	97%
8	Tetu Aberdare Water and Sanitation Company Limited	73	71	97%
9	Amatsi Water Services Company Limited	55	53	96%
10	Githunguri Water and Sanitation Company Limited	50	48	96%
11	Kericho Water and Sanitation Company Limited	179	173	96%
12	Homa Bay County Water and Sanitation Company	107	102	95%
13	Nol Turesh Loitokitok Water and Sanitation Company Limited	40	38	95%
14	Thika Water and Sewerage Company Limited	50	45	95%
15	Wote Water and Sewerage Company Limited	40	38	95%
16	Othaya Mukurweini Water Services Company Limited	93	87	94%
17	Kirinyaga Water and Sanitation Company Limited	153	146	93%
18	Meru Water and Sewerage Services Registered Trustees	104	97	93%
19	Rukanga Water and Sanitation Company Limited	15	14	93%
20	Kitui Water and Sanitation Company Limited	135	124	92%

S/No	Financial Statement	Total Staff	Dorminant Community	Percentage
21	Murang'a South Water and Sanitation Limited	156	143	92%
22	Nyahururu Water and Sanitation Company Limited	156	142	91%
23	Kahuti Water and Sanitation Company Limited	73	66	90%
24	Sibo Water and Sanitation Company Limited	115	103	90%
25	Gatanga Community Water Scheme	74	66	89%
26	Kapsabet Nandi Water and Sanitation Company Limited	56	48	86%
27	Matungulu Kangundo Water and Sewerage Company Limited	7	6	86%
28	Kikuyu Water Company Limited	92	81	85%
29	Kisumu Water and Sanitation Company Limited	321	274	85%
30	Limuru Water and Sewerage Company Limited	20	17	85%
31	Murang'a Water and Sanitation Company Limited	158	131	83%
32	Ruiru Juja Water and Sewerage Company Limited	218	180	83%
33	Kilifi Mariakani Water and Sewerage Company Limited	247	201	81%
34	Imetha Water and Sanitation Company Limited	87	70	80%
35	Kakamega County Water and Sanitation Company Limited	172	135	78%
36	Kiambu Water and Sewerage Company Limited	63	49	78%
37	Nzoia Water Services Company Limited	273	211	77%
38	Kiambere Mwingi Water and Sanitation Company Limited	46	35	76%
39	Mavoko Water and Sewerage Company Limited	87	66	76%
40	Embu Water and Sanitation Company Limited	163	118	72%
41	Nanyuki Water and Sanitation Company Limited	173	121	70%

S/No	Financial Statement	Total Staff	Dorminant Community	Percentage
42	Olkejuado Water and Sewerage Company	41	22	54%
43	Ololaiser Water and Sewerage Company Limited	144	74	51%
44	Nithi Water and Sanitation Company Limited	77	30	39%

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

APPENDICES

Appendix 1: Unmodified Opinion

S/NO.	NAME OF WATER COMPANY
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| 1. | Naromoru Water and Sanitation Company Limited |
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Appendix 2: Qualified Opinion

S/NO	NAME OF WATER COMPANY
1.	Mombasa Water Supply and Sanitation Company Limited
2.	Kwale Water and Sewerage Company Limited
3.	Kilifi Mariakani Water and Sewerage Company
4.	Malindi Water and Sewerage Company Limited
5.	Tavevo Water and Sewerage Company Limited
6.	Mandera Water and Sewerage Company Limited
7.	Elwak Water and Sewerage Company Limited
8.	Isiolo Water and Sewerage Company Limited
9.	Meru Water and Sewerage Services Registered Trustees
10.	Imetha Water and Sanitation Company Limited
11.	Nithi Water and Sanitation Company Limited
12.	Ngagaka Water and Sanitation Company Limited
13.	Kitui Water and Sanitation Company Limited
14.	Kiambere Mwingi Water and Sanitation Company Limited
15.	Municipal Council of Machakos Water and Sewerage Company Limited
16.	Mwala Water and Sanitation Company Limited
17.	Yatta Water Services Company Limited
18.	Matungulu Kangundo Water and Sewerage Company Limited
19.	Mavoko Water and Sewerage Company Limited
20.	Kathiani Water and Sanitation Company Limited
21.	Mbooni Water and Sanitation Company Limited
22.	Kibwezi-Makindu Water and Sanitation Company Limited
23.	Wote Water and Sewerage Company Limited
24.	Nyandarua Water and Sanitation Company Limited
25.	Oi Kalou Water and Sanitation Company Limited
26.	Nyeri Water and Sanitation Company Limited

S/NO	NAME OF WATER COMPANY
27.	Tetu Aberdare Water and Sanitation Company Limited
28.	Othaya Mukurweini Water Services Company Limited
29.	Mathira Water and Sanitation Company Limited
30.	Kirinyaga Water and Sanitation Company Limited
31.	Rukanga Water and Sanitation Company Limited
32.	Murang'a Water and Sanitation Company Limited
33.	Kahuti Water and Sanitation Company Limited
34.	Gatamathi Water and Sanitation Company Limited
35.	Gatanga Community Water and Sanitation Company limited
36.	Murang'a South Water and Sanitation Company Limited
37.	Kiambu Water and Sewerage Company Limited
38.	Karuri Water and Sanitation Company Limited
39.	Ruiru-Juja Water and Sewerage Company Limited
40.	Gatundu Water and Sanitation Company Limited
41.	Kikuyu Water Company Limited
42.	Limuru Water and Sewerage Company
43.	Thika Water and Sewerage Company Limited
44.	Githunguri Water and Sanitation Company Limited
45.	Nzoia Water Services Company Limited
46.	Eldoret Water and Sanitation Company Limited
47.	Iten Tambach Water and Sewerage Company Limited
48.	Cherang'any Marakwet Water and Sanitation Company Limited
49.	Kapsabet Nandi Water and Sanitation Company Limited
50.	Eldama Ravine Water and Sewerage Company Limited
51.	Nanyuki Water and Sanitation Company Limited
52.	Nyahururu Water and Sanitation Company Limited
53.	Nakuru Water and Sanitation Services Company Limited
54.	Nakuru Rural Water and Sanitation Company Limited

S/NO	NAME OF WATER COMPANY
55.	Naivasha Water and Sanitation Company Limited
56.	Olkejuado Water and Sewerage Company
57.	Nolturesh Loitokitok Water and Sanitation Company Limited
58.	Ololaiser Water and Sewerage Company
59.	Kericho Water and Sanitation Company Limited
60.	Bomet Water and Sanitation Company
61.	Kakamega County Water and Sanitation Company Limited
62.	Busia Water and Sewerage Services Company Limited
63.	Sibo Water and Sanitation Company Limited
64.	Kisumu Water and Sanitation Company Limited
65.	Homa Bay County Water and Sanitation Company
66.	Migori County Water and Sanitation Company Limited
67.	Gusii Water and Sanitation Company Limited

Appendix 3: Adverse Opinion

S/NO	NAME OF WATER COMPANY
1.	Lamu Water and Sewerage Company Limited
2.	Garissa Water and Sewerage Company Limited
3.	Embu Water and Sanitation Company Limited
4.	Embe Water and Sanitation Company Limited
5.	Lodwar Water and Sanitation Company Limited
6.	Samburu Water and Sanitation Company Limited
7.	Kirandich Water Company Limited
8.	Narok Water and Sewerage Services Company Limited
9.	Nairobi City Water and Sewerage Company Limited
10.	Amatsi Water Services Company Limited

Appendix 4: Disclaimer of Opinion

S/NO	NAME OF WATER COMPANY
1.	Tana Water and Sanitation Company Limited
2.	Wajir Water and Sewerage Company Limited
3.	Kyeni Water and Sewerage Company Limited
4.	Kapenguria Water and Sewerage Services Company Limited

Appendix 5: Comparison of Revenue Budget and Actual

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
1	Nairobi City Water and Sewerage Company Limited	13,217,229,050	10,647,083,912	-	2,570,145,138
2	Eldoret Water and Sanitation Company Limited	1,773,508,192	980,714,070	-	792,794,122
3	Tavevo Water and Sewerage Company Limited	1,415,131,988	738,917,763	-	676,214,225
4	Nakuru Water and Sanitation Services Company Limited	1,231,855,528	1,019,336,191	-	212,519,337
5	Kisumu Water and Sanitation Company Limited	1,128,286,439	1,089,394,787	-	38,891,652
6	Kwale Water and Sewerage Company Limited	1,083,439,512	276,822,212	-	806,617,300
7	Mombasa Water Supply and Sanitation Company Limited	1,007,942,202	898,247,107	-	109,695,095
8	Kakamega County Water and Sanitation Company Limited	930,143,681	363,423,442	-	566,720,239
9	Thika Water and Sewerage Company Limited	918,408,000	900,419,000	-	17,989,000
10	Nyeri Water and Sanitation Company Limited	895,032,090	686,089,311	-	208,942,779
11	Ruiru Juja Water and Sewerage Company Limited	864,595,728	919,659,786	55,064,058	-
12	Malindi Water and Sewerage Company Limited	843,564,675	729,053,388	-	114,511,287
13	Kilifi Mariakani Water and Sewerage Company Limited	734,916,152	663,694,536	-	71,221,616
14	Naivasha Water and Sanitation Company	598,305,073	230,246,488	-	368,058,585

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
15	Nzoia Water Services Company Limited	519,563,993	431,064,012	-	88,499,981
16	Nanyuki Water and Sanitation Company Limited	450,545,284	385,812,614	-	64,732,670
17	Embu Water and Sanitation Company Limited	436,372,919	423,260,840	-	13,112,079
18	Nyahururu Water and Sanitation Company Limited	432,959,416	271,198,588	-	161,760,828
19	Kericho Water and Sanitation Company Limited	402,779,269	256,342,876	-	146,436,393
20	Homa Bay County Water and Sanitation Company	358,497,855	150,021,839	-	208,476,016
21	Nakuru Rural Water and Sanitation Company Limited	335,720,000	341,780,190	6,060,190	-
22	Gusii Water and Sanitation Company Limited	329,276,640	296,237,150	-	33,039,490
23	Garissa Water and Sewerage Company Limited	328,251,049	662,639,187	334,388,138	-
24	Mavoko Water and Sewerage Company Limited	327,590,000	297,458,796	-	30,131,204
25	Bomet Water and Sanitation Company Limited	326,100,000	230,835,235	-	95,264,765
26	Mandera Water and Sewerage Company Limited	321,127,794	138,022,380	-	183,105,414
27	Kitui Water and Sanitation Company Limited	310,647,741	331,881,713	21,233,972	-
28	Sibo Water and Sanitation Company Limited	280,752,393	167,620,564	-	113,131,829
29	Murang'a Water and Sanitation Company Limited	275,310,974	311,562,878	36,251,904	-
30	Ololaiser Water and Sewerage Company Limited	272,539,305	192,128,179	-	80,411,126

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
31	Murang'a South Water and Sanitation Company Limited	252,246,672	263,711,585	11,464,913	-
32	Meru Water and Sewerage Services Registered Trustees	247,542,187	240,789,611	-	6,752,576
33	Kiambu Water and Sewerage Company Limited	232,093,684	261,212,489	29,118,805	-
34	Kikuyu Water Company Limited	229,100,000	219,914,172	-	9,185,828
35	Limuru Water and Sanitation Company Limited	227,453,514	196,160,898	-	31,292,616
36	Kirinyaga Water and Sanitation Company Limited	226,192,455	214,050,273	-	12,142,182
37	Municipal Council of Machakos Water and Sewerage Company Limited	215,784,595	161,028,031	-	54,756,564
38	Othaya Mukurweini Water Services Company Limited	210,855,541	209,874,409	-	981,132
39	Mathira Water and Sanitation Company Limited	189,849,060	169,962,091	-	19,886,969
40	Gatundu Water and Sanitation Company Limited	185,452,331	181,549,658	-	3,902,673
41	Busia Water and Sewerage Services Company Limited	180,918,586	84,178,595	-	96,739,991
42	Narok Water and Sewerage Services Company Limited	180,168,980	157,276,472	-	22,892,508
43	Kiambere Mwingi Water and Sanitation Company Limited	167,597,000	182,845,406	15,248,406	-
44	Karuri Water and Sanitation Company Limited	129,490,000	113,243,996	-	16,246,004
45	Nolturesh Loitokitok Water and Sanitation Company Limited	126,042,159	112,481,897	-	13,560,262

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
46	Kibwezi - Makindu Water and Sanitation Company Limited	112,034,782	120,182,302	8,147,520	-
47	Amatsi Water Services Company Limited	106,320,000	108,507,124	2,187,124	-
48	Migori County Water and Sanitation Company Limited	105,283,730	59,665,485	-	45,618,245
49	Nithi Water and Sanitation Company Limited	104,695,160	94,678,802	-	10,016,358
50	Lamu Water and Sewerage Company Limited	103,738,485	84,922,277	-	18,816,208
51	Isiolo Water and Sewerage Company Limited	99,507,000	99,442,615	-	64,385
52	Elwak Water and Sewerage Company Limited	95,124,300	93,925,300	-	1,199,000
53	Kahuti Water and Sanitation Company Limited	94,361,041	96,485,574	2,124,533	-
54	Nyandarua Water and Sanitation Company Limited	89,700,000	82,735,542	-	6,964,458
55	Kapsabet Nandi Water and Sanitation Company Limited	87,408,526	80,035,249	-	7,373,277
56	Kirandich Water Company Limited	87,090,400	64,746,763	-	22,343,637
57	Githunguri Water and Sanitation Company Limited	76,359,462	69,953,644	-	6,405,818
58	Gatamathi Water and Sanitation Company Limited	72,956,000	78,098,910	5,142,910	-
59	Gatanga Community Water Scheme	72,505,802	71,170,265	-	1,335,537
60	Tetu Aberdare Water and Sanitation Company Limited	70,418,150	69,523,210	-	894,940

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
61	Samburu Water and Sanitation Company Limited	65,000,000	52,206,305	-	12,793,695
62	Imetha Water and Sanitation Company Limited	62,160,925	54,306,969	-	7,853,956
63	Tana Water and Sanitation Company Limited	55,000,000	38,391,693	-	16,608,307
64	Wote Water and Sewerage Company Limited	51,470,000	45,611,651	-	5,858,349
65	Oi kalou Water and Sanitation Company Limited	47,170,000	54,686,343	7,516,343	-
66	Eldama Ravine Water and Sewerage Company Limited	44,535,000	22,297,818	-	22,237,182
67	Embe Water and Sanitation Company Limited	42,888,468	38,946,898	-	3,941,570
68	Iten Tambach Water and Sewerage Company Limited	42,126,323	39,101,163	-	3,025,160
69	Ngagaka Water and Sanitation Company Limited	40,723,760	44,023,932	3,300,172	-
70	Olkejuado Water and Sewerage Company	38,900,000	27,105,962	-	11,794,038
71	Yatta Water Sevices Company Limited	30,100,000	33,053,955	2,953,955	-
72	Mwala Water and Sanitation Company Limited	28,496,199	26,212,658	-	2,283,541
73	Matungulu Kangundo Water and Sewerage Company Limited	25,593,593	22,300,189	-	3,293,404
74	Kyeni Water and Sewerage Company Limited	24,369,377	13,714,548	-	10,654,829
75	Kapenguria Water and Sewerage Services Company Limited	20,500,000	10,987,341	-	9,512,659

S/No	Water Company	Budget Revenue (Kshs.)	Actual Revenue Collections (Kshs.)	Over Collection (Kshs.)	Under Collection (Kshs.)
76	Kathiani Water and Sanitation Company Limited	16,450,000	11,401,628	-	5,048,372
77	Naromoru Water and Sanitation Company Limited	16,363,542	19,756,346	3,392,804	-
78	Rukanga Water and Sanitation Company Limited	9,130,522	8,728,728	-	401,794
79	Mbooni Water and Sanitation Company Limited	5,717,956	5,717,956	-	-
80	Wajir Water and Sewerage Company	-	525,149,615	525,149,615	-
81	Lodwar Water and Sanitation Company Limited	-	71,354,164	71,354,164	-
82	Cherang'any Marakwet Water and Sanitation Company Limited	-	1,030	1,030	-
	Total	37,395,378,209	30,238,378,571	1,140,100,556	8,297,100,194

Appendix 6: Comparison of Actual Own Generated Revenue

S/No	Water Company	Operating Revenue 2021/2022 (Kshs.)	Operating Revenue 2020/2021 (Kshs.)
1	Nairobi City Water & Sewerage Company Limited	9,520,235,465	9,659,858,547
2	Nakuru Water and Sanitation Services Company Limited	961,747,308	956,530,947
3	Kisumu Water and Sanitation Company Limited	961,056,561	869,455,997
4	Thika Water and Sewerage Company Limited	879,887,000	679,458,000
5	Ruiru Juja Water and Sewerage Company Limited	874,078,103	658,484,812
6	Eldoret Water and Sanitation Company Limited	851,964,496	824,917,036
7	Mombasa water Supply and Sanitaion Company Limited	809,395,551	778,974,218
8	Garissa water and sewerage Company Limited	662,639,187	530,593,936
9	Nyeri Water and Sanitation Company Limited	634,425,368	525,937,387
10	Kilifi Mariakani Water and Sewerage Company Limited	617,500,589	495,916,906
11	Malindi Water and Sewerage Company Limited	467,480,777	455,826,055
12	Embu Water and Sanitation Company Limited	396,473,908	411,916,137
13	Nzoia Water Services Company Limited	393,465,543	374,664,060
14	Nanyuki Water and Sanitation Company Limited	328,456,973	345,355,156
15	Nakuru Rural Water and Sanitation Company Limited	308,348,006	303,636,473
16	Kakamega County Water and Sanitation Company Limited	298,198,255	251,499,346
17	Tavevo Water and Sewerage Company Limited	289,008,335	299,237,550
18	Murang'a Water and Sanitation Company Limited	266,526,604	218,675,962
19	Nyahururu Water and Sanitation Company Limited	242,941,360	251,037,173
20	Meru Water and Sewerage Services Registered Trustees	240,789,611	216,562,221

S/No	Water Company	Operating Revenue 2021/2022 (Kshs.)	Operating Revenue 2020/2021 (Kshs.)
21	Mavoko Water and Sewerage Company Limited	240,544,507	159,449,519
22	Murang'a South Water and Sanitation Company Limited	225,723,010	190,558,155
23	Kiambu Water and Sewerage Company Limited	221,155,436	199,912,302
24	Kirinyaga Water and Sanitation Company Limited	213,291,498	176,129,952
25	Gusii Water and Sanitation Company Limited	204,250,600	179,572,000
26	Kwale Water and Sewerage Company Limited	197,722,662	156,309,425
27	Naivasha Water and Sanitation Company Limited	195,663,891	176,332,398
28	Kitui Water and Sanitation Company Limited	181,341,741	181,445,582
29	Kericho Water and Sanitation Company Limited	179,504,255	194,256,127
30	Othaya Mukurweini Water Services Company Limited	171,553,803	150,736,539
31	Mathira Water and Sanitation Company Limited	169,962,091	163,605,336
32	Oloolaiser Water and Sewerage Company Limited	153,847,564	140,008,780
33	Gatundu Water and Sanitation Company Limited	142,577,607	128,881,430
34	Sibo Water and Sanitation Company Limited	139,133,999	123,354,794
35	Kikuyu Water Company Limited	138,848,063	120,238,190
36	Limuru Water and Sanitation Company Limited	133,507,384	122,047,691
37	Municipal Council of Machakos Water and Sewerage Company Limited	128,353,735	128,054,984
38	Kiambere Mwingi Water and Sanitation Company Limited	105,415,484	103,756,635
39	Bomet Water and Sanitation Company Limited	104,304,683	104,725,728
40	Isiolo Water and Sewerage Company Limited	99,442,615	99,157,099
41	Kibwezi - Makindu Water and Sanitation Company Limited	93,293,720	81,098,259

S/No	Water Company	Operating Revenue 2021/2022 (Kshs.)	Operating Revenue 2020/2021 (Kshs.)
42	Narok Water and Sewerage Services Copmany Limited	93,063,731	82,941,060
43	Nithi Water and Sanitation Company Limited	82,184,314	77,877,231
44	Karuri Water and Sanitation Company Limited	78,611,637	78,060,630
45	Nolturesh Loitokitok Water and Sanitaion Company Limited	75,299,738	76,578,447
46	Lodwar Water and Sanitation Company Limited	71,354,164	66,783,459
47	Kahuti Water and Sanitation Company Limited	70,219,993	67,668,338
48	Tetu Aberdare Water and Sanitation Company Limited	65,025,660	67,800,724
49	Gatamathi Water and Sanitation Company Limited	61,829,980	57,367,390
50	Gatanga Community Water Scheme	60,414,362	52,891,261
51	Githunguri Water and Sanitation Company Limited	59,718,621	59,835,985
52	Amatsi Water Services Company Limited	56,747,123	42,514,742
53	Busia Water and Sewerage Services Company Limited	54,729,599	58,524,319
54	Imetha Water and Sanitation Company Limited	53,378,256	57,281,419
55	Homa Bay County Water and Sanitation Company Limited	51,712,376	60,491,532
56	wajir Water and Sewerage Company Limited	50,420,789	5,570,733
57	Oi kalou Water and Sanitation Company Limited	50,044,123	39,726,697
58	Kapsabet Nandi Water and Sanitation Company Limited	49,879,925	45,381,305
59	Nyandarua Water and Santation Company Limited	45,646,395	40,957,464
60	Wote Water and Sewerage Company Limited	41,422,868	36,028,967
61	Ngagaka Water and Sanitation Company Limited	39,160,259	39,295,488
62	Iten Tambach Water and Sewerage Company Limited	35,574,840	31,305,387
63	Embe Water and Sanitation Company Limited	31,362,530	29,397,128

S/No	Water Company	Operating Revenue 2021/2022 (Kshs.)	Operating Revenue 2020/2021 (Kshs.)
64	Kirandich Water Company Limited	27,048,945	23,464,857
65	Lamu Water and Sewerage Company Limited	26,431,920	40,623,790
66	Mandera Water and Sewerage Company Limited	24,290,030	32,014,842
67	Tana Sater and Sanitation Company Limited	23,986,693	-
68	Yatta Water Sevices Company Limited	22,154,723	31,266,287
69	Matungulu Kangundo Water and Sewerage Company Limited	21,296,549	13,569,685
70	Olkejuado Water & Sewerage Company Limited	20,510,135	19,062,275
71	Eldama Ravine Water and Sewerage Company Limited	19,046,797	13,452,967
72	Migori County Water amd Sanitation Company Limited	18,774,080	26,693,740
73	Naromoru Water and Sanitation Company Limited	16,325,933	14,905,024
74	Kyeni Water and Sewerage Company Limited	12,616,868	13,564,395
75	Kathiani Water and Sanitation Company Limited	9,954,108	9,568,672
76	Rukanga Water and Sanitation Company Limited	8,728,728	8,986,269
77	Mwala Water and Sanitation Company Limited	8,154,930	7,831,987
78	Elwak Water and Sewerage Company Limited	6,925,300	10,400,000
79	Samburu Water and Sanitation Company Limited	6,661,905	11,388,645
80	Kapenguria Water and Sewerage Services Company Limited	6,321,641	6,500,870
81	Mbooni Water and Sanitation Company Limited	3,100,980	3,328,765
82	Cherangani Marakwet Water and Sanitaion Company Limited	1,030	-
	Total	25,004,189,926	23,649,071,620

Appendix 7: Non-Revenue Water

S.No	Financial Statement	Water Produced M ³	Water Billed M ³	Non Revenue Water M ³	Loss of Sales (Kshs.)
1	Nairobi City Water and Sewerage Company Limited	192,787,851	96,404,533	96,383,318	9,867,242,180
2	Mombasa Water Supply and Sanitation Company Limited	11,904,294	5,856,293	6,048,001	677,376,112
3	Ruiru Juja Water and Sewrage Company Limited	11,247,773	7,140,975	4,106,798	488,692,490
4	Kilifi Mariakani Water and Sewerage Company Limited	10,880,179	6,024,481	4,855,698	482,996,280
5	Eldoret Water and Sanitation Company Limited	15,446,345	9,370,474	6,075,871	382,313,773
6	Nakuru Rural Water and Sanitation Company Limited	7,729,694	3,863,333	3,866,361	267,165,545
7	Gusii Water and Sanitaitaion Company Limited	4,556,986	1,061,417	3,495,569	262,167,675
8	Garissa Water and Sewerage Company Limited	4,151,902	2,770,041	1,381,861	235,048,503
9	Kirinyaga Water and Sanitation Company Limited	6,341,902	2,614,686	3,727,216	230,938,948

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
10	Gatundu Water and Sanitation Company Limited	4,793,117	2,622,391	2,170,726	222,903,235
11	Thika Water and Sewerage Company Limited	14,022,595	10,035,328	3,987,267	199,363,350
12	Embu Water and Sanitation Company Limited	7,705,097	4,803,192	2,901,905	187,172,873
13	Malindi Water and Sewerage Company Limited	7,173,382	5,063,398	2,109,984	183,424,677
14	Kitui Water and Sanitation Company Limited	3,691,795	1,662,365	2,029,430	178,755,323
15	Elwak Water and Sewerage Company Limited	4,199,040	1,697,112	2,501,928	175,134,960
16	Bomet Water and Sanitation Company Limited	3,352,582	1,190,210	2,162,372	165,252,900
17	Nakuru Water and Sanitation Services Company Limited	11,502,201	8,021,159	3,481,042	162,564,638
18	Githunguri Water and Sanitation Company Limited	2,231,134	582,412	1,648,722	157,073,204
19	Nithi Water and Sanitation Company Limited	4,285,186	1,461,582	2,823,604	144,003,804

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
20	Tavevo Water and Sewerage Company Limited	5,420,914	3,450,338	1,970,576	141,115,158
21	Nyahururu Water and Sanitation Company Limited	3,310,246	1,981,218	1,329,028	106,109,744
22	Othaya Mukurweini Water Services Company Limited	6,461,280	3,919,580	2,541,700	105,029,454
23	Oloolaiser Water and Sewerage Company Limited	2,342,232	1,410,179	932,053	100,977,942
24	Nanyuki Water and Sanitation Company Limited	4,120,025	2,821,512	1,298,513	97,920,865
25	Kiambu Water and Sewerage Company Limited	3,310,911	2,303,158	1,007,753	94,169,018
26	Kahuti Water and Sanitation Company Limited	2,723,180	1,132,084	1,591,096	93,885,407
27	Gatamathi Water and Sanitation Company Limited	2,849,400	1,177,267	1,672,133	85,304,865
28	Lodwar Water and Sanitation Company Limited	2,304,940	1,060,299	1,244,641	83,759,692

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
29	Municipal Council of Machakos Water and Sewerage Company Limited	1,194,030	747,585	446,445	75,733,804
30	Kisumu Water and Sanitation Company Limited	10,497,618	7,196,567	3,301,051	72,623,122
31	Kericho Water and Sanitation Company Limited	3,645,781	1,729,915	1,915,866	72,318,312
32	Nolturesh Loitokitok Water and Sanitation Company Limited	2,190,000	1,116,900	1,073,100	71,539,748
33	Mavoko Water and Sewerage Company Limited	1,564,325	1,039,882	524,443	70,361,918
34	Kiambere Mwingi Water and Sanitation Company Limited	991,263	634,256	357,007	64,561,239
35	Kibwezi - Makindu Water and Sanitation Company Limited	1,482,807	1,046,177	436,630	62,587,425
36	Mathira Water and Sanitation Company Limited	2,191,012	1,302,438	888,574	60,748,848
37	Kwale Water and Sewerage Company Limited	5,085,218	2,178,882	2,906,336	58,223,474

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
38	Tana Water and Sanitation Company Limited	2,034,457	600,000	1,434,457	54,509,366
39	Karuri Water and Sanitation Company Limited	1,599,344	1,005,905	593,439	45,647,120
40	Tetu Aberdare Water and Sanitation Company Limited	2,928,652	1,755,441	1,173,211	42,246,375
41	Limuru Water and Sewerage Company Limited	2,104,947	1,415,777	689,170	41,350,200
42	Nyandarua Water and Santation Company Limited	765,880	396,616	369,264	40,783,568
43	Lamu Water and Sewerage Company Limited	548,534	276,762	271,772	39,644,880
44	Embe Water and Sanitation Company Limited	1,158,306	523,026	635,280	38,339,148
45	Olkejuado Water and Sewerage Company	401,645	213,422	188,223	37,644,600
46	Wajir Water and Sewerage Company Limited	398,976	239,386	159,590	33,636,317
47	Busia Water and Sewerage Services Company Limited	870,412	451,203	419,209	31,345,660

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
48	Sibo Water and Sanitation Company Limited	2,731,975	1,119,606	1,612,369	27,874,853
49	Eldama Ravine Water and Sewerage Company Limited	882,803	356,049	526,754	27,535,161
50	Imetha Water and Sanitation Company Limited	1,146,200	694,693	451,507	27,248,447
51	Oi kalou Water and Sanitation Company Limited	580,025	343,106	236,919	25,469,472
52	Kirandich Water Company Limited	1,150,240	460,211	690,029	20,773,625
53	Ngagaka Water and Sanitation Company Limited	1,159,122	714,471	444,651	20,453,946
54	Wote Water and Sewerage Company Limited	454,460	307,998	146,462	17,588,934
55	Yatta Water Sevices Company Limited	260,579	148,438	112,141	16,737,310
56	Migori County Water and Sanitation Company Limited	665,754	384,000	281,754	16,257,195
57	Muranga South Water and Sanitation Company Limited	6,120,275	3,250,753	2,869,522	15,915,817

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
58	Kapsabet Nandi Water and Sanitation Company Limited	1,030,817	730,785	300,032	15,557,968
59	Iten Tambach Water and Sewerage Company Limited	1,100,600	748,404	352,196	15,169,977
60	Homa Bay County Water and Sanitation Company	763,627	421,438	342,189	14,714,127
61	Kikuyu Water Company Limited	2,493,757	1,533,733	960,024	14,714,127
62	Kapenguria Water and Sewerage Services Company Limited	243,026	72,359	170,667	9,149,963
63	Matungulu Kangundo Water and Sewerage Company Limited	152,601	96,138	56,463	8,469,450
64	Kyeni Water and Sewerage Company Limited	866,450	520,605	345,845	8,290,633
65	Kyeni Water and Sewerage Company Limited	866,450	520,605	345,845	8,290,633
66	Samburu Water and Sanitation Company Limited	420,485	210,918	209,567	6,619,233

S.No	Financial Statement	Water Produced M³	Water Billed M³	Non Revenue Water M³	Loss of Sales (Kshs.)
67	Naromoru Water and Sanitation Company Limited	320,789	228,069	92,720	5,336,332
68	Isiolo Water and Sewerage Company Limited	2,389,931	1,685,549	704,382	4,446,998
69	Mwala Water and Sanitation Company Limited	59,657	43,437	16,220	3,023,743
70	Nzoia Water Services Company Limited	8,333,282	4,304,400	4,028,882	1,945,561
71	Amatsi Water Services Company Limited	1,579,387	1,107,691	471,696	1,921,231
72	Mbooni Water and Sanitation Company Limited	55,311	37,031	18,280	1,572,080
	Total	438,326,993	235,411,644	202,915,349	16,926,784,555

Appendix 8: Comparison of Budgeted Recurrent Expenditure and Actual

Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Nairobi City Water and Sewerage Company Limited	11,348,757,218	10,731,798,703	-	616,958,515
Eldoret Water and Sanitation Company Limited	1,773,508,192	1,150,078,066	-	623,430,126
Nakuru Water and Sanitation Services Company Limited	1,132,435,519	1,132,638,266	202,747	-
Kisumu Water and Sanitation Company Limited	1,097,788,977	998,938,083	-	98,850,894
Kwale Water and Sewerage Company Limited	1,081,714,138	681,085,339	-	400,628,799
Mombasa Water Supply and Sanitation Company Limited	985,459,389	936,982,316	-	48,477,073
Kakamega County Water and Sanitation Company Limited	930,143,681	324,459,719	-	605,683,962
Malindi Water and Sewerage Company Limited	843,564,675	785,828,127	-	57,736,548
Ruiru Juja Water and Sewerage Company Limited	831,300,000	790,522,066	-	40,777,934
Thika Water and Sewerage Company Limited	753,188,000	847,058,000	93,870,000	-
Nyeri Water and Sanitation Company Limited	660,282,660	638,968,937	-	21,313,723
Kilifi Mariakani Water and Sewerage Company Limited	622,334,987	749,547,992	127,213,005	-
Nanyuki Water and Sanitation Company Limited	509,524,826	441,047,590	-	68,477,236
Nzoia Water Services Company Limited	480,924,336	385,996,845	-	94,927,491
Naivasha Water and Sanitation Company	468,005,418	215,665,989	-	252,339,429
Embu Water and Sanitation Company Limited	451,759,755	455,484,550	3,724,795	-
Nyahururu Water and Sanitation Company Limited	433,003,450	282,775,805	-	150,227,645
Tavevo Water and Sewerage Company Limited	427,267,872	804,606,208	377,338,336	-
Kericho Water and Sanitation Company Limited	381,898,002	313,591,293	-	68,306,709

Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Garissa Water and Sewerage Company Limited	364,824,128	364,824,128	-	-
Homa Bay County Water and Sanitation Company	354,249,291	155,331,655	-	198,917,636
Gusii Water and Sanitation Company Limited	329,276,640	270,082,000	-	59,194,640
Mavoko Water and Sewerage Company Limited	329,020,000	307,951,271	-	21,068,729
Bomet Water and Sanitation Company Limited	326,322,000	205,942,841	-	120,379,159
Kitui Water and Sanitation Company Limited	310,647,741	294,634,864	-	16,012,877
Nakuru Rural Water and Sanitation Company Limited	309,444,921	349,466,529	40,021,608	-
Sibo Water and Sanitation Company Limited	280,462,269	204,253,840	-	76,208,429
Ololaiser Water and Sewerage Company Limited	271,683,941	201,710,245	-	69,973,696
Kiambu Water and Sewerage Company Limited	260,094,565	223,949,944	-	36,144,621
Mandera Water and Sewerage Company Limited	249,271,354	204,871,122	-	44,400,232
Meru Water and Sewerage Services Registered Trustees	247,542,187	242,262,794	-	5,279,393
Murang'a Water and Sanitation Company Limited	235,251,713	242,904,352	7,652,639	-
Murang'a South Water and Sanitation Company Limited	229,064,531	256,162,084	27,097,553	-
Kirinyaga Water and Sanitation Company Limited	213,532,197	215,330,296	1,798,099	-
Municipal Council of Machakos Water and Sewerage Company Limited	189,584,595	145,884,985	-	43,699,610
Othaya Mukurweini Water Services Company Limited	187,263,552	203,521,964	16,258,412	-
Mathira Water and Sanitation Company Limited	185,189,060	159,770,662	-	25,418,398
Gatundu Water and Sanitation Company Limited	167,038,230	151,567,323	-	15,470,907

Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Kiambere Mwingi Water and Sanitation Company Limited	166,770,112	158,091,469	-	8,678,643
Limuru Water and Sanitation Company Limited	164,481,962	166,553,711	2,071,749	-
Kikuyu Water Company Limited	152,606,436	165,643,468	13,037,032	-
Busia Water and Sewerage Services Company Limited	140,539,860	83,559,793	-	56,980,067
Narok Water and Sewerage Services Company Limited	129,265,777	134,370,718	5,104,941	-
Karuri Water and Sanitation Company Limited	125,194,600	102,410,345	-	22,784,255
Nolturesh Loitokitok Water and Sanitation Company Limited	114,275,363	105,187,125	-	9,088,238
Nithi Water and Sanitation Company Limited	104,695,160	104,117,186	-	577,974
Kibwezi - Makindu Water and Sanitation Company Limited	104,284,225	106,067,667	1,783,442	-
Amatsi Water Services Company Limited	103,900,000	98,513,972	-	5,386,028
Lamu Water and Sewerage Company Limited	100,174,339	90,717,198	-	9,457,141
Isiolo Water and Sewerage Company Limited	99,507,000	99,494,001	-	12,999
Elwak Water and Sewerage Company Limited	93,924,300	93,924,300	-	-
Kapsabet Nandi Water and Sanitation Company Limited	89,160,624	75,405,010	-	13,755,614
Kirandich Water Company Limited	87,775,520	71,074,725	-	16,700,795
Nyandarua Water and Sanitation Company Limited	86,250,200	78,735,400	-	7,514,800
Migori County Water and Sanitation Company Limited	77,974,883	44,126,371	-	33,848,512
Githunguri Water and Sanitation Company Limited	77,847,600	81,287,976	3,440,376	-
Kahuti Water and Sanitation Company Limited	73,514,958	86,181,096	12,666,138	-
Gatamathi Water and Sanitation Company Limited	72,967,000	75,550,117	2,583,117	-
Tetu Aberdare Water and Sanitation Company Limited	66,150,000	65,572,824	-	577,176

Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Samburu Water and Sanitation Company Limited	64,958,165	68,502,727	3,544,562	-
Imetha Water and Sanitation Company Limited	62,160,925	61,648,241	-	512,684
Gatanga Community Water Scheme	55,209,741	72,401,030	17,191,289	-
Tana Water and Sanitation Company Limited	55,000,000	46,188,784	-	8,811,216
Wote Water and Sewerage Company Limited	51,526,880	47,431,817	-	4,095,063
Oi kalou Water and Sanitation Company Limited	47,144,800	47,274,664	129,864	-
Eldama Ravine Water and Sewerage Company Limited	44,535,000	22,202,400	-	22,332,600
Embe Water and Sanitation Company Limited	42,888,468	46,458,307	3,569,839	-
Ngagaka Water and Sanitation Company Limited	40,723,760	40,338,173	-	385,587
Iten Tambach Water and Sewerage Company Limited	39,144,719	36,512,693	-	2,632,026
Olkejuado Water and Sewerage Company	37,741,400	37,356,440	-	384,960
Mwala Water and Sanitation Company Limited	28,496,100	26,212,658	-	2,283,442
Yatta Water Sevices Company Limited	27,781,344	38,585,282	10,803,938	-
Kyeni Water and Sewerage Company Limited	24,369,377	16,324,511	-	8,044,866
Kapenguria Water and Sewerage Services Company Limited	20,500,000	16,994,345	-	3,505,655
Matungulu Kangundo Water and Sewerage Company Limited	18,679,092	16,278,691	-	2,400,401
Kathiani Water and Sanitation Company Limited	16,450,000	14,879,572	-	1,570,428
Naromoru Water and Sanitation Company Limited	16,363,542	18,488,087	2,124,545	-
Rukanga Water and Sanitation Company Limited	8,045,200	9,024,145	978,945	-
Mbooni Water and Sanitation Company Limited	5,112,489	5,112,489	-	-

Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
Wajir Water and Sewerage Company	-	468,409,212	468,409,212	-
Lodwar Water and Sanitation Company Limited	-	69,211,368	69,211,368	-
Cherang'any Marakwet Water and Sanitation Company Limited	-	1,282	1,282	-
Total	33,190,714,931	30,379,918,183	1,311,828,833	4,122,625,581

Appendix 9: Comparison of Budgeted Development Expenditure and Actual

S/No	Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
1	Kwale Water and Sewerage Company Limited	780,793,425	386,679,332	-	394,114,093
2	Nyeri Water and Sanitation Company Limited	201,499,111	102,446,393	-	99,052,718
3	Malindi Water and Sewerage Company Limited	196,532,646	124,208,881	-	72,323,765
4	Thika Water and Sewerage Company Limited	177,000,000	58,577,000	-	118,423,000
5	Murang'a Water and Sanitation Company Limited	145,181,389	48,488,596	-	96,692,793
6	Kisumu Water and Sanitation Company Limited	112,120,000	76,641,767	-	35,478,233
7	Gusii Water and Sanitation Company Limited	98,966,840	-	-	98,966,840
8	Garissa Water and Sewerage Company Limited	92,801,221	858,967	-	91,942,254
9	Mandera Water and Sewerage Company Limited	71,856,440	72,371,926	515,486	-
10	Bomet Water and Sanitation Company Limited	63,150,000	5,871,217	-	57,278,783
11	Oloolaiser Water and Sewerage Company Limited	51,910,110	18,762,062	-	33,148,048
12	Tavevo Water and Sewerage Company Limited	44,509,183	179,907,425	135,398,242	-
13	Busia Water and Sewerage Services Company Limited	40,378,726	1,788,066	-	38,590,660
14	Kilifi Mariakani Water and Sewerage Company Limited	36,481,165	33,982,583	-	2,498,582
15	Kericho Water and Sanitation Company Limited	28,956,000	19,612,040	-	9,343,960
16	Mombasa Water Supply and Sanitation Company Limited	26,775,400	18,569,830	-	8,205,570

S/No	Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
17	Municipal Council of Machakos Water and Sewerage Company Limited	26,200,000	13,958,765	-	12,241,235
18	Migori County Water and Sanitation Company Limited	23,235,000	1,692,300	-	21,542,700
19	Murang'a South Water and Sanitation Company Limited	23,182,141	21,958,830	-	1,223,311
20	Kikuyu Water Company Limited	21,496,000	15,699,712	-	5,796,288
21	Othaya Mukurweini Water Services Company Limited	19,581,368	19,594,709	13,341	-
22	Limuru Water and Sanitation Company Limited	13,921,946	13,921,946	-	-
23	Kirinyaga Water and Sanitation Company Limited	12,660,258	11,492,532	-	1,167,726
24	Kahuti Water and Sanitation Company Limited	12,044,100	11,048,524		995,576
25	Nithi Water and Sanitation Company Limited	11,529,486	12,801,578	1,272,092	-
26	Gatundu Water and Sanitation Company Limited	8,720,000	4,634,955	-	4,085,045
27	Kiambere Mwingi Water and Sanitation Company Limited	8,055,000	6,934,403	-	1,120,597
28	Kiambu Water and Sewerage Company Limited	5,590,000	2,087,330	-	3,502,670
29	Embe Water and Sanitation Company Limited	5,540,000	5,466,029	-	73,971
30	Tetu Aberdare Water and Sanitation Company Limited	5,540,000	5,466,029	-	73,971
31	Mathira Water and Sanitation Company Limited	4,660,000	7,927,520	3,267,520	-
32	Ngagaka Water and Sanitation Company Limited	3,384,500	3,392,400	7,900	-

S/No	Water Company	Budgeted Expenditure (Kshs.)	Actual Expenditure (Kshs.)	Over Expenditure (Kshs.)	Under Expenditure (Kshs.)
33	Githunguri Water and Sanitation Company Limited	3,011,000	2,593,890	-	417,110
34	Iten Tambach Water and Sewerage Company Limited	2,750,000	-	-	2,750,000
35	Amatsi Water Services Company Limited	2,420,000	3,405,090	985,090	-
36	Mwala Water and Sanitation Company Limited	1,140,000	1,287,520	147,520	-
37	Rukanga Water and Sanitation Company Limited	750,000	750,000	-	-
38	Nyandarua Water and Sanitation Company Limited	500,000	719,360	219,360	-
39	Wajir Water and Sewerage Company	-	20,750,000	20,750,000	-
	Total	2,384,822,455	1,336,349,507	162,576,551	1,211,049,499

Appendix 10: Long Outstanding Trade and Other Receivables

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
1	Nairobi City Water & Sewerage Company Limited	3,317,669,639	6,963,553,843	Doubtful debts beyond 480 days as per the policy
2	Garissa Water and Sewerage Company Limited	836,964,197	638,350,620	Long outstanding trade receivables
3	Nakuru Water and Sanitation Services Company Limited	650,036,773	714,643,719	Long outstanding trade receivables
4	Eldoret Water and Sanitation Company Limited	596,060,717	529,379,701	Long outstanding trade and other receivables
5	Thika Water and Sewerage Company Limited	493,917,000	26,924,000	Long Outstanding Receivables from staff debtors, billing services for water service providers and VAT recoverable
6	Kilifi Mariakani Water and Sewerage Company Limited	455,640,150	439,515,822	Long outstanding trade receivables
7	Nzoia Water Services Company Limited	376,922,075	345,483,061	Long outstanding trade and other receivables
8	Tavevo water and Sewerage Company Limited	341,160,132	4,119,954	Debtors had been outstanding for a period of over four years
9	Malindi Water and Sewerage Company Limited	321,668,714	303,014,550	Long outstanding trade receivables
10	Nyeri Water and Sanitation Company Limited	308,448,723	129,046,748	Long outstanding trade receivables
11	Embu Water and Sanitation Company Limited	294,121,792	277,898,762	Long outstanding trade receivables .
12	Kisumu Water and Sanitation Company Limited	270,661,636	28,761,122	Long outstanding tax and no effort to collect has been made
13	Kwale Water and Sewerage Company Limited	261,546,166	240,942,074	Long outstanding trade receivables
14	Kitui Water and Sanitation Company Limited	243,704,666	240,924,034	Long outstanding trade receivables

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
15	Kakamega County Water and Sanitation Company Limited	239,204,865	221,634,128	Long outstanding trade receivables
16	Bomet water and Sanitation Company Limited	229,822,194	15,973,822	VAT claims were not supported with claim forms and correspondences from Kenya Revenue Authority (KRA).
17	Kericho Water and Sanitation Company Limited	217,008,449	16,882,552	Unsupported Vat Receivable and Other Receivables balances
18	Nakuru Rural Water and Sanitation Company Limited	197,595,899	180,894,918	Long outstanding trade receivables
19	Gusii Water and Sanitation Company Limited	172,006,850	147,013,500	Long outstanding trade receivables
20	Othaya Mukurweini Water Services Company Limited	169,101,123	209,487,318	Trade receivables includes Kshs.209,487,318 relates to 2020/2021 and earlier years
21	Nanyuki Water and Sanitation Company Limited	165,703,023	137,155,819	Long outstanding receivables
22	Mombasa water Supply and Sanitation Company Limited	154,002,188	170,752,957	Long outstanding trade receivables
23	Mavoko Water and Sewerage Company Limited	149,140,337	76,296,805	Long outstanding trade receivables
24	Kirinyaga Water and Sanitation Company Limited	146,013,737	136,965,069	Long outstanding trade receivables
25	Gatundu Water and Sanitation Company Limited	143,655,222	123,973,575	Long outstanding trade receivables
26	Naivasha Water and Sanitation Company Limited	140,296,427	140,296,428	Long outstanding trade and other receivables
27	Kiambu Water and Sewerage Company Limited	136,090,174	99,230,599	Debtors balance has remained unrecovered for more than 120 days some dating back to December, 2020

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
28	Ruiru Juja Water and Sewerage Company Limited	133,413,796	78,604,536	Long outstanding receivables
29	Municipal Council of Machakos Water and Sewerage Company Limited	132,247,076	92,759,091	Long Outstanding Trade and Other Receivables
30	Murang'a Water and Sanitation Company Limited	127,826,650	127,826,650	Long outstanding trade receivables with active meter status
31	Lodwar Water and Sanitation Company Limited	114,724,832	112,785,673	Long outstanding trade receivables
32	Sibo Water and Sanitation Company Limited	114,724,832	83,082,767	Long outstanding receivables
33	Amatsi Water Services Company Limited	107,188,783	77,959,654	Long outstanding trade and other receivables
34	Busia Water and Sewerage Services Company Limited	104,509,981	77,959,654	No aging analysis and approved debt management policy
35	Oloolaiser Water and Sewerage Company Limited	103,559,256	77,217,992	Long outstanding trade receivables
36	Murang'a South Water and Sanitation Company Limited	94,550,828	91,430,805	Long outstanding trade receivables
37	Kikuyu Water Company Limited	84,141,342	69,899,804	Long outstanding trade receivables
38	Meru Water and Sewerage Services Registered Trustees	81,594,817	71,444,986	Non Recovery of debts
39	Nolturesh Loitokitok Water and Sanitation Company Limited	80,560,192	82,010,287	Long outstanding trade and other receivables.olkejua
40	Nithi Water and Sanitation Company Limited	77,524,522	50,106,761	Trade receivables includes Kshs.209,487,318 relates to 2020/2021 and earlier years
41	Homa Bay County Water and Sanitation Company Limited	63,330,391	57,349,568	Long outstanding trade receivables

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
42	Githunguri Water and Sanitation Company Limited	63,142,411	58,620,139	Long outstanding trade receivables
43	Narok Water and Sewerage Services Copmany Limited	58,111,258	57,104,066	Long outstanding trade receivables
44	Gatanga Community Water Scheme	53,738,928	20,496,417	Long outstanding trade receivables
45	Kahuti Water and Sanitation Company Limited	53,519,158	51,314,693	Long outstanding trade receivables
46	Mathira Water and Sanitation Company Limited	52,668,222	54,760,588	Long outstanding trade receivables
47	Tana water and Sanitation Company Limited	51,484,791	-	No aged analysis
48	Nyahururu Water and Sanitation Company Limited	51,069,006	49,191,219	Long outstanding trade receivables
49	Migori County Water amd Sanitation Company Limited	47,411,084	10,375,589	Long outstanding statutory deductions.
50	Mandera Water and Sewerage Company Limited	47,125,619	39,298,949	Long outstanding trade receivables
51	Eldama Ravine Water and Sewerage Company Limited	42,761,951	37,836,130	Long overdue staff receivables
52	Kirandich Water Company Limited	41,035,233	27,102,739	Long outstanding trade receivables
53	Imetha Water and Sanitation Company Limited	39,323,990	37,649,909	Long outstanding trade receivables
54	Olkejuado Water & Sewerage Company Limited	35,885,066	35,885,056	Imprest not supported by imprest warrants and too long outstanding receivables
55	Iten Tambach Water and Sewerage Company Limited	32,862,191	27,996,390	Long outstanding trade receivables
56	Karuri Water and Sanitation Company Limited	32,039,804	-	No aged analysis

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
57	Gatamathi Water and Sanitation Company Limited	30,237,058	28,496,841	Long outstanding trade receivables
58	Ngagaka Water and Sanitation Company Limited	29,449,709	-	No aged analysis
59	Nyandarua Water and Sanitation Company Limited	28,043,705	9,465,556	Long outstanding trade receivables with active meter status
60	Embe Water and Sanitation Company Limited	26,641,870	22,944,864	Long outstanding trade receivables
61	Kiambere Mwingi Water and Sanitation Company Limited	26,549,507	20,849,339	Long Outstanding Trade and Other Receivables
62	Limuru Water and Sanitation Company Limited	25,937,769	43,571,979	Long Outstanding Trade and Other Receivables Balance
63	Kapsabet Nandi Water and Sanitation Company Limited	22,353,824	-	No aged analysis
64	Samburu Water and Sanitation Company Limited	21,651,413	21,651,413	Long outstanding receivables
65	Tetu Aberdare Water and Sanitation Company Limited	20,144,571	11,683,427	Long outstanding trade receivables
66	Kibwezi - Makindu Water and Sanitation Company Limited	19,902,318	23,247,771	Ageing analysis reveals trade receivables balances of Kshs.23,247,771 outstanding for periods exceeding 120 days
67	Yatta Water Services Company Limited	19,569,865	14,028,639	Trade and other receivables balance of Kshs.14,028,639 long outstanding.
68	Kapenguria Water and Sewerage Services Company Limited	16,705,607	-	No aged analysis
69	Kyeni Water and Sewerage Company Limited	14,773,172	16,401,441	No aged analysis

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
70	Lamu water and Sewerage Company Limited	13,710,071	10,710,071	Management did not provide for audit review an age analysis for the individual reported debtors
71	Kathiani Water and Sanitation Company Limited	12,840,671	-	No aged analysis
72	Wote Water and Sewerage Company Limited	12,145,498	7,089,268	Long outstanding trade and other receivables
73	Matungulu Kangundo Water and Sewerage Company Limited	9,082,355	5,262,435	The ageing analysis provided under Note 16 to the financial statements shows that debts totalling to Kshs.5,262,435 representing 59.8% of the balance had remained outstanding for over 90 days
74	Oi kalou Water and Sanitation Company Limited	8,547,979	9,497,754	Long outstanding trade receivables
75	Isiolo Water and Sewerage Company Limited	5,359,562	1,748,755	Long outstanding trade receivables
76	Mwala Water and Sanitation Company Limited	4,493,040	3,170,187	The balance includes receivables that have been outstanding for over 120 days of Kshs.3,170,187
77	Naromoru Water and Sanitation Company Limited	2,910,784	-	No aged analysis
78	Mbooni Water and Sanitation Company Limited	2,765,413	-	No aged analysis
79	Elwak Water and Sewerage Company Limited	2,762,785	-	No aged analysis
80	wajir Water and Sewerage Company Limited	2,683,000	-	No aged analysis

S/No	Water Company	Trade and Other Receivables (Kshs.)	Long Outstanding Balances in (Kshs.)	Description
81	Rukanga Water and Sanitation Company Limited	1,630,681	-	No aged analysis
82	Cherangani Marakwet Water and Sanitaion Company Limited	100,000	-	No aged analysis
	Total	13,531,231,105	14,390,708,547	

Appendix 11: Long Outstanding Trade and Other Payables

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
1	Nairobi City Water & Sewerage Company Limited	4,362,894,251	5,511,175,409	Supplier of goods and services
2	Mombasa Water supply and Sanitaion Company Limited	1,900,432,450	1,320,840,700	Supplier of goods and services
3	Tavevo Water and Sewerage Company Limited	630,910,057	527,683,147	Supplier of goods and services
4	Malindi Water and Sewerage Company Limited	892,007,701	514,747,473	Supplier of goods and services
5	Kilifi Mariakani Water and Sewerage Company Limited	305,373,763	376,720,540	Long outstanding payables
6	Kwale Water and Sewerage Company Limited	324,576,142	313,991,695	Supplier of goods and services
7	Embu Water and Sanitation Company Limited	322,075,621	290,417,706	Supplier of goods and services
8	Nolturesh Loitokitok Water and Sanitaion Company Limited	289,957,409	276,941,981	Supplier of goods and services
9	Nakuru Water and Sanitation Services Company Limited	565,077,386	275,796,820	Administrative fees to CRWWDA
10	Kisumu Water and Sanitation Company Limited	275,032,075	245,406,566	Supplier of goods and services
11	Garissa Water and Sewerage Company Limited	227,271,703	208,020,771	Supplier of goods and services
12	Kericho Water and Sanitation Company Limited	224,814,598	196,348,645	Supplies and statutory deductions
13	Nyeri Water and Sanitation Company Limited	258,565,100	188,260,173	Supplier of goods and services
14	Eldoret Water and Sanitation Company Limited	384,370,035	186,087,504	Supplier of goods and services

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
15	Githunguri Water and Sanitation Company Limited	176,808,279	170,469,648	Long outstanding payables
16	Kiambu Water and Sewerage Company Limited	194,191,170	165,902,261	Supplier of goods and services
17	Oololaiser Water and Sewerage Company Limited	230,432,707	160,598,349	Supplier of goods and services
18	Murang'a Water and Sanitation Company Limited	131,046,849	131,046,849	Supplier of goods and services
19	Wajir Water and Sewerage Company Limited	596,039,088	127,629,876	Statutory (e.g KRA; NSSF; NHIF)
20	Kitui Water and Sanitation Company Limited	121,395,276	121,395,276	Supplier of goods and services
21	Municipal Council of Machakos Water and Sewerage Company Limited	119,744,237	120,961,303	Supplier of goods and services
22	Sibo Water and Sanitation Company Limited	115,355,843	115,355,843	Supplies and statutory deductions
23	Thika Water and Sewerage Company Limited	122,636,000	114,141,000	Supplier of goods and services
24	Meru Water and Sewerage Services Registered Trustees	120,870,787	113,869,749	Supplier of goods and services
25	Gusii Water and Sanitation Company Limited	126,369,160	98,671,800	Supplier of goods and services
26	Mavoko Water and Sewerage Company Limited	97,267,610	97,267,610	Supplier of goods and services
27	Olkejuado Water & Sewerage Company Limited	89,903,111	87,883,750	Supplier of goods and services and Statutory Deductions Kshs.5,817,750

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
28	Eldama Ravine Water and Sewerage Company Limited	94,284,098	86,680,911	Supplier of goods and services
29	Karuri Water and Sanitation Company Limited	103,188,095	85,669,733	Supplier of goods and services
30	Homa Bay County Water and Sanitation Company Limited	83,584,391	66,404,816	Supplier of goods and services
31	Murang'a South Water and Sanitation Company Limited	88,294,256	66,229,151	Supplier of goods and services
32	Kirinyaga Water and Sanitation Company Limited	88,726,401	63,965,605	Supplier of goods and services
33	Gatundu Water and Sanitation Company Limited	66,680,779	63,122,109	Statutory (e.g KRA; NSSF; NHIF)
34	Kakamega County Water and Sanitation Company Limited	386,968,670	62,508,951	Supplier of goods and services
35	Kibwezi - Makindu Water and Sanitation Company Limited	63,906,666	59,866,213	Supplier of goods and services
36	Amatsi Water Services Company Limited	66,971,886	55,165,285	Supplies and statutory deductions
37	Nakuru Rural Water and Sanitation Company Limited	189,777,590	50,142,424	Supplier of goods and Services
38	Limuru Water and Sanitation Company Limited	87,077,025	48,787,190	Supplier of Goods and services
39	Samburu Water and Sanitation Company Limited	47,146,429	47,146,429	Supplier of goods and services
40	Othaya Mukurweini Water Services Company Limited	77,568,632	44,470,699	Lease fees
41	Naivasha Water and Sanitation Company Limited	54,874,624	44,206,947	Supplier of goods and services

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
42	Imetha Water and Sanitation Company Limited	46,147,456	40,607,623	Supplier of goods and services
43	Mandera Water and Sewerage Company Limited	59,722,563	40,343,051	Supplier of goods and services
44	Gatamathi Water and Sanitation Company Limited	59,827,016	31,373,349	Supplier of goods and services
45	Yatta Water Sevices Company Limited	28,536,184	28,536,184	Supplier of goods and services
46	Kiambere Mwingi Water and Sanitation Company Limited	5,900,699	26,549,507	Supplier of goods and services
47	Iten Tambach Water and Sewerage Company Limited	27,292,292	24,548,079	Supplier of goods and services
48	Nyahururu Water and Sanitation Company Limited	63,967,076	23,686,453	Supplier of goods and services
49	Busia Water and Sewerage Services Company Limited	114,019,531	23,059,812	Supplier of goods and services
50	Kirandich Water Company Limited	56,190,085	21,693,008	Long outstanding payables
51	Gatanga Community Water Scheme	23,962,942	19,710,302	Supplier of goods and services
52	Nyandarua Water and Santation Company Limited	22,168,144	19,574,124	Supplier of goods and services
53	Kapenguria Water and Sewerage Services Company Limited	20,817,899	19,184,299	Supplier of goods and services
54	Elwak Water and Sewerage Company Limited	18,590,380	18,590,380	Supplier of goods and services
55	Wote Water and Sewerage Company Limited	26,896,143	16,621,744	Supplier of goods and services
56	Mwala Water and Sanitation Company Limited	15,591,731	15,591,731	Supplier of goods and services

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
57	Kikuyu Water Company Limited	89,502,951	13,806,906	Long outstanding statutory deductions (Laptrust)
58	Kahuti Water and Sanitation Company Limited	21,732,656	13,344,063	Long outstanding loan
59	Oi kalou Water and Sanitation Company Limited	14,095,459	13,255,203	Supplier of goods and services
60	Tetu Aberdare Water and Sanitation Company Limited	15,417,679	12,633,521	Supplier of goods and services
61	Lamu water and Sewerage Company Limited	32,064,184	12,283,291	Statutory (e.g KRA; NSSF; NHIF; etc)
62	Nzoia Water Services Company Limited	254,367,541	12,246,462	Pension Scheme Contributions
63	Matungulu Kangundo Water and Sewerage Company Limited	11,015,405	10,304,049	Supplier of goods and services
64	Kapsabet Nandi Water and Sanitation Company Limited	11,973,895	8,476,130	Supplier of goods and services
65	Kathiani Water and Sanitation Company Limited	7,901,609	7,901,609	Supplier of goods and services
66	Lodwar Water and Sanitation Company Limited	115,355,843	6,709,015	Supplier of goods and services
67	Mbooni Water and Sanitation Company Limited	5,493,211	5,403,212	Supplier of goods and services
68	Embe Water and Sanitation Company Limited	10,079,238	4,940,368	Supplier of goods and services
69	Ngagaka Water and Sanitation Company Limited	6,613,599	3,250,822	Supplier of goods and services
70	Rukanga Water and Sanitation Company Limited	448,728	336,698	Supplier of goods and services

S/No	Water Company	Trade and Other Payables (Kshs.)	Long Outstanding Amount (Kshs.)	Comments
71	Bomet Water and Sanitation Company Limited	124,129,576	-	No aged analysis
72	Cherangani Marakwet Water and Sanitation Company Limited	35,170,173	-	No aged analysis
73	Isiolo Water and Sewerage Company Limited	1,982,133	-	No aged analysis
74	Kyeni Water and Sewerage Company Limited	9,182,827	-	No aged analysis
75	Mathira Water and Sanitation Company Limited	65,927,062	-	No aged analysis
76	Migori County Water and Sanitation Company Limited	54,620,241	-	No aged analysis
77	Nanyuki Water and Sanitation Company Limited	89,278,887	-	No aged analysis
78	Narok Water and Sewerage Services Company Limited	37,806,455	-	No aged analysis
79	Naromoru Water and Sanitation Company Limited	1,908,836	-	No aged analysis
80	Nithi Water and Sanitation Company Limited	17,454,831	-	No aged analysis
81	Ruiru Juja Water and Sewerage Company Limited	48,269,172	-	No aged analysis
82	Tana Water and Sanitation Company Limited	4,033,960	-	No aged analysis
	Total	16,379,924,242	13,396,559,902	

Appendix 12: Variances between the Financial Statements and Supporting Schedules

S/No	Financial Statements	Amount in (Kshs.)	Description
1	Amatsi Water Services Company Limited	12,329,699	Variances between balances/amounts reported in the financial statements in respect to inventories, operations expenses, staff costs, payables and supporting ledgers
2	Garissa Water and Sewerage Company Limited	13,336,029	Unreconciled personel cost Kshs.9,360,477, audit fee Kshs.3,975,552
3	Isiolo Water and Sewerage Company Limited	3,110,757	Unreconciled overdraft
4	Kathiani Water and Sanitation Company Limited	693,462	Vvariance between operating revenue amount reported in the financial statements and the support ledger
		386,172	Variance in office supplies amount in the financial statements and the supporting ledger.
5	Kiambu Water and Sewerage Company Limited	3,015,864	Unwritten off payroll liabilities
6	Kibwezi - Makindu Water and Sanitation Company Limited	1,012,417	Variances between amounts reported in the financial statements and the support ledgers
		1,012,417	Water abstraction, fees and diesel of Kshs.2,102,934, Kshs.382,598 and Kshs.179,335 varies with the amount reported in the ledgers of Kshs.1,758,844, Kshs.871,190 and Nil resulting to a variance of 1,012,417.
		1,012,417	Variance between interest on water abstraction charges in the financial statements and the supporting ledger.
		399,805	Variance between other operating expenses ad supporting schedules.
7	Kikuyu Water Company Limited	36,361,563	Unreconciled donations
8	Kilifi Mariakani Water and Sewerage Company Limited	2,792,026	Variance between Financial statements and Agency's supporting analysis

S/No	Financial Statements	Amount in (Kshs.)	Description
9	Kisumu Water and Sanitation Company Limited	116,990	Maintenance expenses in the financial statements varies with financial statement amount and supporting ledger by Kshs.116,990
10	Kyeni Water and Sewerage Company Limited	10,558,407	Unbalanced statement of financial position Kshs.8,605,470, unreconciled revenue Kshs.1,952,937.
11	Lamu Water and Sewerage Company Limited	15,735,585	Unreconciled debtors variances Kshs.15,602,585, domestic travel Kshs.135,000
12	Limuru Water and Sewerage Company Limited	928,001	Unreconciled comparative balance under property, plant and equipment
13	Lodwar Water and Sanitation Company Limited	213,000	Balance Fuel and lubricants and printing expenditure of Kshs.1,879,670 in financial statements differed with supporting schedule amount of Kshs.1,692,670 resulting to unreconciled variance of Kshs.213,000
14	Mandera Water and Sewerage Company Limited	161,722,391	Trade receivables Kshs.2,271,828, opening balances Kshs.159,450,563
15	Matungulu Kangundo Water and Sewerage Company Limited	974,475	Trial balance excludes expenditure of Kshs.974,475 incurred on property, plant and equipment
16	Mavoko Water and Sewerage Company Limited	6,938,693	Variance between trade and other payables balance in the financial statements and the balance in the ageing analysis ledger.
17	Mbooni Water and Sanitation Company Limited	584,183	Unreconciled variance between grant income in financial statements and trail Balance.
		154,250	Unreconciled variance between staff costs and payroll supporting schedules
18	Migori County Water and Sanitation Company Limited	16,816,173	Amounts and balances in the financial statements do not agree with the supporting ledgers
19	Municipal Council of Machakos Water and Sewerage Company Limited	5,598,952	Variance between trade and other payables balance in the financial statements and the ledger balance.

S/No	Financial Statements	Amount in (Kshs.)	Description
20	Muranga Water and Sanitation Company Limited	11,981,984	Excess house allowance
21	Nairobi City Water and Sewerage Company Limited	1,048,434,062	Unreconciled water sales
		102,810,000	The Company revealed (645) effluent discharge licenses were issued to private exhausters with an expected revenue collection of Kshs.116,100,000. However, the Company reported income of Kshs.13,290,000 result in under collection of revenue amounting to Kshs.102,810,000.
		7,026,334	size of utility, active number of water connections was 241,367. However, billing data provided revealed the Company had 230,152 and 9,787 customers connected to water meters.This would have realized an income of Kshs.164,040,150 and Kshs.5,872,200 respectively totalling to Kshs.169,912,350 and not Kshs.162,886,017 resulting in an unreconciled variance of Kshs.7,026,334
		181,146,811	financial statements reflect leave allowance amount of Kshs.206,350,404 which is at variance with the amount of Kshs.204,755,858 reflected in the payroll and the recalculated amount from payroll of Kshs.252,035,973
		20,373,671	Amount of Kshs.49,541,429 for maintenance of motor vehicles differed with the ledger amount of Kshs.29,167,758 resulting to variance of Kshs.20,373,671.
22	Narok Water and Sewerage Company Limited	96,410,939	Unreconciled balances in the statement of cashflow
		692,492	Inaccuracies in depreciation Kshs.692,492,
23	Nyandarua Water and Sanitation Company Limited	6,531,391	Inaccuracies in operating expenses comparative figure of Kshs.2,798,950 and Kshs.3,732,441 under maintenance expenses

S/No	Financial Statements	Amount in (Kshs.)	Description
24	Nzoia Water Services Company Limited	202,306,222	Unexplained variances on various items in respect to assets, income, cost of sales and expenditure between amounts in financial statements and supporting schedules
25	Olkejuado Water and Sewerage Company Limited	4,385,669	Contract overpayment Kshs.4,385,669,
26	Tana Water and Sanitation Company Limited	18,359,203	Unreconciled variance in electricity expenditure between the Financial statements and Schedules
		144,655	Unreconciled Staff Wages
27	Thika Water and Sewerage Company Limited	53,775,770	Unreconciled variances under property, plant and equipment
		19,672,000	Unreconciled tax
		5,929,000	The Cashflows statement reflects general and operation expenses paid totalling totalling to Kshs.374,073,000 while the cash payment schedules reflect Kshs.368,144,000 resulting to an unexplained variance of Kshs.5,929,000
		5,047,000	Cashflows Statement reflects purchase of property, plant and equipment expenditure amount of Kshs.58,577,000 while the cash payment schedules reflect Kshs.63,624,000 resulting to an unreconciled variance of Kshs.5,047,000
		1,253,646	Unreconciled inventories
28	Wajir Water and Sewerage Company Limited	117,374,080	Property, plant and equipment Kshs.33,388,888, staff costs Kshs.83,985,192
29	Yatta Water Services Company Limited	17,433,088	Amounts and balances in the financial statements and supporting ledgers provided revealed unexplained variances
		12,299,626	Payables balance of Kshs.23,269,260 whose corresponding creditors ledger reflects a balance of Kshs.10,969,634 resulting to unexplained variance of Kshs.12,299,626.
	Total	2,229,191,371	

Appendix 13: Variances between the Financial Statements and Notes, Errors and Omissions

S/No	Financial Statement	Amount in (Kshs.)	Description
1	Amatsi Water Services Company Limited	660,212	Undisclosed and unsupported overdraft
2	Elwak Water and Sewerage Company Limited	6,925,300	Inconsistencies in water sales revenue
		5,999,098	Unexplained variance in the statement of cashflows
		4,633,997	Unexplained variance between the statement of profit or loss and statement of comparison of budget and actual amounts
		2,762,785	Unsupported Board sitting allowances
		2,551,205	Inaccuracy in statement of changes in net assets-unreconciled variance
3	Embe Water and Sanitation Company Limited	4,833,071	Current cash book overdraft not disclosed in Note 32
		8,966	The statement of cashflows reflects purchase of property, plant and equipment of Kshs.1,819,634 while Note 20 reflects additions of Kshs.8,966 totalling to Kshs.1,828,600 resulting into Kshs.9,966 variance balance
4	Embu Water and Sanitation Company Limited	1,968,336	Unaccounted for cash loss
5	Gusii Water and Sanitation Company Limited	7,757,975	Variance between operating revenue amount the financial statements and the amount recorded in the monthly billing summary from the Majisoft Portal
6	Homa Bay County Water and Sanitation Company	7,445,480	Amounts in financial statements differs with bank account statements

S/No	Financial Statement	Amount in (Kshs.)	Description
7	Isiolo Water and Sewerage Company Limited	1,317,163	Inaccuracy in the Statement of Cash Flows and Note 16 to the financial statements.
8	Iten Tambach Water and Sewerage Company Limited	16,880,122	Assets wrongly classified in the financial statements
9	Kakamega County Water and Sanitation Company Limited	23,920,486	Unexplained variance between trade receivable figure in the financial statements and note.
		9,558,883	Inclusion of debtors for scheme already transferred to the Kakamega County Rural Water and Sanitation Company
10	Kapenguria Water and Sewerage Services Company Limited	22,077,099	Inaccuracies in the statement of financial position
		4,302,952	Inaccuracies in the statement of Profit or Loss and Other Comprehensive income
		1,778,960	Financial statements reflect Cash and bank balance of Kshs.406,609 while cash book balance of Kshs.2,185,569 Kshs.1,778,960 Inaccuracies in cash and cash Equivalents
		572,863	Undisclosed prepaid electricity
11	Kapsabet Nandi Water and Sanitation Company Limited	21,974,841	Inaccuracies in property, plant and equipment
12	Karuri Water and Sanitation Company Limited	20,903,178	Unreconciled variance of Kshs.20,903,178 and list of customers not provided
		8,267,299	Un-receipted payments and deposits made to the wrong accounts dating back to 2013
		758,293	Omitted receipts in the cashbook

S/No	Financial Statement	Amount in (Kshs.)	Description
13	Kathiani Water and Sanitation Company Limited	134,522,384	The statement of financial position reflects total liabilities of Kshs.142,988,293 while the recomputed balance amounted to Kshs.8,465,909 resulting in an unexplained variance of Kshs.134,522,384
		1,212,391	The statement of changes in equity reflects, total equity items amount for the prior year as Kshs.137,587,182 instead of Kshs.136,374,791 resulting into a misstatement of Kshs.1,212,391
		1,085,737	Comparative total expenditure amount differs with the prior year audited financial statements balance resulting in an unreconciled variance of Kshs.1,085,737
		683,998	cash and cash equivalents balance of Kshs.556,656. However, recasting of the cashflow statement indicates a balance of Kshs.1,240,654 resulting in an unexplained variance of Kshs.683,998
		92,054	Variance of Kshs.92,054 between electricity expense and supporting bills.
14	Kiambere Mwingi Water and Sanitation Company Limited	630,482,219	Exclusion of assets with an estimated value of Kshs.630,482,219 belonging to Tanathi Water Works Development Agency which have been operated by the Company since May, 2009 but have not been handed over to the Company

S/No	Financial Statement	Amount in (Kshs.)	Description
		12,657,303	Fully depreciated assets not revalued.
		69,890	Casting error under Note 16 (a) on property, plant and equipment
15	Kiambu Water and Sewerage Company Limited	7,533,924	Completed projects not capitalized
16	Kilifi Mariakani Water and Sewerage Company	3,445,000	Unsurpported Land Ownership
		598,514	Overpayment of security services
		217,015,581	The fixed assets register differed with the assets cost amounts in the financial statements
		10,492,226	Inaccuracies in work in progress
17	Kirandich Water Company Limited	73,228,640	The statement of cash flows reflects non-operating revenue of Kshs.607,785 that differs with Note 7 amount of Kshs.37,697,818 resulting to variance of Kshs.37,090,033. other income of Kshs.36,976,792 which differ with Note 8 amount of Kshs.838,185 resulting to variance of Kshs.36,138,607
		58,782,997	Capital investments disclosed as works in progress understating the assets
		7,467,660	Misstatement of capital works in progress and property, plant and equipment
		7,224,183	Misstatements of revenue performance difference in statement of comparison of budget and actual amounts

S/No	Financial Statement	Amount in (Kshs.)	Description
		6,088,109	purchase of property, plant and equipment amount of Kshs.24,632,673 which differ with Note 15 additions of Kshs.18,544,564 resulting to variance of Kshs.6,088,109
		957,247	Note 15 reflects Capital work in progress balances of Kshs.58,782,997 which differs with the recomputed balance of Kshs.59,740,244 resulting to variance of Kshs.957,247
		525,859	Salary and allowances for permanent employees of Kshs.17,059,212 differed with the payroll summary amount of Kshs.16,633,353 resulting to variance of Kshs.525,859
		523,768	financial statements reflect staff cost of Kshs.18,660,254 which differed with supporting schedule costs of Kshs.19,184,022 resulting to unreconciled variance of Kshs.523,768
		467,095	Understatement of water sales and billings
18	Kisumu Water and Sanitation Company Limited	27,137,011	The company reflects a profit before taxation totalling to Kshs.90,456,704. No tax has been recognized by the trading Company
		21,793,650	The balance has not been recognized in the financial statements

S/No	Financial Statement	Amount in (Kshs.)	Description
		14,103,946	Note 6 to the financial statements on going concern reflects working capital balance of Kshs.54,018,045 while addition of components constituting working capital result in a balance Kshs.39,914,099. The variance of Kshs.14,103,946
		6,040,913	Note 43 reflects a balance of Kshs.17,100,538 payable to Lake Victoria South Works Development Agency. However, the financial statement for the Agency reflect a balance of Kshs.11,059,625 owing resulting to variance of Kshs.6,040,913. The accuracy and completeness could not be confirmed
19	Lodwar Water and Sanitation Company Limited	16,517,540	Company's asset register reflected some land, equipment, motor vehicles/cycles and office equipment which are excluded in the financial statements
		2,225,301	Amount differed with payroll resulting to unreconciled variance of Kshs.2,225,301
		213,000	Financial statements amount that differed with the notes to the financial statements
20	Malindi Water and Sewerage Company Limited	143,861,239	Excluded from the inventories balance is water and chlorine valued at Kshs.134,893,680 and Kshs.8,967,559 respectively, all totalling to Kshs.143,861,239
		15,230,953	Difference in record of amount owed to WSREB

S/No	Financial Statement	Amount in (Kshs.)	Description
		4,369,826	Difference in record of amount owed to Coast Water Works
21	Matungulu Kangundo Water and Sewerage Company Limited	263,951	Misstatement of retained earnings through casting error
		143,280	Difference of Kshs.143,280 between accumulated depreciation as at 1 July, 2022 and the comparative amount
22	Mbooni Water and Sanitation Company Limited	181,234	Financial statements reflect zero tax while Notes indicate Kshs.181,234
23	Murang'a Water and Sanitation Company Limited	20,488,369	The investment has been classified as current asset although it has remained for long
24	Nairobi City Water and Sewerage Company Limited	1,151,244,062	Unaccounted Revenue
25	Nakuru Rural Water and Sanitation Company	28,241,836	Variance between water sales and billing data
26	Nakuru Water and Sanitation Services Company Limited	994,706,658	The outstanding loan balance is not reported on the financial statements as required by the standards.
27	Ngagaka Water and Sanitation Company Limited	150,000	Land not valued resulting in understatement of property, plant and equipment
28	Ngagaka Water and Sanitation Company Limited	46,169	Unexplained variance between statement of budget and actuals and statement of profit or loss and comprehensive Income
29	Oi Kalou Water and Sanitation Company Limited	722,491	Customer deposits variance between cashflow flow and note to the financial statements
30	Olkejuado Water and Sewerage Company	14,103,946	Inaccuracies in the disclosed working capital amount.
		14,498,082	Inaccuracies in cash flow Kshs.394,136 and WIP casting Kshs.14,103,946

S/No	Financial Statement	Amount in (Kshs.)	Description
31	Oololaiser Water and Sewerage Company Limited	15,988,810	Unreconciled difference of Kshs.15,988,810. In the cashflow statement
		4,798,324	An unreconciled variances and wrong classifications
32	Samburu Water and Sanitation Company Limited	17,427,816	Inaccuracies in retained earnings and general reserves
		12,453,600	Non-capitalization of pipeline extensions works
		6,062,220	Equity and liabilities of Kshs.96,652,719 and total assets of Kshs.96,590,499. Recast revealed Kshs.90,652,719 resulting to an unexplained variance of Kshs.6,062,220
		5,593,664	Recast of total expenses amounted to Kshs.48,935,964 and not Kshs.54,529,628 resulting in an unexplained variance of Kshs.5,593,664
		3,495,399	Note 15 disclosed depreciation of property, plant and equipment of Kshs.4,597,460 and amortization of Kshs.52,929. However, Note 41 on the statement of cash flows reflect depreciation of Kshs.8,123,489 and amortization balance of Kshs.22,299
		495,946	cash flows omitted all payments and grants of Kshs.495,946
		273,000	current assets opening balance of Kshs.20,858,549 instead of Kshs.20,585,549 giving rise to an variance of Kshs.273,000
33	Sibo Water and Sanitation Company Limited	28,760,865	Adjustment not explained or disclosed

S/No	Financial Statement	Amount in (Kshs.)	Description
		25,430,110	Unreconciled variance between prior year audited balances and opening balances
34	Tavevo Water and Sewerage Company Limited	107,867,843	Coast Water Works Development Agency for the same period reflected different amounts as receivables from the Company, resulting to an unexplained variance of Kshs.107,867,843
35	Thika Water and Sewerage Company Limited	23,532,000	Omitted liabilities
		20,723,832	Analysis of the customers balance of Kshs.79,598,832 however, records revealed that Kshs.18,875,000 was a borrowing from customer deposits and Kshs.40,000,000 was an investment in fixed deposit resulting to an Unexplained variance of Kshs.20,723,832
		60,073	Statement of cash flows reflects items with a balance of Kshs.1,219,738 while the corresponding notes to the financial statements reflects Kshs.1,279,811 resulting to unexplained variance of Kshs.60,073
36	Wote Water and sewerage Company Limited	13,807,620	Omitted Revenue for three months
37	Yatta Water Services Company Limited	5,319,433	The fixed asset register was last updated on 30 June, 2020
Total		4,121,389,355	

Appendix 14: Unsupported Balances

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
1	Amatsi Water Services Company Limited	39,991,768	Unsupported payables, provisions and customer deposits
		66,290,587	No supporting documents provided
		13,234,888	Unsupported balance
		5,429,026	No supporting documents for the remittances were provided
		1,061,286	No ledger or supporting documentation has been provided
2	Bomet Water and Sanitation Company Limited	149,407,837	Unsupported grants Kshs.126,530,552 and operating expenses Kshs.8,603,928, maintenance cost Kshs.5,329,213, inventory Kshs.6,251,155, customer deposit Kshs.2,692,989
3	Busia Water and Sewerage Services Company Limited	104,509,981	No aging analysis and approved debt management policy
		23,059,812	Inherited creditors not supported by documentation
		100,000	No register of shareholders was provided
4	Eldama Ravine Water and Sewerage Company Limited	1,347,269	Unsupported fuel, oil and lubricants balance
		130,433	Unsupported insurance (Motor vehicle and cycles) Balance
5	Eldoret Water and Sanitation Company Limited	43,123,657	Company issued estimated water supply bills of Kshs.43,123,657 which was not supported in the fiancé policy or manual.
6	Elwak Water and Sewerage Company Limited	18,963,180	Board sitting allowance Kshs.372,800, trade and other payables Kshs.18,590,380
7	Embe Water and Sanitation Company Limited	1,114,956	Unsupported employer contribution
8	Embu Water and Sanitation Company Limited	31,519,506	Unsupported KRA refund claims,
		13,521,841	Unsupported expenditure

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
		5,930,585	Unsupported Fuel Expenditure
		4,195,895	Unsupported Maintenance and Production Costs
		4,000,000	No supporting document in respect to the grant
		3,395,361	Unsupported Establishment Costs
		3,141,740	Unsupported Bank Balance
		1,871,200	Unsupported procurement of cleaning services
9	Garissa Water and Sewerage Company	12,843,206	Finance cost Kshs.1,077,633, prior year Kshs.10,175,013, security Kshs.1,590,560
10	Gatamathi Water and Sanitation Company Limited	30,237,058	No policy for doubtful debts has been made
		230,059	No land ownership documents
		1,353,291	Unsupported legal services
11	Gatanga Community Water Scheme	18,766,881	Total adjustments of Kshs.18,030,317 and Kshs.18,766,881 for revenue and expenditure respectively
		18,030,317	Total adjustments of Kshs.18,030,317 and Kshs.18,766,881 for revenue and expenditure respectively
		2,749,303	recomputed total payments in cashflows adds up to Kshs.59,972,534 resulting to unreconciled variance of Kshs.2,749,303
12	Gatundu Water and Sanitation Company Limited	1,957,160	Unsupported board expenses
13	Githunguri Water and Sanitation Company Limited	7,604,974	Details of transfer and documentary evidence on land and buildings ownership including title deeds not provided
		2,878,081	Supporting documents indicating reasons for travel not provided

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
14	Gusii Water and Sanitation Company Limited	2,827,580	Unsupported Board Expenses
15	Homa Bay County Water and Sanitation Company	78,188,912	Not supported by completion certificates
		17,179,575	Payables not supported by LPOs and approval
		2,857,638	No stock take reports
16	Iten Tambach Water and Sewerage Company Limited	27,292,292	Approved policy document detailing nature and rates of provisions not provided
		3,422,300	The assets were fully depreciated but still in use but had not been revalued
		100,000	Management did not provide share certificate and share register
17	Kakamega County Water and Sanitation Company Limited	200,178,663	No aging analysis has been provided
		148,042,643	No documentation to support the capitalization
		98,828,003	Unsupported capital employed
18	Kapenguria Water and Sewerage Services Company Limited	19,184,299	Unsupported Trade and Other Payables
19	Kapsabet Nandi Water and Sanitation Company Limited	402,148	Unsupported Board Allowances
20	Kathiani Water and Sanitation comapy Limited	328,300	Unsupported electricity expenditure
21	Kericho Water and Sanitation Company Limited	20,808,877	Withdrawals without purpose and support disclosed
		16,882,552	No provision made for doubtful debts

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
22	Kibwezi - Makindu Water and Sanitation Company Limited	3,345,453.00	Trade and other receivables balance of Kshs.19,902,318 net of provision for doubtful debts of Kshs.16,184,449. However, the ageing analysis reveals trade receivables balances of Kshs.23,247,771 outstanding for periods exceeding 120 days
23	Kikuyu Water Company Limited	84,141,342	Unsupported trade and other receivables by ageing analysis.
		925,470	Unsupported Board expenses
24	Kilifi Mariakani Water and Sewerage Company Limited	248,543,712	Unsupported Coast Water Works liability
		15,237,445	Unsupported other receivables by analysis on the composition
25	Kirandich Water Company Limited	2,316,430	Unsupported inventories
		633,476	Unsupported Board expenses
		27,102,739	Unsupported outstanding trade receivables
26	Kirinyaga Water and Sanitation Company	147,518	Unsupported short term loan
		3,357,907	Unsupported travelling and accomodation
27	Kisumu Water and Sanitation Company Limited	141,422,854	No ledger analysis in support of the balance
		48,986,667	No approval for write off
		26,660,396	No support documents for the amount
28	Kwale Water and Sewerage Company Limited	36,719,864	Unsupported Capital Reserves
		2,620,581	Unsupported Board Expenses
29	Kyeni Water and Sewerage Company	25,364,451	Trade and other payable Kshs.14,773,172, call deposits Kshs.60,000, trade and other payables Kshs.9,182,827, transport allowance Kshs.1,315,110, responsibility allowance Kshs.333,492

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
30	Lamu Water and Sewerage Company Limited	2,646,886	No support schedule for customer deposits, Kshs.763,606 and overpayment of casuals Kshs.1,490,000 and fuel Kshs.393,280
31	Limuru Water and Sewerage Company Limited	710,100	Unsupported air time allowance- No policy on airtime payment.
32	Lodwar Water and Sanitation Company Limited	6,709,015	General ledger, supporting schedules and aging analysis not provided
		32,027	Movement schedule not provided
33	Malindi Water and Sewerage Company Limited	25,421,708	Lack of ownership for motor vehicles and motor cycles
34	Mandera Water and Sewerage Company Limited	71,382,062	Equity Kshs.61,882,062, land Kshs.9,500,000
35	Matungulu Kangundo Water and Sewerage Company Limited	402,000	Unsupported expenses paid as allowances
36	Mavoko Water and Sewerage Company Limited	36,448,503	Unsupported customer deposits
		9,935,777	Unsupported subsistence allowance.
		56,339,813	bad debts written off of an amount of Kshs.56,339,813 while provision for bad and doubtful for the year however amounted to Kshs.9,143,636. The write-off write is significantly higher than the amount provisioned for overtime.
		9,095,565	Receivables balance of Kshs.29,873,134. However, the ledger schedule reflects other receivables balance of Kshs.20,777,669 resulting to a variance of Kshs.9,095,565
		7,957,332	Project receivables balance of Kshs.7,957,332 was not supported with ledger schedules

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
37	Mbooni Water and Sanitation Company Limited	176,000	Un supported customer deposits
38	Migori County Water and Sanitation Company Limited	8,456,647	Note 28 reflects customer deposits totalling to Kshs.8,488,401 while deposits bank account revealed a balance of Kshs.31,754 resulting to an variance of Kshs.8,456,647.
39	Municipal Council of Machakos Water and Sewerage Company Limited	7,091,565	No approved policy on provision of bad debts in place
40	Nairobi City Water and Sewerage Company Limited	1,421,443,144	Unsupported Licensing, Lease and Levy Expenditure
		643,000,000	Unsupported Standing Order on Outstanding Pension Debt
		357,125,070	No supporting information from the Kenya Revenue Authority (KRA) acknowledging the issue indicated in the financial statements
		308,447,036	Unsupported Customers with Credit Balances
		170,943,658	Unsupported Provisions for Doubtful Debts
		150,358,474	Unsupported decrease I billings
		45,756,594	Unsupported Maintenance of Motor Vehicles and other expenditure by Vouchers
		22,796,169	Irregular payment of bonuses
		13,554,000	Unsupported Exhauster Services and water tankers Revenue
41	Naivasha Water and Sanitation Company	339,542,367	Unsupported Assets Additions
		5,030,473	Unsupported Board Expenses Kshs.3,780,065 and Kshs.1,250,408

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
42	Nakuru Rural Water and Sanitation Company Limited	290,465,040	Excluded work in progress
		275,647,843	Unsupported grants Kshs.270,784,543, Unsupported board expenses Kshs.4,863,300
		2,612,759	Unsupported inventories
43	Nakuru Water and Sanitation Services Company Limited	17,477,375	Amount loaned to NAWASSCOAL Company not supported with signed loan agreement
44	Nanyuki Water and Sanitation Company Limited	30,000,000	Land and motor vehicles with no ownership documents
45	Narok Water and Sewerage Company Limited	37,298,910	Unsupported board, general operating expenses, repairs and grants
46	Ngagaka Water and Sanitation Company Limited	91,800	Unsupported Administration Costs (Subsistence Allowance)
47	Nol Turesh Loitokitok Water and Sanitation Company Limited	4,699,272	Unsupported maintenance cost
48	Nyandarua Water and Sanitation Company Limited	32,411,667	Unsupported grants income
		27,596,419	Unsupported grants in kind
		1,362,500	Top up paid with no evidence of approval
49	Oi kalou Water and Sanitation Company Limited	1,666,431	Unsupported write offs
50	Olkejuado Water and Sewerage Company	38,491,946	Outstanding trade and receivables and un surrendered and unsupported imprest
		14,603,103	Unsupported cash and cash equivalents
		5,762,815	Unsupported Miscellaneous Income
		1,036,044	Unsupported imprests
51	Oloolaiser Water and Sewerage Company Limited	106,249,703	No effort to recover the debts effectively

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
		51,690,948	Unreconciled variance in payables
		88,580	No certificate of deposit
52	Rukanga Water and Sanitation Company	1,938,269	Unsupported Plant and Equipment
53	Samburu Water and Sanitation Company Limited	77,000,000	Unsupported works
		1,940,000	Unsupported director's emoluments
		383,584	Unsupported Property ,Plant and Equipment
54	Sibo Water and Sanitation Company Limited	22,220,579	Additions not supported by completion certificates
		437,503	Income tax credit not explained how it was derived at
		159,326	No support documentation despite the decrease
55	Tana River Water ans sanitation company Limited	6,181,710	Unsupported Trade and Other Payables
		1,483,110	Unsupported customer deposits
		51,484,791	Unsupported trade and other receivables
		2,493,043	Unsupported Genaral and Operational Expenses
		1,772,370	Unsupported Plant and maintance on plant and equipment
		890,400	Unsupported Domestic travel and subsistence allowances
56	Tavevo Water and Sewerage Company Limited	33,475,516	Unsupported customer deposits
57	Thika Water and Sewerage Company Limited	218,014,000	Company did not give reasons for the Un supported payables remaining outstanding over the years
		122,636,000	Long outstanding and unsupported balance

S/No.	Name of Water Company	Amount (Kshs)	Description/Issues
		22,869,000	Taxation expense does not consider the disallowable such as depreciation provisions, wear and tear, investment deduction, donations and grants
58	Wajir Water and Sewerage Company Limited	1,201,680,582	Trade payables Kshs.596,039,088, trade receivables Kshs.2,683,000, project expenditure Kshs.21,579,489, consultancy Kshs.35,479,398, development expenditure Kshs.20,750,000, grants Kshs.327,286,000, donor grants Kshs.147,442,826, revenue from equipment Kshs.8,736,000, revenue earned Kshs.41,684,789
59	Wote Water and sewerage Company Limited	17,526,165	Unsupported general and operational Expenses
		11,304,174	Unsupoorted electricity bills
		2,265,492	Unsupported Maintenance Expenses
60	Yatta Water Services Company Limited	28,536,184	Management did not provide the ageing analysis in support of balances
		1,831,750	Balance was not supported with a stock take report in addition, the company did not maintain stock sheets or stock control cards while balances do not show any movements during the year.
		345,000	consultancy fees of Kshs.345,000 on revaluation of assets which was not supported by a revaluation report
Total		8,424,964,913	