



Taking Regulation a Step Further

ANNUAL REPORT 2007



**WATER SERVICES
REGULATORY BOARD**



VISION

To be the leading regulator for the provision of Water Supply and Sanitation Services in Africa.

MISSION

To regulate the provision of water supply and sanitation services in Kenya by setting standards, monitoring and enforcing the regulations, to ensure that the consumers are protected and have access to efficient, adequate, affordable and sustainable services for their basic and economic development needs.



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Board of Directors

Ms. Jane Nyaboke Njagi
Chairman



Eng. W.J. Odhiambo
Director -
Representing
the Institution of
Engineers of Kenya

Mr. Bernard Kitonyi
Director



Mrs. Lucy Ambasi
Alternate Director
- Representing
Attorney General

Mr. A. Lomongin
Alternate Director
- Representing PS
Ministry of Water and
Irrigation



Ms. Hawa Malyun Ibrahim
Director

Ms. Joyce Isiaho
Alternate Director
- Representing
PS Ministry of
Environment and
Natural Resources



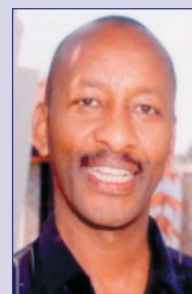
Mr. Wanguhu Ng'ang'a
Director



Mr. Njoroge Muhu
Alternate Director,
Representing PS Ministry
of Finance

Ms. Margaret Ratemo
Alternate Director,
Inspector General, State
Corporations

Mr. Ceasar Wanjao
Director



Citations



■ Ms Jane N. Njagi

Ms. Njagi was appointed by the President as Chairperson to the Board of Directors. Ms Njagi holds a Bachelor of Laws (LLB) from the University of Nairobi and a Diploma in Law from the Kenya School of Law. Before her appointment, she had served on the Board as Chairperson to the Finance and Administration Committee. Ms Njagi has been in legal practice for over 20 years with wide experience in many spheres of law, specializing in water-related fields. She is an Advocate of the High Court of Kenya and is currently a Senior partner with Njagi Nyaboke and Company Advocates.

■ Mr Caesar N. Wanjao

Mr. Caesar N. Wanjao is a Director appointed by the Minister. He Holds a Bachelor of Arts, Economics (Hons), a Bachelor of Laws LLB (Hons), and a post graduate Diploma in Law, from the Kenya School of Law. For a term of three years preceding his appointment, Mr. Wanjao served as a Director of NWCP. He is a commissioner for oaths, notary public and CPS(K) and has been in active legal practice for over 16 years.

■ Ms Hawa Malyun M. Ibrahim

Mrs. Hawa Ibrahim is a Director appointed by the Minister. She holds a degree in International Relations and has previously worked with UNDP.

■ Mr Wanguhu Ng'ang'a

Mr. Ng'ang'a is a Director appointed by the Minister. He holds a Bachelor of Arts Degree in International Relations from Moscow State University and Diploma in Journalism from Caner'sltime College London. He has wide Experience in Administration and Business in Kenya. He has written a book titled "Kenya Ethnic Communities Foundation of Nation".

■ Mr Bernard Kitonyi

Mr. Kitonyi is a Director appointed by the Minister. He holds a Masters degree in Marriage and Family. He has held senior positions in the private sector, including being a Managing Director of Inades Formation International Kenya Office (IFIKO) and Director Family Life Counseling Association of Kenya, among others.

■ Eng. Wilberforce Odhiambo

Eng. Odhiambo is a Director representing the Institution of Engineers of Kenya. He is also the Chairman of the Technical Services Committee. He holds a BSc (Hons) in Civil Engineering from the University of Nairobi.

Eng. Odhiambo held senior positions in the Public Service before moving on to become a Consulting Engineer. He is a licensed Water Engineer and a fellow of the Economic Development Institute, Washington, USA. He is currently the Chairman of the Institute of Engineers of Kenya.

■ Mr Augustine Lomongin

Mr. Augustine Lomongin is an Alternate Director to the Permanent Secretary, Ministry of Water and Irrigation. Mr Lomongin holds BSc in Economics. He has wide experience in public affairs having worked with the Provincial Administration and served in various capacities in the Ministries of Home Affairs, Trade and Industry and Office of the President.

■ Mr. Njoroge Muhu

Mr. Njoroge Muhu is an Alternate Director to the Permanent Secretary, Ministry of Finance.

■ Mrs Joyce Isiaho

Mrs. Joyce Isiaho is an Alternate Director to the Permanent Secretary, Ministry of Environment and Natural Resources. She holds a BA degree in Political Science and has extensive experience with the Provincial Administration, having served as District Commissioner, among other capacities.

■ Mrs Lucy Ambasi

Mrs. Lucy Ambasi is an Alternate Director to the Attorney General. She holds an LLB (Hons) degree from the University of Nairobi and a Diploma from Kenya School of Law. She is currently a State Counsel at the Attorney General's Office. She is a member of the corruption prevention Board in Uasin Gishu.

■ Ms Margaret Ratemo

Ms Margaret Ratemo is an Alternate Director to the Inspector-General, State Corporations.



“ The Directors and Management of WASREB regard corporate governance as pivotal to the successes of the Board and are unreservedly committed to ensuring that good corporate governance is practiced so that the Board remains a sustainable and viable vehicle for regulating water services in Kenya.

Management Staff



Eng Daniel K. Barasa

Eng Daniel Barasa is the Chief Executive Officer of WASREB. He holds BSc and MSc Degrees in Engineering from the University of Nairobi. He has held senior positions in the Ministry of Water and Irrigation, rising to the position of Director of Reforms. He is a long time member of the Engineers Registration Board of Kenya.



Bernadette Njoroge

Ms. Bernadette Njoroge is the Corporate Services Manager. She holds LLB (Hons) and LLM degrees from the University of Nairobi, and is a Certified Public Secretary. She worked previously as Lecturer at Inooro Centre; Senior State Counsel at the Attorney General's Office and as Legal Counsel at Kenya Tourist Board. She is an Advocate of the High Court of Kenya.



Eng Dan O. Owore

Eng Dan Owore is the Regulatory Services Manager. He holds a Bachelor of Science degree in Civil Engineering from the University of Nairobi, and a Master of Science in Water and Sanitation Engineering from IHE Delft, Netherlands. He has over 15 years experience in the water sector, having worked previously with Nairobi Water Company as a Regional Manager, Kisumu Municipal Council as Town Engineer, Nakuru Water Company as Technical Manager and practised engineering as a Private Consultant. He is a Registered Engineer with the Engineers Registration Board of Kenya and a Corporate Member of the Institution of Engineers of Kenya.



Herbert A. Kassamani

Is the Communications and Public Relations Manager. Mr Kassamani holds an MBA (Marketing) and a Post-Graduate Diploma in Mass Communication from the University of Nairobi; and a Bachelor of Education from Kenyatta University. He has held senior positions in marketing and communications both in the public and private sector. He has also published extensively in magazines, journals and the local media.



Richard Cheruiyot

Richard Cheruiyot is the Inspectorate Manager. He is a holder of a BSc and MSc in Chemistry from the University of Nairobi. Prior to joining WASREB, he worked as a Chemist at the Ministry of Water and Irrigation and as Deputy Regional Manager, NWCP.



Chairman's Message

Upholding Sound Management Principles



6 Corporate governance is an important part of who we are and how we conduct ourselves every day.

This annual report was prepared in fulfillment of the Directors' responsibility to prepare financial statements which give a true and fair view of the state of affairs of the Board as at the end of each financial year. The Directors are required to ensure that the Board maintains proper accounting records which disclose, with reasonable accuracy, the financial position of the Board. They are also responsible for safeguarding the assets of the Board.

The Directors and Management of WASREB regard corporate governance as pivotal to the successes of the Board and are unreservedly committed to ensuring that good corporate governance is practiced so that the Board remains a sustainable and viable vehicle for regulating water services in Kenya.

Corporate governance is an important part of who we are and how we conduct ourselves every day. In this light, WASREB is committed to the values and principles of good corporate governance.

As a public service organization, the Board's decisions are guided by the core tenets prescribed in the Public Officers Ethics Act, and internal codes of conduct. We continually strive to strengthen and sustain the trust that the government, the water sector and the public have placed on us. Accordingly, the Board and its committees regularly evaluate the latest national and international standards in a responsible, transparent and efficient management with the objective of enhancing corporate governance in the Board and consistently delivering on our mandate.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

This responsibility includes: designing, implementing and maintaining internal controls relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards and in the manner required by State Corporations Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Water Services Regulatory Board as at 30th June 2007 and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statement, as well as adequate systems of internal financial controls.

The activities captured in this report represent our effort to take Regulation a step further. We wish to restate our commitment to our mission of ensuring that a majority of Kenyans have access to water.

We are now working towards making WASREB a leading Regulator for the provision of water supply and sanitation services in Africa. We hope that the activities we are undertaking will make it possible to realize our objective of having every Kenyan access water by the year 2015.

Ms Jane N. Njagi,
Chairman

Water service provision: Giant task but we are upto it

Access to clean water remains a challenge to a majority of the population the world over. In Kenya, rapid urbanization, coupled with population growth, have strained existing facilities thus increasing the challenge of providing water and sewerage services.

According to the Citizen's Report Card, a World Bank funded study, access to tapped water is still limited to just 74 per cent of the households in Nairobi. It progressively gets worse to 27 per cent in Mombasa, while in Kisumu, it is down to a low of 13 per cent. This scenario poses a major challenge to WASREB's mandate of ensuring access to quality water services for Kenya's population.

In this report, we review activities WASREB has undertaken in the past year in fulfillment of the mandate of providing services in an efficient, economical and sustainable manner. Still in infancy at four years, WASREB's activities started with the upgrading of its own institutional structure to enable us brace for the tasks ahead. This was followed by the revision of our strategic plan to provide the desired scope and thrust in activities. In line with global trends where organizations are becoming customer-centric, a service charter was developed to outline the standards upon which the Regulator's services would be based. The launch of the service charter was a statement of commitment to our customers.

This was closely followed by the provision of licences to Water Services Boards. The licences define the scope of services the Boards are required to provide and the standards they must strive to attain. As a result, the inspection programme was activated to provide the desired support to Water Services Boards, also still regarded as budding institutions.

With these efforts, I am confident that we are now in a better position to deliver on our mandate. They are the cornerstones that will help us move into the future with confidence to enable us realize the government goal of providing water to all.

Eng Daniel K. Barasa, HSC
Chief Executive Officer



Access to tapped water is still limited to just 74% of the households in Nairobi. It progressively gets worse to 27% in Mombasa, while in Kisumu, it is down to a low of 13%.



6 The mandate of the institution is to oversee the implementation of policies and strategies relating to provision of water and sewerage services.



ABOUT THE WATER SERVICES REGULATORY BOARD

The Water Services Regulatory Board (WASREB) is a non-commercial State Corporation established in March 2003 as part of the comprehensive reforms in the water sector. The mandate of the institution is to oversee the implementation of policies and strategies relating to provision of water and sewerage services. WASREB sets rules and enforces standards that guide the sector towards ensuring that consumers are protected and have access to efficient, adequate, affordable and sustainable services.

VISION

To be the leading regulator for the provision of Water Supply and Sanitation Services in Africa.

MISSION

To regulate the provision of water supply and sanitation services in Kenya by setting standards, monitoring and enforcing the regulations, to ensure that the consumers are protected and have access to efficient, adequate, affordable and sustainable services for their basic and economic development needs.

OBJECTIVES

The Board's five objectives are as follows:

- To develop effective mechanisms for regulation of water supply and sanitation services..
- To develop effective information and communication systems to facilitate public awareness on water supply and sanitation services.
- To develop capacity for effective regulation..
- To inform policy makers on water and sanitation issues.
- To facilitate Cross-cutting issues: HIV/AIDS, Gender, Good Corporate Governance and poverty alleviation.

CORE VALUES

- Integrity
- Transparency
- Competence
- Quality services
- Consistency
- Reliability
- Efficiency

RESPONSIBILITIES

According to the Water Act 2002, WASREB is charged with the following responsibilities:

- Issue licences to the Seven Water Services Boards for the provision of water services
- Develop and review standards for use in the Water Sector
- Establish procedures for handling complaints made by consumers against licensees
- Monitor and enforce license conditions
- Develop guidelines for fixing tariffs
- Advice on cost effective and efficient management and operations of water services.
- Develop model performance agreements for use between licensees and water service providers.
- Monitor the operations of the agreement and take appropriate actions to improve their effectiveness.
- Disseminate information about water services
- Promote water conservation and demand management measures
- Monitor National Water Services Strategy
- Determine fees, levies to be imposed on water services
- Gather and maintain information on water services
- Liaise with other bodies for better regulation and management of water services.
- Advice the Minister on matters concerned with water services
- With the consent of the Attorney General undertake prosecution of any offences arising under the act.





Review of Activities

Building Blocks and Laying Cornerstones

The year 2006/7 can be regarded as the third in WASREB operations. Activities realised this year can be regarded as a block building process where several tools were developed to brace the Regulator for the task ahead.

The activities ranged from reviewing the Strategic Plan to ensure that WASREB has a useful roadmap for its operations. Various interventions were made on the customer front, to better understand their needs and wants; and enlist their participation in the Regulation process. Tools were then developed as relevant ammunition in the mandate of the institution. That is where WASREB is today, described better perhaps, as just ready to roll.

Revising the strategic thrust

In fulfillment of one of the performance contract requirements, management undertook a review of the strategic plan developed in 2005 to attune it to changing trends in the sector and provide a roadmap for the future. The review was done by management staff and endorsed by the Board. The review sessions examined organizational functions in relation to the Water Act 2002 and recommended an organizational structure drawn along functional lines.

Policy interventions

WASREB is mandated by the Water Act 2002 to provide policy advisory services to the Minister. In discharging this role, the Board came out strongly to provide direction in the case of the Mombasa Water and Sewerage Company (MOWASCO). There was also continued collaboration with the Ministry in many of the Board's activities, including participation in various forums the Board hosted.

Customer service interventions

WASREB believes that customers are at the centre of everything we say and do. This is in line with global trends where customers are continuously acquiring prominence, forcing entities to put them at the beginning of business chains. In line with the renewed commitment to her customers, WASREB carried out a customer satisfaction survey to identify areas of improvement in service delivery. Following feedback from the survey, the Board completed the development of a Service Charter committing it to quality standards in the delivery of services to customers. The Charter was launched at a colourful ceremony presided over by the Minister for Water and Irrigation. The



From right: Former Minister for Water and Irrigation Hon. Mutua Katuku, together with Permanent Secretary Eng Mahboub M Maalim and former WASREB Chairman Prof Francis Gichaga during the launch of WASREB's customer service charter in Nairobi

Charter restates WASREB's commitment to ensuring that consumers are protected and have access to efficient, adequate, affordable and sustainable services for their basic and economic development needs. It commits WASREB to attaining new standards in the delivery of its services by embracing quality, efficiency, integrity, transparency, and reliability.

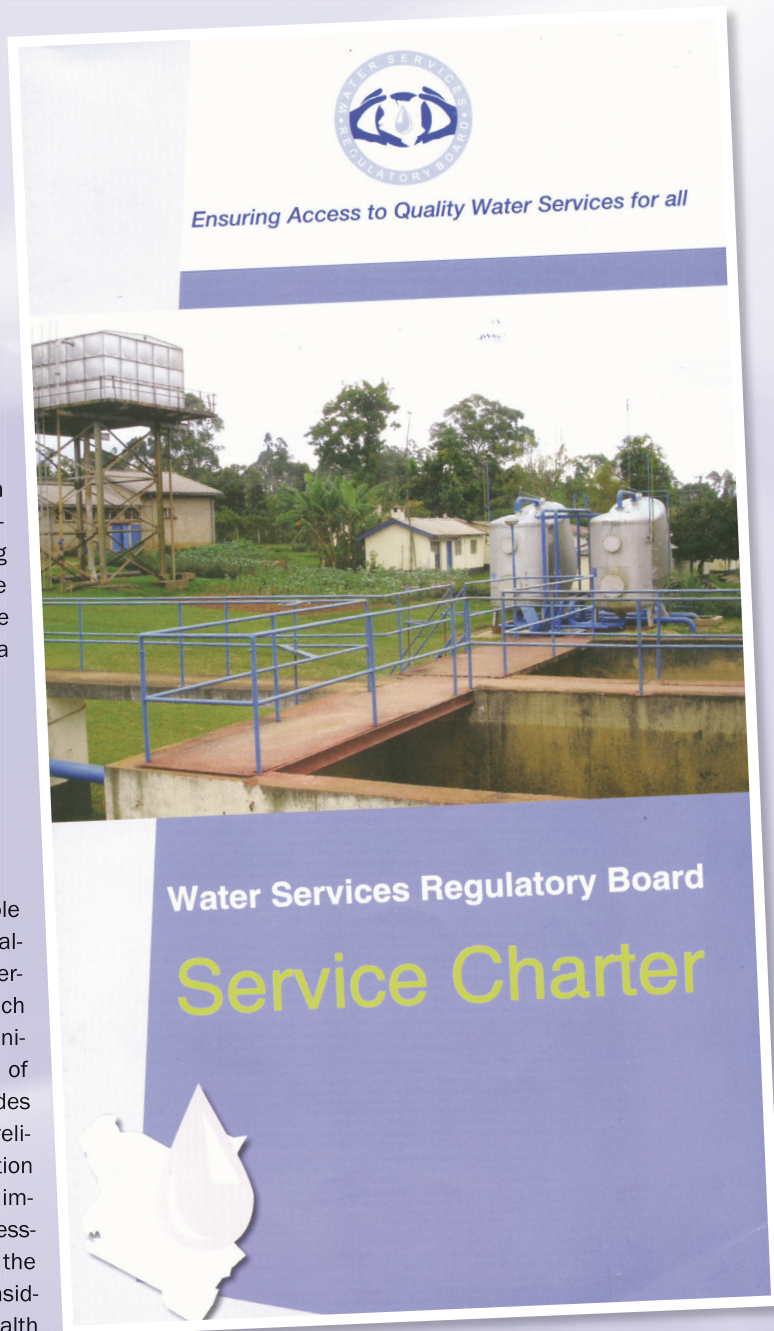
Donor Support

In the year of review, collaboration with donors continued to grow with support received in training and policy issues, among others. Notable donors in this period were GTZ, the Water and Sanitation Programme (WSP-AF) of the World Bank, and the Kenya Water & Sanitation Programme (KWSP).

ISO 9000 Certification Process

Consumers are usually unaware of the role played by standards in raising levels of quality, safety, reliability, efficiency and interchangeability - as well as in providing such benefits at an economical cost. For an organisation such as the WASREB, conformity of services to International Standards provides assurance about their quality, safety and reliability. WASREB considers the implementation of ISO standards important given that an improvement in the Regulatory Board's processes would ensure that water services meet the required standards. This is important considering that water quality is important for health reasons.

In the year under review, WASREB continued implementing the 14 steps process that will see it acquire the internationally recognised ISO 9000 certification. A total of 10 staff members were trained in relevant steps for the implementation of ISO processes. Procedures were documented in the following areas: regulatory services, inspectorate, finance and administration, communication and PR, procurement, administration and corporate services. The Board will continue working on the certification process with a view to finalizing it in the coming year.



Service Charter



Regulation

Making the Initial Strides...

When WASREB was formed four years ago, a solid foundation had indeed been laid to support the commercialization of the water sector. However, the process of implementing the mandate as stipulated in the Water Act 2002 was akin to a farming exercise, where the farmer existed, and the farm, but no jembe. How would WASREB, for example, monitor the performance of Water Services Boards without relevant benchmarks?

Tools were required to define the standards upon which regulation would be based. Budding institutions required guidelines to promote sound governance, shape business, give insights into tariffs and indicate standards that would govern relations between various players in water services provision.

Hence came the process of building blocks.

In the year under review, WASREB finalized the development of the following regulatory tools:

- The Licence
- Model Service Provision Agreements
- Tariff Guidelines
- Corporate Governance Guidelines
- Business Planning Guidelines
- Reporting Guidelines
- Customer Service and Complaints Procedures
- Water Regulation Information System (WARIS)
- Inspection procedures
- Special Regulatory Regime
- Model Code of Ethics for Directors

The tools were discussed at a stakeholders forum held in Nairobi in May 2007. Views of the stakeholders have been incorporated in the guidelines, part of which have been implemented. The rest are awaiting final approval by the Board of Directors before they are disseminated for implementation by Water Services Boards and Water Service Providers.

Licensing

In this period, WASREB also completed the development of the final 10-year licence. The licences were subsequently issued to five WSBs, according them the powers to provide water services. The Boards were Lake Victoria North, Lake Victoria South, Northern, Coast and Tana Water Services Boards. Before then, the five Boards were operating on one-year interim licences. Two other Boards, namely Athi and Rift Valley, are operating on a five-year conditional licence.

The Licence sets conditions the WSBs must meet to ensure quality in service provision. The conditions include the targets the Boards should meet, and a plan of action for improvement in water service provision in terms of service quality, water quality, water coverage, and efficiency.

Other conditions include the development of an acceptable business plans, indicating how the Boards intend



Maj (Rtd) Ahmed Sugow (left) Assistant Minister awards the licence to the CEO of Coast Water Services Board, Eng. Iddi Mwasina. Looking on is the Chair WASREB, Ms Jane Njagi, and the Director of Water Services, Eng Robert Gakuba.

to achieve the government's objective of increasing water access to vulnerable households. The Boards are also expected to develop a pro-poor strategy and promote low cost technology in provision of water services.

WASREB monitors adherence to conditions set as a way of gauging progress towards the attainment of the Millennium Development Goals (MDGs). Conditions stipulated in the licence should contribute significantly towards efficiency and sustainability in the provision of water services.

Service Provision Agreements (SPAs)

Having developed three categories of SPAs the previous year, effort now focused on having respective Boards sign the SPAs with various service providers. In the year under review, the number of SPAs signed reached 80.

SPAs are regulatory tools developed by WASREB to ensure that appropriate standards are upheld in the provision of water services. Under the Water Act 2002, WSBs cannot provide services directly, so they have to enter service provision agreements with Water Service Providers (WSPs). WASREB is required by Government to develop model agreements to be used between WSBs and WSPs.

The Water Regulation Information System (WARIS)

Out of research for best practice in water regulation, WASREB completed the development of the Water Regulation Information System (WARIS). This is a system designed for harnessing information that will enable WASREB undertake its roles of collecting, maintaining, and disseminating information on water services. In addition, WASREB will be able to assess the Performance of Water Service Providers and follow up on progress in service provision. From the data collected, WASREB will issue and publish comparative annual report which will document the progress of individual institutions in the sector.



Participants at one of the training sessions: Internalisation of the system is crucial for efficiency.



Maralal comes alive as Northern Board signs pact with locals. Huge crowd that witnessed the signing ceremony of the SPAs

Inspection

Putting Service Provision Under the Microscope



Inspection programme targets both Boards and Water Service Providers

During the year, WASREB stepped up inspections to monitor standards of service and ensure compliance with Regulatory tools developed.

Some of the WSBs and WSPs inspected were found not to be complying with the provisions of the licence and SPA. Payment of the Regulatory Levy was still largely based on collection and not on billing as required. Capacity was found to be lacking in certain cases to fully implement the provisions of the licence and the SPA. Boards were found not to be inspecting WSPs as required. Some projects implemented by NWCP were found to have been done without involving respective Boards. This implies inadequate coordination between the sector institutions. There is therefore need to enhance linkages between these institutions to ensure smooth operations.

Poor management practices were the main issues at the WSPs level. These included poor delegation of powers and responsibilities, insider lending, problems of unsundered or unaccounted for imprests, inadequate cost control, poor and opaque tendering procedures without clear guidelines or manuals, and resistance to change.

Conflict of interest resulting from dealings with the company by the Boards of Directors were noted in some instances. These were in employment and trading with the company.

To address anomalies found during inspections, respective institutions were asked to ensure proper accounting and record-keeping, and to prepare annual budgets and procurement plans. They were also asked to put in place proper policies in the areas of staffing, imprests and advances, among others.

WASREB will continue with inspection respective institutions and cases of non-compliance will be escalated through the enforcement procedure of WASREB. A "Special Regulatory Regime" has in addition been developed to deal with cases where there is continued default. Findings of the inspections will be incorporated in the annual subsector performance report to be published by WASREB.

Towards Improved Relations with Stakeholders

Communication is acknowledged as a vital arm in the creation of understanding, harmony and goodwill between the publics of an institution. In the year under review, WASREB's communication strategy focused on awareness creation of regulation as a new concept in the water sector and promotion of networking. Activities implemented included media interventions through press releases, talk shows, publication of supplements in newspapers and magazines, production of publications and other communication materials; and promotion of linkages through regional visits and networking forums. These platforms accorded WASREB an opportunity to speak to its stake holders while providing a listening ear at the same time.

Rebranding

Following submissions on the communications strategy, the need for simplicity to facilitate recall was underscored. Consequently, the Board of Directors approved the use of acronym WASREB in reference to the Water Services Regulatory Board. The Communications Strategy underscored the need for quick recall to facilitate top of mind awareness of the organization. It noted that there were numerous Services Boards in the country making it hard to differentiate them. Thus, simplicity and differentiation were required in the Regulator's name to enhance recall, which in turn is crucial for awareness creation. The adoption of WASREB became the first step in the rebranding process meant to differentiated the 'Regulator' from other 'Regulatory Boards' or 'Services Boards'.

This was followed by the modification of the existing logo to make it more vibrant and attractive. Three corporate colours were adopted for use. They are blue, red and grey. These aspects continue to be implemented on WASREB's promotional materials like banners and T-shirts.

Outreach

During the year, WASREB was invited by Northern Water Services Board to witness the signing of Service Provision Agreements for Water Service Providers in the Northern Water Service Board's area of jurisdiction. WASREB took the opportunity to meet local leaders, visit water works in



The former Chairman of Water Services Regulatory Board, Prof. Francis Gichaga, tours Maralal intake and treatment works review ongoing efforts in provision of water services. He was accompanied by Samburu West MP, Mr Simon Lesirma – MP, and area DC Mr Mathenge

the area, hold discussions with customers and stakeholders and generally create awareness on the work of the Regulatory Board. During the function, Service Provision Agreements were signed with 13 Water Service Providers.

Networking

Networking scaled a notch higher on the WASREB agenda with members of the Board, together with senior management, combing regions to take the message of Regulation and provide a listening ear to water consumers. Initial feedback indicates that the outreach mission has been well received and is recorded by stakeholders as one of the areas where the Regulator has recorded improvement.

Areas toured include Mombasa, Nyeri, Kisumu, Kakamega. The visits enabled the Regulator to review the activities of Coast, Tana, Lake Victoria North and Lake Victoria South Water services Board. .



Ms Jane Njagi, Chair WASREB, tours a water project in Nyeri. She was accompanied by the Chairman and CEO of Nyeri Water and Sanitation Company; Chairman Tana WSB, and other senior officials.

Chairpersons Forum

This was formed as a platform for Chairpersons of water institutions to participate in policy development for the sector. Through this forum, WASREB was able to participate in the formulation of the 'Lessons Learnt' document, capturing experiences of the water sector reform process that may guide the future development of the sector.

CEOs Forum

Propelled by the desire to promote interaction and networking, WASREB convened the forum of Chief Executives of Water Service Boards to consult on key issues in the water sector. The meeting provided an ideal opportunity for stakeholders to share their experiences and challenges. This was necessary given that regulation is a new concept in the country and its implementation is bound to pose some challenges. The forum noted that dialogue and consultation were important in ensuring that institutions understand each other's roles to ensure that they pull towards a common goal.

Stakeholders Forum

Propelled by the desire to involve stakeholders in regulating sector activities, WASREB held a workshop for all its stakeholders in May. The objective of the workshop was to create awareness on the regulatory tools developed, present the 10-year licences to the Water Services Boards, and promote a spirit of consultation and networking within the sector. The workshop solicited views of stakeholders on regulatory tools developed. The views will be incorporated in the development of the final tools.

Launch of Citizen Report Card

WASREB participated in the above initiative spearheaded by the Water and Sanitation Programme (WASP) of the World Bank. The opportunity was utilized to distribute communication materials on the organisation.

Publications

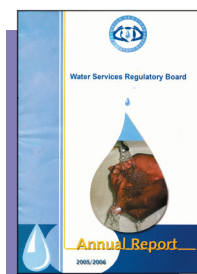
Aqualink

The newsletter continued to be an important tool for documenting experiences and sharing information with our stakeholders. Four issues of the newsletter were published and distributed to stakeholders to promote linkages.



Annual Report

The annual report for the year 2005/6 was published and circulated to stakeholders.



Socially Responsible Commercialisation booklet

The booklet was published jointly with GTZ to create understanding on commercialization and how it is going to work for the country.

Community Relations

World Water Day Celebrations

WASREB participated in the World Water Day Celebrations held in Garissa District, in March. The theme of the day was 'Coping with Water Scarcity'. The slogan adopted by the Ministry for Water and Irrigation was "Enhancing Storage for Better Life". The World Water Day is an international event set by the United Nations to be celebrated on the 22nd of March every year to commemorate achievements made on water resources management and development globally.

Corporate Social Responsibility

WASREB made a Christmas donation to Orphaned children of Sons of King of Jesus Children's Home (SKJ). The Home houses children orphaned by HIV/Aids.

Media relations

Several media interventions were made to cover activities of WASREB. Notable coverage was given to donations to the needy, launch of service charter, presentation of licences to Water Services Boards, and appointment of the CEO. Media supplements were published in the mainstream media to coincide with World Water Day, and the presentation of Licences to Water Service Boards.



The Permanent Secretary, Ministry of Water and Irrigation, Eng. Mahboub M. Maalim, (left) during the opening of the Korkora water project to mark the World Water Day Celebrations.



Ms Hawa Malyun, Director of WASREB (in black veil), joins other participants to mark the World Water Day Celebrations in Garissa.



The year in pictures



A jig for water during the World Water Day.



Children from Kikuyu Primary School enjoy water from a water point at the school, thanks to the Kikuyu Water and Sanitation Company.



Former Vice President Moody Awori joins former Minister for Water and Irrigation during last year's World Water Day celebrations.



WASREB Chairperson, Ms Jane Njagi (5th) together with Chairmen of other Water Services Boards, inspect a water supply plant in Mombasa. The Board's objective is to work towards availability of water to every Kenyan by 2015.



The Chairman and CEO of Lake Victoria North Water Services Board soon after receiving their 10-year license from WASREB. They are joined by WASREB Director, Mrs Margaret Ratemo.



Joy and jubilation: Children of Son of King Jesus have a reason to smile after receiving Christmas gifts from WASREB

partnership pact will not A countries, says Kituyi



nd quota free market access offer for all ACP products with effect from January 1, 2008. The only exception under its clause is sugar and rice whose duty free, quota free treatment would be phased in over a transition period. The bench marks of the negotiations are sustained growth and the strengthening of trade policy environments and supporting poverty alleviation programmes. The blueprint will also aim at increasing production and supply capacity of the developing countries.

It will look at fostering the structural transformation of the ESA economies and their diversification to allow them to be more competitive in a global environment and reduce the economic vulnerability of the region.

Under the negotiations, the Common External Tariff for member countries will be zero rated for raw materials at capital goods while the intermediate goods will at

tract a 10 per cent levy. The tariff for finished goods among the member countries will be 25 per cent.

Speaking at the same event, COMESA Secretary-General Erastus Mwencha said African countries will demand that the negotiations be based on their draft to safeguard interests of the majority poor. He called on the member countries to develop adequate regional infrastructure and services to foster physical inter-connectivity and social integration in order to realise the COMESA dream.

He said the organisation had developed a comprehensive programme for integrated and diversified transport system based on inter- and multi-modal transport corridors comprising road, rail water and air transport.

Kenya is a member and host nation of several COMESA institutions despite being a founding member of the Free Trade Agreement.



Major (Rtd) Ahmed Sugow (left) presents a licence to the Northern Water Services Board chairman Omar Farah Hussein (right). Looking on is Jane Ngugi, acting chairperson Water Services and Regulatory Board (WASREB).

African economy to grow at six pc

SHANGHAI (China), Monday
AFRICA'S economic growth rate will rise to six percent this year, the highest level in two decades, the African Development Bank reported today.

Strong demand for oil and other African resources from China and other fast-developing nations is driving growth, the bank said in a statement released in China's commercial hub of Shanghai, where it is holding its annual meeting.

Rising investment, good weather for agriculture, and sound macro-economic policies also contributed to the economic expansion, it said.

Increased growth follows an expansion of 5.5 percent in the African economy last year, up from an average of about five percent in the preceding years.

Growth was strong in South Africa, Algeria, Nigeria, and Egypt, the continent's four largest economies, with South Africa seeing growth of 6.5 percent, the highest level since the end of apartheid, the bank said. AP



Mary Nyawira, Director Sons of King Jesus Children's Home receives a variety of gifts from Wanguhu Ng'ang'a, Director Water Services Regulatory Board. Looking on are members of the board and children at the home.

WASREB in the press



THE WATER SERVICES REGULATORY BOARD Licensing to help cope with water scarcity

A bid to ensure access to water services for all, the Water Services Regulatory Board (WSRB) has developed a standard licence to be issued to all Water Service Boards (WSBs) across the country. The licence will ensure that the WSRB can monitor and regulate the WSBs to ensure that they provide water services to all citizens, especially in the face of water scarcity.

The licence is one of the numerous regulatory tools developed by the WSRB to ensure that the WSBs provide water services to all citizens, especially in the face of water scarcity. The licence will ensure that the WSBs provide water services to all citizens, especially in the face of water scarcity.

Before the development of the final licence for water service providers, the WSRB had issued a standard licence to the WSBs. The licence will ensure that the WSBs provide water services to all citizens, especially in the face of water scarcity.

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WSRB's objective to increase access to water services

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About the Water Services Regulatory Board

The Water Services Regulatory Board (WSRB) is a non-profit organisation established in March 2003 as a result of the Water Services Regulatory Board Act (WSRB Act). The WSRB is responsible for regulating the water services industry in Kenya.

The WSRB's mandate is to ensure that the WSBs provide water services to all citizens, especially in the face of water scarcity. The WSRB will ensure that the WSBs provide water services to all citizens, especially in the face of water scarcity.

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Internal focus

Addressing Human Resource Issues to Optimise Performance

WASREB recognizes employees as first-hand ambassadors of the organization. Out of this recognition, the Board has been committed to the creation of an environment where employees are happy to stay and work.

Work Environment and Employee Satisfaction Surveys

In order to gauge the satisfaction levels within the organisation, WASREB conducted a work Environment & Employee Satisfaction Survey last year. The survey identified issues like inadequate staff, inadequate office space, lack of an emergency plan, and lack of working equipment. These issues were subsequently addressed by management through the development of a Human Resources Policy, recruitment, and revision of terms and conditions of service.

Development of Human Resources Policy

In the year of reporting, WASREB finalized the development of an HR policy to address issues of staff welfare. The final review meeting of the policy took part at a Mombasa hotel in May. The retreat discussed terms and conditions of service as stipulated in the draft HR policy earlier submitted to the Board. Inputs to the final document were made from the Terms and Conditions of Service for Water Service Boards developed by the Ministry of Water and Irrigation.

Recruitment

Improving staff capacity had been identified in a survey as an important ingredient in enabling WASREB effectively discharge its mandate. During the year, two staff members were recruited to man the legal and communications functions. The Board also received staff recruited internally from the Ministry of Water and Irrigation. While the optimum staffing level has not been attained, the officers have filled gaps that existed in the delivery of services in their areas.



In the interest of human resources: Directors and managers of WASREB busy themselves at the Coastal town of Mombasa to formulate an HR strategy for the Board.

Training and Development

Both Directors and staff of WASREB were exposed to training programmes to equip them with requisite skills in their work. Areas covered included Facilitation Skills, Report writing, Regulation (Zambia, Mozambique and Germany), Corporate Governance, Customer care, Information systems, Auditing and ICT.

The training schedule was as indicated in the table below:

Training Programme	Person Attending
Corporate governance	3 Directors and Chief Executive Officer and Corporate Services Manager
Regulation visits and Tours	3 Directors and Chief Executive Officer, Corporate Services Manager, Inspectorate Manager
Country Level Sector Information and Monitoring Systems for Water and Sanitation Programme in Africa	Chief Executive Officer

Internal Audit

Regulation Course	1 Director
Workshop facilitation	4 Persons: Chief Executive Officer, Corporate Services Manager, Communication & PRM and Inspectorate Manager
Performance Contracting Seminar	Finance and Administration Manager, Communications and PRM
Procurement	Procurement Officer
Teamwork	One secretary
Customer care	One secretary
Green Water Credits Stakeholders Workshop	Technical Assistant
ISO certification	Inspectorate Manager, Internal Auditor, Accountant, Technical Assistant, Procurement Officer, One secretary
Integrated Water Resources Management	Technical Assistant
Report writing	Technical Assistant

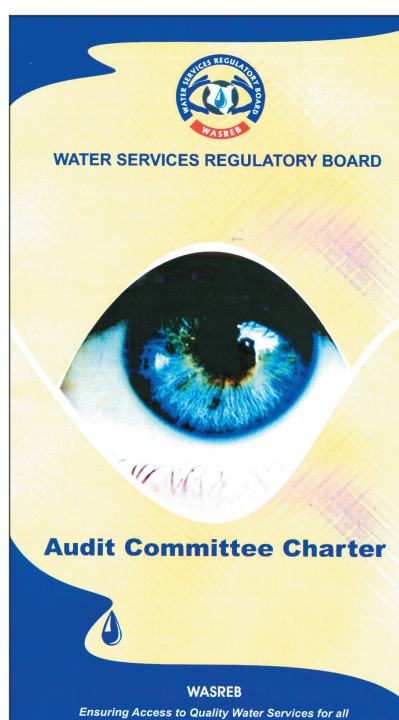
Safety Measures

WASREB continued to undertake the following measures to ensure safety: keeping emergency doors open during office hours, replenishing First Aid Kits, training staff on the management and security of documents, provided secure back-up of information, ensuring regular servicing of fire extinguishers, updating asset list, insuring all physical assets, replacing main entrance glass door with a wooden door, and providing medical cover to all staff.

Keeping Checks and Balances

During the Financial Year, Internal Audit developed audit programmes which were aimed at streamlining operations both at WASREB and Service Boards. Three system audit reports were presented to the Audit Committee and finally to the full Board. As a result, the Board has recorded improvement in accounting and recording which has led to reduced external audit queries and improvement efficiency in its operations.

Internal Audit also developed the Internal audit and audit committee charters both of which were approved by the Board.



Audit charter

Cross-cutting issues

Measures to Combat the Aids Scourge



In recognition of the devastating impact HIV/Aids has on the public sector, WASREB initiated a co-ordinated intervention strategy in the workplace. This started with the formation of an HIV/Aids sub-unit to initiate and co-ordinate activities that can combat the spread of the scourge. The Unit conducted one HIV/Aids awareness seminar in July 2006 to educate and update its staff, staff from the Ministry of Water and Irrigation, Water Services Trust Fund and Athi Water Services Board.

During the first session, the participants were taken through the "Policy of HIV/Aids at Workplace" and encouraged to attend VCT centers in order to know their status. They were also taught how to live with the virus incase of infection, and how to treat their colleagues incase they are infected. The seminar also accorded staff an opportunity to listen to real-life experiences from those infected and affected by HIV/Aids. The participants were left with a message: "pamoja tuangamize ukimwi".

During the year, members of the WASREB HIV/Aids sub-unit and staff participated also in the "International Women's AIDS Run in Africa for Women about Children, Against Aids." The "Women Aid's Run" was a 10km run and was a world wide event for women about children infected with HIV/Aids.

As part of corporate social responsibility, WASREB Directors, Senior Managers and members of WASREB HIV/Aids

sub-unit visited the Sons Of King Jesus Children's Home in Riruta Satelllite, Nairobi. The home hosts ninety Six (96) children. They donated various items to the Home, including food stuff, beddings, stationery, utensils and other household items.

WASREB continues encouraging its staff to go for Voluntary Counselling and Testing (VCT) so that they know their status. The HIV/Aids sub-unit has also been replenishing condom dispensers in the washrooms to ensure that condoms are available for the staff all the time. Education on issues like proper usage of condoms and Anti Retro Virals (ARVs) treatment continues to be encouraged.

Corruption Prevention

WASREB continued to undertake the following measures to eradicate corruption: enhancing checks and balances by the division of responsibilities, taking action on contents of the Suggestion Box, training Managers on corruption prevention strategies, adhering to procurement rules, encouraging an open office set up, conducting market surveys in advance in order to avoid inflated prices, and ensuring transparent recruitment of staff. The Board also participated in anti-corruption survey carried out by the Kenya Anti Corruption Commission.



Gifts to usher new year:

Orphaned children of Sons of King Jesus Children's Home (SKJ) receive a variety of gifts from the Chairman of WASREB, Prof Francis Gichaga (3rd right). The gifts, donated by WASREB were valued at Kshs. 200,000. Looking on is the Director of the Home, Ms. Mary Nyawira Chomba (3rd forefront), a former Alternate Director of WASREB, Amb. John Mukuriah (centre), children of the home and other members of staff of WASREB

Looking back and forward

Challenges at the Institutional Front

- Staffing levels still remain inadequate. The Board has not attained optimum staffing levels due to budgetary constraints.
- Budgetary allocation from exchequer is still not adequate to meet the mandate of the Board.
- Regulation is still a new concept. It will take time before it is fully understood and accepted.
- Current offices not sufficient to adequately house operations of the Board.

DEFINING THE NEXT STEPS

For the coming year, monitoring and evaluation are going to take centre-stage in the activities of WASREB to ensure that regulation of the water sector is enforced for the benefit of consumers.

The categorization of the water service providers will undergo reevaluation so that the criterion of identification is appropriately understood in the sector. This will assist in setting appropriate indicators for each category and developing benchmarks to aid in comparing performance. This will introduce a measure of competition in the sector.

Currently the Water Act 2002 does not have any subsidiary legislation. It is important that this is finalized to capture the aspirations and spirit that accompanied the launch of water sector reforms. It is also important that all the stakeholders who will use the subsidiary legislation accept them as relevant to address the challenges of regulating commercialized water service providers and addressing the rights and obligations of the WSBs, WSPs and consumers.

The level of treated water that is lost in the distribution system either through leakage, unknown connections, illegal connections or uncollected bills is unacceptably high. The national water services strategy recognises that the levels of UFW must be brought down to acceptable levels. For most of the water service providers, over 60 percent of the water produced is lost. If this water was delivered to consumers and the appropriate bills paid, the financial position of WSPs would turn round dramatically. This inefficiency must be the first target of improving customer service and the road towards achieving cost recovery.

Whilst every water service provider is still charging water tariffs based on the old water regimes, in the short run, this will change once WSBs and WSPs start applying for review of water tariffs to meet their operational and maintenance expenditure. The goal is cost recovery and it is important that all stakeholders understand that water from the tap has gone through a process of value addition ; it cannot be free and it must, like all other utility services, have a charge that is able to recoup costs from the users.

One of the thrusts of water reforms was ring fencing of revenue collected from the water sector so that it is ploughed back to rehabilitate and expand the infrastructure of water services. This will not happen if the resources realized from the commercialized entities find their way into undeserving areas.

Consumers are expected to be the vanguards of governance. They can oversee the quality of projects being constructed, the quality of service offered to them and the ostentation of Boards and management of the national, regional, and local water service institutions. We expect them to be partners with WASREB to fight the blight of poor governance.

WASREB looks with hope that the water reforms will continue to provide more Kenyans with safe water and safe methods of waste water disposal



SUMMARY OF FINANCIAL POSITION

WASREB performed generally well during the financial year. The Ministry of Water and Irrigation gave to the Board a total grant of Ksh. 21 million. WASREB also collected Kshs 43 million as Regulatory levy out of a target of Ksh 34 million, showing an increase of 26 per cent. The Board received Ksh 11 million under development grants and Kshs. 10 million under recurrent grants. The Board maintained a healthy working capital

with a balance of at least Ksh 15 million through out the year. The liquid ratio was also above average at 3:1.

The Board spent Kshs 61 million during the financial year 2006/7 against the approved budget of Kshs 82 million. The major expenditure was incurred on personnel emoluments followed by Board expenses. A survey made in other Regulatory bodies indicates that regulation does not involve capital expenditure per se but investment in human capital, which justifies the expenditure pattern of the Board.

6 The Board maintained a healthy working capital with a balance of at least Ksh 15 million through out the year.



FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 2007



REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WATER SERVICES REGULATORY BOARD FOR THE YEAR ENDED 30 JUNE 2007

I have audited the financial statements of the Water Services Regulatory Board set out on pages 11 to 19 which comprise the balance sheet as at 30 June 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, together with a summary of significant accounting policies and other explanatory notes. I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

Director's responsibility for the financial statements

The directors are responsible for the preparation of financial statements which give a true and fair view of the board's state of affairs and its operation results in accordance with the international financial reporting standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statement that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making estimates that are reasonable in their circumstances.

Responsibility of the controller and Auditor General

My responsibility is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with the international standards on auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed with the view to obtaining reasonable assurance that the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Boards internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. I believe the audit provides a reasonable basis for my opinion.

Opinion

In my opinion proper books of accounts have been kept and the accompanying financial statements give a true and fair view of the state of financial affairs of the board as at 30 June 2007 and of its surplus and cash flows for the year ended in accordance with the international financial reporting standards and comply with the Water Act, 2202.

STATEMENT OF ACCOUNTS

7.0 WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2007



7.1 INCOME AND EXPENDITURE STATEMENT

		2006/07 Shs.	2005/06 Shs.
INCOME	Notes		
GOK Grants	2	22,944,463.00	22,997,084.00
Regulatory Levy		46,455,576.00	32,255,732.00
Miscellaneous Income		598,300.00	93,000.00
License Fees		500,000.00	-
		70,498,339.00	55,345,816.00
EXPENDITURE			
Personal emoluments	3	19,922,891.00	9,076,831.00
Administration Costs	4	39,643,689.00	18,558,349.00
General Office Expenses	5	1,832,701.00	1,072,266.00
Audit Fees		350,000.00	200,000.00
Depreciation	6	3,664,240.00	2,509,740.00
		65,405,689.00	30,167,196.00
SURPLUS / (DEFICIT) FOR THE YEAR		5,084,818.00	24,128,670.00

N.B

Notes can be found in page 34



WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007



7.2 BALANCE SHEET AS AT 30TH JUNE 2007

NON CURRENT ASSETS	NOTES	2006/2007 KShs	2005/06 KShs.
Property, Plant and Equipments	6	9,602,305.00	7,279,055.00
CURRENT ASSETS			
Receivables (Net of provision)	7	11,191,359.00	4,724,723.00
Cash and Cash equivalents	8	21,525,261.00	17,335,691.00
Other current Assets	9	74,630.00	4,074,630.00
		32,791,250.00	26,135,094.00
		42,393,555.00	33,414,149.00
FINANCED BY			
Capital Reserves	11	8,713,322.00	6,056,400.00
Revenue Reserves	12	31,428,660.00	26,543,842.00
Payables	10	2,251,573.00	813,907.00
		42,393,555.00	33,414,149.00

MS. JANE N NJAGI
CHAIRPERSON

ENG. DANIEL K. BARASA
CHIEF EXECUTIVE OFFICER



WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

7.3 STATEMENT OF CHANGES IN OWNER'S FUND FOR THE YEAR ENDED 30TH JUNE 2007

	Capital Funds (Kshs)	Capital Reserves (Kshs)	Revenue Reserves (Kshs)	Accumulated Funds (Kshs)	Totals
Year ended 30th June 2007					
Balance at start year	-	6,056,400.00	26,543,842.00	-	32,600,242.00
Funds received during the year	-	2,656,922.00	(200,000.00)	-	2,456,922.00
Funds used during the year	-	-	-	-	-
Surplus for the year	-	-	5,084,818.00	-	5,092,650.00
Balances at end of year	-	8,713,322.00	31,428,660.00	-	40,141,982.00
	Capital Funds (Kshs)	Capital Reserves (Kshs)	Revenue Reserves (Kshs)	Accumulated Funds (Kshs)	Totals
Year ended 30th June 2006					
Balance at start year	-	6,101,000.00	2,415,172.00	-	8,516,172.00
Funds received during the year	-	(44,600.00)	-	-	(44,600)
Funds used during the year	-	-	-	-	-
Surplus for the year	-	-	24,128,670.00		24,128,670.00
Balances at end of year	-	6,056,400.00	26,543,842.00		32,600,242.00



WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007



7.4 CASHFLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2007

	2006/07 Shs	2005/06 Shs
Surplus generated from operating activities	5,084,818.00	24,653,645.00
Adjustment for:		
Depreciation	3,664,240.00	2,509,740.00
	3,664,2240.00	2,509,740.00
Changes in working capital:		
Increase/(Decrease) in Receivables	(2,674,418.00)	(9,239,747.00)
Increase/(Decrease) in Creditors	1,437,666.00	334,712.00
	(1,228,920.00)	(8,905,035.00)
Net Cash from operating activities	7,520,138.00	18,258,350.00
Investing Activities		
Purchase of Motor vehicle	-	-
purchase of Furniture & fittings	(2,538,068.00)	(608,065.00)
Purchase of Computers	(784,668.00)	(1,213,960.00)
Net cash from investing activities	(3,330,568.00)	(1,822,025.00)
Net increase in cash and cash equivalent	4,189,570.00	16,436,325.00
Cash and cash equivalents at start of year	17,335,691.00	899,331.00
Cash and cash equivalents at end of year	21,525,261.00	17,335,691.00



WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

8.0 ACCOUNTING POLICIES

a) **Basis of Preparation**

The Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) under the historical cost convention.

b) **Revenue Recognition**

The Board adopts the modified accrual basis of accounting for revenue. Revenue is recognized when funds are received and represent the amount of Funds received from the Government of Kenya, regulatory levy and miscellaneous income received from the sale of tenders. Expenses are recognized when incurred.

c) **Property and Equipment**

Property and equipment are stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write down the cost of each asset to its residual value over its estimated useful life as follows:

Per Annum	per%
Motor Vehicle	- 20
Furniture, Fittings and Office Equipment	- 15
Computers	- 50

d) **Receivables**

Trade receivables are recognized and carried at original amount less any unrecoverable amount.

e) **Retirement Benefit Obligation**

Employees of the Board seconded from National Water Conservation and Pipeline Corporation (NWCP) are members of contributory pension scheme. The Board makes a monthly contribution of 25% of the employee's basic salary and the employees contribute 5% of the monthly basic salary.

f) **Comparatives**

Where necessary comparative figures have been adjusted where applicable to conform to changes in the current presentation.

g) **Accounting for government grants**

The government grants received were credited to income and expenditure account as per the IAS No.20. The nature and amount received during the year is disclosed under note 2 to the accounts.

h) **Incorporation**

The Board is a State Corporation established under the Water Act 2002

i) **Reporting Currency**

These accounts are presented in Kenya Shillings (Kshs.)

j) **Provision for Bad Debts**

The provision for bad debts is 10% of the amount outstanding.



WATER SERVICES REGULATORY BOARD ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2007

9.0 NOTES TO THE ACCOUNTS

2. GOK Grants

The amount of government grants of Kshs.22, 944,463.00 received for the financial year was both recurrent and Development as follows:

	2006/07	2005/06
Recurrent	10,000,000.00	10,000,000.00
Development	11,000,000.00	12,000,000.00
Received at the end of F.Y		-
Salaries Paid by Ministry to staff	1,944,463.00	997,084.00
Seconded to the Board		
	22,944,463.00	22,997,084.00

3. PERSONAL EMOLUMENTS

Salaries	16,410,265.00	7,764,677.00
Reimbursements	761,741.00	237,298.00
Pension Costs	551,165.00	474,856.00
Gratuity	1,239,690.00	
Honoraria	960,000.00	600,000.00
	19,922,891.00	9,076,831.00

4. ADMINISTRATION COSTS

Staff training	2,314,223.00	258,527.00
Transport Expenses	1,009,353.00	577,618.00
Traveling & Accommodation	5,648,662.00	3,962,955.00
Communication Expenses	2,655,743.00	3,113,615.00
Consultancy Expenses	1,498,779.00	-
Board Committees & Conferences	9,985,997.00	6,977,623.00
Advertising & Publicity	4,499,947.00	1,972,815.00
Bank Charges & Commission	340,265.00	37,781.00
Rent & Rates	3,335,840.00	1,119,500.00
Publishing & Printing	1,960,640.00	-
Insurance cost	2,702,847.00	-
Office running expenses	3,033,217.00	12,940.00
Provision for bad debts	658,176.00	524,975.00
	39,643,689.00	18,558,349.00

5. GENERAL OFFICE EXPENSES

Purchase of Uniforms	14,300.00	16,896.00
Library Expenses	76,425.00	310,609.00
Office Stationery & Equipments	1,339,544.00	232,884.00
Computer Expenses	402,432.00	511,837.00
	1,832,701.00	1,072,226.00



6. PROPERTY PLANT AND EQUIPMENT

COST	Motor Vehicles	Furniture & Fittings	Computer & Equipment	Total
Cost as at 1st July 2005	5,619,248.00	981,172.00	2,158,280.90	8,758,700.90
Addition October 2005	-	-	-	-
Addition March 2006	-	-	1,213,960.00	1,213,960.10
Addition June 2006	-	608,065.00	-	608,065.00
Addition March 2007	262,800.00	2,538,068.00	3,186,622.00	5,987,490.00
As at 30th June 2007	5,882,048.00	4,127,305.00	6,558,863.00	16,568,216.00

DEPRECIATION

As at 1st July 2005	402,659.00	43,409.00	345,863.00	791,931.00
Charge for the Year`	1,123,849.00	161,508.00	1,224,383.00	2,509,740.00

NET BOOK VALUE

At 30th June 2006	4,758,199.00	13,965,797.00	5,334,480.00	13,266,545.00
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DEPRECIATION

Charge for the Year 06/07	1,136,989.00	525,321.00	2,001,928.00	3,664,240.00
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NET BOOK VALUE 06/7	3,218,550.00	3,397,066.00	2,986,688.00	9,602,305.00
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7. RECIEVABLES

Staff Debtors	543,000.00	235,989.00
Trade debtors - AWSB	8,360,060.00	5,013,758.00
- LVNWSB	174,669.00	
- TWSB	1,131,938.00	
- RVWSB	2,164,842.00	
Provision for Bad Debts	(1,183,151.00)	(524,975.00)
TOTAL	11,191,359.00	4,724,723.00

8. CASH AND CASH EQUIVALENT

National Bank of Kenya	21,525,261.00	17,335,691.00
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9. OTHER CURRENT ASSETS

Prepaid Rent	74,630.00	74,630.00
Income due	-	4,000,000.00
	74,630.00	4,074,630.00

10. PAYABLES

Trade Creditors	661,883.00	613,907.00
Audit fees	350,000.00	200,000.00
Gratuity	1,239,690.00	-
	2,251,573.00	813,907.00



11. CAPITAL RESERVES

Brought Forward	6,056,400.00	5,600,046.00
For the year	2,656,922.00	456,354.00
Carried forward	8,713,922.00	6,056,400.00

12. REVENUE RESERVES

Brought Forward	26,543,842.00	2,415,172.00
Prior Year adjustments	(200,000.00)	-
Surplus for the year	5,084,818.00	24,128,670.00
Carried forward	31,428,660.00	26,543,842.00