



# WATER SERVICES REGULATORY BOARD

Ensuring Access to Quality Water Services for All



ANNUAL REPORT 2010/2011

Focused on Achieving Results



# **WATER SERVICES REGULATORY BOARD**

## **ANNUAL REPORT 2010/2011**





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# **Chapter 1**

## **Background**



## BACKGROUND

### INSTITUTIONAL DETAILS

#### Establishment

The Water Services Regulatory Board is a body corporate established under the provisions of the Water Act 2002 and operating under the provisions of the State Corporations Act, Cap 446 of the laws of Kenya and it is domiciled in Kenya.

#### Board of Directors

Mr Jackson Mwalulu	-	Ag Chairman
Mr Juma Aguko	-	Member
Mr Davidson Sifuma	-	Member (Representing Inspectorate State Corporation)
Mr George Ndonji	-	Member
Ms Grace Masese	-	Member
Mr Joseph Ngala Mwengea	-	Member
Mr Mohamed Sheikhow	-	Member
Mr Roger Ngoo Shako	-	Member
Rachel Nyamori	-	Member
Ms Lucy Ambasi	-	Alternate to Attorney General
Ms Veronica Birgen	-	Member
Ms Susan Karanja	-	Alternate to PS, Treasury

#### Registered Office and Principal Place of Business

NHIF Building  
Ngong Road  
P. O. Box 41621-00100  
NAIROBI  
KENYA.

#### Bankers

National Bank of Kenya  
Hill Branch  
P. O. Box 45219-00100  
Nairobi  
KENYA

#### Independent Auditors

Auditor General  
Kenya National Audit Office  
Anniversary Towers  
P.O. Box 30084  
Nairobi  
KENYA

## BACKGROUND

### BOARD OF DIRECTORS



Mr. Jackson Mwalulu - Ag Chairman



Mr. Aguko Juma - Member



Mr. George Ndonji - Member



Ms Grace Masese - Member



Mr Joseph Ngala  
Mwengea - Member



Mr Mohamed Sheikhow  
- Member



Mr. Roger Ngoo Shako  
- Member



Mrs. Lucy Ambasi  
- Alternate to Attorney General



Ms. Veronica Birgen - Member



Ms Susan Karanja  
- Alternate to PS, Treasury



Ms Rachel Nyamori  
- Alternate to PS, Water



## BACKGROUND

### MANAGEMENT STAFF



#### **Eng Robert N. Gakubia, HSC**

Eng. Gakubia is the Chief Executive Officer. He has held senior positions in the Ministry of Water and Irrigation, rising to the position of Director of Water services. He holds a BSc degree in Engineering from University of Nairobi and an MSc degree from IHE Delft, Netherlands. He is a member of the Institution of Certified Engineers of Kenya and a registered Engineer with the Engineers Registration Board of Kenya.



#### **Ms. Bernadette Njoroge**

Ms. Bernadette Njoroge is the Head of Legal and Enforcement. She holds an LLB (Hons) degree from the University of Nairobi, LLM; and she is a Certified Public Secretary CPS (K). Previously she worked as a Lecturer at Inoorero Centre; Senior State Counsel at the Attorney General's Office and the Legal Counsel at Kenya Tourist Board. She is an Advocate of the High Court of Kenya.



#### **Eng Peter Njaggah**

Eng Peter Njaggah is the Head of Regulatory Services. He holds a Bachelor of Science degree in Civil Engineering from the University of Nairobi and Master of Science degree in Environmental Engineering from the University of New Castle –Upon Tyne in UK.

Eng. Njaggah has over 22 years experience and knowledge in the water sector having previously worked as a senior manager in several water utilities and as the Managing Director of Western Water Services Company; as Head of Water and Wastewater Departments in Central District Council, South East District Council and Ghanzi District Council- all in the Republic of Botswana, and also in the then Water & Sewerage Department- Nairobi City Council- Republic of Kenya.

He is a Registered Engineer with the Engineers Registration Board (ERB), a Corporate Member of the Institution of Engineers of Kenya (I.E.K) and member of Institute of Waste Management of Southern Africa.



#### **Herbert A Kassamani**

Mr. Kassamani is the Head, Communications and Information Management. He 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.

## BACKGROUND

### MESSAGE FROM THE CHAIRMAN

# TOWARDS THE FUTURE: Meeting Water Services Needs For All

On behalf of the Board, I am very encouraged with the performance of Wasreb during 2010/11. The integrity, responsiveness and sheer determination of the Regulator and its employees was key in meeting water services needs of our people. The efforts of Wasreb are reflected in the financial results for the 12-month fiscal period ending June 30, 2011, which saw Wasreb attend to all its financial requirements and obligations despite obvious budgetary constraints. Though Wasreb increased its revenue, drastic currency depreciation and high interest rates kept the costs of operation high. However, proper management ensured that Wasreb continued to become an even stronger institution thus cementing its place in the sector.

To build on the successes so far made, the Board recognizes that Wasreb must adhere to the water sector reform goals, the Millennium Development Goals and Vision 2030, and even more importantly to continue aligning itself with the provisions of the new constitution to improve service delivery across the sector and especially in delivering real value to customers. Both the Board and management agree that we must be prepared to make significant investments if we are to build a strong regulatory environment and ensure customer needs are satisfactorily met in the future. During 2010/11, the Board approved management's strategy to make these investments and go on towards financial sustainability.

As the Regulator of the sector, Wasreb's activities have far-reaching effects on communities, the environment and the economy. As such, the Board recognizes we must take a serious approach to our

corporate social responsibility and, as a result, is pleased to play a key oversight role in these vital activities. We have in place guidelines to guide sector players' activities. Most recently, we launched the Corporate Governance Guidelines whose implementation we are enforcing. Wasreb continues to engage in measures to address cross cutting issues such as HIV/AIDS.

It's clear that the future will be equally as challenging as the past, if not more so. It is clear that insistence on good governance and compliance with the set guidelines is needed if the sector is to overcome the inevitable challenges. Wasreb shall continue to transform the sector into a more dynamic, pro-active, and human rights conscious sector so as to prevail over the new and ongoing changes and challenges.

On behalf of the Board of Directors, I would like to say that I am convinced that we have a committed management team and dedicated employees needed to continue to operate successfully.

Together, we shall continue to build the solid foundation needed to ensure universal access to quality water service. The Board is committed to working with you to transform the water sector to be able to competently meet the needs of Kenya and all Kenyans – today and tomorrow.



**Jackson Mwalulu**  
Chairman of the Board of Directors

## BACKGROUND

### MESSAGE FROM THE CEO

# Driving Change, helping Sector achieve Value

As the sector continues to grow, each new day has offered a chance for us to work together, pursue new opportunities and improve upon the past. As we reflect on the changes in the water sector since the beginning of Wasreb, we are extremely proud of where we are and even more optimistic about the future. The performance of the water services subsector in the year 2010/11 is evidence of the noteworthy progress the sector has made guided mainly by Wasreb towards the realisation of key goals intended by the sector reforms agenda. Wasreb has successfully been able to carry out its mandate and affirm her value within the sector.

The year 2010/11 began with review of Wasreb's strategic plan and refining of objectives to reflect the provisions of the new constitution. The exercise took into consideration findings of a customer satisfaction survey carried out in the year. We were able to issue one licence and amend four more and also approve four SPAs for WSPs which had complied with guidelines. The issuance of licences and approval of SPAs is a core function of Wasreb which ensures that water services actors demonstrate their capacity to deliver on their mandate. Wasreb continued to monitor and evaluate the sector with the goal of measuring performance in regards to the attainment of objectives and goals set for the players in nine key indicators. The results of the exercise which gives insight into how the sector performed were published in the fourth edition of Impact.

Having issued the Corporate Governance Guideline in the previous year to help improve the management of service sector institutions Wasreb has continued to monitor the implementation of the same by WSBs and WSPs. The guideline which was designed to address governance issues i.e. lack of transparency & accountability, abuse of power, ineffective investments, poor service delivery and low revenues, has experienced mixed reactions

in its adoption by sector institutions. Wasreb is determined to ensure strictly enforce the implementation of this guideline especially as we transition to the new governance framework envisioned by the Constitution of Kenya 2010.

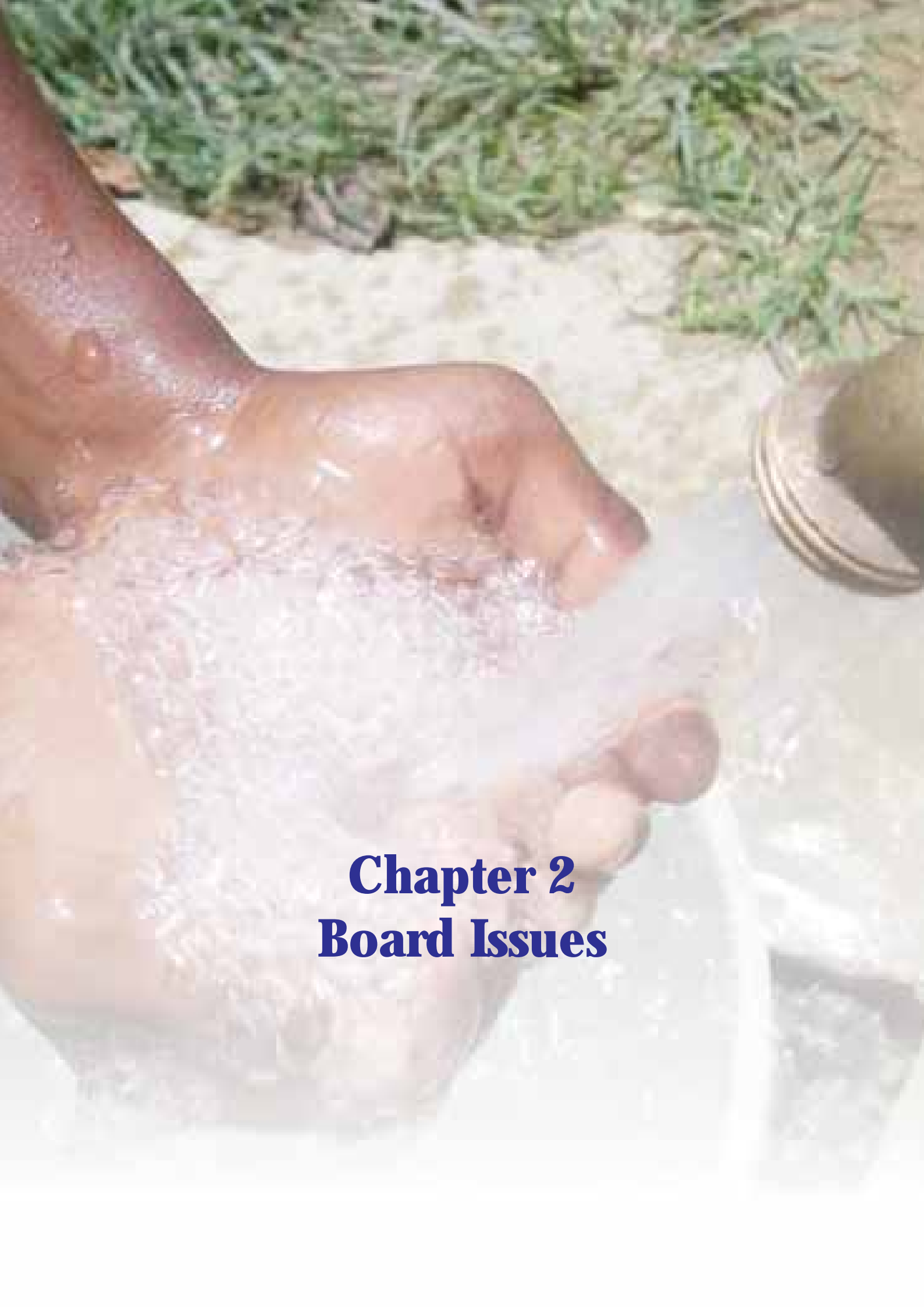
In regards to consumer engagement, we undertook to examine lessons learnt from the Water Action Groups pilot, with a view to up-scaling the concept. The examination found that there was need to institutionalize the mechanism and find a more efficient way of channelling complaints. Following this, Wasreb developed a Consumer Engagement Guideline to be adopted by the sector. As we move on to roll out the WAGs program country wide, the development of an electronic system to help in capturing and processing data was paramount. The system developed, dubbed "Maji Voice", will provide a platform for water institutions to interact with their consumers using mobile phones and web technology.

Wasreb recorded better financial performance, with a 30% increase in revenue. We were able to sustain our operations and attend to our basic financial obligations even with the high inflation rates and erratic currency fluctuations that characterised the difficult financial markets in the year. We carried out a credit assessment exercise to establish viability of Water Service Providers in accessing domestic financial facilities. The findings of the assessment provide both the private sector and the water sector with information on credit worthiness of the service sector and its players.

We shall continue to cultivate engagements with consumers and sector players by learning their environments; their challenges and goals firsthand, so that we can offer sound regulation that achieve reasonable solutions. We shall continue to operate with the mission of ensuring universal access to quality water services and we are purposed to driving change and helping the sector deliver public value.



**Robert Gakubia**  
Chief Executive Officer

A photograph showing a person's hand and foot on a sidewalk. The hand is on the left, and the foot is on the right. The sidewalk is made of light-colored concrete. In the background, there is a patch of green grass. The text "Chapter 2 Board Issues" is overlaid in the center of the image.

**Chapter 2**  
**Board Issues**

### About The Water Services Regulatory Board

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 a model regulator for water services

#### Mission

To regulate the provision of water services to ensure universal Access

### Strategic objectives

The Boards six objectives are as follows:

- To refine, strengthen and enforce the legal and regulatory framework governing the provision of water services by Water Services Boards (WSBs) and Water Service Providers (WSPs).
- To Promote the commercial sustainability of WSBs and WSPs.
- To Improve the Institutional capacity of Wasreb to regulate water service provision..
- To Facilitate the development of an enabling policy environment for water service provision.
- To Facilitate effective information and communication on water services.



“regulate the provision of water services to ensure universal Access



## BOARD ISSUES

### Mandate of The Wasreb

The Responsibilities of the Water Services Regulatory Board according to the Water Act 2002 are to:-

- Issue licences to the Eight Water 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 licencees
- Monitor and enforce license conditions
- Develop guidelines for fixing tariffs
- Advise on cost effective and efficient management and operations of water services.
- Develop model performance agreements for use between licensees and WSPs.
- 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 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.
- Advise the Minister on matters concerned with water services
- With the consent of the Attorney General undertake prosecution of any offences arising under the Act.



## BOARD ISSUES

### Corporate Governance Statement

The Water Services Regulatory Board is committed to the values and principles of good corporate governance. Good corporate governance requires that the Board of Directors must govern the Corporation with integrity and enterprise in a manner which entrenches and enhances the mandate it has under section 47 of the Water Act 2002 to operate. This mandate is not only regulatory but embraces the corporation's interaction with government and other stakeholder such as the WSBs and WSPs , consumers of water services, the media, public opinion makers and pressure groups.

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 Wasreb remains a sustainable and viable vehicle for regulating water services in Kenya.

As a public service organization, Wasreb'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 with the aim of incorporating them in the business processes of Wasreb so as to consistently deliver on our mandate.



## BOARD ISSUES

### Board of Directors

The Board of Directors meets at least four times a year. The Directors are given appropriate information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for direction and guidance on general policy, the Board has delegated authority for conduct of day to day business to the Chief Executive Officer. The Board nonetheless retains oversight responsibility for establishing and maintaining the control of financial, operational and compliance issues.

### Committees of The Board

The Board has set up the following committees which meet under well defined terms of reference. This is intended to facilitate efficient decision making of the Board in discharging its duties and responsibilities.

#### Corporate Services Committee

This committee deals with strategic, financial, employment and administrative issues. It meets at a minimum of four times a year or as necessary. Its membership comprises Veronica Birgen (Chairperson), Mohammed Sheikhow, Grace Masese, and Rachel Nyamori. Its responsibilities include, reviewing of Annual Accounts, reviewing Development, provision of performance contracts and Recurrent Budgets, opening and closure of bank accounts, recommendation of Board's Strategic Plan, Procurement Plan and all staff matters.

#### Regulatory Services Committee

There is a Regulatory Services Committee whose membership comprises Juma Aguko (Chairman), George Ndonji, Roger Ngoo Shako, Lucy Ambasi, and Rachael Nyamori. Its responsibilities include overseeing the development and enforcement of regulations and laws; facilitating fixing of tariffs; reviewing of Water service standards and ensuring compliance; review of service provision agreements and SPAs; recommending issuance of licences to WSBs; providing guidance on sound information dissemination and making recommendations as regard setting and determination of fees, levies, premiums and other charges to be imposed for water services.

#### Audit Committee

The Board has constituted an audit committee which meets four times a year or as necessary. Its membership comprises Roger Shako (Chairman), Susan Karanja, Juma Aguko, and Joseph Mwengea. Its responsibilities include; examining and assessing the effectiveness of internal control systems, approving Internal Audit programs, carrying out special audits, verifying Boards assets and liabilities, adopting pro-active risk based approach to internal audit system and receiving reports from the Internal Auditor.

#### Corporate Social Responsibility

Wasreb acknowledges its responsibility to society in its capacity as a corporate citizen. Consequently, it endeavors to play an active role in national matters as per its mandate besides contributing to various worthy causes. In the financial year under review, Wasreb continued to offer advice to different stakeholders in the sector to facilitate access to quality water services.

### Statement of Directors Responsibilities

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Board at the end of each financial year and of its surplus or deficit for that 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 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 2011 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.

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

This statement is approved by the Board Directors and it is signed on their behalf by:



Jackson Mwalulu  
Ag. CHAIRMAN

Date.....



ENG. Robert Gakubia, HSC  
CHIEF EXECUTIVE OFFICER

Date.....





## **Chapter 3**

### **Activities Overview**



## OVERVIEW

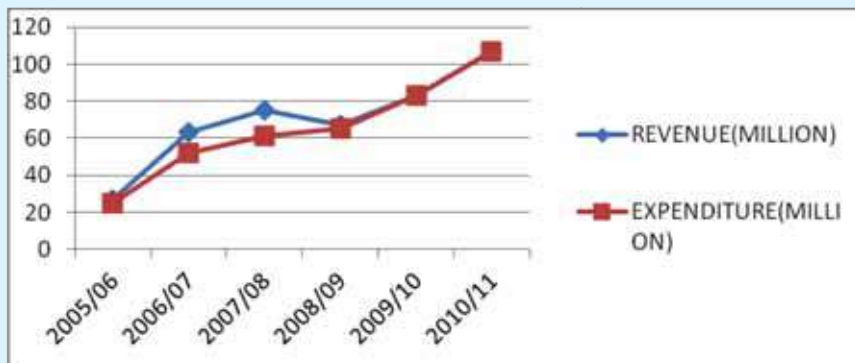
### Regulator Moves To Align Services With Changing Times

#### The Regulatory environment

One of the main highlights of the recent years has been Kenya's experience with the enactment of the new constitution, which created increased attention to water related issues. To align itself with the changes and expectations, Wasreb reviewed its strategic plan and refined strategic objectives with a view to enhancing achievement of its mandate. This followed the customer satisfaction survey which was carried out during the year and indicated that satisfaction levels were increasing and the role of Wasreb was being appreciated.

#### Financial performance

In the review period, Wasreb recorded improved financial performance, which can be attributed to high compliance levels in levy payment by WSPs and tariffs adjustments that have been taking place. This contributed to growth in revenue by 30% from the previous year but while this was eroded by the high inflation levels that saw costs escalate by 35%, Wasreb was able to weather the storm and sustain its operations. Some WSPs were, however, unable to fully pay the regulatory levy leading to high debtors position of 20 million as reflected in the balance sheet and this led to financial challenges in the execution of Wasreb's mandate. Wasreb's financial performance over the years is summarized below:



#### Compliance

Compliance levels during the year was satisfactory and Wasreb was able to comply with all statutory requirements including achieving various targets as set in the performance contract and generating various reports as required by the law. In addition, Wasreb being ISO 9000:2008 certified, continued to execute quality management systems leading to improved service delivery over the years. Compliance with the various guidelines issued by Wasreb in the sector improved and more WSPs embraced governance guidelines leading to improved accessibility to water services. This was as a result of inspection and enforcement strategies employed during the year to mitigate the risks of defiance.

#### Risk management

Accepting that risk is an inherent part in performing its mandate, Wasreb designed a risk management framework that facilitates identifying, evaluating and monitoring key risks while providing assurance that these are fully understood and managed. Identified risks are subject to regular review to ensure compliance with internal controls and legislation. The risk management framework is designed to provide reasonable, but not absolute, assurance so that risks are appropriately identified, evaluated and managed.

#### Internal controls

The Board of Directors has overall responsibility for the systems of internal control which are fully embedded into Wasreb's operations. Responsibilities of reviewing the



## OVERVIEW

effectiveness of internal control systems and ensuring required remedial action taken on identified weaknesses are delegated to the Audit Committee. Internal controls comprise methods and procedures adopted by Management to provide reasonable assurance in safeguarding assets, prevention and detection of error, accuracy and completeness of accounting records together with reliability of financial statements. During the year, Wasreb reviewed the control systems which led to a smooth running of process and hence better service delivery.

### Code of conduct

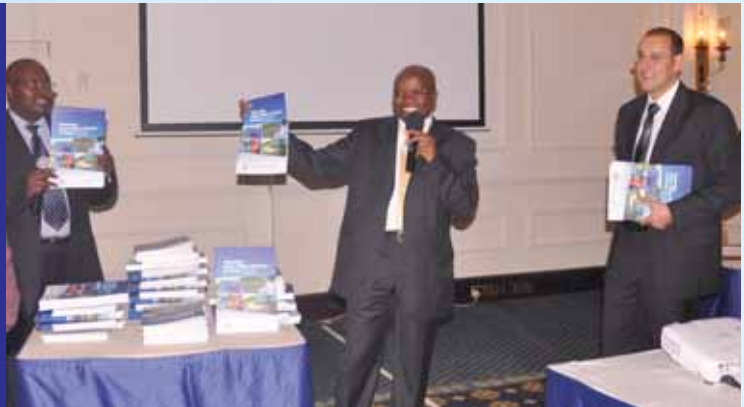
All employees are required to maintain the highest ethical standards in ensuring Wasreb's core mandate is conducted in a manner which, in all reasonable circumstances, is above reproach. Wasreb developed a procedure that specifies the manner in which any potential violations of the Code of Conduct should be handled together with the method and level of investigation. The procedure also establishes a whistle blowing hotline that is independently operated to enable stakeholders make confidential disclosures of suspected breaches.

### Credit rating of water utilities

Funds provided by Government for investment in water infrastructure are often inadequate to meet the growing demand for water services. WSBs can supplement the limited GoK funds through borrowing for capital investments.

Concerned with the issue of sustainability in the sector, Wasreb spearheaded a utility reforms initiative as a critical step in enabling utilities tap into financial markets. Credit worthiness, which is part of water utility reforms, demands a robust institutional and regulatory framework as well as sound operational and financial performance. Therefore combined efforts of Governments, utility managers and development partners are required to achieve utility reforms and spur transformation of Kenya's water sector.

Eng. Gakubia, Wasreb CEO and Rajesh Advani of Water and Sanitation Program at the launch of the Credit assessment report.



Eng. Gakubia and Mr. Advani handing the report to Eng. Njoroge, Chairman of Water Service Providers Association.

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To enhance further transformation of the water services sector, Wasreb carried out the first Shadow Credit Rating of WSPs in Kenya. The exercise was carried out using the Water Credit Analysis Tool based on information obtained from the periods 2005 to 2010.

The main purpose of this credit assessment and shadow rating exercise was to provide borrowers and lenders with an overview of WSPs' creditworthiness, with the objective of determining their ability to raise debt in the domestic financial market. The rating of utilities is reflected in the table below:

Creditworthy		Credit worthy		Potential Creditworthy			
A		BBB		BB		No Rating	
WSP Name	Score	WSP Name	Score	WSP Name	Score	WSP Name	Score
Nyeri	61%	Meru	53%	Embu	44%	Mombasa	34%
		Malindi	52%	Limuru	43%	Sibo	34%
		Nairobi	49%	Kiambu	43%	Isiolo	33%
		Kisumu	49%	Nakuru Rural	43%	Western	33%
		Nyahururu	49%	Gusii	42%	Lodwar	31%
		Muranga	48%	Kericho	42%	Muranga South	31%
		Thika	47%	Nzoia	42%	Nyandarua	29%
				Kilifi			
		Eldoret	47%	Mariakani	40%	Olkalou	29%
		Nanyuki	46%	Nithi	40%	Machakos	28%
		Garissa	46%	Mathira	39%	Kitui	28%
		Ruiru Juja	46%	Mavoko	39%	Kwale	27%
		Nakuru	45%	Narok	39%	Noi Turesh	26%
				Kahuti	38%	Eldama Ravine	25%
				Kikuyu	38%	Amatsi	24%
				Oololaiser	37%		
				Kirinyaga	36%		



## OVERVIEW

### Launched of IMPACT Report

In the continuous effort to monitor the performance of the sector, Wasreb released the fourth edition of *Impact* and launched it with its stakeholders. Highlight of the report were as follows:

- Water coverage recorded a mild improvement from 46 to 47 per cent
- Sanitation coverage improved from 47 to 67 per cent.
- Non-revenue water declined from 43 to 45 per cent
- Hours of Supply decreased from 15 to 14.

### Approval of Water Tariffs

Wasreb approved 37 Regular Tariff Adjustments (RTAs) covering mainly the large WSPs. It was observed that the large WSPs had lower tariff due to Lower operational costs per m<sup>3</sup> produced and larger customer base, better ability to cross-subsidize, hence ability to address needs of the poor (lower block tariffs) without compromising their commercial viability. Despite the large number of approved RTAs, it was observed that some WSBs are yet to implement the Tariff. This was as a result of some of the approved tariffs increase being opposed by some individuals in court.

An analysis of the submissions of applications made revealed that the information provided was either inadequate or not in the prescribed format. This was largely due to uncoordinated preparation of the documents by the two leading players: WSBs and WSPs.

### Inspections

In the period under review, Wasreb continued with inspections to WSBs and their agents focusing on:

- Licence conditions
- Implementation of the approved tariffs
- Implementation of the capital works plans, and
- Compliance with regulations.

Inspections conducted, revealed that some WSBs were not fully complying with the provisions of the licence and SPA. Capacity was found to be lacking in certain cases to fully implement the provisions of the licence and the SPA.

Some WSPs were found to have been implementing projects without involving their Boards. This implies inadequate coordination between the Sector institutions.

To address anomalies unearthed during the inspections, respective institutions were compelled to ensure adherence to the Public Procurement and Disposal Act. They were also required to ensure proper accounting and record keeping. Further, the institutions were compelled to put in place proper policies and strictly adhere to guidelines issued to them by Wasreb.

### Compliance

After the launch of the Governance Guideline, it was expected that WSPs would initiate a process that would implement desired changes as stipulated in the guideline. Meetings were held with stakeholders to drive the point that compliance with the Guideline did not amount to "giving away" their Company. The uptake of the Guideline has, however, been mixed as illustrated in the table below:



## OVERVIEW

### Compliance status with Corporate Governance

#### Rift Valley Water Services Board

	NAME OF WSP	Status of governance guideline as at 5th May 2012
1.	Nakuru Urban Water and Sanitation Co. Ltd.	Refusal to Comply
2.	Nakuru rural water and sanitation company	Compliant
3.	Narok Water and Sewerage Co. Ltd.	Compliant
4.	Naivasha Water & Sanitation Co. Ltd.	Compliant
5.	Eldama Ravine Water and Sanitation	Compliant
6.	Iten Tambach Water and Sanitation company	Compliant
7.	Nyandarua water and sanitation company	Compliant
8.	Lodwar water and sanitation company	Compliant



#### Northern Water Services Board

	NAME OF WSP	Status of governance guideline as at 5th May 2012
1.	Nyahururu Water & Sanitation Co.	Compliant
2.	Rumuruti Water & Sanitation Co. Ltd.	In process of compliance
3.	Nanyuki Water & Sewerage Co. Ltd.	Refusal to Comply
4.	Garissa Water & Sewerage Co. Ltd.	Compliant
5.	Isiolo Water & Sewerage Co. Ltd.	Compliant
6.	Maralal water and Sanitation company	In process of compliance
7.	Mandera Water and sanitation company	In process of compliance
8.	Moyale water services company	In process of compliance

#### Coast Water Services Board

	NAME OF WSP	Status of governance guideline as at 5th May 2012
1.	Mombasa Water & Sewerage Company	Compliant
2.	Malindi Water and Sewerage Company	Compliant
3.	Kilifi-Mariakani Water and Sewerage Co.	Compliant
4.	Tavevo Water and Sewerage Company	Compliant
5.	Lamu Water & Sewerage Company	In process of compliance
6.	Kwale Water & Sewerage Company	Compliant
7.	Tana River Water and Sanitation company	In process of compliance



## OVERVIEW

### Compliance status with Corporate Governance

#### Athi Water Services Board

	NAME OF WSP	Status as at June 30th 2012
1.	Nairobi City Water and Sewerage Company	Refusal to Comply
2.	Kiambu Water and Sewerage Company	Partially compliant
3.	Thika Water and Sewerage Company	Refusal to comply
4.	Ruiru-Juja Water and Sanitation Company	Compliant
5.	Limuru Water & Sewerage Company Ltd.	Status not reported
6.	Kikuyu Water Company Ltd.	Compliant
7.	Gatanga Water Trust.	Status not reported
8.	Karimenu Water and Sewerage Company	Status not reported
9.	Karuri Water and sanitation company	Status not reported
10.	Gatundu Water and Sewerage Company	Status not reported
11.	Runda Water Company	Compliant

#### Lake Victoria North Water Services Board

	NAME OF WSP	Status as at June 30th 2012
1.	Nzoia Water Services Company	Compliant
2.	Amatsi Water Services Company	Compliant
3.	Western Water Services – WSB operations	Refusal to Comply. Board dissolved and company taken over by WSB
4.	Eldoret Water and Sanitation Company	Refusal to comply
5.	Kapsabet Nandi Water and Sanitation Co.	Compliant

#### Lake Victoria South Water Services Board

	NAME OF WSP	Status as at June 30th 2012
1.	Kisumu Water & Sewerage Company	Refusal to comply
2.	Kericho Water & Sanitation company	Partially compliant
3.	Sibo Water and Sanitation Company Ltd	In process of compliance
4.	Mikutra Water and Sanitation Company Ltd	In process of compliance
5.	South Nyanza Water and Sanitation Co. Ltd	In process of compliance
6.	Gusii Water and Sanitation Company Ltd	Compliant ( implementation has been marred by wrangles)
7.	Chemosit Water and Sanitation Company - renamed Tililibei	Compliant
8.	Gulf water service company	In process of compliance
9.	Nyanas Water and Sanitation Company	In process of compliance

## OVERVIEW

### Compliance status with Corporate Governance

#### Tana Water Services Board

	NAME OF WSP	Status as at June 30th 2012
1.	Nyeri Water & Sewerage Company	Compliant
2.	Mathira Water and Sewerage Company	Compliant
3.	Embu Water & Sanitation Company	Refusal to comply
4.	Meru water services	Compliant
5.	Othaya Mukurueni Water and Sanitation Company	Compliant
6.	Gatamathi Water and Sanitation Company	Compliant
7.	Muranga Water and Sanitation Company	Compliant
8.	Maragua South Water and Sanitation Company	Compliant
9.	Kirinyaga Water and Sanitation Company	Compliant
10.	Embe Water and Sanitation Company	Compliant
11.	Nithi Water and Sanitation Company	Compliant
12.	Imetha Water and Sanitation Company	Compliant
13.	Kahuti Water and Sanitation Company	Compliant



#### Tanathi Water Services Board

	NAME OF WSP	Status as at June 30th 2012
1.	Kitui Water and Sanitation Company	Partially compliant
2.	Machakos Water and Sewerage Company	In process of compliance
3.	Mavoko water and sewerage company	Compliant
4.	Kibwezi Makindu Water and Sanitation Company	Compliant
5.	Oloolaiser Water and Sanitation company	In process of compliance
6.	Nol Turesh Loitokitok Water Company	Compliant
7.	Kangundo-Matungulu Water and Sewerage Company	In process of compliance
8.	Wote Water and Sewerage Company	Partially compliant
9.	Kiambere-Mwingi Water and Sanitation Company	In process of compliance
10.	Olkejuado Water and Sewerage Company	In process of compliance

## OVERVIEW

### Licensing

One of the main responsibilities of Wasreb is to issue licences to WSBs. In the period of this report, Tanathi Water Services Board (TAWSB) was issued with a 10-year license as per the provisions of section 57 of the Water Act 2002.

Wasreb also amended licences to the following WSBs whose licences were issued in the year 2007: Coast Water Services Board, Tana Water Services Board, and Northern Water Service Board. The amendments touched on, investment, mapping, penalties, performance management, disaster planning, and issue of the Corporate Governance Guideline to agents.



### Approval of SPAs

The following Service Provision Agreements were submitted by Water Services Boards for approval the period 2010/2011.

WSB	SPAs submitted	Status	Reason
Lake Victoria North Water Services Board	Amatsi	Not approved	Not compliant with Guideline
	Nzoia	Approved	Compliant with Guideline
	Kapsabet Nandi	Approved	Compliant with Guideline
Coast Water Services Board	Malindi	Approved	Compliant with Guideline
Tana Water Services Board	Meru	Approved	Compliant with Guideline

During the year, Lake Victoria North WSB obtained approval from Wasreb to terminate the SPA with Western Water Services Company for its blatant refusal to comply with the Governance Guideline. As such, the operations of the company were taken over by the Board until a compliant provider is recruited.

### Enforcement Measures

To enhance its monitoring role Wasreb has in place a Compliance and Enforcement Strategy that graduates the manner in which non compliances are dealt with starting with advise, warnings, cure-plans, penalties and prosecution or recommendations of removal of members of staff who continue to perpetuate the non compliance.

In the year 2010/11, the following WSBs were penalised for non-compliance with the licence after they failed to heed the warnings issued or failed to submit cure plans or to adhere to cure plans submitted.

## OVERVIEW

### Compliance status on License conditions as at 2010 - 2011

Water Service Board	Nature of non compliance
<b>Athi</b>	<ul style="list-style-type: none"> <li>a. Wrong publication of Ruiru Juja Tariff</li> <li>b. Late submission of performance guarantee</li> <li>c. Failure to submit License Reports under condition 12</li> <li>d. Failure to follow through on complaints received</li> <li>e. Failure to report on Corporate Governance implementation</li> </ul>
<b>Coast</b>	<ul style="list-style-type: none"> <li>a. Late submission of SPA of a compliant company</li> <li>b. Failure to submit license reports under condition 12 of the license</li> </ul>
<b>Lake Victoria North</b>	<ul style="list-style-type: none"> <li>a. Failure to submit a performance guarantee</li> <li>b. Failure to submit license reports</li> <li>c. Failure to follow through on Inspection Reports</li> </ul>
<b>Lake Victoria South</b>	<ul style="list-style-type: none"> <li>a. Failure to submit a performance guarantee</li> <li>b. Failure to submit license reports under condition 12 of the license</li> <li>c. Failure follow through on cure plan for dispute with Chemosit WSP</li> <li>d. Failure to follow through on tariff implementation for Gusii WSP and Kisumu WSP</li> <li>e. Failure to follow through on Inspection Report for Board area</li> <li>f. Failure to follow through on complaints received for board area in Uyoma</li> </ul>
<b>Northern</b>	All warnings followed through and cure-plans in implementation
<b>Rift Valley</b>	<ul style="list-style-type: none"> <li>a. Failure to follow through on cure plan from Inspection Reports</li> <li>b. Late submission of Performance Guarantee</li> <li>c. Failure to report on Corporate Governance Implementation in license area</li> </ul>
<b>Tana</b>	<ul style="list-style-type: none"> <li>a. Late submission of performance guarantee</li> </ul>
<b>Tanathi</b>	<ul style="list-style-type: none"> <li>a. Late submission of license reports condition 12 of license</li> </ul>

## OVERVIEW

### Monitoring of Complaints

Under the Water Act 2002 section 47, Wasreb is supposed to advise licensees on procedures for dealing with complaints from consumers and to monitor the operation of these procedures.

In the year 2010/11, Wasreb received 45 written complaints from consumers. After the complaints were received, they were forwarded to the WSBs with timebound instructions on their resolution because most dealt with operational problems in the WSPs which could be solved within the current ability of the WSBs.

The actions Wasreb undertook to enforce regulation were not without challenges. The Regulator continued to operate without subsidiary legislation in the water services sector which undermines effectiveness in enforcement. As illustrated by section 104 of the Water Act 2002, every regulatory body expands and clarifies its authority and mandate by rules.

*“Without prejudice to the rights of any person to bring proceedings in respect of an offence, the Minister, the Authority or Regulatory Board may institute and maintain criminal proceedings in any court against any person accused of an offence under this Act or under any rules or regulations made under this Act.”*

Currently, this has not been possible for Wasreb as a key expectation of statute has not been met. Wasreb has also drafted three sets of rules to expand the regulatory ambit to enable it enforce as envisaged by the law. These are rules on the Contingency Fund, rules on bottled water and general rules on licence conditions. However, they are yet to be published.

Similarly, there have been civil suits to stop regulatory decisions taken by Wasreb. Citizens have gone to court and obtained injunctions, for example, to stop the increase of tariffs.





### Consumer Engagement

Wasreb acknowledges the need for strengthening participation and empowerment of consumers in realizing their rights. Following the piloting of the Water Action Groups (WAGs) initiative, two vital lessons emerged to guide the direction consumer engagement would take. The first recommendation was that there was need to institutionalize the mechanism and scale it up to cover the whole country. The second was that there was need to find a more efficient way of channeling complaints by exploiting electronic options.

Following these recommendations, Wasreb developed a Consumer Engagement Guideline to enable consumers effectively engage in the services provided by WSPs and WSBs.

The Guideline expands on provisions of the Licence and SPA in respect to consumer information, consultation and participation as well as recourse to consumers. It seeks to institutionalize consumer participation, going beyond the ad-hoc involvement of consumers, e.g. through civil society organizations (CSOs). It also maps out procedures of resolving consumer complaints.

The Guideline will be adopted for use by the sector. Already, the process of expanding coverage of WAGs in the country has commenced and recruitment has been done for one WAG in each Board area.





## OVERVIEW

### MAJI VOICE

As mentioned earlier, one of the issues identified by the WAGs pilot was the need to streamline the management and handling of data generated from citizens, up the service delivery and oversight chain. The goal was to transition from the manual, paper based system to a predominantly digital one to overcome geographical and time barriers and increase efficiency.

Wasreb has now developed an electronic system to aid in the capturing and processing of customer feedback in the sector with a view to improving efficiency in service delivery. The system, dubbed "Maji Voice", will provide utility companies with an avenue to receive speedy observations about their water services from their customers using mobile phones and web technology.

Through *MajiVoice*, water consumers can use a mobile phone or website to share their concerns with providers about service delivery, and receive timely feedback on how those issues are being addressed. *MajiVoice* is currently being piloted in Kenyan towns and cities to strengthen dialogue between citizens and water service providers, and to ensure timely and transparent resolution of consumer concerns.



Wasreb's Head of Communication and Information Management Mr. Kassamani, demonstrating how Maji Voice works to Hon. Charity Ngilu, Minister of Water and Irrigation.

### Key benefits of using *MajiVoice*

Main <i>MajiVoice</i> users	Key benefits
Citizens/water consumers	<ul style="list-style-type: none"> <li>• Uses affordable, accessible and user-friendly technologies</li> <li>• Offers an alternative to other tedious and often time-consuming processes of lodging complaints</li> <li>• In addition to complaints, consumers can provide other feedback related to service delivery, including issues of access, tariffs, service provider performance, responsiveness, quality of service, resolution of complaints, etc.</li> <li>• Strengthens capacity of consumers and Water Action Groups to participate in improving the performance of their service providers</li> </ul>

# OVERVIEW

<b>Water Service Providers</b>	<ul style="list-style-type: none"> <li>• Introduces systematic and structured processes for resolving complaints in a consistent, objective and confidential manner</li> <li>• Increased responsiveness leads to greater consumer satisfaction by bringing service levels close to consumer expectations</li> <li>• Tracking feature allows for speedier and efficient resolution and follow-up of consumer concerns</li> <li>• Geo-referencing tool enables better understanding of the concerns affecting different localities</li> <li>• Regular monitoring enables WSPs to identify areas for improvement</li> <li>• Performance benchmarks can be developed for addressing consumer concerns</li> </ul>
<b>Oversight agencies (including water service boards and the regulatory agency)</b>	<ul style="list-style-type: none"> <li>• Strengthens capacity of oversight agencies to fulfill their mandate for protecting consumer interests</li> <li>• Oversight agencies can intervene in areas that warrant their attention</li> <li>• Monitoring reports can be used to gauge performance standards of water service providers</li> <li>• Improves the efficiency, accountability, responsiveness and transparency of water service providers</li> </ul>



## Media relations

As part of the awareness building programme, Wasreb engaged its stakeholders by utilizing regional radio stations to disseminate information on the sector. Regional radio stations were selected for their grassroots reach. The stations utilized were Inooro, Kass, and West Fm.

Through interactive programmes, listeners got an opportunity to ask questions on various aspects of the water sector including lodging complaints on services. Complaints received revolved around the following issues:

- Lack of water
- Billing
- Metering
- Cartels

Wasreb is working with sector institutions towards increasing satisfaction and minimising complaints.

# Chapter 4

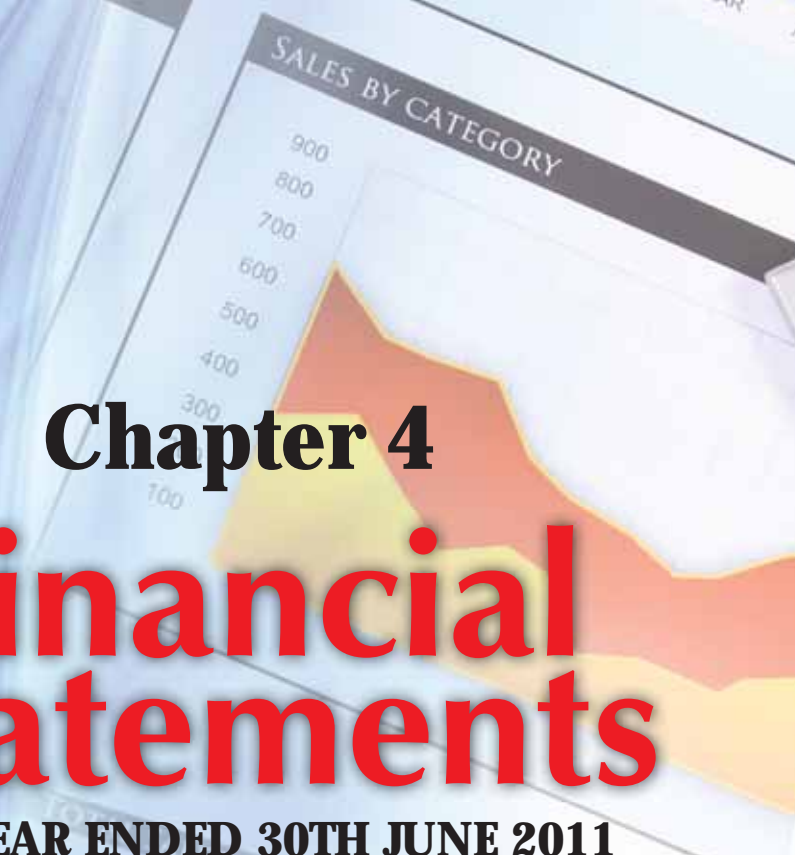
# Financial Statements

THE YEAR ENDED 30TH JUNE 2011

Chapter 4

Financial Statements

THE YEAR ENDED 30TH JUNE 2011



DAT	BID
JAN	
FEB	€ 241,00
MAR	€ 955,00
APR	€ 116,00
MAY	€ 262,00
JUN	€ 839,00
JUL	€ 706,00
AUG	€ 622,00
	€ 557,00
	€ 300,00
	€ 51
	€ 33
	€ 599





## **REPORT OF THE AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF WATER SERVICES REGULATORY BOARD FOR THE YEAR ENDED 30 JUNE 2011**

### **REPORT ON THE FINANCIAL STATEMENTS**

I have audited the accompanying financial statements of Water Services Regulatory Board set out at pages 12 to 20, which comprise the Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information, in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

#### **Management's Responsibility for the Financial Statements**

The Management is responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of its financial statements to the Auditor General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

#### **Responsibility of the Auditor General**

My responsibility is to express an opinion on the financial statements based on the audit and report in accordance with Section 15 of the Public Audit Act, 2003. 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 a view to obtaining reasonable assurance about whether the financial statements are free from material misstatement.

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 the assessments of the risks 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 Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.



## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

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### Basis for Qualified opinion

The regulatory levy of Kshs. 107,289,422 for the year ended 30th June 2011 excludes undetermined amounts of levies due from some Water Service Providers who have duly executed Service Provision Agreements with their respective Water Services Boards but have never submitted any levies to the Water Services Regulatory Board. In addition, the regulatory levy income has been recognized based on cash received from the Water Service Providers instead of billings made to the Water Service Providers, contrary to the Board's accounting policy on revenue recognition as shown under note 8(b) to the financial statements.

In the circumstances, the accuracy and completeness of the regulatory levy amounting to Kshs. 107,289,422 for the year ended 30 June 2011 could not be confirmed.

### Qualified Opinion

In my opinion, the financial statements present fairly, in all materials respects, the financial position of the Board as at 30 June 2010, and its financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards and comply with the Water Act, 2002.



Edward R.O Ouko  
AUDITOR GENERAL

Nairobi.

30 May, 2012

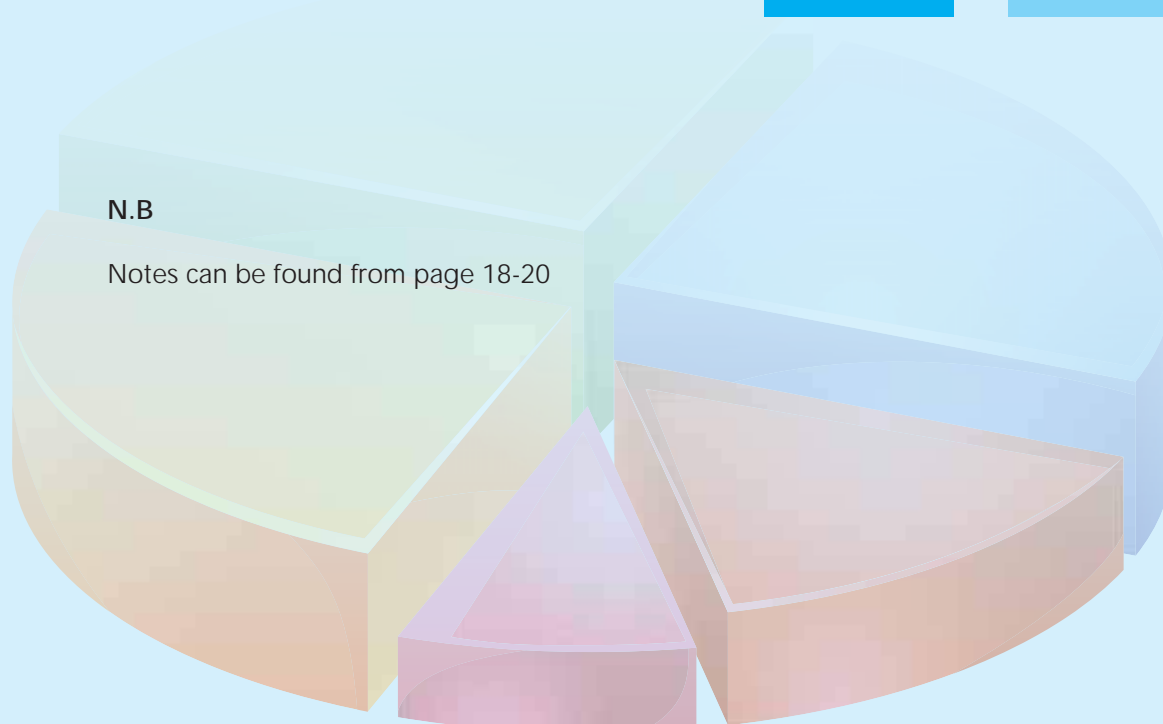


## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### 7.1 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE 2011

	Notes	2010/11 KShs.	2009/10 KShs.
<b>INCOME</b>			
GOK Grants	1	2,073,495	10,341,360
Regulatory Levy		107,289,422	65,714,076
Miscellaneous Income	2	1,344,363	537,883
Donor Grants	3	953,500	6,308,608
		<b>111,660,780</b>	<b>82,841,427</b>
<b>EXPENDITURE</b>			
Personal emoluments	4	43,988,731	35,642,151
Administration Costs	5	47,732,893	33,100,259
General Office Expenses	6	3,846,085	786,746
Audit Fees		300,000	300,000
Board Expenses	14	6,157,353	7,412,004
Depreciation	7	6,056,813	6,675,476
		<b>108,081,875</b>	<b>83,916,636</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>3,578,905</b>	<b>(1,075,209)</b>



## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### 7.2 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2011

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NON CURRENT ASSETS	NOTES	2010/11 KShs	2009/10 KShs.
Property, Plant and Equipments	7	10,250,098	16,133,706
<b>CURRENT ASSETS</b>			
Receivables	8	16,663,787	12,780,803
Cash and Cash equivalents	9	58,541,627	52,234,780
Other current Assets	10	2,952,197	1,978,829
		<b>78,157,611</b>	<b>66,994,412</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	(8,774,624)	( 7,073,938)
Net Assets		79,633,085	76,054,180
<b>FINANCED BY</b>			
Capital Reserves	12	30,739,820	30,739,820
Revenue Reserves	13	48,893,265	45,314,360
		<b>79,633,085</b>	<b>76,054,180</b>



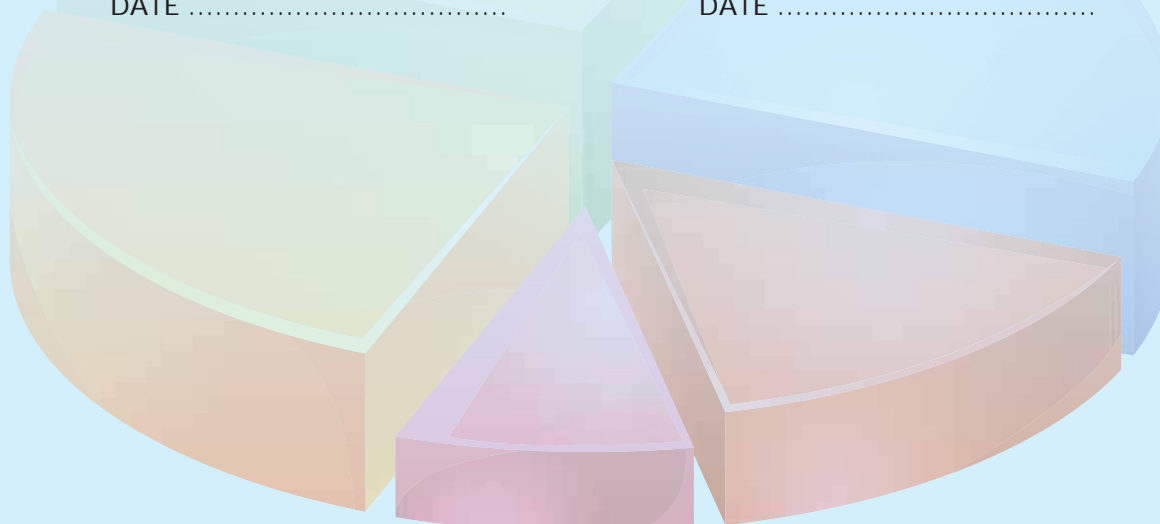
JACKSON MWALULU  
Ag. CHAIRMAN

DATE .....



ENG. ROBERT GAKUBIA, HSC  
CHIEF EXECUTIVE OFFICER

DATE .....



## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### 7.3 STATEMENT OF CHANGES IN EQUITY

	Capital Reserves (Kshs)	Revenue Reserves (Kshs)	Totals
Balance as at 1 - 7 - 2009	21,385,820	46,389,569	67,775,389
Funds received during the year	9,354,000		9,354,000
Prior year adjustment			
Surplus(Deficit) for the year	-	(1,075,209)	(1,075,209)
<b>Balances as at 30 - 06 - 2010</b>	<u><u>30,739,820</u></u>	<u><u>45,314,360</u></u>	<u><u>76,054,180</u></u>
Balance as at 1 - 7 - 2010	30,739,820	45,314,360	76,054,180
Funds received during the year	-	-	-
Prior year adjustment	-	-	-
Surplus for the year	-	3,578,905	3,578,905
<b>Balances at end of year 30.06.2010</b>	<u><u>30,739,820</u></u>	<u><u>48,893,265</u></u>	<u><u>79,633,085</u></u>





## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### 7.4 STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2011

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	2010/11 KShs	2009/10 KShs
Surplus generated from operating activities	3,578,905	(1,075,209)
Adjustment for:		
Depreciation	6,056,813	6,675,476
<b>Prior year adjustment</b>		(76,916)
<b>Cash flow from operating activities before Working capital changes</b>	<b>9,635,718</b>	<b>5,523,351</b>
<b>Changes in working Capital</b>		
(Increase)/Decrease in Receivables & other Current assets	(4,856,352)	1,212,924
Increase/(Decrease) in Payables	1,700,686	521,229
	(3,155,666)	1,734,153
<b>Net Cash flow from operating activities</b>	<b>6,480,052</b>	<b>7,257,503</b>
<b>Cash flow from investing activities</b>	<b>-</b>	<b>-</b>
Purchase of property, plant & Equipment	(173,205)	( 128,000)
<b>Net increase in cash and cash equivalent</b>	<b>6,306,847</b>	<b>7,129,503</b>
<b>Cash and cash equivalents at start of year</b>	<b>52,234,780</b>	<b>45,105,277</b>
<b>Cash and cash equivalents at end of year</b>	<b>58,541,627</b>	<b>52,234,780</b>





## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### NOTES TO THE ACCOUNTS

#### 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**

- Regulatory levy is recognized on accrual basis when income is earned from Water service Providers and
- Miscellaneous income is accounted for on a receipt basis

**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, software	-	33.33

**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 statement of Comprehensive Income as per the IAS No.20. The nature and amount received during the year is disclosed under note 1 to the accounts.

**h) Incorporation**

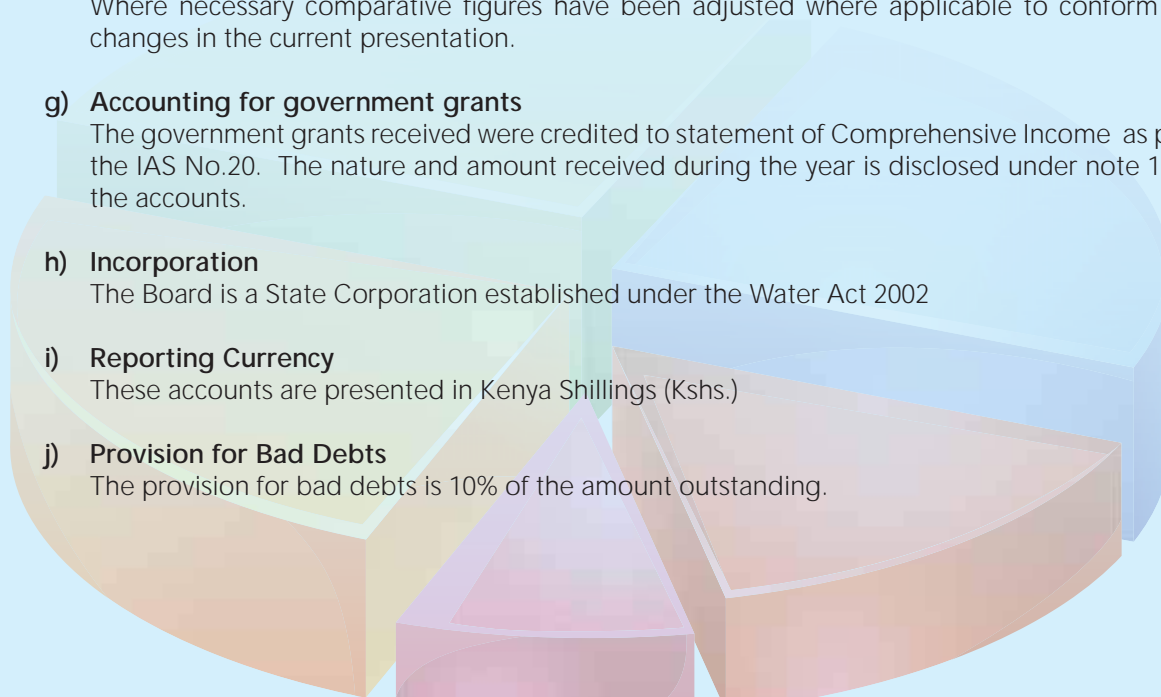
The Board is a State Corporation established under the Water Act 2002

**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 2011

### 9.0 NOTES TO THE ACCOUNTS

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#### 1. GOK Grants

The amount of government grants received for the financial year was as follows:

	2010/11	2009/10
Recurrent	-	8,000,000
Salaries Paid by Ministry to staff Seconded to the Board	2,073,495	2,341,360
	<b>2,073,495</b>	<b>10,341,360</b>
<b>2. Miscellaneous Income</b>		
Other income	1,220,000	356,000
Interest income	124,363	181,883
	<b>1,344,363</b>	<b>537,883</b>
<b>3. Donor grants</b>		
WAGS - programmes	953,500	2,860,500
Capacity building Programs	-	3,448,108
	<b>953,500</b>	<b>6,308,608</b>
<b>4. PERSONAL EMOLUMENTS</b>		
Salaries	36,706,740	29,889,945
Leave exp	1,898,904	1,450,148
Pension Costs	1,859,503	1,365,197
Gratuity	3,523,584	2,936,861
	<b>43,988,731</b>	<b>35,642,151</b>
<b>5. ADMINISTRATION COSTS</b>		
Staff training	4,343,541	2,694,876
Transport Expenses	1,422,716	926,712
Traveling & Accommodation	6,982,846	6,437,690
Communication Expenses	2,741,173	2,138,954
Consultancy expenses	2,281,178	-
Internet Expenses	776,316	-
Advertising & Publicity	9,660,567	7,980,212
Bank Charges & other operating exp.	1,191,124	567,093
Rent & Rates	12,766,364	5,789,095
Publishing & Printing	1,622,219	1,234,270
Insurance cost	3,514,836	3,022,908
Office running expenses	-	2,631,442
Provision for bad debts	430,014	(322,995)
	<b>47,732,893</b>	<b>33,100,259</b>
<b>6. GENERAL OFFICE EXPENSES</b>		
Purchase of Uniforms	-	77,532
Office running expenses	3,846,085	-
Computer Expenses	-	709,214
	<b>3,846,085</b>	<b>786,746</b>

## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### NOTES TO THE ACCOUNTS

#### 7 FIXED ASSETS SCHEDULE FOR THE PERIOD ENDED 30TH JUNE 2011

	Motor vehicles	Furniture and Fittings	Computer and Equipment	Total
Cost at 1.07.2010	21,416,048	4,477,543	12,829,123	38,722,714
Additions		12,180	161,025	173,205
Prior year adjustment	-	-	-	-
Costs at 30th June 2011	21,416,048	4,489,723	12,990,148	38,895,919
<b>Depreciation</b>				
At 1.07.2010	9,899,533	2,501,858	10,187,614	22,589,008
Charge for the period	3,159,360	673,458	2,223,995	6,056,813
Accumulated Depreciation	13,058,893	3,175,316	12,411,609	28,645,821
Net Book Value As at 30.06.11	8,357,155	1,314,407	578,539	10,250,098
Net Book value As at 30.06.10	11,516,513	1,975,685	2,641,508	16,133,706

Two motor vehicles KBB 124s and KAT 408X whose original costs were Kshs 2,684,394 and kshs 2,934,854 respectively are fully depreciated and are in good working condition

#### 8. RECIEVABLES

	2010/11 KShs	2009/10 KShs
Staff Debtors	254,063	241,206
Trade debtors		
Lake Victoria South	2,634,531	4,654,000
Rift valley S B	58,739	350,000
Lake Victoria North S B	3,627,226	3,103,885
Coast water services Board	1,200,906	2,300,000
Athi water service Board	8,680,395	3,525,000
Tana water board	417,924	-
Tanathi water board	1,091,128	-
Northern water board	522,178	-
	18,233,027	13,932,885
Provision for Bad Debts	(1,823,303)	(1,393,288)
<b>TOTAL</b>	<b>16,409,724</b>	<b>12,539,596</b>
	<b>16,663,787</b>	<b>12,780,803</b>

## WATER SERVICES REGULATORY BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2011

### NOTES TO THE ACCOUNTS

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#### 9. CASH AND CASH EQUIVALENT

NBK-cb balance	50,641,358	35,829,245
KCB	1,526,092	9,755,455
Fixed Deposit	6,000,000	6,000,000
Coop bank -cb balance	374,176	650,080
<b>Total</b>	<b>58,541,627</b>	<b>52,234,780</b>

#### 10. OTHER CURRENT ASSETS

Prepaid Rent	949,344	377,930
Accrued Interest	18,209	189,224
Prepaid insurance	1,984,643	1,411,674
	<b>2,952,196</b>	<b>1,978,829</b>

#### 11. PAYABLES

Royal media services	2,951,040	2,784,000
Audit fees	300,000	300,000
Gratuity for staff	3,523,584	2,989,938
Performance Guarantee	2,000,000	1,000,000
	<b>8,774,624</b>	<b>7,073,938</b>

#### 12. CAPITAL RESERVES

Brought Forward	30,739,820	21,385,820
Capitalized Assets in the year	-	9,354,000
Carried forward	<b>30,739,820</b>	<b>30,739,820</b>

#### 13. REVENUE RESERVES

Brought Forward	45,314,360	46,389,569
Surplus (Deficit) for the year	3,578,905	(1,075,209)
Prior year adjustment	-	-
Carried forward	<b>48,893,265</b>	<b>45,314,360</b>

#### 14. BOARD EXPENSES

Honoraria	960,000	960,000
Sitting Allowance	5,197,353	6,452,004
	<b>6,157,353</b>	<b>7,412,004</b>





**Water Services Regulatory Board**

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