



Water Sector Trust Fund

Financing the Water Sector

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WATER SECTOR TRUST FUND BUSINESS RE-ENGINEERING PROCESSES



EXECUTIVE SUMMARY

Water Sector Trust Fund (WaterFund) is the Kenyan State Corporation under the Ministry of Water, Sanitation and Irrigation, and mandated to assist in financing water, sanitation and water resources management projects to the underserved and marginalised rural and urban areas. In the Water Act, 2016, the mandate of WaterFund is to provide conditional and unconditional grants to the Counties and to assist in financing the development of and management of water services in the marginalised and underserved areas

The Water Sector Trust Fund has since inception, mobilized resources and entered into funding agreements totalling approximately Ksh.30 Billion (USD 300 million) with over ten (10) Development Partners. Out of this, WaterFund has so far cumulatively received Ksh.22 Billion (USD 220 million) for water supply, sanitation and water resources management projects. The projects financed and implemented have increased access to water and sanitation for over 5 million underserved Kenyans, and contributed to conservation and rehabilitation of about 372 water sub-catchment areas.

It is against this backdrop that WaterFund has internationally recognized as one of the leading global players in the Sector, especially, in Financing Models, Pro-Poor Service Delivery Standards and Guidelines. It is important to note that WaterFund is a two-time winner of the United Nations Public Service Awards in the years 2019 and 2021, which demonstrates our international recognition of excellence in Public Service.

The Water Sector Trust Fund Business Re-Engineering Publication seeks to document organizational processes to achieve improvements in aspects of funding quality, outputs, service delivery and speed. This document gives and in-depth analysis of WaterFund's workflows within various investments channels and departments.

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INTRODUCTION TO WATER SECTOR TRUST FUND

Water Sector Trust Fund (WaterFund) is a Kenyan State Corporation mandated to assist in financing water, sanitation and water resources management projects to the underserved and marginalised rural and urban areas. In the Water Act, 2016, the mandate of the Fund is to provide conditional and unconditional grants to the Counties and to assist in financing the development of and management of water services in the marginalised and underserved areas including:

- a) Community level initiatives for the sustainable management of water resources
- b) Development of water services in rural areas considered not to be commercially viable for provision of water services by licensees; and
- c) Development of water services in the under-served poor urban areas
- d) Research activities in the area of water resource management and water services, sewerage and sanitation

WaterFund was first established under the Water Act, 2002, as the Water Services Trust Fund with the mandate to provide financing assistance towards water and sanitation projects to underserved and low-income rural and urban areas.

Vision

To be the institution of choice in financing the improvement of access to water and sanitation for the underserved in Kenya

Mission

To finance the development of sustainable water and sanitation services and water resources management

Strategic Objectives

1. To mobilise Ksh.36.5 Billion to finance the development and management of water services by 2022.
2. To enhance Water Services and Sanitation access by 7 Million People (Urban Poor and Underserved Rural) by 2022
3. Build the Fund's capacity to a high-performance, people-centred culture.

WaterFund has developed four main mechanisms of financing and operations as follows:

- i) **Rural Investment;** support towards implementation of water supply and sanitation projects in underserved rural communities. The programme is implemented through water utilities serving rural areas.

- ii) **Urban Investment;** support towards water supply and sanitation projects for low income urban areas. This programme is implemented through the Water Services Providers (WSPs).
- iii) **Water Resources Climate Change Investment;** gives support to communities to effectively conserve their catchments, manage and protect the water resources within their sub-catchments. The programme is implemented through Water Resources Users Associations (WRUAs); Community Forest Associations (CFAs) and Conservancies. Technical support to the beneficiary communities is given by partner institutions eg Kenya Forest Service (KFS), Water Resources Authority (WRA) and Northern Rangelands Trust (NRT).
- iv) **Results-Based Financing;** support towards water and sanitation projects in urban low-income areas, financed through loans from Kenyan commercial banks, which are then subsidised by WaterFund on achievement of agreed targets. The programme is financed through Water Services Providers (WSPs).
- v) **Research and Innovation Financing;** support towards financing of research and innovation initiatives within the sector. The outputs of these initiatives are geared towards generation of new knowledge in the sector, provision of innovative, practical and cost-effective solutions in the realization of sustainable provision of water, sanitation and sewerage services in addition to water resources management as well as addressing gaps through collaborations and adaption of innovative models for better service delivery.

BUSINESS RE-ENGINEERING PROCESSES



AUDIT AND RISK OPERATIONS PROCESSES

Internal Auditing is an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of Water Sector Trust Fund (WaterFund). It is aimed at assisting WaterFund in accomplishing its objectives by bringing a systematic and disciplined approach to **evaluate and improve the effectiveness of the organization's risk management, control, and governance processes.**

The operations of the department are governed by the Audit and Risk Committee Charter and the Internal Audit and Risk Management Department (IARD) Charter.

The department is headed by a Chief Manager, Internal Audit and Risk Management. The department has three other officers assisting the Chief Manager, these are the Technical Auditor, the Integrity and Governance Officer and the Internal Audit Officer.

ROLE

The Internal Audit and Risk Department (IARD) is established by the Board of Trustees, and its responsibilities are defined by the Audit and Risk Committee of the Board of Trustees as part of their oversight function.

MISSION

The IARD's mission is to help WaterFund accomplish its objectives by bringing a systematic, disciplined approach **to evaluate and improve the effectiveness of governance, risk management, control, and accountability processes.** The IARD shall furnish WaterFund with analyses, recommendations, counsel, and information concerning the activities reviewed.

STANDARDS OF AUDIT PRACTICE

The IARD carries out its work in accordance with the Professional Practice Framework of the Institute of Internal Auditors, whose mandatory provisions comprise the Code of Ethics and Standards for the Professional Practice of Internal Auditing.

AUTHORITY

The IARD has full, free, and unrestricted access to any and all of WaterFund's retained documented information, physical properties, and personnel relevant to any function under review. All employees are requested to assist the IARD in fulfilling their staff function. The IARD shall also have free and unrestricted access to the Chairman of the Board of Trustees, and the Audit and Risk Committee of the Board of Trustees.

Documented information and information given to the IARD during a periodic review will be handled in the same prudent and confidential manner as by those employees normally accountable for them.

ACCOUNTABILITY

The Chief Manager, Internal Audit and Risk Management shall be accountable administratively to the Chief Executive Officer and functionally to the Audit and Risk Committee of the Board of Trustees.

INDEPENDENCE

All Internal Audit activities shall remain free of influence by any element in WaterFund, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of an independent and objective mental attitude necessary in rendering reports.

The IARD shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare retained documented information, or engage in any other activity which would normally be audited.

AUDIT SCOPE

The scope of the work of the IARD encompasses the examination and evaluation of the adequacy and effectiveness of WaterFund's governance, risk management process, system of internal control structure, and the quality of performance in carrying out assigned responsibilities to achieve WaterFund's stated goals and objectives.

PROCESSES UNDER THE AUDIT AND RISK MANAGEMENT

- a) Planning
- b) Fieldwork,
- c) Preparation of the Audit Report, and
- d) Audit Follow-up

PROCESSES UNDER INTEGRITY AND GOVERNANCE

- a) Planning
- b) Processing of information
- c) Analysis of evidence

AUDIT AND RISK MANAGEMENT PROCESSES

A) PLANNING

- Process Purpose: To notify the auditee of the audit, discuss the scope and objectives of the examination in a formal meeting with management, gather information on important processes, evaluate existing controls, and plan the remaining audit steps.

- Process Objective: To ensure support and commitment of the auditee

Process	Procedure	Responsible Person
<pre> graph TD Start((Start)) --> Planning[Planning Process] Planning --> Inform[Auditee informed of the audit] Inform --- TOR[Terms of reference TOR] Inform --> Entry[Entry Meeting] Entry --> Survey[Preliminary Survey] Survey --> Review[Internal Control Review] Review --> Program[Audit program] </pre>	<p>The auditee is informed of the audit through a TOR from the Chief Manager Audit and Risk. This letter communicates the scope and objectives of the audit, the auditors assigned to the project and other relevant information.</p> <p>During this entry meeting, the auditee describes the unit or system to be reviewed, the organization, available resources (personnel, facilities, equipment, funds), and other relevant information. The internal auditor meets with the senior officer directly responsible for the unit under review and any staff members s/he wishes to include. It is important that the auditee identify issues or areas of special concern that should be addressed.</p> <p>In this phase the auditor gathers relevant information about the unit in order to obtain a general overview of operations. S/He talks with key personnel and reviews reports, files, and other sources of information.</p> <p>The auditor reviews the unit's internal control structure, a process which is usually time-consuming. In doing this, the auditor</p>	<p>CMIAR</p>

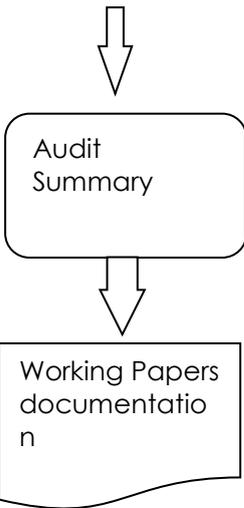
	<p>uses a variety of tools and techniques to gather and analyze information about the operation. The review of internal controls helps the auditor determine the areas of highest risk and design tests to be performed in the fieldwork section.</p> <p>The Audit program outlines the fieldwork necessary to achieve the audit objectives.</p>	
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B) FIELD WORK

Process Purpose: To test soundness of the controls of the auditee's processes, testing and informal communications

Process Objective: To determine whether the controls identified during the preliminary review are designed and are operating properly and in the manner described by the auditee.

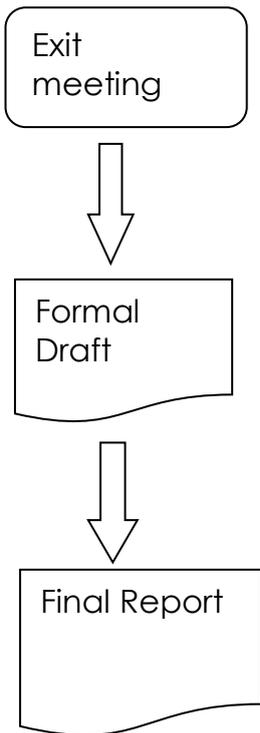
Process	Procedure	Responsible Person
<pre> graph TD Start((Start)) --> FWP[Field Work Process] FWP --> TTST[Transactional Technical Soundness Testing] TTST --> AIC(Advice & Informal Communications) </pre>	<p>After completing the preliminary review, the auditor performs the procedures in the audit program. These procedures usually test the major internal controls and the accuracy and propriety of the transactions and/or technical soundness in case of technical audits. Various techniques including sampling are used during the fieldwork phase.</p> <p>As the fieldwork progresses, the auditor discuss any significant finding with the auditee. The auditee can offer insights and work with the auditor to determine the best method of resolving the finding. Usually these communications are oral. However, in more complex situations, memos and/or e-mails are written in order to ensure full understanding by the auditee and the auditor. Our goal: No surprises.</p>	<p>CMIAR</p>

	<p>Upon completion of the fieldwork, the auditor summarizes the audit findings, conclusions, and recommendations necessary for the audit report discussion draft.</p> <p>They are the support of the audit opinion. They connect the auditee's accounting retained documented information and financials to the auditor's opinion. They are comprehensive and serve many functions.</p> <p>At the conclusion of fieldwork, the auditor drafts the report. Audit management thoroughly reviews the audit working papers and the discussion draft before it is presented to the auditee for comment.</p>	
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C) PREPARING AUDIT REPORTS

- Process Purpose: To express our opinions, present the audit findings, and discuss recommendations for improvements.
- Process Objective: To present the findings of the audit process.

Process	Procedure	Responsible Person
	<p>Audit management thoroughly reviews the audit working papers and the discussion draft before it is presented to the auditee for comment. This discussion draft is prepared for the unit's operating management and is submitted for the auditee's review before the exit conference.</p> <p>When CMIAR has approved the discussion draft, Internal Audit meets with the unit's management team to discuss the findings, recommendations, and text of the draft. At this meeting, the Auditee comments on the draft and the group works to reach an agreement on the audit findings.</p>	<p>CMIAR</p>

 <pre> graph TD A[Exit meeting] --> B[Formal Draft] B --> C[Final Report] </pre>	<p>The auditor then prepares a formal draft, considering any revisions resulting from the exit meeting and other discussions. When the changes have been reviewed by Chief Manager Audit and Risk and the auditee, the final report is issued.</p> <p>Internal Audit prints and distributes the final report to the Audit Committee Chairperson, unit's operating management, the unit's reporting supervisor and management. This report is primarily for internal WaterFund management use. The approval of the Chief Manager Audit and Risk is required for release of the report outside of the WaterFund.</p> <p>The Auditee has the opportunity to respond to the audit findings prior to issuance of the final report which can be included or attached to our final report. However, if the auditee decides to respond after we issue the report, the first page of the final report will be a letter requesting the auditee's written response to the report recommendations.</p> <p>In the response, the auditee should explain how report findings will be resolved and include an implementation timetable. In some cases, managers may choose to respond with a decision not to implement an audit recommendation and to accept the risks associated with an audit finding. The auditee should copy the response to all recipients of the final report if s/he decides not to have their response included/attached to Internal Audit's final report.</p>	
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D) AUDIT FOLLOW UP

- **Process Purpose:** To determine whether the controls, processes identified during the review are operating properly and, in the manner, described by the auditee.

- **Process Objective:** To monitor the implementation of the recommendations made.

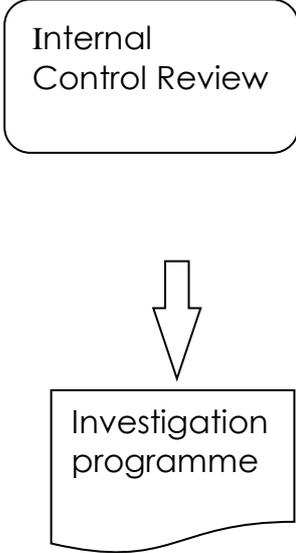
Process	Procedure	Responsible Person
<pre> graph TD Start((Start)) --> AUF[Audit Follow-Up] AUF --> FUR([Follow-up Review]) FUR --> FURP[Follow-up Report] </pre>	<p>After completing the preliminary review, the auditor performs the procedures in the audit program. These procedures usually test the major internal controls and the accuracy and propriety of the transactions/technical decisions. Various techniques including sampling are used during the fieldwork phase.</p> <p>The review will conclude with a follow-up report which lists the actions taken by the auditee to resolve the original report findings. Unresolved findings will also appear in the follow-up report and will include a brief description of the finding, the original audit recommendation, the auditee response, the current condition, and the continued exposure to WaterFund. A discussion draft of each report with unresolved findings is circulated to the auditee before the report is issued. The follow-up review results will be circulated to the original report recipients and other WaterFund staff as deemed appropriate.</p>	<p>CMIAR</p>

INTEGRITY AND GOVERNANCE

A) PLANNING

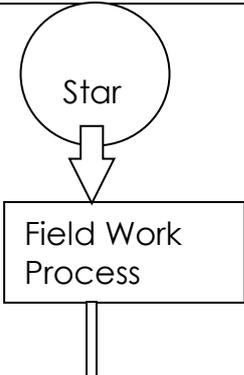
- Process Purpose: To set the goals and objectives of the investigations.
- Process Objective: To ensure support and commitment of the auditee

Process	Procedure	Responsible Person
<pre> graph TD Start([Start]) --> Planning[Planning Process] Planning --> Objectives[Setting of objectives and goals] Objectives --> TOR[Terms of reference (TOR)] TOR --> Entry[Entry Meeting] Entry --> Survey[Preliminary Survey] Survey --> End[] </pre>	<p>The investigator receives information/intelligence/ anonymous information. The information is then analyzed for credibility before carrying on the investigation. The officer then sets the goals and objectives.</p> <p>A TOR is then developed indicating the scope and objectives of the investigation, the investigator(s) assigned to the project and other relevant information.</p> <p>During this entry meeting, the investigator describes the unit or system to be reviewed, the organization, available resources (personnel, facilities, equipment, funds), and other relevant information. The investigator meets with the senior officer directly responsible for the unit under review and any staff members s/he wishes to include.</p> <p>In this phase the investigator gathers relevant information about the unit in order to obtain a general overview of</p>	<p>CMIAR</p>

	<p>operations. S/He talks with key personnel and reviews reports, files, and other sources of information.</p> <p>The investigator reviews the unit's internal control structure, a process which is usually time-consuming. In doing this, the auditor uses a variety of tools and techniques to gather and analyze information about the operation. The review of internal controls helps the auditor determine the areas of highest risk and design tests to be performed in the fieldwork section.</p> <p>The Audit program outlines the fieldwork necessary to achieve the investigation objectives.</p>	
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B) COLLECTION AND PROCESSING OF INFORMATION

- **Process Purpose:** To test truthfulness of the information/ allegations received.
- **Process Objective:** To determine whether the information received is correct.

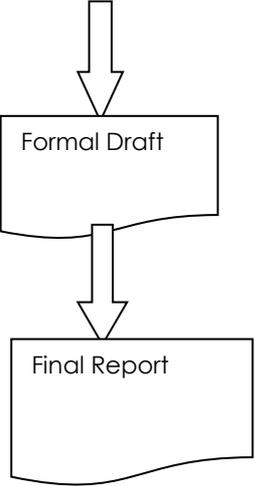
Process	Procedure	Responsible Person
	<p>This entails identifying the potential sources of information that would establish the facts by means of interviewing specific witnesses, collection of documented information.</p> <p>During the field work the investigator collects documented information (both hard copy and electronic) that relate to</p>	CMIAR

<pre> graph TD A[Interviewing of potential sources] --> B[The processing of data collected.] B --> C[Documentation] </pre>	<p>the investigations as well as any other items that might have been used or created. Interviewing involves people who might have witnessed events, created documented information or handled any items related to the investigation. Statements are also collected during the fieldwork.</p> <p>The data collected is then processed to ensure that only that which is useful is stored for analysis. This evidence is then stored in a prescribed format that ensures there is no contamination.</p> <p>The evidence collected is documented before being stored.</p>	
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C) ANALYSIS OF EVIDENCE

- Process Purpose: To ensure the data collected is useful.
- Process Objective: To provide findings of the investigations.

Process	Procedure	Responsible Person
<pre> graph TD Start([Start]) --> A[Analysis of the evidence collected] A --> B[Discussion Draft] B --> C[Exit meeting] </pre>	<p>The investigators then thoroughly analyze the stored data and evidence. The statements from related parties are also analyzed.</p> <p>A discussion draft is then drawn; this makes the basis of discussions during the exit meeting and also during the meetings with supervisors and peer-reviewers.</p> <p>The investigator then prepares a formal draft, taking into account any revisions resulting from the exit meeting and other discussions. When the changes have been reviewed by Chief Manager, Internal Audit and Risk</p>	<p>CMIAR</p>

 <p>The diagram is a vertical flowchart. At the top, a large downward-pointing arrow leads to a rectangular box labeled 'Formal Draft'. Below this box, another large downward-pointing arrow leads to a second rectangular box labeled 'Final Report'. Both boxes have a wavy bottom edge.</p>	<p>Management and the auditee, the final report is issued.</p> <p>Internal Audit and Risk prints and distributes the final report to the Audit Committee Chairperson, management and any other relevant stakeholders.</p> <p>This report is primarily for internal WaterFund management use. The approval of the Chief Manager Audit and Risk is required for release of the report outside of the WaterFund.</p>	
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CORPORATE AFFAIRS PROCESSES

The Corporate Affairs Unit of the Water Sector Trust Fund (WaterFund) provides a framework for the WaterFund to have a co-ordinated plan for communicating its mandate among its internal and external stakeholders. The departmental structure includes Manager, ICT and Corporate Affairs, Communication and Corporate Affairs Officer, Communications Assistant and Customer Care Assistant.

The Unit's primary aim is to maximise the WaterFund's visibility and publicity among its target audiences through various communication mediums, with the aim of enhancing the WaterFund's corporate image as the lead agency in provision of financial support for improved access to water and sanitation in underserved areas.

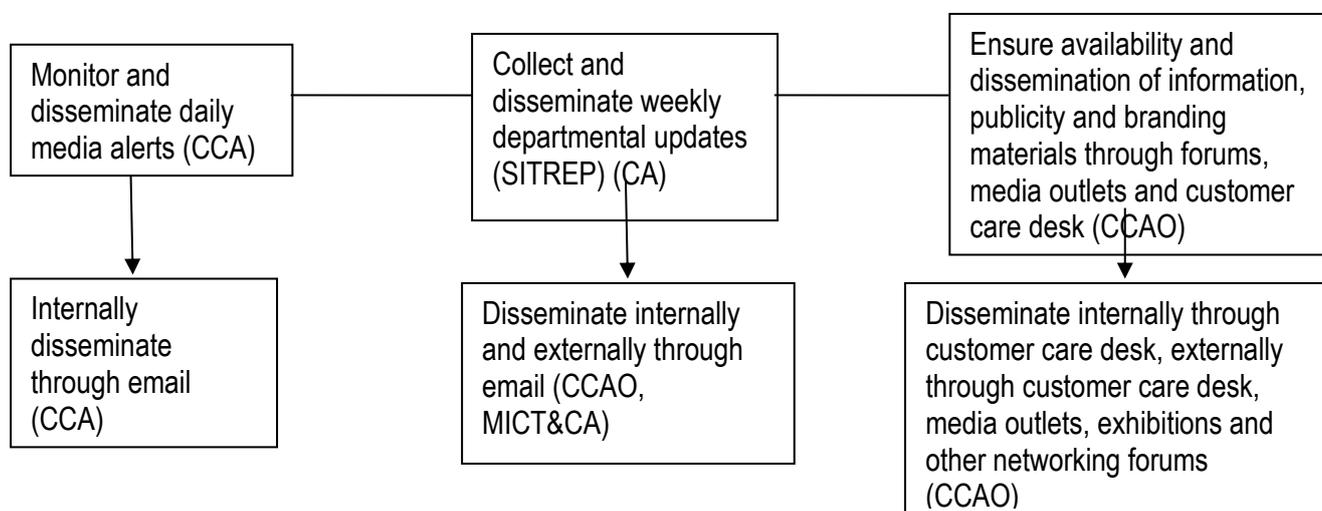
Achievements to date include Development of the WaterFund Communication Strategy; Publicising WaterFund through national and international conferences, exhibitions, print, audio and televised media, documentaries and publications; effective customer care leading to a high index of customer satisfaction; and avid coordination of WaterFund's Corporate Social Responsibility activities.

CORPORATE AFFAIRS PROCESSES

A) INTERNAL AND EXTERNAL COMMUNICATION

Communication through emails, SITREP, Media alerts, branding and publicity (print, visual / audio material),

1. Process purpose: To timely and effectively keep all stakeholders informed
2. Purpose objectives:
 - To circulate to staff and Partners weekly Situation Report
 - To circulate daily media alerts to all staff
 - To regularly facilitate proper documentation, publication, storage and dissemination of institutional public information



B) CUSTOMER COMPLAINTS HANDLING AND ACCESS TO INFORMATION, CUSTOMER SURVEY, REPORTS TO OFFICE OF THE OMBUDSMAN, ADHERENCE TO SERVICE CHARTER

To ensure that all customer complaints and inquiries on information are addressed and evaluated as per WaterFund's customer service standards set in the service delivery charter, complaints and access to information procedures.

1. Process objectives:
 - To establish WaterFund Customer Service Satisfaction levels
 - To address customer complaints and general institutional enquiries in a timely and satisfactory manner

CUSTOMER COMPLAINTS PROCEDURE

No	Step	Process	Response
1.	Initial complaint	<p>The customer makes a verbal or written complaint to WaterFund</p> <p>Acknowledgement;</p> <ul style="list-style-type: none"> ➤ Written and Email complaints within 7 days of receipt of the complaint, ➤ Depending on the complexity of the complaint, WaterFund will seek to resolve all internal system administrative complaints within 14 days <p>WaterFund will aim to complete all investigations and close complaint cases within 30 days from date of complaint and appeals within 30 days from date of appeal or forward to relevant authority such as CAJ (Office of the Ombudsman), Ethics and Integrity Commission or EACC where necessary</p>	<p>❖ Ask the complainant to fill the complaint form and drop at the complaint box</p> <p>If verbal</p> <ul style="list-style-type: none"> ❖ Listen. Carefully gather as much information on the circumstances as possible. ❖ Record the complaint in the customer complaint form on behalf of the complainant though they are encouraged to do so themselves. <p>OR WRITE TO CHIEF EXECUTIVE OFFICER Water Sector Trust Fund C IC Plaza, Mara Road, Upper Hill P.O. Box 49699 Nairobi, Kenya Tel: 2720696 / 2729017 Fax: 2724357 Email: complaints@waterfund.go.ke; info@waterfund.go.ke</p>
2.	Escalate the complaint to relevant Head of Department	Investigation	❖ The complaint is referred to Head of Department for resolution

No	Step	Process	Response
3.	Head of Department to identify the root cause of the problem	Investigate the complaint to get to the root cause	<ul style="list-style-type: none"> ❖ Seek to understand why the problem occurred ❖ Document the investigation and findings ❖ The root causes of the complaints are studied in order to establish if process improvement can be re-designed
4.	Head of Department to identify the corrective action	Identify the corrective action for the complaint	<ul style="list-style-type: none"> ❖ Seek to investigate how the problem can be dealt with whether training, missing process etc ❖ Seek to close any loophole that would lead to recurrence of the same
5.	Resolve complaint	<p>Close the complaint</p> <p>If the complainant is not satisfied with the response, he / she will be advised to escalate the complaint to the next level – senior local contact.</p>	<ul style="list-style-type: none"> ❖ Seek to resolve the complaint at this stage ❖ If successful in resolving complaint ensure it is recorded. the Complaints Handling Officer will then inform the Complaints Committee for review and recommend follow up where necessary and closure.
6.	Quarterly complaints report to The Commission on Administrative Justice (CAJ)	Document resolution of customer complaints and report major complaints quarterly to the Office of the Ombudsman (CAJ)	Certificate from The Commission on Administrative Justice (CAJ)

ACCESS TO INFORMATION PROCEDURE

No	Step	Process	Response
1.	Initial request for information	<p>The customer makes a verbal or written request to WaterFund</p> <p>Acknowledgement;</p> <ul style="list-style-type: none"> ➤ Written and Email requests for information will be done within 7 days of receipt of the request. For time bound requests, provide information within the time agreed with the requester. ➤ Depending on the complexity of the information needed, WaterFund will seek to address all requests within 14 days. For time bound requests, provide information within the time agreed with the requester. ➤ If the information sought concerns the life or liberty of a person, the access to information officer shall acknowledge and provide information within forty-eight hours of the receipt of the application. <p>WaterFund will aim to provide all information requested within 21 days from or receipt of application for information or transfer to relevant authorities/ public entity if the information requested is held by another public entity except where otherwise indicated.</p>	<ul style="list-style-type: none"> ❖ Ask the applicant to fill the access to information form to be forwarded to the access to information officer. <p>If verbal</p> <ul style="list-style-type: none"> ❖ The access to information officer (nominated by the CEO and part of the Complaints Handling Committee) will listen to carefully gather as much information on the request as possible. ❖ The officer will then proceed to record the request for information in the access to information form on behalf of the applicant/requester/ stakeholder/ customer though they are encouraged to do so themselves. <p>OR WRITE TO CHIEF EXECUTIVE OFFICER Water Sector Trust Fund C IC Plaza, Mara Road, Upper Hill P.O. Box 49699 Nairobi, Kenya Tel: 2720696 / 2729017 Fax: 2724357 Email: info@waterfund.go.ke</p>
2.	Escalate the request for information	The application will be processed to ascertain the	<ul style="list-style-type: none"> ❖ The application is referred to Head of Department to provide the information needed.

No	Step	Process	Response
	application to relevant Head of Department	type of information requested.	
3.	Head of Department to identify the type of information needed and respond to the applicant	Identification of type of information needed	❖ Seek to understand the type information needed and recommend a response.
4.	Head of Department or access to information officer to respond to the applicant.	Identify the best suitable response or provide the information required.	❖ When the decision is taken to provide the information applied for, the HoD or access to information officer will send to the applicant a written response within 15 working days of receipt of the application except where otherwise indicated.
5.	Quarterly Access to Information report sent to The Commission on Administrative Justice (CAJ)	Document applications for information and report the resolutions quarterly to the Office of the Ombudsman (CAJ)	Certificate from The Commission on Administrative Justice (CAJ)

FINANCE DEPARTMENT PROCESSES

The Finance function is responsible for planning, organizing and directing the financial affairs of WaterFund; ensuring fiscal discipline and providing financial stewardship in compliance with strategic plans, shared values and policies. The function involves timely preparation of financial reports, budgets and forecasts, management of financial data, cash management, financial monitoring, financial advisory and short-term investments.

The finance function is broadly divided into the Management Accounting function and Financial Accounting function with the head of the department being the Chief Manager, Finance.

Management accounting is concerned primarily with financial reporting for internal users, especially the management. It provides financial information and use by the managers within the organization, to provide them with the basis to make informed decisions that will allow them to be better equipped in their management and control functions.

Financial accounting focuses on the development and communication of financial information for external users. This involves the process of recording the financial activity of the organization and summarizing the information to individuals, groups, or other stakeholders who are not involved in the day-to-day operations of an organization.

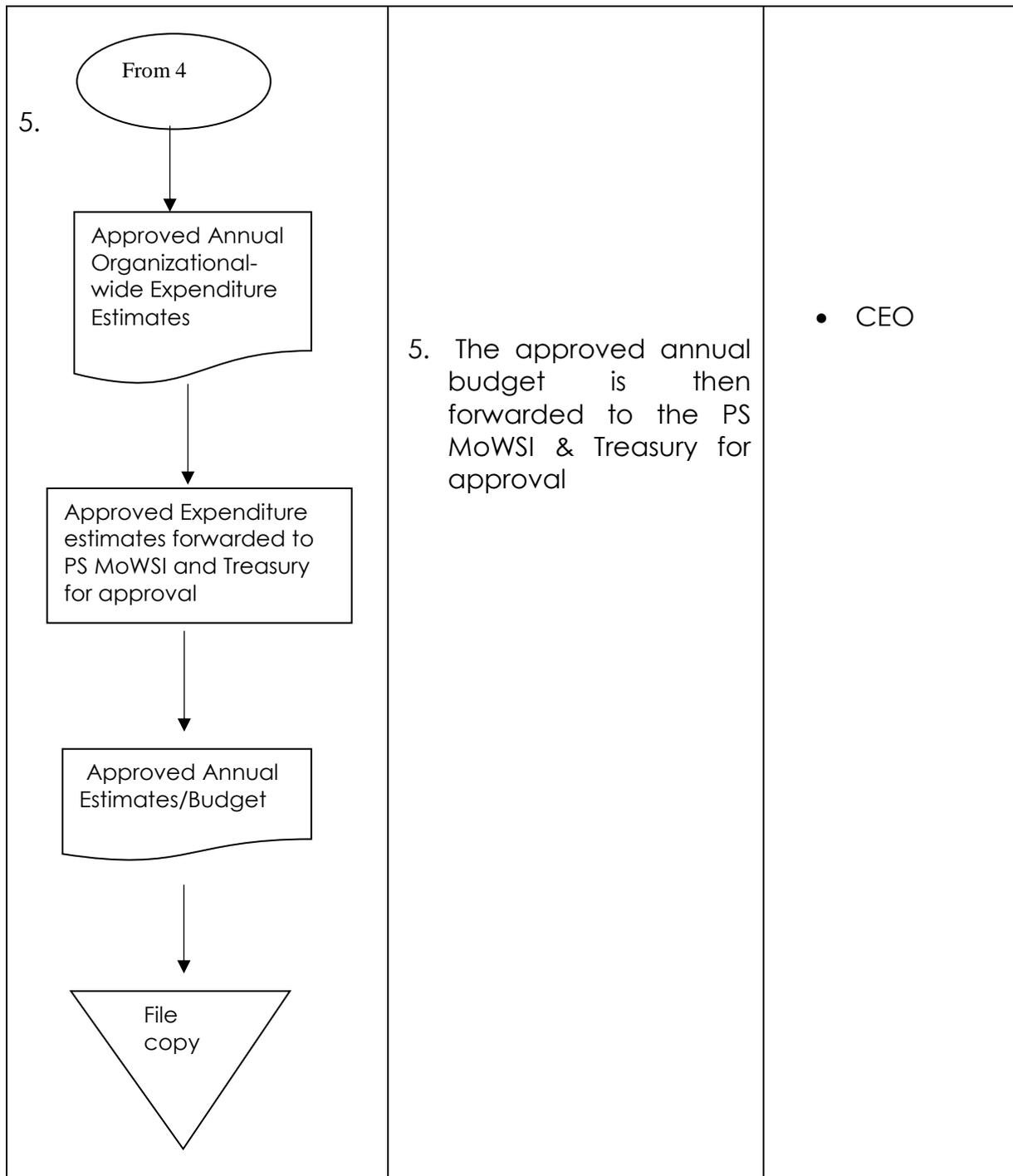
FINANCE DEPARTMENT PROCESSES

A) FINANCIAL PLANNING AND BUDGETING

- **Process Purpose:**
 - To ensure the resources are optimally allocated and used

- **Process Objective:**
 - Ensuring that the budget is formulated as per the Strategic Plans.
 - Ensuring that all the key activities in the Performance Contract are budgeted for.
 - Ensuring that the Budget is formulated in line within the Government budget guidelines.
 - Ensure there is a mechanism for monitoring the financial plans and budgets developed.

Process Flow	Procedure Step	Responsibility
<pre> graph TD A[1. Departments/Cost Centres prepare work plans for the year in consultation with CMF] --> B[2. Annual Work plans and expenditure estimates submitted to CMF] B --> C[3. MFA to consolidate the various work plan and expenditures] C --> D[Consolidated organization-wide expenditure estimates] D --> E[4. Organizational-wide expenditure estimate forwarded to CMF and CEO for review] E --> F[Organizational-wide expenditure estimates forwarded to Trustees for approval] F --> G([To 5]) </pre>	<ol style="list-style-type: none"> 1. Staff within the various departments contribute towards the generation of annual expenditure estimates based on their annual work plans 2. The department/cost Centre heads submit their expenditure estimates to the CMF. 3. MFA to consolidate expenditure estimates from various departments <p>MFA forwards the consolidated expenditure to CMF and CEO for review</p> <ol style="list-style-type: none"> 4. CEO forwards the consolidated organization-wide expenditure estimate to the Trustees for approval 	<p>Heads of Departments</p> <p>Heads of Departments CMF</p> <p>Manager, Finance and Accounts (MFA)</p> <p>Manager, Finance and Accounts (MFA)</p> <p>CEO</p>



B) CASH MANAGEMENT

Process Purpose:

- To ensure that the Fund has optimal cash for its operations

Process Objective:

- Prompt collection and recording of revenues.
- Payments are made in a timely manner.
- All payments are properly verified and approved before payment

Process Flow	Procedure Step	Responsibility
<pre> graph TD A[Payments timing estimate] --> B[Generate Cash requirement forecast] C((From Bank)) --> B B --> D[Project Cash-flow] D --> E[Bank Statement] D --> F[Forecast] D --> G[Obtain Approval] E --> G G --> H{Surplus Funds} H -- YES --> I[Seek approval] I --> End[] </pre> <p>1. Payments timing estimate</p> <p>2. From Bank → Generate Cash requirement forecast</p> <p>3. Project Cash-flow → Bank Statement, Forecast, Obtain Approval</p> <p>4. Obtain Approval → Surplus Funds</p> <p>5. Surplus Funds (YES) → Seek approval</p>	<p>1. With assistance from Finance, allocate planned expenditure to the approximate month of payment. In doing this consider timing of activity and payment policy.</p> <p>2. Generate cash requirements forecast analyzed by activity and expense type.</p> <p>3. Prepare a projected cash inflow analyzed by source of funds and discuss with CMF</p> <p>4. Obtain approval of cash flow forecast from the CMF and CEO and transfer funds to operating accounts as appropriate.</p> <p>5. Seek authority to invest</p>	<p>Heads of Departments</p> <p>Manager, Finance and Accounts</p> <p>Manager, Finance and Accounts</p> <p>Manager, Finance and Accounts</p> <p>Chief Manager Finance</p>

<p>6. Approve investment</p> <p>7. Process transfer</p> <p>8. File</p> <pre> graph TD A[Approve investment] --> B[Process transfer] B --> C[File] B --> D[Bank advice] D --> E((To bank)) </pre>	<p>surplus funds in accordance to WaterFund's surplus funds investment policy</p> <p>6. Approve investment of funds in deposit accounts.</p> <p>7. Prepare advice for funds transfer; obtain approval from cheque signatories and forward transfer advice to the Bank.</p> <p>8. File copy of the forecast</p>	<p>CEO and Trustees</p> <p>Manager, Finance and Accounts</p> <p>Manager, Finance and Accounts</p>
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C) RECEIPT AND RECORDING OF FUNDS

Process Flow	Procedure Step	Responsibility
<pre> graph TD A([Funds from donors]) --> B[Funds Advice] B --> C[Receive Cheque /Advice and] C --> D[Receipt] D --> E[File] D --> F[Pay-in-Slins] F --> G[Bank Funds] G --> H[Assign Codes] H --> I[Approve] I --> J[Record] J --> K[File] </pre>	<ol style="list-style-type: none"> 1. Receive cheques or banks deposit advice, ensure it has been registered in the incoming mail register, and forward to Finance Assistant. 2. Receive cash/cheque or bank deposit advice and raise an office receipt in duplicate. Send one copy to acknowledge receipt. Leave second as the book copy. 3. Bank cheques and cash received immediately, and not later than the end of the business day following the date of receipt. 4. Code the official receipt using the chart of accounts and analysis codes. 5. Review coding and approve for entry to cash book 6. Update the cashbook 7. File official receipts and bank pay-in-slips and vouchers in serial number order. 	<p>Manager, Finance and Accounts</p> <p>Finance Assistant</p> <p>Finance Assistant</p> <p>Finance Assistant</p> <p>Finance Officer Senior Finance Officer</p> <p>Finance Officer</p> <p>Finance Assistant</p>

D) FIXED ASSETS ACQUISITION, RECORDING AND DEPRECIATION, FIXED ASSET DISPOSAL PROCEDURES

Process Flow	Procedure Step	Responsibility
<p>1. From Administration</p> <pre> graph TD Start([]) --> A[Disposal report and support] A --> B[Receive disposal report] B --> C[Update FAR with disposal] C --> D[Update GL with disposal report] D --> E[Generate Disposal Report] E --> F[Review disposal report] F --> G[/File/] </pre> <p>2.</p> <p>3.</p> <p>4.</p> <p>5</p> <p>5</p>	<p>1. Receive fixed asset disposal report from Administration. Review report and prepare a journal to record the disposal by:</p> <p>Debit: Respective accumulated depreciation account</p> <p>Credit: Respective fixed assets account</p> <p>Debit/Credit: Loss or gain from disposal.</p> <p>2. Update fixed assets register with disposal.</p> <p>3. Review journal and post to update General Ledger Accounts.</p> <p>4. Generate disposal report and print it.</p> <p>5. Review report and sign.</p>	<p>Manager, Finance and Accounts</p> <p>Senior Finance Officer</p> <p>Manager, Finance and Accounts</p> <p>Senior Finance Officer</p> <p>Manager, Finance and Accounts</p>

	6. File report for reference and audit purpose.	Senior Officer	Finance
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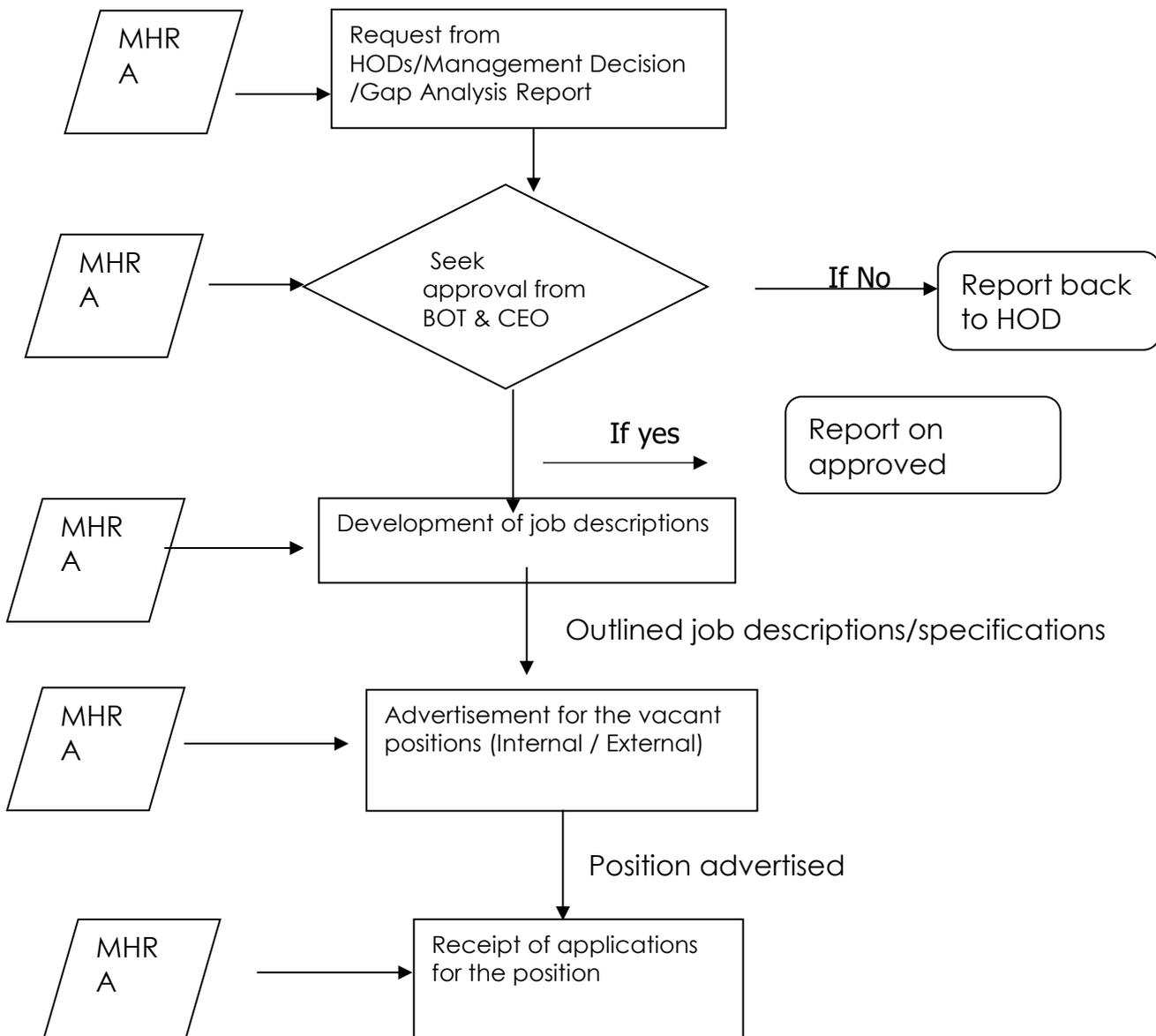
HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT PROCESSES

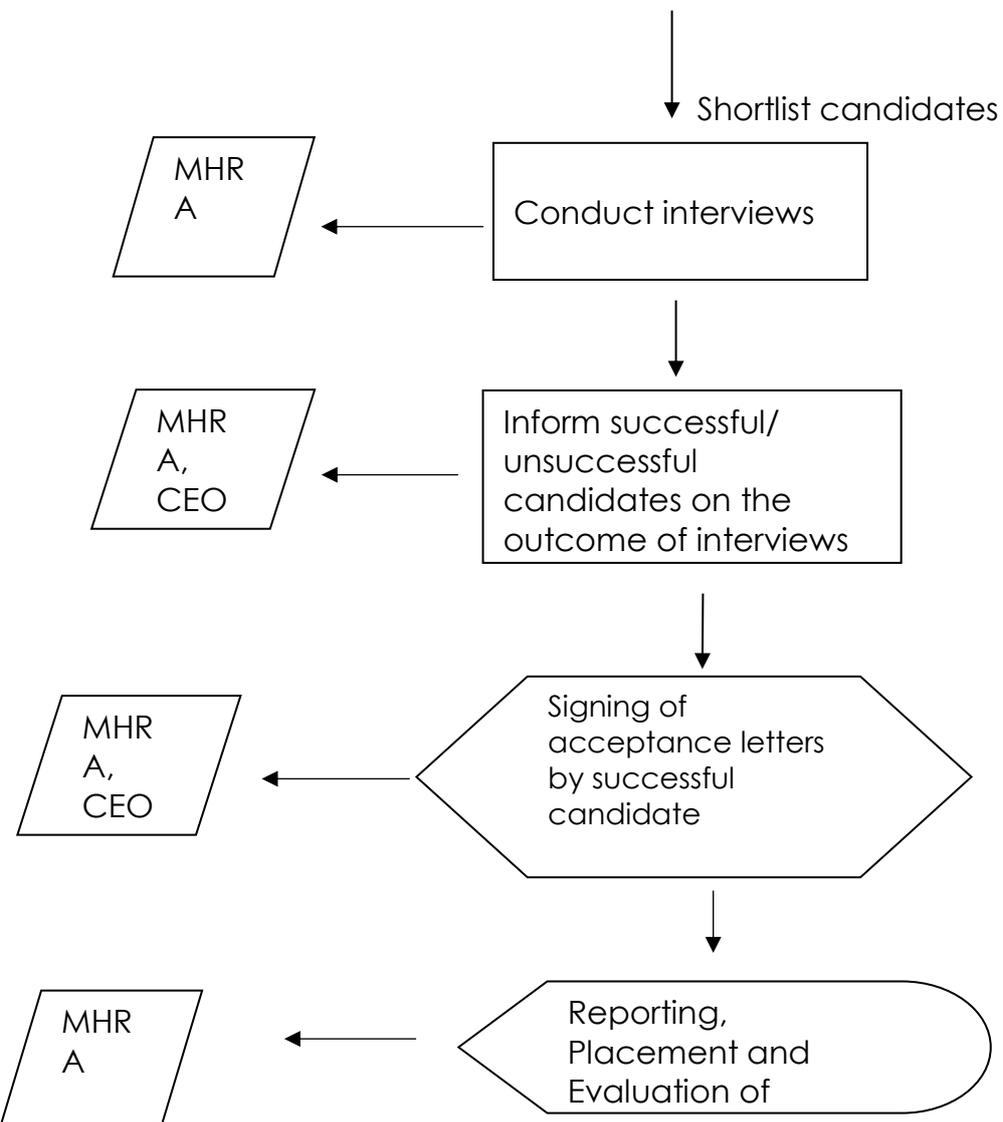
The Human Resources and Administration Division is established to ensure that the Fund has Human Resources Capacity that is adequately developed to enable it deliver on the overall mandate of the Fund, develop and implement effective Human Resources & Administrative policies, procedures and processes within the legal framework of Human Resource Management Professionals Act No. 52 of 2012 and the prevailing Labour Laws of the Country, Kenya.

HUMAN RESOURCES AND ADMINISTRATION DEPARTMENT PROCESSES

A. STAFF RECRUITMENT

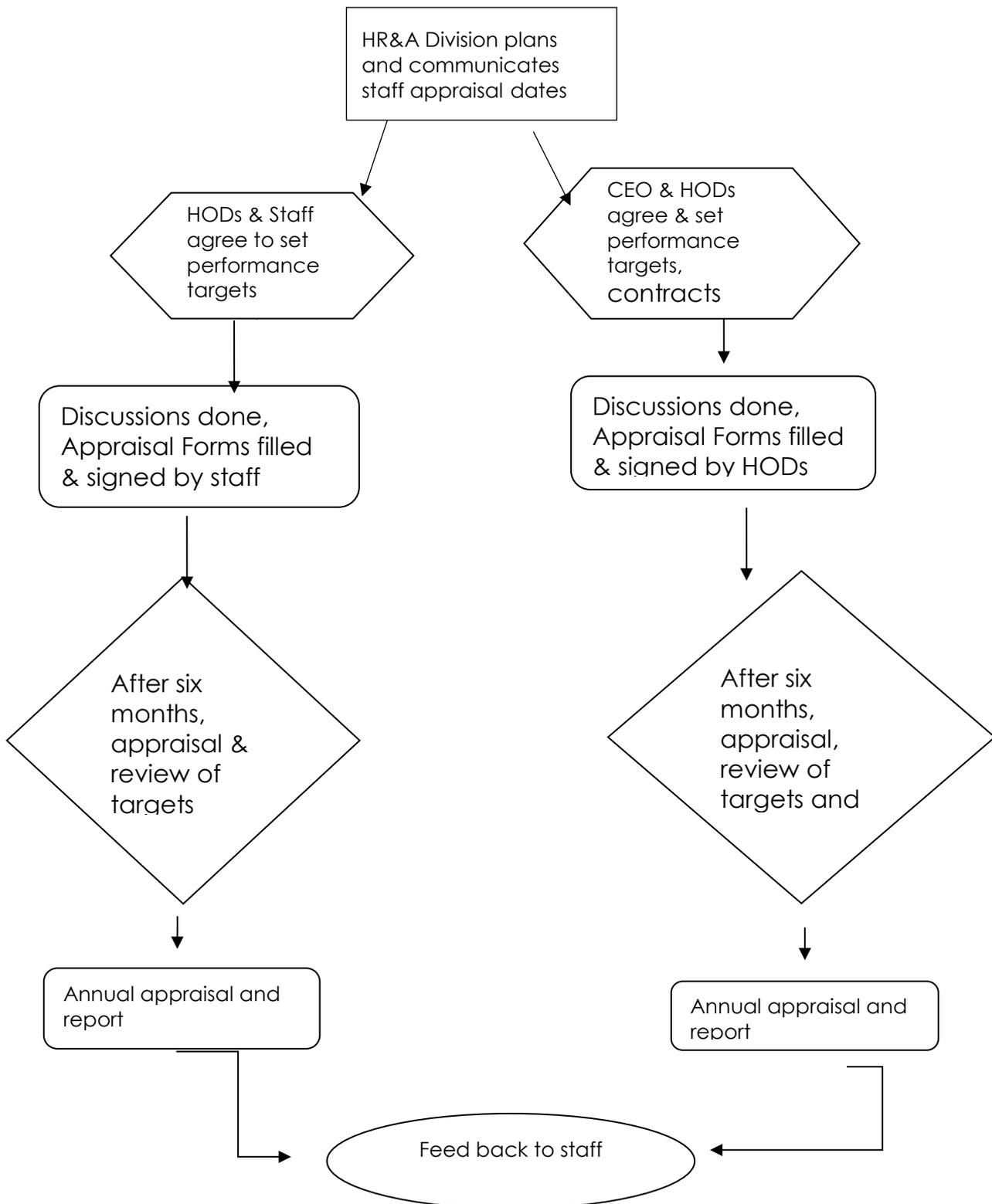
- Process Purpose: Acquisition of competent staff
- Process Objectives: To attract skilled and competent staff to meet Organizational Human Resource Requirements





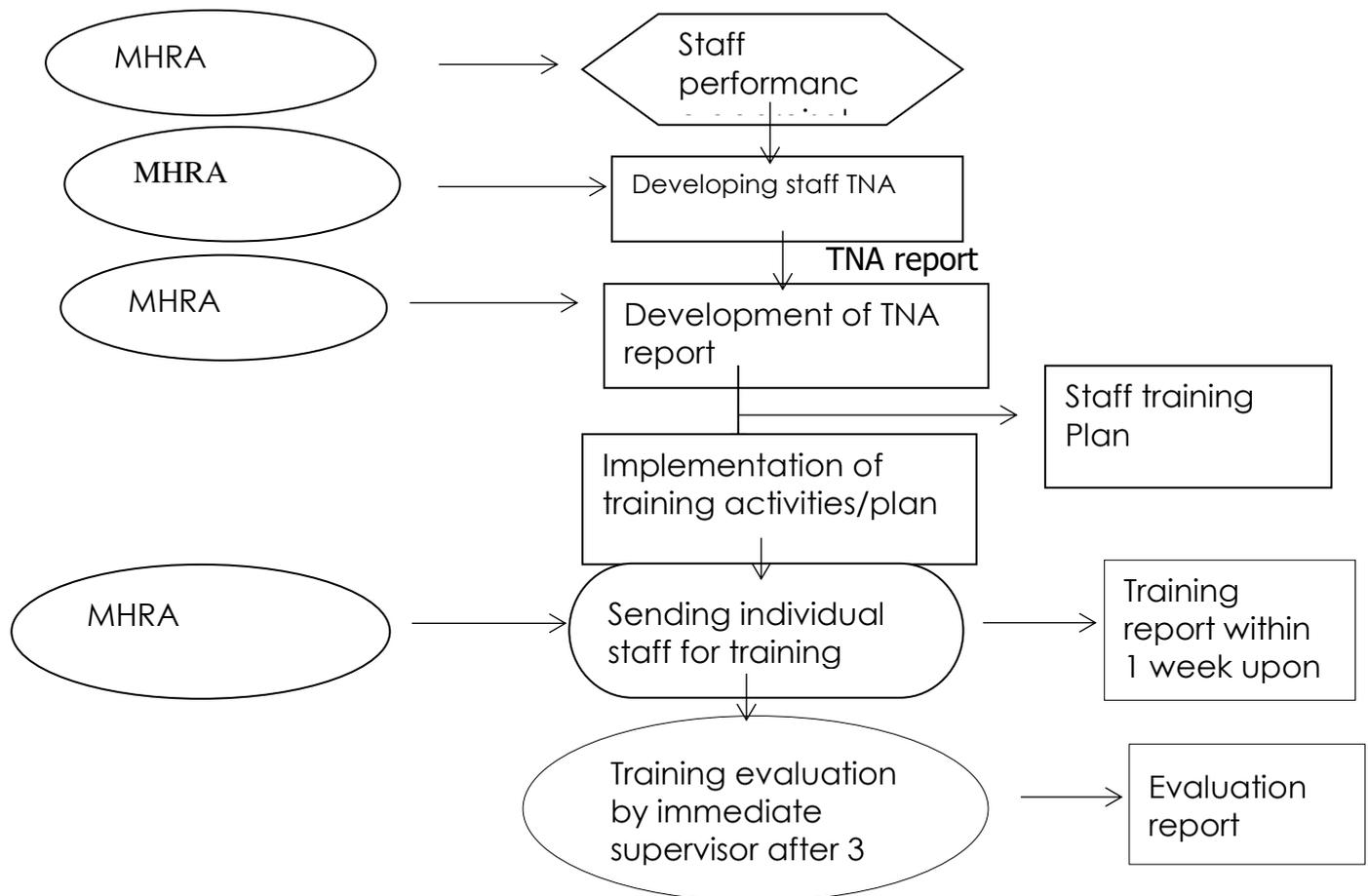
B. COORDINATING STAFF APPRAISAL

- Process purpose: To appraise and evaluate staff Performance
- Process objective:
 - To assess performance, staff training needs and constraints.
 - To reward and censure the good performers and under performers respectively



C. STAFF TRAINING

- Process purpose: To enhance the capacity of staff for improved performance at the workplace.
- Process Objective: To enhance performance and fill capacity gaps by training staff in needs identified.



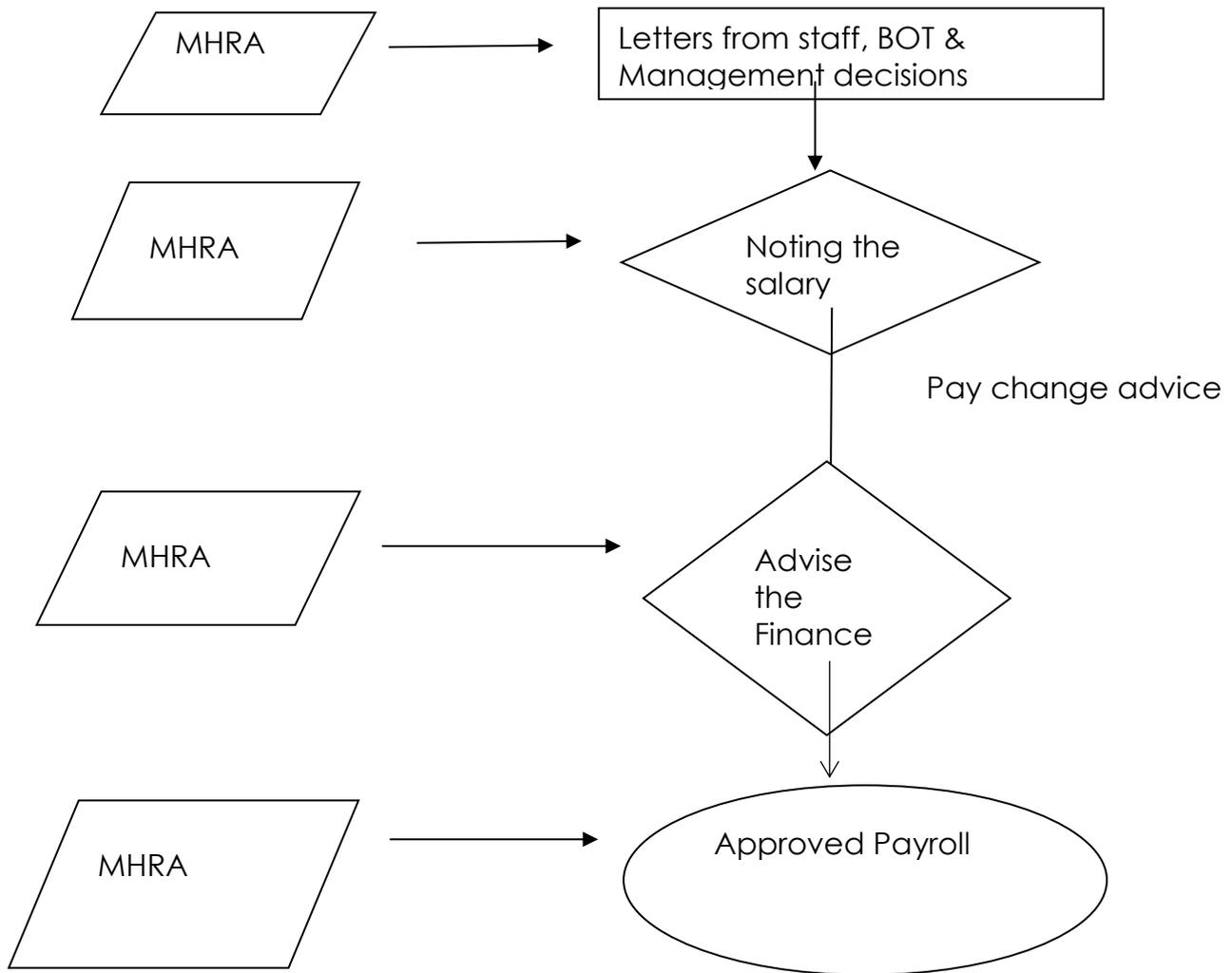
D. PROCESSING STAFF SALARIES

Process purpose:

- To ensure compensation of staff on time
- To ensure timely processing of payroll.

Process Objectives

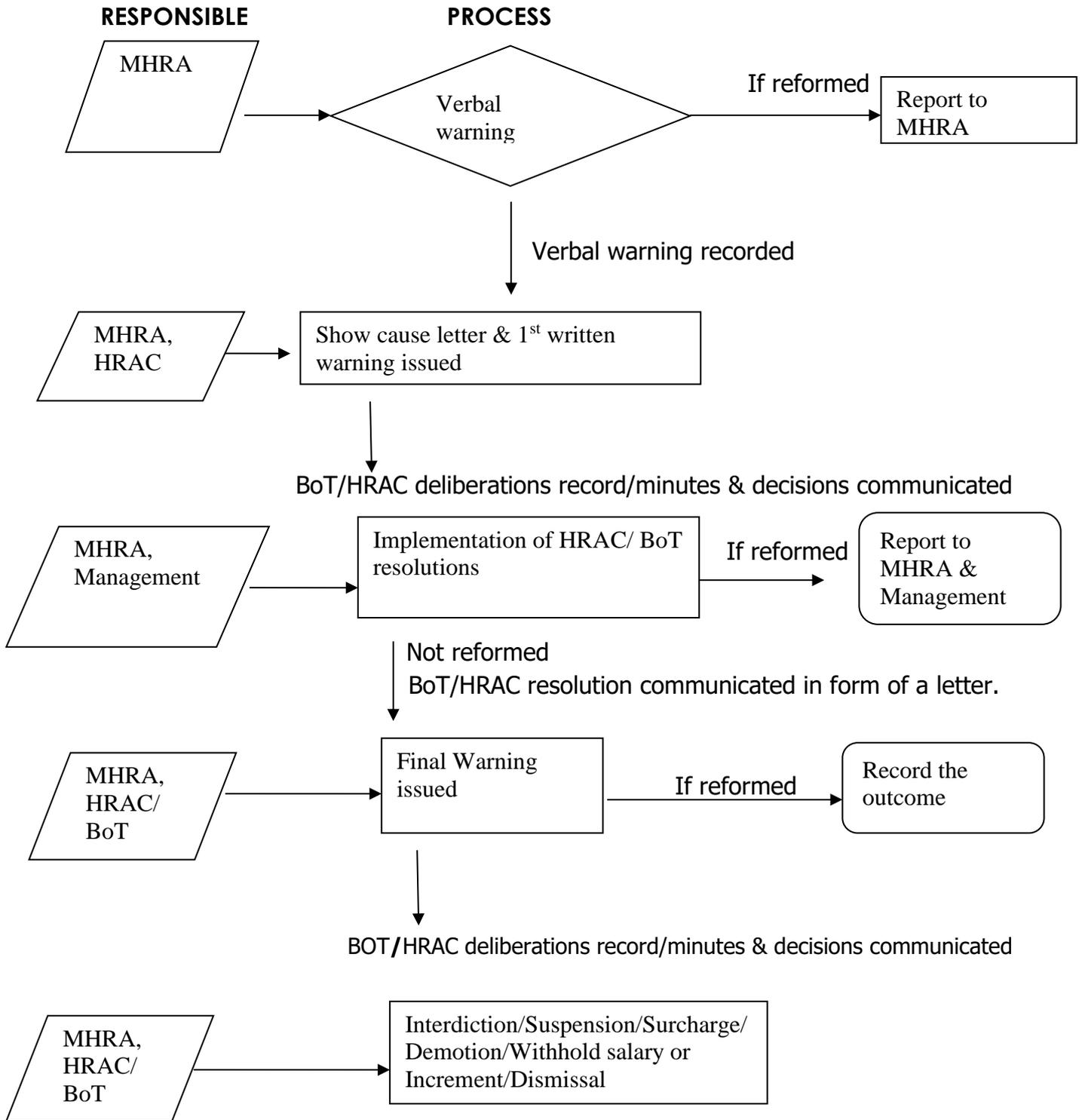
- To ensure processing of staff salaries and allowances is done by 23rd of every month
- To ensure timely processing of payroll



E. STAFF DISCIPLINE

- Process purpose: To ensure staff observe rules and regulations of the organization.
- Process Objectives:
 - To maintain a disciplined workforce
 - To ensure staff are aware of the rules, regulations and observe them
 - To ensure continuous implementation of the organizations HR policy

Process flow chart:





INFORMATION COMMUNICATION TECHNOLOGY DEPARTMENT PROCESSES

The Information Communication Technology (ICT) function is crosscutting and therefore seeks to address the connectivity and harnessing of the emerging technologies to enhance the organisation's ICT capacity. Automating the ICT services that support project activities of the organisation is a priority of the unit.

Vision

The vision of the ICT unit is to transform the organisation into an automated work environment to ensure smooth and steady operation.

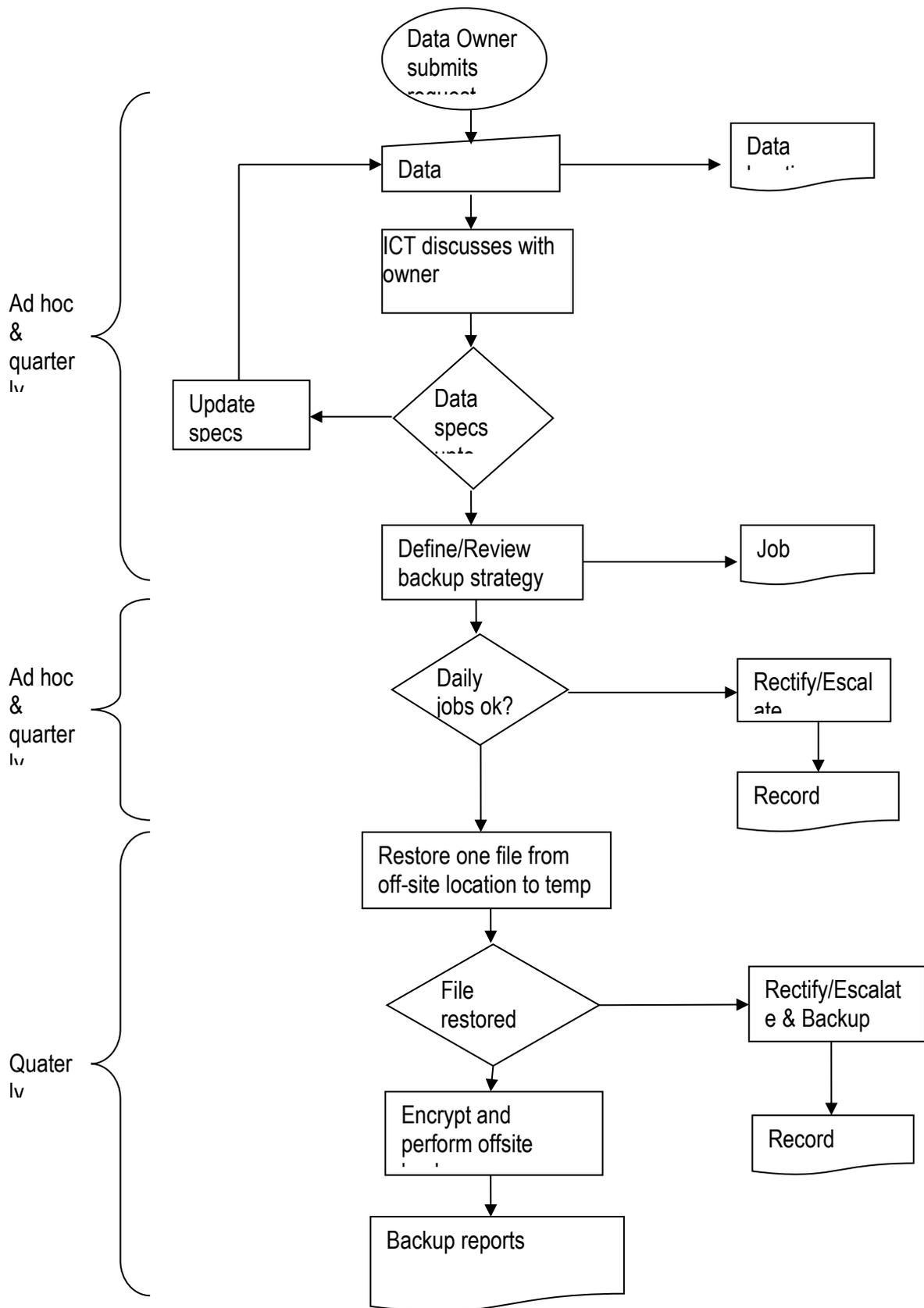
Mission

The mission of the ICT unit is to provide, coordinate, and facilitate the use of ICT resources to the satisfaction of the organisation and its customers.

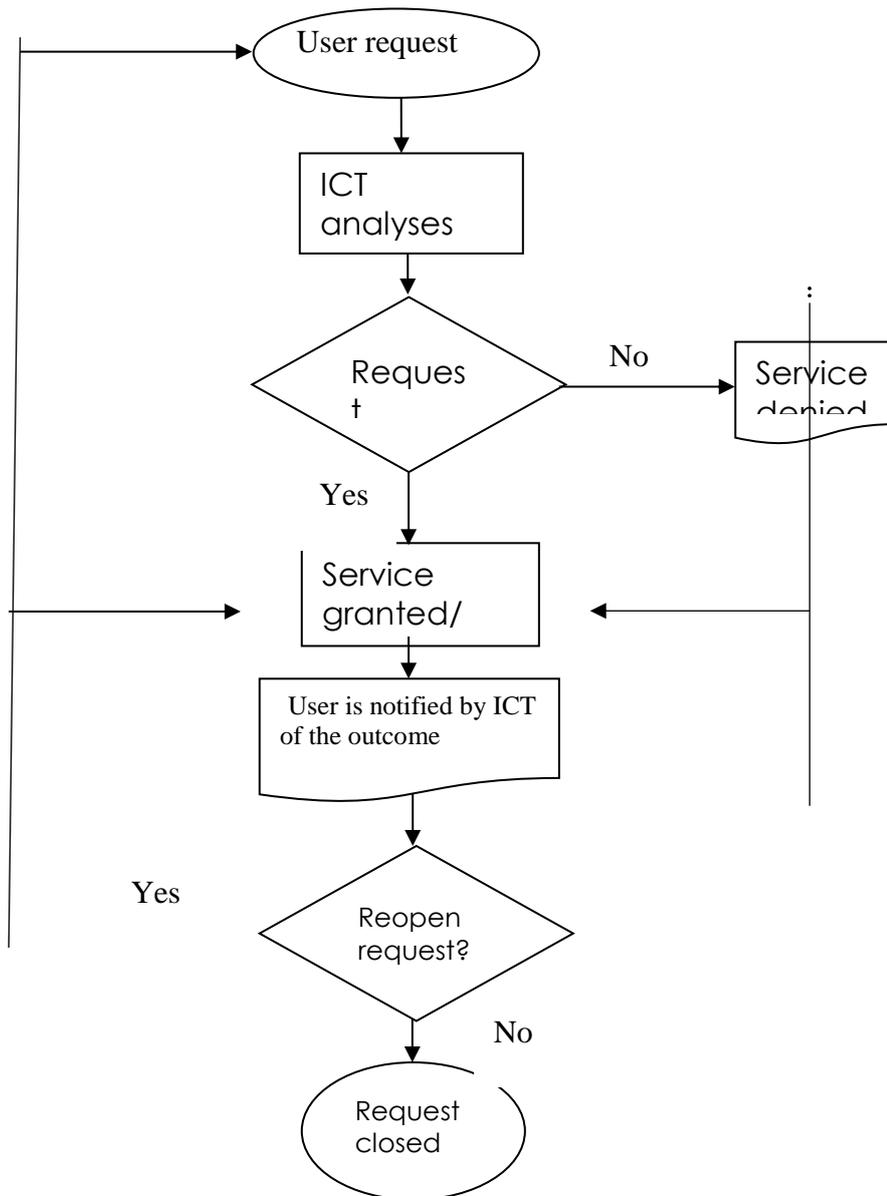
ICT DEPARTMENT PROCESSES

A. DATA BACKUP PROCEDURE

- **Process Purpose:** The purpose of this procedure is to outline Water Sector Trust Fund operational practices around backup and restoration of the organisation data on WaterFund ICT systems.
- **Process Objective:** To ensure continued business operation and access to data and information within the required timeframe, should a risk event occur.



B. REQUEST TO USE WATERFUND ICT SERVICES



LEGAL DEPARTMENT PROCESSES

The Legal Department is a distinct unit within the Water Sector Trust Fund [WaterFund]. The business of the Legal Department is owned by the Legal Manager who also acts as the Corporation Secretary

The Legal Department manages the Legal Department's budget, is in charge of the legal resources' unit, and provides a link between the Management and the WaterFund Board of Trustees on corporate governance issues.

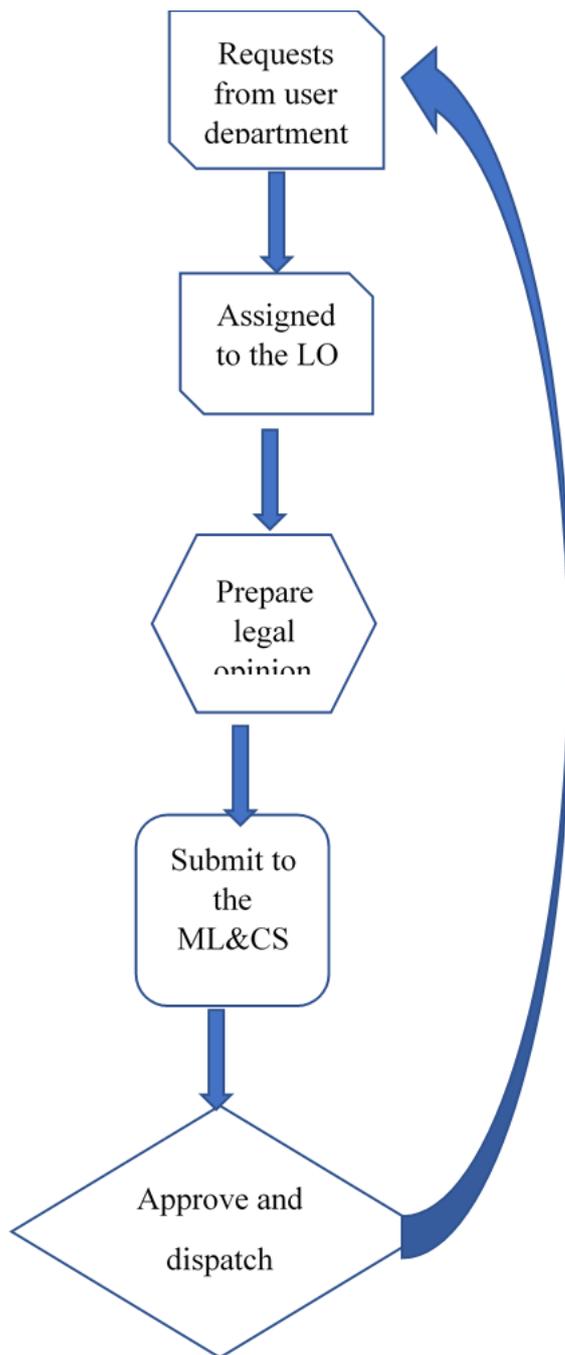
The Legal Department objectives are as follows:

1. To provide advice on legal and corporate matters to the WaterFund as a whole, Board of Trustees and WaterFund stakeholders through interpretation and writing of legal opinions within a period of two weeks from formal date of requests.
2. To effectively manage funding agreements by reviewing all contract agreements.
3. To annually build capacity of Board of Trustees by conducting training pursuant to Mwongozo Guidelines in line with the training calendar.

LEGAL DEPARTMENT PROCESSES

A. DEVELOPMENT OF LEGAL OPINION

- Process purpose: To ensure regulatory and statutory compliance
- Process objective: To reduce litigation risks



B. CONTRACT REVIEW

- Process purpose: Approval for implementation
- Process objectives:
 1. To ensure approved contracts mitigate risks for WaterFund.
 2. To ensure approved contracts comply with the applicable law
 3. To ensure that the expectations of the parties are accurately described in the written contract.

PROCESS FLOW SEQUENCE:

- User departments send requests to the ML&CS through email attaching a draft copy of the contract;
- ML&CS peruses the attached draft contract;
- ML&CS assigns to Legal Officer (LO);
- LO requests for further documents from the user department if they are not attached to the email sent;
- LO reviews the draft contract and makes comments and recommendations on the draft contract;
- LO sends the reviewed draft contract to the ML&CS for comments and feedback;
- ML&CS forwards the reviewed draft contract to the user departments;
- The user department complies with the recommendations made and prints out and binds the contract;
- A meeting is arranged by the user department for signing of the contract and witnessing by the ML&CS;
- Signed contracts are recorded in the Movement register by the LO and handed over to the CEO's office for CEO's signature;
- CEO's office dispatches the fully signed contract to the user department.

PARTNERSHIP DEVELOPMENT AND RESOURCE MOBILIZATION DEPARTMENT PROCESSES

The Partnership Development and Resource Mobilization Unit is headed by the Manager, Partnership Development and Resource Mobilization who reports to the Chief Executive Officer. The Department is mandated to source for funding for WaterFund, diversify and sustain partnerships, develop and implement business models for revenue generation, establish the levy, endowment and revolving funds to ensure sustainable financing.

Functions of Partnership Development and Resource Mobilization (PDRM)

Briefly, the key functions of WaterFund's PDRM Section can be outlined as below:

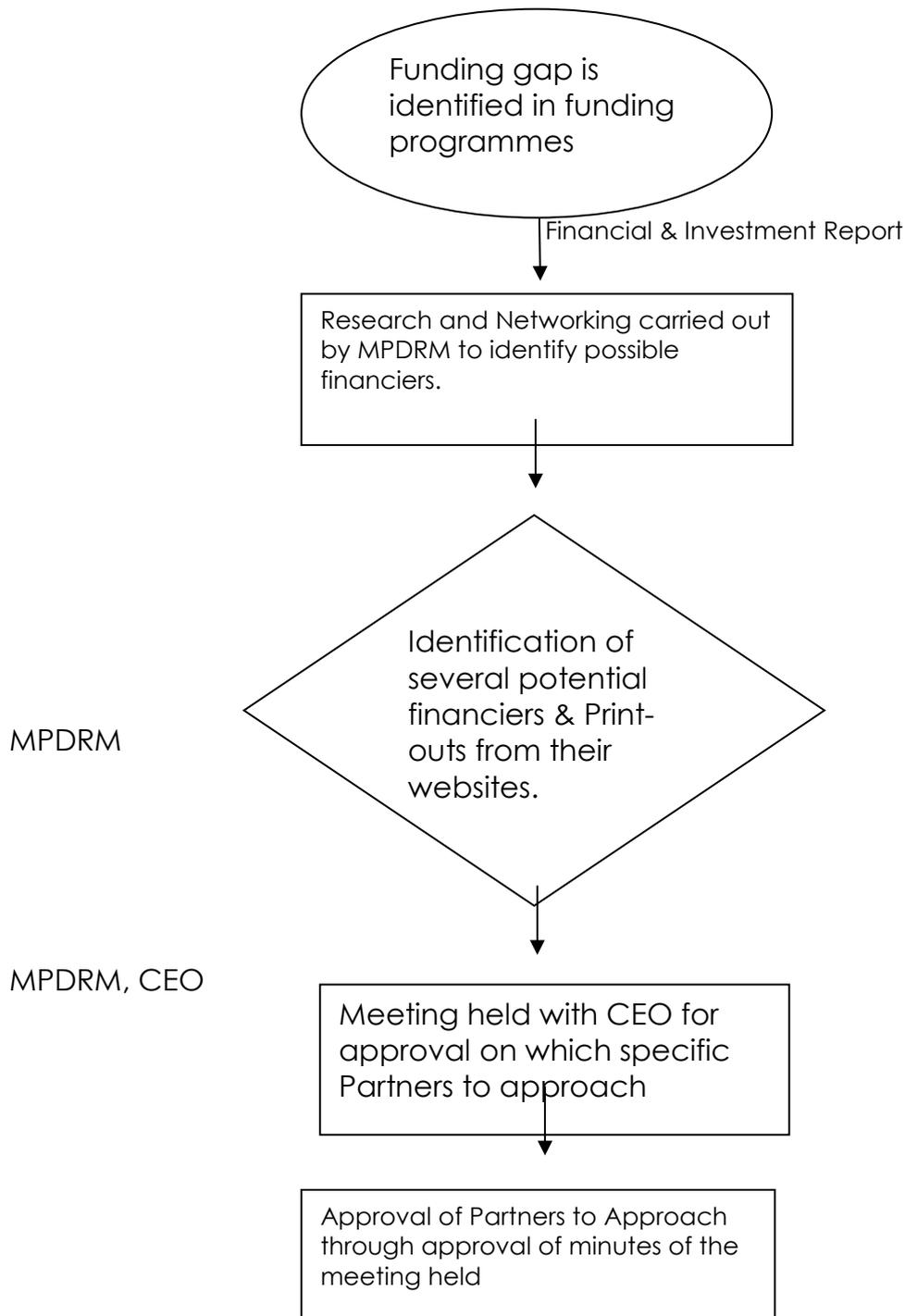
1. To mobilize resources for WaterFund to achieve its mandate of channeling financial support for water supply and sanitation services, and water resources management to underserved and marginalized rural and urban regions of the country.
2. To develop and implement strategies for sourcing and generating sustainable financing
3. To coordinate existing WaterFund Financing Partnerships to ensure long-term sustainable relationships.
4. To solicit new and diversified partnerships (Bilateral, multilateral, private, non-profit, individuals, financial institutions and relevant Kenyan Ministries and Governmental agencies) to ensure a continuous stream of resources for WaterFund .

PARTNERSHIP DEVELOPMENT AND RESOURCE MOBILIZATION DEPARTMENT PROCESSES

A. DEVELOPMENT OF LEGAL OPINION

- Process Purpose: To find out which Bilateral, Multi-lateral, Foundations and Private sector organisations are currently funding the Water Sector in Kenya.
- Process Objective: To identify new funding partners and solicit for funding (Bilateral, Multilateral, Foundations, Charities and Individuals) in order to raise additional annual funding of at least Ksh 5.4 billion in signed agreements.

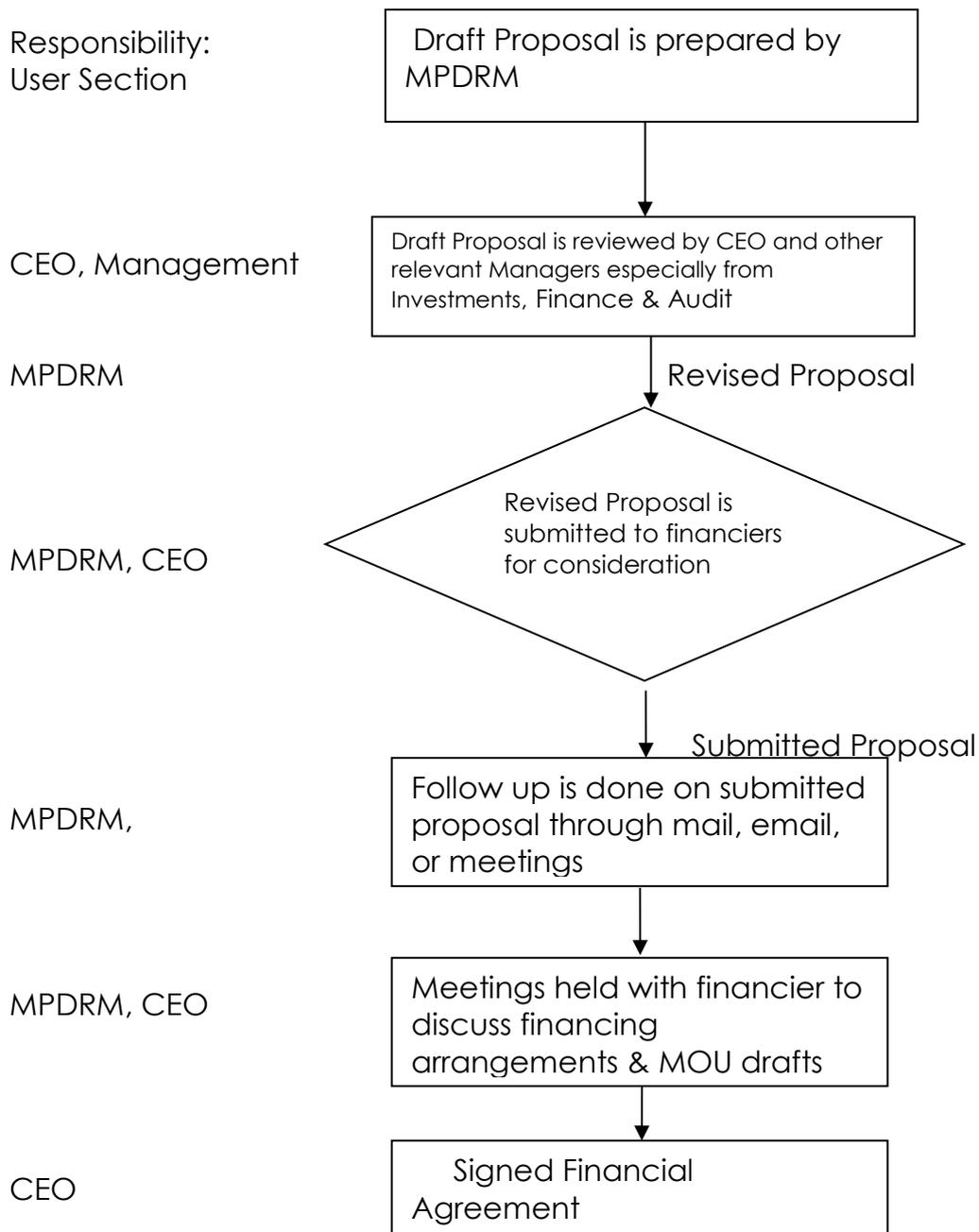
Process flow chart:



B. PROPOSAL DEVELOPMENT AND FOLLOW-UP

Process Purpose: To submit WSTF proposals to potential financiers for funding consideration.

Process flow chart:

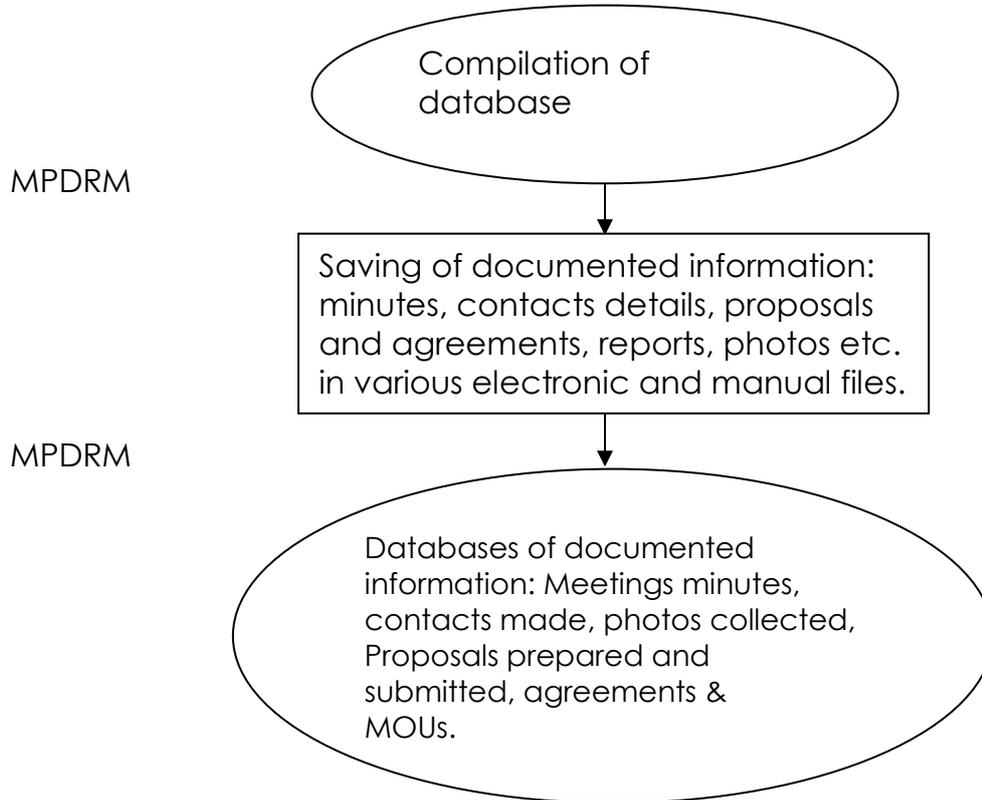


C. DATABASE DEVELOPMENT

- Process Purpose: To ensure that all contacts made through mobilisation and partnership development activities as well as the outputs are documented.
- Process Objective:
 - 1) To have retained documented information of decisions reached relating to mobilization of resources and partnership developments.

- 2) To have and update mailing lists of existent funding partners, potential development partners and stakeholders including County Leadership
- 3) To have an electronic database of all funding proposals sent out by WaterFund PDRM Section.
- 4) To have an electronic database of all funding agreements and MOUs.

Process Flow Chart



PLANNING, RESEARCH MONITORING AND EVALUATION DEPARTMENT PROCESSES

The Planning, Research, Monitoring and Evaluation Department, is mandated to be in charge of the standards, procedures and monitoring functions that are requisite for the achievement of organizational objectives and mandate. Essentially, the departments ensure that the institutional strategy, programme planning and implementation meets institutional objectives, aligned to National Development Priorities and commitments Vision 2030, Sustainable Development Goals (SDGs) and Government development priorities.

The department is also to coordinate planning activities for the Fund in collaboration with all the other departments, managing institutional performance and coordinating research activities in the Fund. Over the years, the unit has transformed due to institutional dynamism with the latest being inclusion of a research component to cater for the research need in the Fund. The research component identifies research areas in the Fund and acts as a linkage between WSTF and interested research parties in the Water sector. The department works closely with other departments in identifying, monitoring and reporting on institutional performance indicators for continual improvement of the Fund's service delivery.

PLANNING, RESEARCH MONITORING AND EVALUATION DEPARTMENT PROCESSES

A. PROJECT MONITORING

Process Purpose:

- 1) To ascertain that all projects and interventions that are implemented are on track and meet the expected quality standards.

Process Objective:

- 1) Ascertain compliance of all projects to the implementation schedule on a quarterly basis
- 2) Assess compliance to quality standards as per Contract documents, and technical manuals annually
- 3) Assess achieved project outputs quarterly.

Process flow:

Process Name: Project Monitoring					
Input	Process Activity	Resource	Primary Responsibility	Secondary Responsibility	Output
Consolidation of monitoring work plans from the investment units	Facilitating the development of a consolidated work plan for the investment department	Human, computer, Venue	M, PRME	MEO	Monitoring plan
Field Projects monitoring	Visit investment projects to assess whether they are	Transport logistics	M, PRME	MEO	Project monitoring report

	being implemented as planned.	Finances, computer			
Sharing of monitoring reports	Share the findings of the monitoring with key persons and stakeholders	Computers Email connectivity	M, PRME	MEO	Recommendations/ conclusions
Follow ups	Following up to ensure compliance with monitoring recommendations	Transport logistics Finances, computer	M, PRME	MEO	Progress status reports

B. IMPACT ASSESSMENT

- **Process Purpose:**

- 1) To ascertain that project outcomes and impacts are realized.

- **Process Objective:**

- 1) To collect baseline data such as water and sanitation services levels, poverty indices and other social indicators 2 years after project completion.
- 2) To carry out end-term evaluation of sampled projects to establish their outcomes and impacts.

Process flow:

Process Name: Evaluation					
Input	Process Activity	Resource	Primary Responsibility	Secondary Responsibility	Output
Receipt of project proposal	Identify/Collect baseline data such as water and sanitation service levels, poverty indices, for documentation	Consultant, finances, transport logistics	M, PRME	MEO	Baseline report
Receipt of completion report	Carry out end-term evaluation to document sampled project intervention outputs and outcomes	Finances, computer	M, PRME	MEO	Final Evaluation report
2 years after commissioning of projects	Carry out an impact study and operations monitoring to document the sampled project intervention overall impacts	Consultant, finances, transport logistics	M, PRME	MEO	Impact study report, Operations monitoring reports

C. MANAGEMENT OF COUNTY RESIDENT MONITORS

- Process Purpose:
 - 1) To ensure optimal contribution by County Resident monitors to ensure effective implementation of projects by implementing partners.
- Process Objective:
 - 1) To provide field support, monitoring and impact assessments of funded projects in order to enhance timely completion and quality outputs.
 - 2) To coordinate WSTF activities within their respective counties for enhanced partnerships.

Process flow:

Process Name: Management of County Resident Monitoring					
Input	Process Activity	Resource	Primary Responsibility	Secondary Responsibility	Output
Submission of work plans by CRMs	CRMs prepares and submits monthly plans for supporting/ monitoring of all WSTF investment projects (water, sanitation, water resources)	Human, Email access Stationary	M, PRME	MEO	Monthly work plans
Field project monitoring and supervision by CRMs	Field visit of funded projects to assess progress and challenges	Human, Finances transport	M, PRME	MEO	Project monitoring reports
Submission of monitoring and supervision reports to Investment managers and Team Leaders	CRMs prepares and shares status reports for all investment projects visited as per work plan	Finances, logistics Computer Email access	M, PRME	MEO	Project monitoring reports
Submission and approval of time sheets by CRMs	CRMs prepares and submits time sheets to Manager, Planning, Research, monitoring and evaluation	Human, finances, computer	M, PRME	MEO	Dully completed time sheet
Annual performance appraisal of CRMs	Annual performance appraisal of All CRM's	Human, finances,	M, PRME	MEO	Performance appraisal report

D. PREPARATION OF PERFORMANCE CONTRAC

- Process Purpose: Preparation of the institutional performance contract.
- Process Objective: To ensure that the organizational performance contract is vetted and signed on time

Process flow:

Process Name: Preparation of the performance contract					
Input	Process Activity	Resource	Primary Responsibility	Secondary Responsibility	Output
Guidelines from the Ministry of Public Service and Gender.	Circulation of guidelines to all departments	Computer, Internet, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	Departmental Managers	
Submissions of departmental performance contract targets.	Consolidation of the submissions from each department	Computer, Internet, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	Departmental Managers	Consolidated performance contract
Modifications/ amendments from PC committee.	PC rationalization and harmonization by PC committee	Computer, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	Departmental Managers	Minutes of PC committee
Remarks from MWSI	PC negotiation with MWSI	Stationery, Transport, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	Departmental Managers	Negotiated PC
Remarks from Ministry of Public Service and Gender.	Vetting by Ministry of Public Service and Gender.	Stationery, transport, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	Departmental Managers	Vetted PC
	Signing of vetted Performance Contracts	Stationery, transport, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation		Signed PC

E. DEVELOPMENT OF ANNUAL INSTITUTIONAL WORK PLAN

- Process purpose: To ensure timely preparation of realistic and achievable institutional work plan.
- Process Objective: To ensure timely implementation of the Fund's activities.

Process flow:

Process Name: Preparation of annual institutional work plan.					
Input	Process Activity	Resource	Primary Responsibility	Secondary Responsibility	Output
<ul style="list-style-type: none"> • Work plan Template • Performance contract targets • Strategic plan activities 	Consolidation of departmental work plans and preparation of draft institutional work plan	<ul style="list-style-type: none"> • Computer • time • Human • stationery 	MPRM&E	HoDs	Draft work plan
	Presentation of draft work plan to management for review.	<ul style="list-style-type: none"> • Computer • Time • Human capital • stationery 	MPRM&E	HoDs	Reviewed work plan
	Inclusion of management remarks and preparation of final draft.	<ul style="list-style-type: none"> • Computer • Time • Human capital • stationery 	MPRM&E	PRO, HoDs	Final draft work plan
	Signing of final draft by the CEO.	<ul style="list-style-type: none"> • Time • Human capital • Stationery 	CEO	MPR	Signed Work plan

F. COMPILATION OF QUARTELY PC REPORTS, CLLECTION AND COLLATION OF EVIDENCE

- Process Purpose: To ensure that quality progress reports are prepared in a timely manner.
- Process Objective: To ensure adequate and timely performance contract reporting and evaluation.

Process flow:

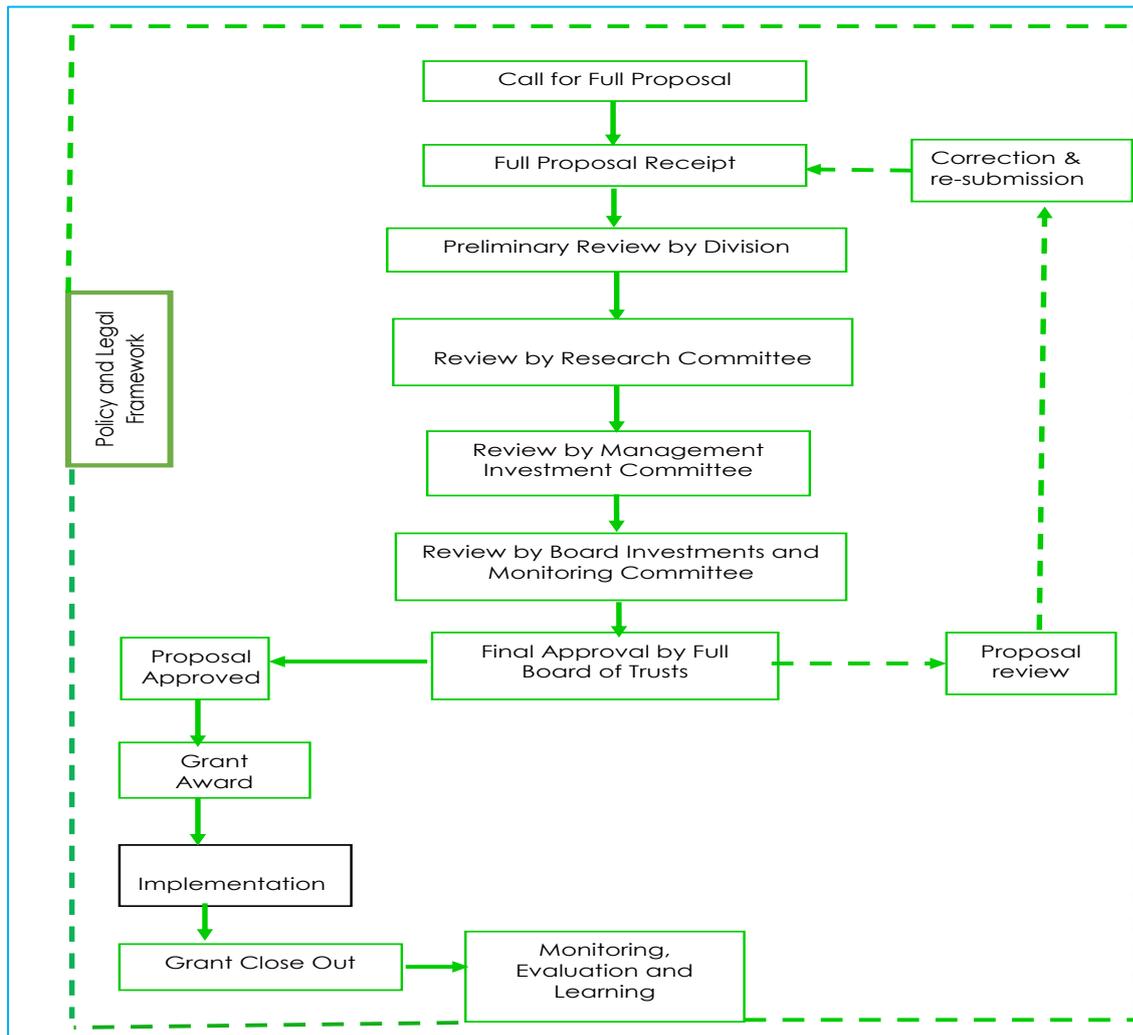
Process Name: Compilation of Quarterly PC reports collection and collation of evidence					
Input	Process Activity	Resources	Primary Responsibility	Secondary Responsibility	Output
MPRM&E provides a format for the quarterly PC reports	Compiling of departmental reports and evidence	Computer, time & human capital	Manager, Planning Research Monitoring and Evaluation	HoDs	Final departmental reports and Evidence

Departmental heads submit their periodic reports to MPRM&E	MPRM&E and PRO compile the reports, vet and collate the evidence	Computer, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	HoDs	Final PC report and Evidence
MPRM&E presents the final report	Top management reviews the report	Computer, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	HoDs	Reviewed report and Evidence
MPRM&E presents reviewed report to the BoT for deliberation and approval.	BoT deliberates on the PC report	Computer, time & Human capital	Manager, Planning, Research, Monitoring and Evaluation	HoDs	Approved PC report and Evidence
Submission of approved report to the MWSI, Inspectorate of State Corporations, The National Treasury & Planning and Public Service Performance Management and Monitoring Unit	MPRM&E submits approved report to the MWS, ISC, NTP and PSPMMU	Computer, time & Human capital, Transport	Manager, Planning, Research, Monitoring and Evaluation	PRO	Submitted and acknowledged reports

G. PROPOSAL DEVELOPMENT AND SUBMISSION FOR RESEARCH

- **Process purpose:** To ensure timely development and submission of research proposals that fall within the set budget lines.
- **Process objectives:** To conduct collaborative research in partnership with research institutions for the development of new service delivery mechanisms.

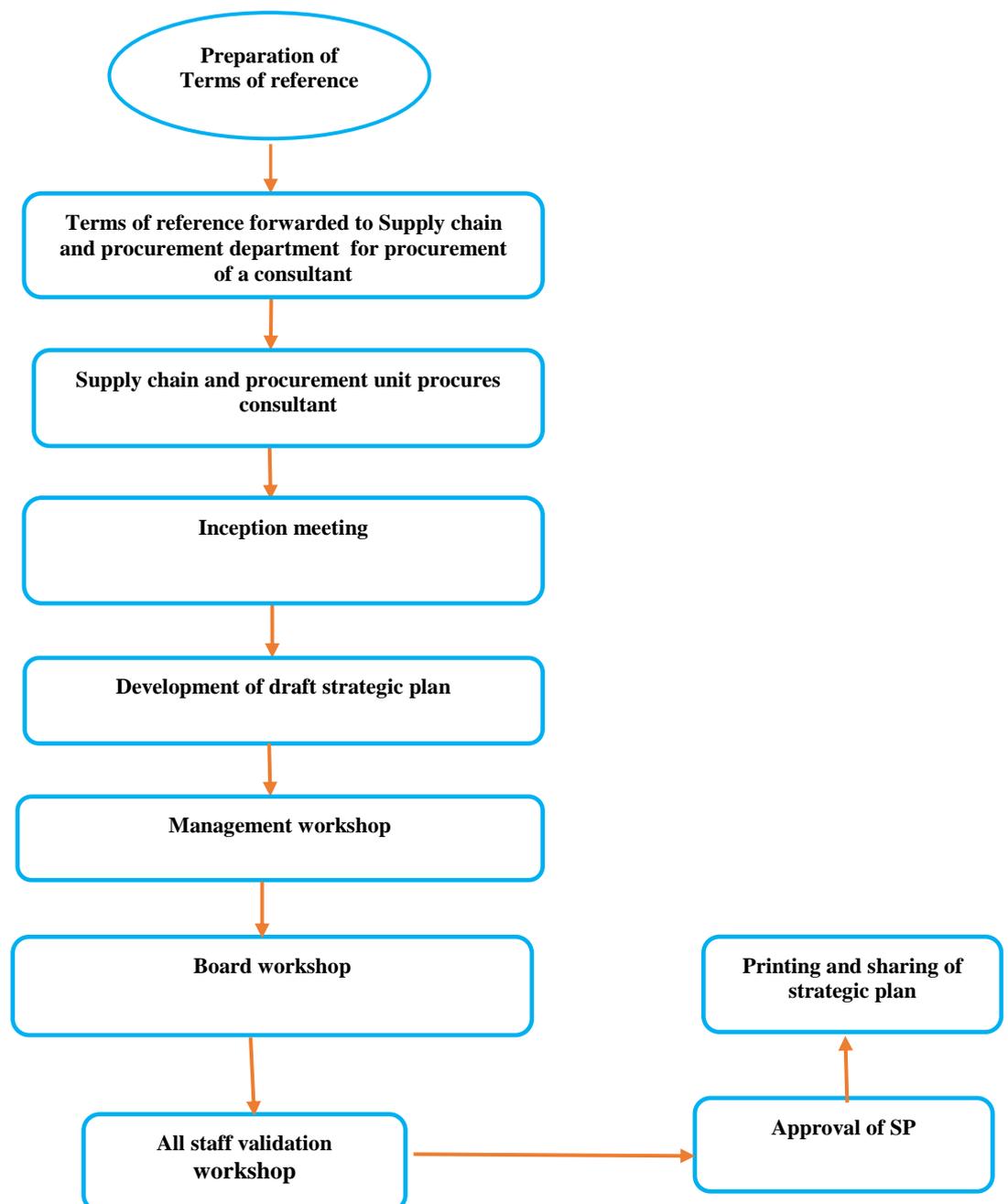
Process flow Chart



H. STRATEGIC PLAN DEVELOPMENT

- Process purpose: To ensure development of institutional corporate strategy.
- Process objectives: To ensure timely development and approval of institutional corporate strategy

Flow Chart: Strategic Plan Development





RESULT BASED FINANCING INVESTMENT PROGRAMME PROCESSES

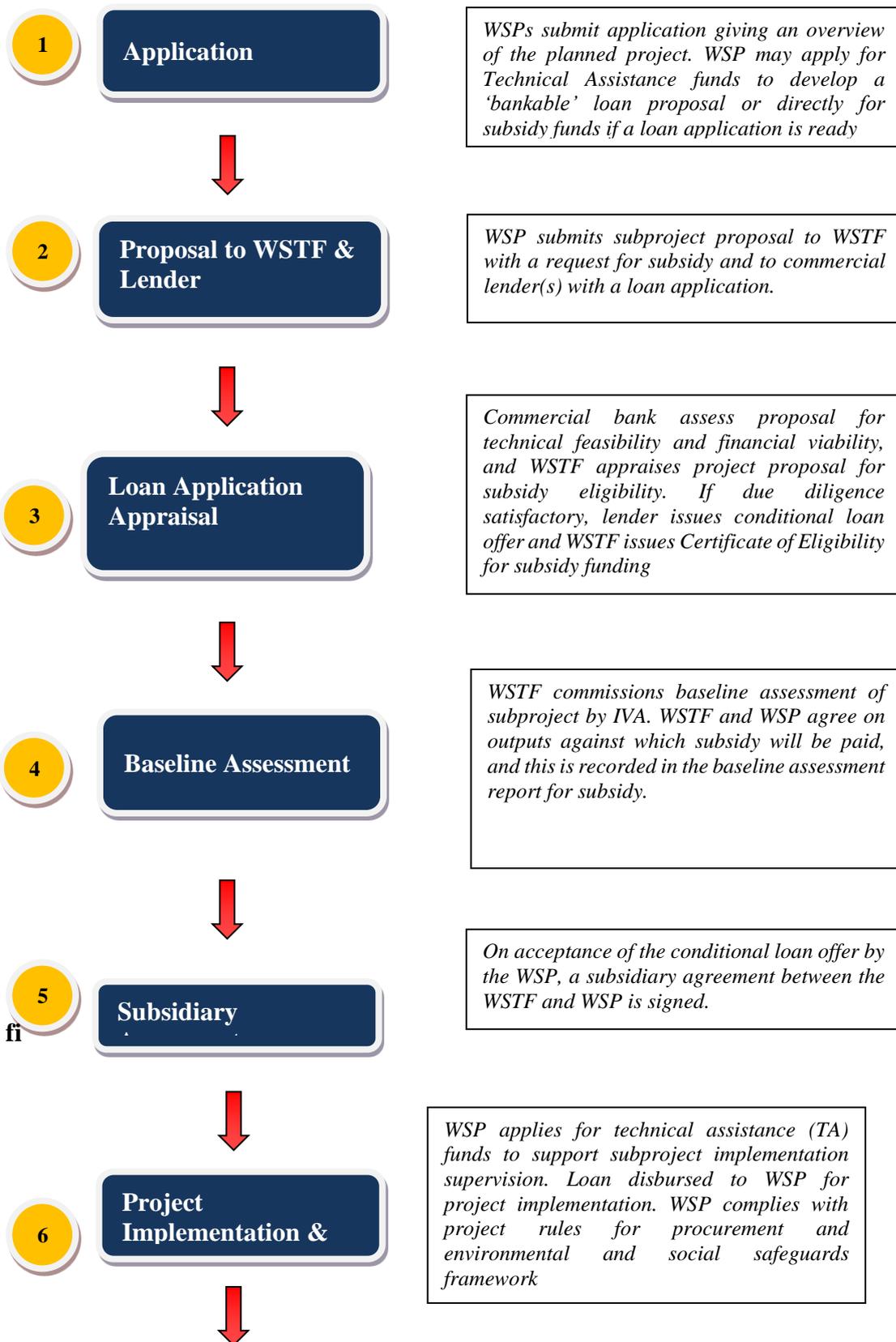
Results Based Financing Investment Programme (RBFIP) focuses on the development of innovation financing of the water sector and attempts to respond to the dwindling fortunes from the development partners. It is undertaken in four programmes namely, Output Based Aid (OBA) US\$11.11 million, Conditional Liquidity Support Grant (CLSG) Euro 49.70 million, Performance Based Financing (PBF) Euro 14.68 million all funded by the World Bank and Aid on Delivery (AoD) phase IV funded by KfW for Euro 3.86 Million.

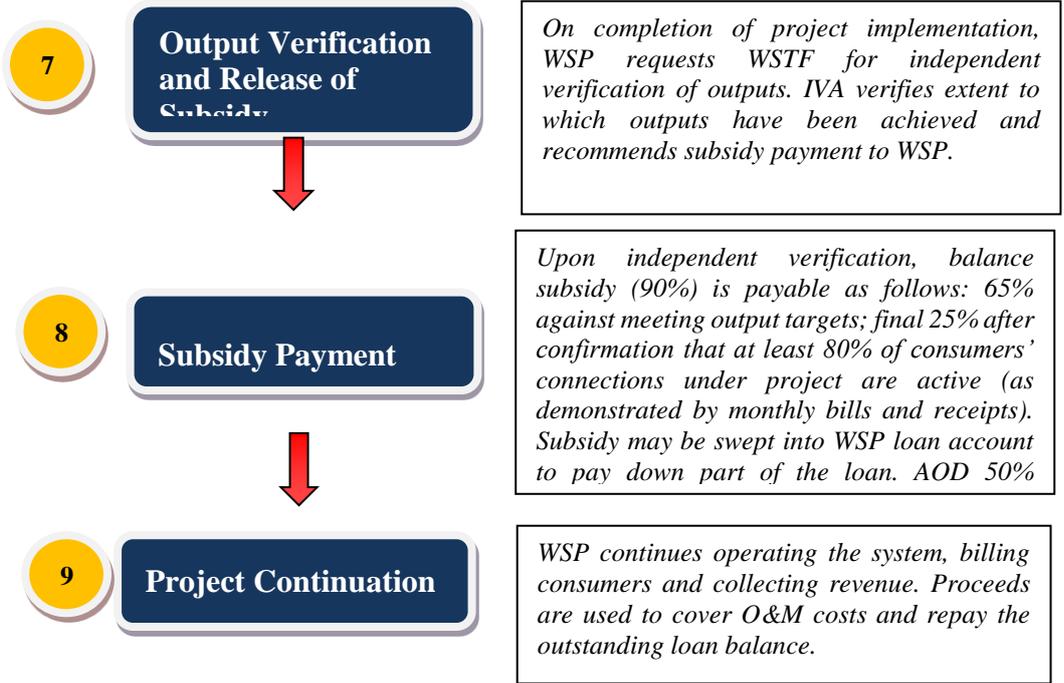
RESULT BASED FINANCING INVESTMENT PROGRAMME PROCESSES

A. RESULT BASED FINANCING OF SUB-PROJECTS

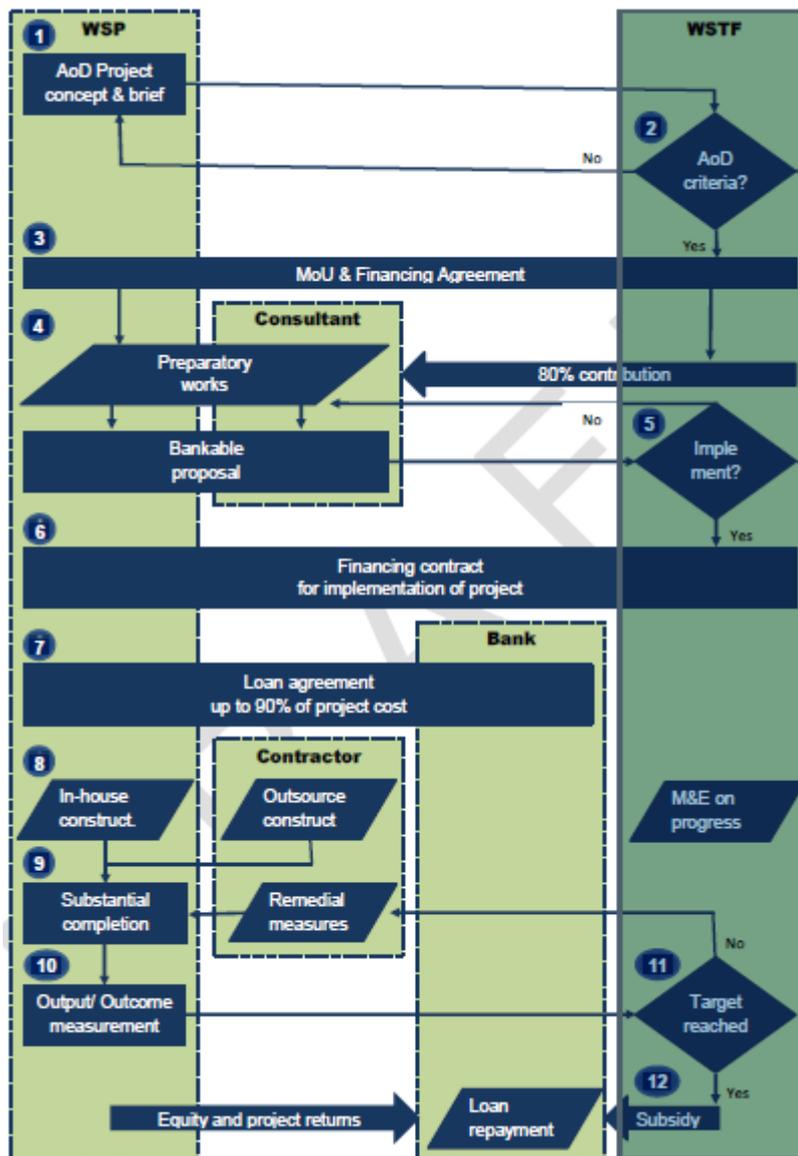
- Process purpose: To competitively select and fund subprojects.
- Process objective
 - To ensure timely preparation of bankable and/ or required BCPs and subproject proposals by WSPs and accurate appraisal in the RBFIP.
 - To ensure timely financing of subprojects by commercial lenders, under the AoD and OBA programmes, as well as timely financing by WSTF for CLSG and PBF to ensure that WSPs recover from the effects COVID -19 on their financials.
 - To ensure timely disbursement of subsidies for successfully implemented subprojects under AoD and OBA.

1. OBA Programme Process Flow Chart

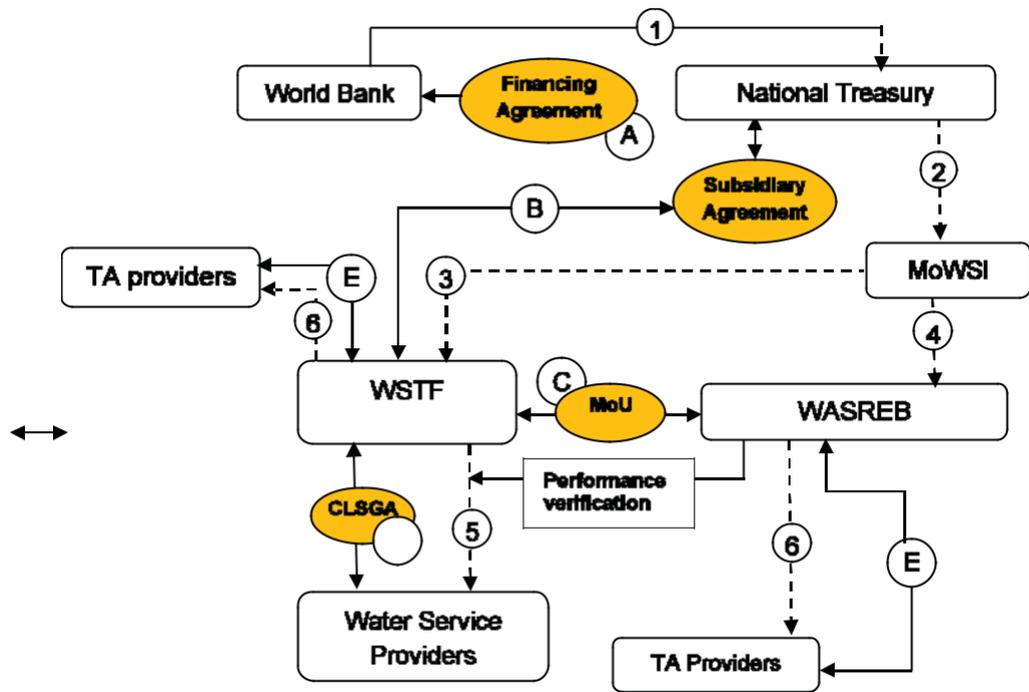




2. AoD Programme Process Flow chart



3. CLSG Programme Process Flow Chat



RURAL INVESTMENT PROGRAMME PROCESSES

The Rural Investment Programme in WSTF is mandated to finance water and sanitation in the underserved areas across Kenya. The Key stakeholders are CBO/WSP/WUA/INGO who are involved in the preparation, planning, implementation and sustainability of their own projects. The Programme relies upon outsourced supportive services from the private sector to offer technical support while the County government will offer coordination and supervisory roles. The projects will be funded through the Rural Investment Programme which focuses on the poor underserved communities in Rural Kenya who are viewed as financial unviable and are unattractive to the traditional commercial based service providers. It focuses on target areas that are water stressed and lack investment in water and sanitation facilities.

The Programme objectives are as follows:

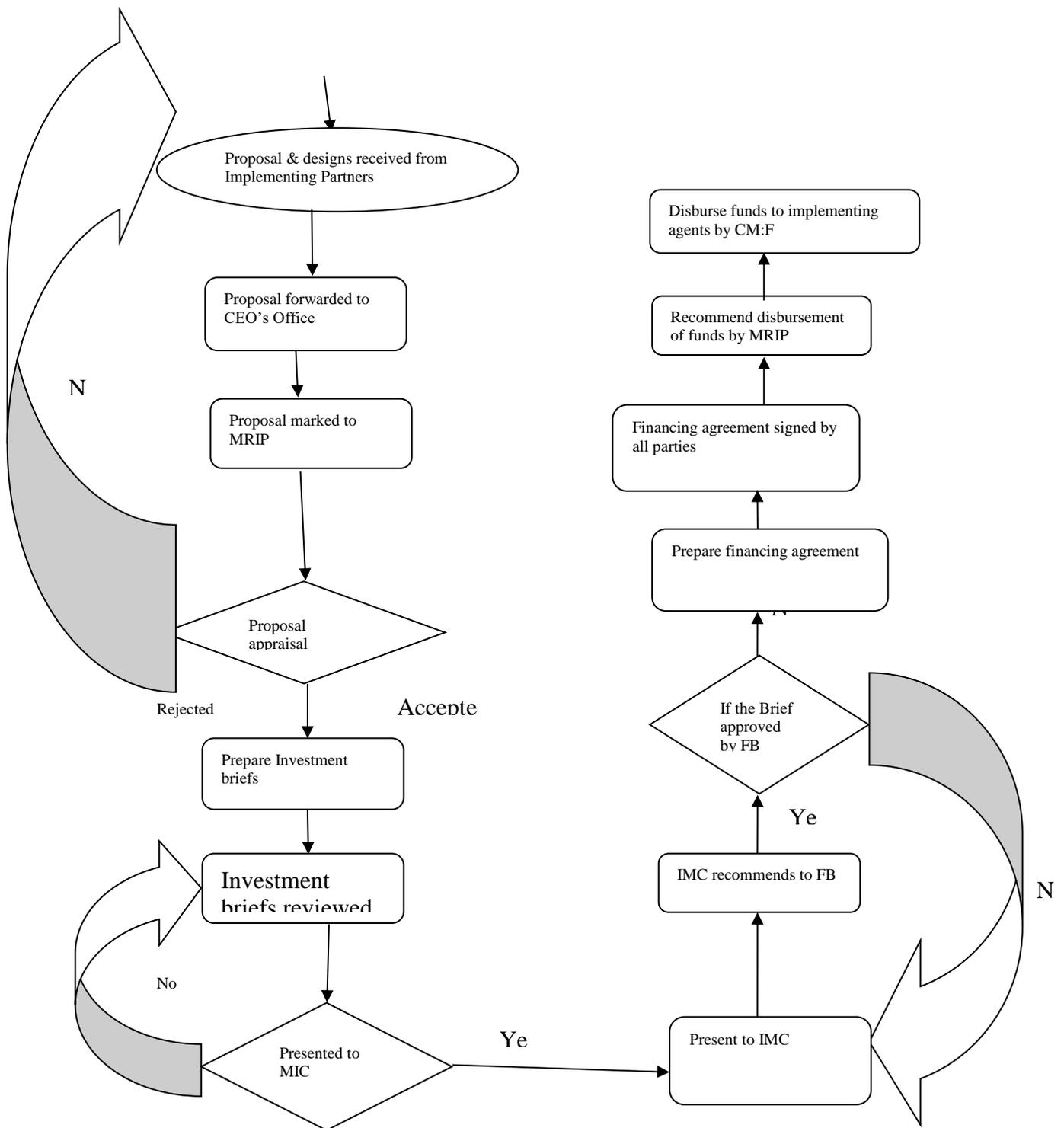
1. Ensure that the poorest have access to improved water and sanitation services
2. Enhance the capacity of WSTF to implement its programmes successfully by providing technical, advisory and capacity development support

RURAL INVESTMENT PROGRAMME PROCESSES

1. PROPOSAL APPRAISAL AND APPROVAL FOR FUNDING

- Process purpose: Approval for funding
- Process objectives:
 - To ensure timely and accurate appraisal of proposals in the Rural programme
 - To ensure appraised proposal budgetary items are within the standard rates
 - To ensure the appraised proposals are within the fixed ceilings

Flow Chart-Project Appraisal and Approval for Funding



SUPPLY CHAIN AND PROCUREMENT DEPARTMENT PROCESSES

The Supply chain and Procurement Department is positioned under the CEO's office with the Manager, Supply chain & Procurement reporting to the Chief Executive Officer (CEO)

The unit functions under the procurement operations manual of the organization, the Public Procurement and Asset Disposal Act, 2015 and regulations 2020 and Development Partners Procurement Guidelines in the procurement of goods, services and works.

The unit aims to achieve the following principles in public procurement:

- i) To maximize economy and efficiency;
- ii) To promote competition and ensuring that competitors are treated fairly;
- iii) To promote the integrity and fairness of those procedures;
- iv) To increase transparency and accountability in those procedures;
- v) To increase public confidence in those procedures and
- vi) To facilitate the promotion of local industry and economic development.

The Supply chain unit is expected to adhere to these basic principles for all procurements carried out. The Development Partners Procurement Guidelines are followed when they demand this to be their preferred mode of procurement.

SUPPLY CHAIN AND PROCUREMENT DEPARTMENT PROCESSES

A. PREPARATION OF PROCUREMENT PLAN

- Process purpose: The purpose is to ensure that necessary control measures are in place to safeguard the budget and to avoid reactive procurement.
- Process objective: This process is to ensure that procurement plans are prepared in line with annual budgets, implemented and monitored on a quarterly basis, and reviews made as necessary

Procedure

1. All user requirements are submitted to the Manager, Supply chain & Procurement as per budgetary estimates.
2. The requirements are consolidated taking into account the sequence of annual needs of all of the competing demands, choosing among the alternatives choices and prioritizing them.
3. The Manager, Supply chain & Procurement examines alternatives in consultation with CMF and departmental heads and make decisions on what will form the basis for preparation of the plan.

4. The details for each procurement activity are entered onto a pre-designed format of a procurement plan and where applicable the following:
 - a. Estimated unit and total cost
 - b. Quantity
 - c. Procurement method
 - d. Dates of start and completion of key procurement activities
5. Once the consolidation has been done, the plan is forwarded to the CEO for approval.
6. The plan is released for implementation once Board Approval has been received.

B. PREQUALIFICATION OF EXTERNAL PROVIDERS

- Process purpose: To select the best supplier and maintain the optimal supplier portfolio in order to ensure high quality standards and dependable delivery while still maintaining low costs.
- Process Objectives: The process aims at establishing a list of approved and qualified external providers for goods, works and services.

Procedure

- 1) Determination of the categories of goods, works or services that are critical to the operations of the Fund.
- 2) Obtain the standard tender documented information and modify to suit the requirements of each category.
- 3) The categories are verified by the Manager, Supply chain & Procurement and approved by the CEO
- 4) The tender is advertised in at least two papers with wide circulation to ensure competitiveness. The tender documented information is also uploaded in the WSTF website for free downloading and shall include information on category, a statement of terms and conditions that apply, the tender closing date, venue and the specific time of closing and opening.
- 5) The bids are to be dropped at a place prescribed in the tender documented information and opened on the due date, venue and time in the presence of the bidder's representatives and representatives from Fund (Prequalification documented information opening Committee).
- 6) During the opening, bids are recorded in the prequalification documented information register giving the tender number, bidders name, category and general description.
- 7) The Manager, Supply chain & Procurement writes to the CEO seeking authority of the nominated members of the technical evaluation committee who shall evaluate and submit their recommendations as necessary.
- 8) The Manager, Supply chain & Procurement prepares a paper to the CEO giving the recommendations of the technical evaluation

committee seeking their authority to enlist the preliminary external providers for two years.

9) The evaluation committee further, after obtaining approval from CEO may be requested to conduct sample site/supplier audits visits to verify the capability of the supplier to perform

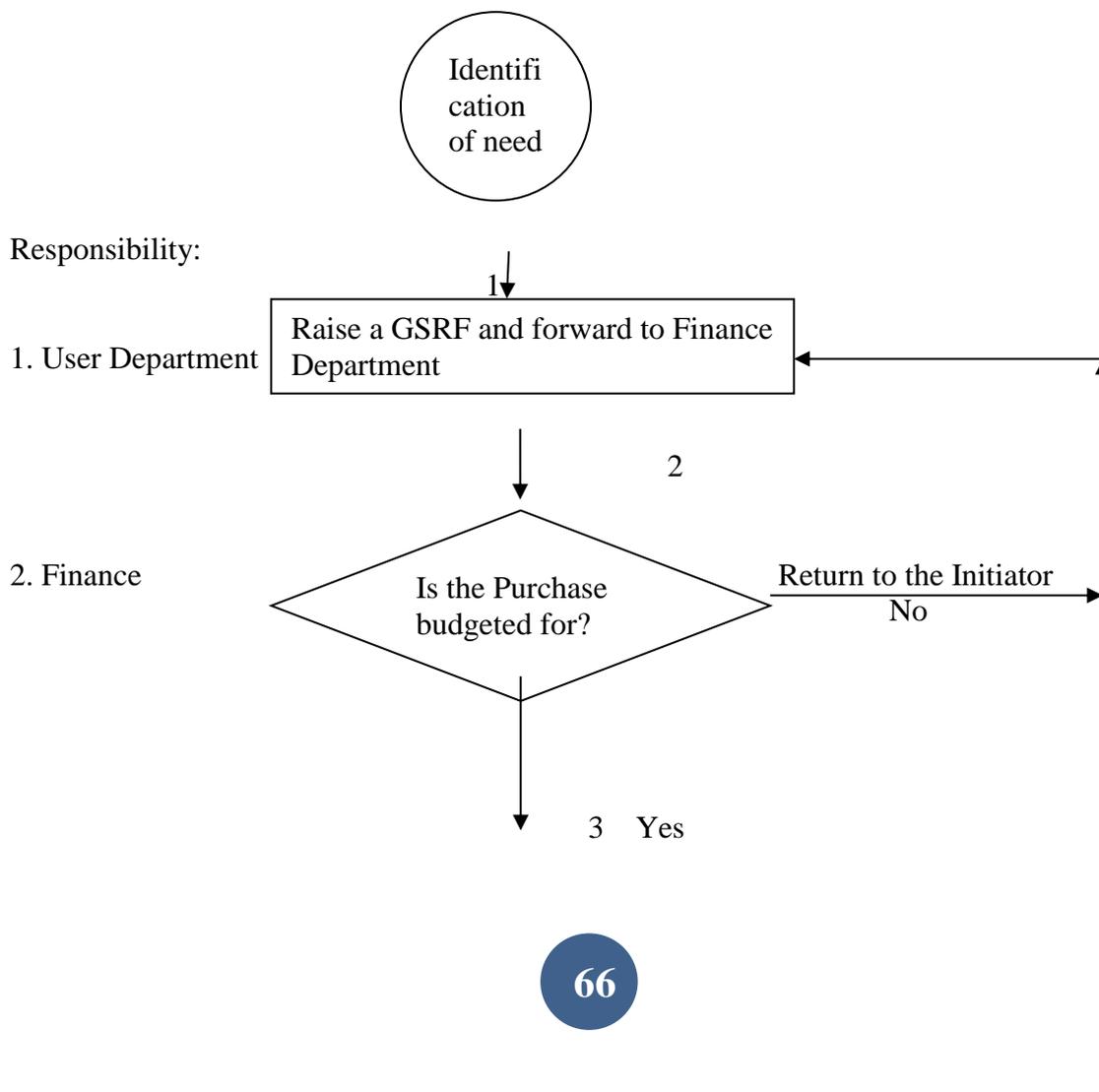
10) In this case the evaluation committee reports back their findings about the reliability and capability of supplier on delivery using objective evaluation criteria. Where it is established that the supplier will be unable to meet our requirements in the post evaluation results, the supplier is struck off from the list.

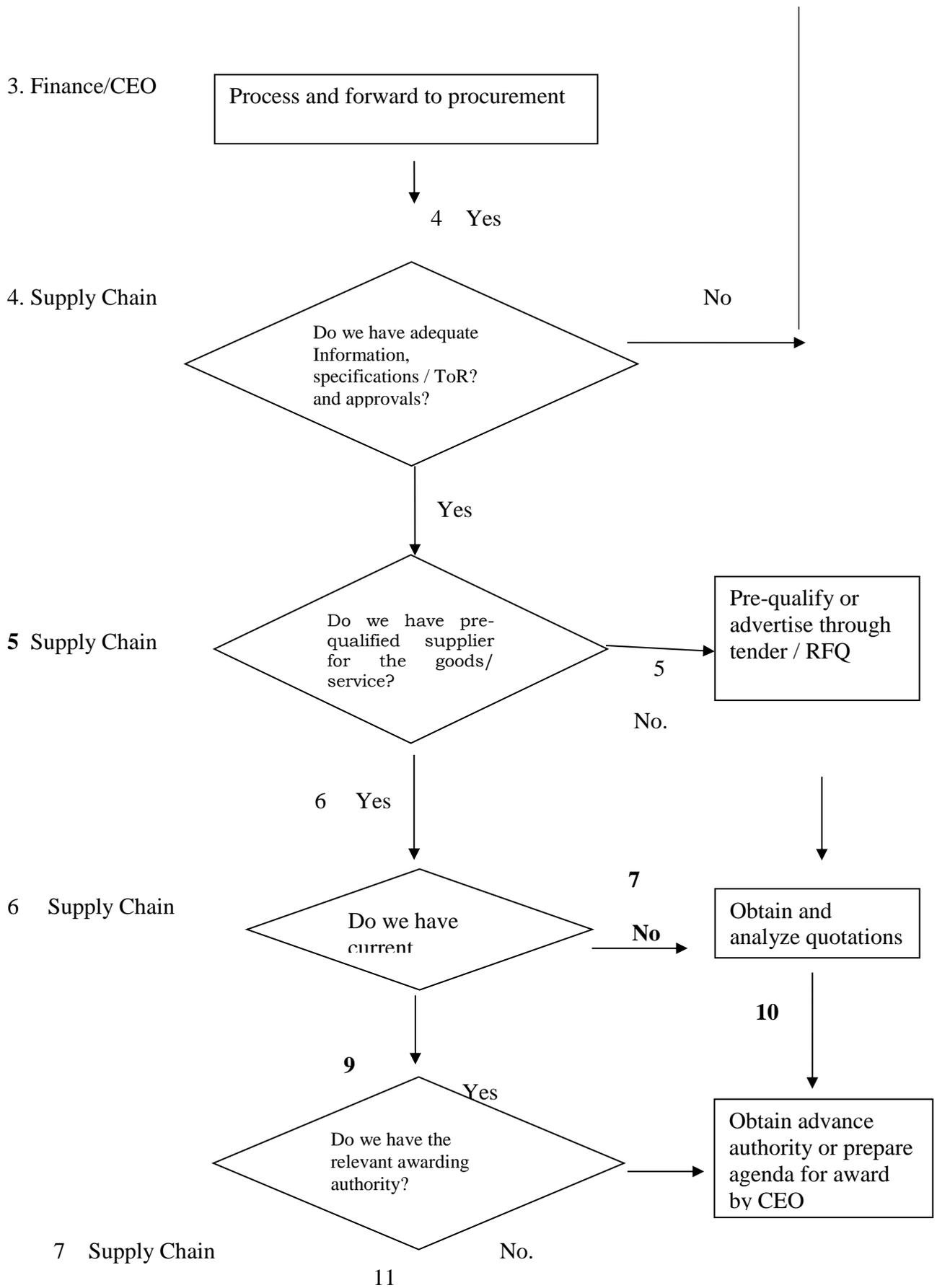
11) The Manager, Supply chain & Procurement notifies the successful bidders/applicants by posting the results in the WSTF website.

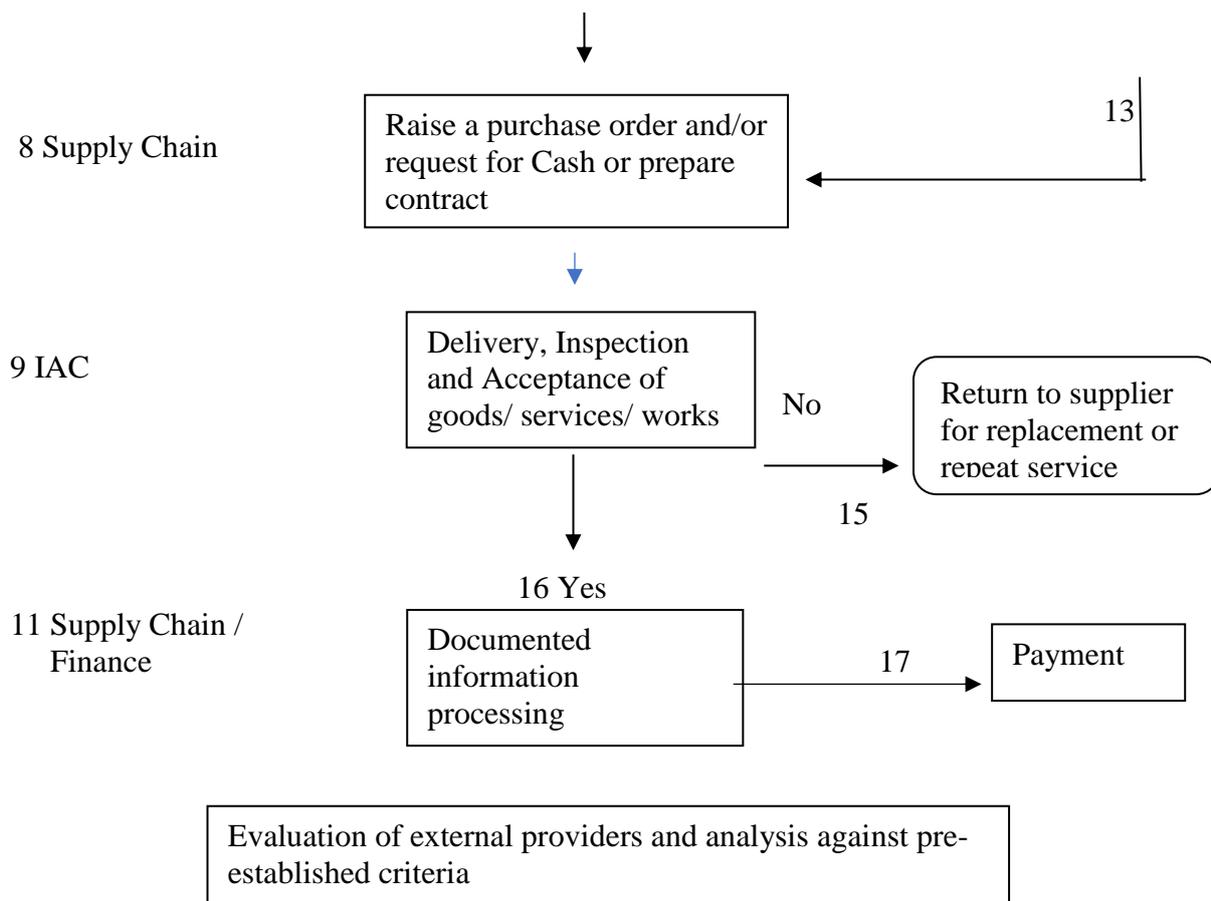
C) PROCUREMENT OF GOODS AND SERVICES

- Process purpose: To ensure that staff requisitions are processed in accordance with the law, regulations, product procedures and that the need is delivered in terms of goods, services and works.
- Process objective: This process is to ensure that goods, services and works are procured in line with annual budgets and procurement plan, and that of the right specifications, quality, and quantity, delivered at the right time at the right price.

PROCEDURE







C. REQUEST FOR QUOTATIONS AND PROPOSALS

- Process Purpose: To examine the capability or ability of the bidders to provide required goods, works or services in compliance with the specifications, TOR or BOQ within the threshold of up to 2 Million for goods and services and 4 Million for works.
- Process Objective: To determine the prevailing prices/cost and determine a winning bidder for recommendation of award.

Procedure

1. Supply Chain section receives a GRSF from users and verifies it for specifications.
2. The GRSF should contain a clear description of the requirements as to quality, quantity,
3. specifications, terms, place and time for delivery.
4. The Manager, Supply chain & Procurement groups the requests into categories to determine the value and confirm that the GSRF has received CMF and CEO approval.
5. Once the value has been confirmed to fall within the threshold for Request for Quotation, an (RFQ/ RFP) documented information is prepared.
6. The RFQ documented information shall contain the description or specifications of the goods, services or works being procured, the

deadline for submission of RFQs, the quantities where applicable and other standard terms and conditions of trade.

7. The RFQs are sent out to a selected list of firms pre-qualified in the category of goods, services or works that the request falls under.
8. The completed RFQs are dropped in the Quotation Box by the external providers before the expiry of the deadline set.
9. The RFQs are opened and signed by a quotation opening committee.
10. The RFQs are evaluated and an evaluation report prepared for presentation to the Head of procurement (HoP) for professional opinion to the CEO.
11. Once the CEO grants an award, Purchase/ Service Orders are prepared in favour of the successful applicants.

D. TENDERING PROCESS

- Process Purpose: To solicit for bids that are beyond the quotation's threshold of 3 Million for goods and services and 4 million for works.
- Process Objective: To procure goods, works or services in compliance with the specifications, TOR or BOQ above the threshold of 3 Million for goods and services and 4 Million for works.

Procedure

1. The method of tendering will have been identified in the procurement plan.
2. The Manager, Supply chain & Procurement prepares Tender Documented information/RFPs by entering the details of the procurement pertaining to quantities and description of items/service into the Schedule of Requirements.
3. The tenders are recorded in the tender register giving the tender number, general description, date of tender advert, closing and opening date.
4. The tender is advertised in at least two newspapers/or twice in a paper with wide circulation to ensure competitiveness.
5. The following information is included in the tender documented information; adequate specifications/ accurate TOR/ BOQ, quantity, delivery point, a statement of terms and conditions to be applied and the tender closing date and specific time of closing and opening.
6. The bids are dropped at a place prescribed in the tender documented information and opened on the due date and time by the appointed opening committee in the presence of the tenderer's representatives who chose to attend and those from Procurement and user departments.
7. The original tender documented information are then kept in safe custody pending finalization of the evaluation process.

8. The Manager, Supply chain & Procurement forwards copies of the tenders received together with samples if any to the appointed chairman of the evaluation committee for the evaluation process.
9. The Evaluation Committee conducts the evaluations and compile evaluation report for presentation to Head of Procurement for professional opinion to CEO.
10. The Manager, Supply Chain & Procurement prepares a paper based on the evaluation report giving procurement professional advice to the CEO in regard to the provision of external services and recommendation therein.
11. The CEO approves the evaluation committee's recommendation or disapproves it with reasons or otherwise makes recommendations for re-evaluations or a re-tender.
12. In the event that the paper is disapproved of, the tender is re-advertised and the same process is repeated. If on the other hand the CEO defers the paper for clarification/ re-evaluation or amendment, then Supply chain unit/ User departments seeks the clarifications and re-submits the paper to the CEO.
13. If the CEO approves the revised recommendation, Supply chain unit prepares the letters of award to the successful vendors signed by the Manager, Supply Chain & Procurement. The vendor in turn writes an acceptance letter, upon whose receipt a contract stating the terms and conditions is drawn and signed within 30 days but not earlier than 14 days from the date of the letter.
14. Supply Chain unit at the same time prepare, regret letters to the rest of the unsuccessful candidates/bidders. The letters shall be sent together with the letters of award.
15. The successful bidder shall submit a performance guarantee (in case required) in the form and format specified in the tender documented information.
16. Supply Chain unit prepares Purchase Orders (POs)/ Service orders (SOs) and forward to the CMF and MF for signature.
17. Purchase Orders/ Service orders are dispatched to the external providers by calling them, email, posting or physical delivery as a proof of the company commitment to the contract and for the supplier to embark on the delivery / works.
18. Supply chain unit expedites and progresses the orders to ensure prompt deliveries/timely completion to the stores by the external providers awarded. Thereafter, it is the responsibility of the Supply Chain unit to raise the goods receipt notes (GRN)/ or user department to prepare completion certificates and forward to Finance for payment processing.
19. All invoices, Delivery notes, GRNs, Inspection and Acceptance certificates forwarded by the external providers /generated by Supply chain unit forwarded to the Finance department for payment processing.

E. CONDUCTING MARKET SURVEY

- **Process Purpose:** The purpose of the process is to compile information about the market, prevailing average market prices and obtaining knowledge about the alternatives available in the market in the light of fast changing user needs and world technology.
- **Purpose Objective:** The process aims to assess both current and potential supplier's capacity and to ensure value for money during procurement of goods, works and services.

Procedure

1. Obtain and review information from various data sources like journals, trade news magazines and attend Professional and Technical Conferences and utilize them as a source of information.
2. Carry out a supplier survey using a draft questionnaire focusing on certain criteria to assess service levels like on- time delivery, quality systems & performance, cost/price structure (BOQ), external providers' flexibility.
3. The survey should also determine whether there are alternatives in the market and whether they are in line with the expectations on performance in liaison with the user department.
4. Prepare the relevant documented information to constitute a supplier profile and average prevailing market price index.
5. Carry out supplier visits to determine the suitability of the supplier.
6. Alternatively, Supply chain unit may prepare Terms of Reference and engage the services of a consultant to undertake the Market Survey on Fund's behalf.

URBAN INVESTMENT PROGRAMME PROCESSES

The Urban Investment Programme aims at financing water and sanitation projects in low income areas through the Water Services Providers (WSPs). The programme has received grants from European Union, German Development Bank (KfW), Bill and Melinda Gates Foundation and GIZ. The Government of Kenya has also given development funds to increase access to Water and Sanitation in the Urban areas. The programme to date (2021) has provided access to 1,755,334M people. The programme began its national roll out in the year 2009. The Urban Programme consists of the following sub programmes:

- a) Urban Projects Concept Programme
- b) Upscaling Basic Sanitation for Urban Poor -UBSUP Programme

URBAN INVESTMENT PROGRAMME PROCESSES

A. PROPOSAL APPRAISALS

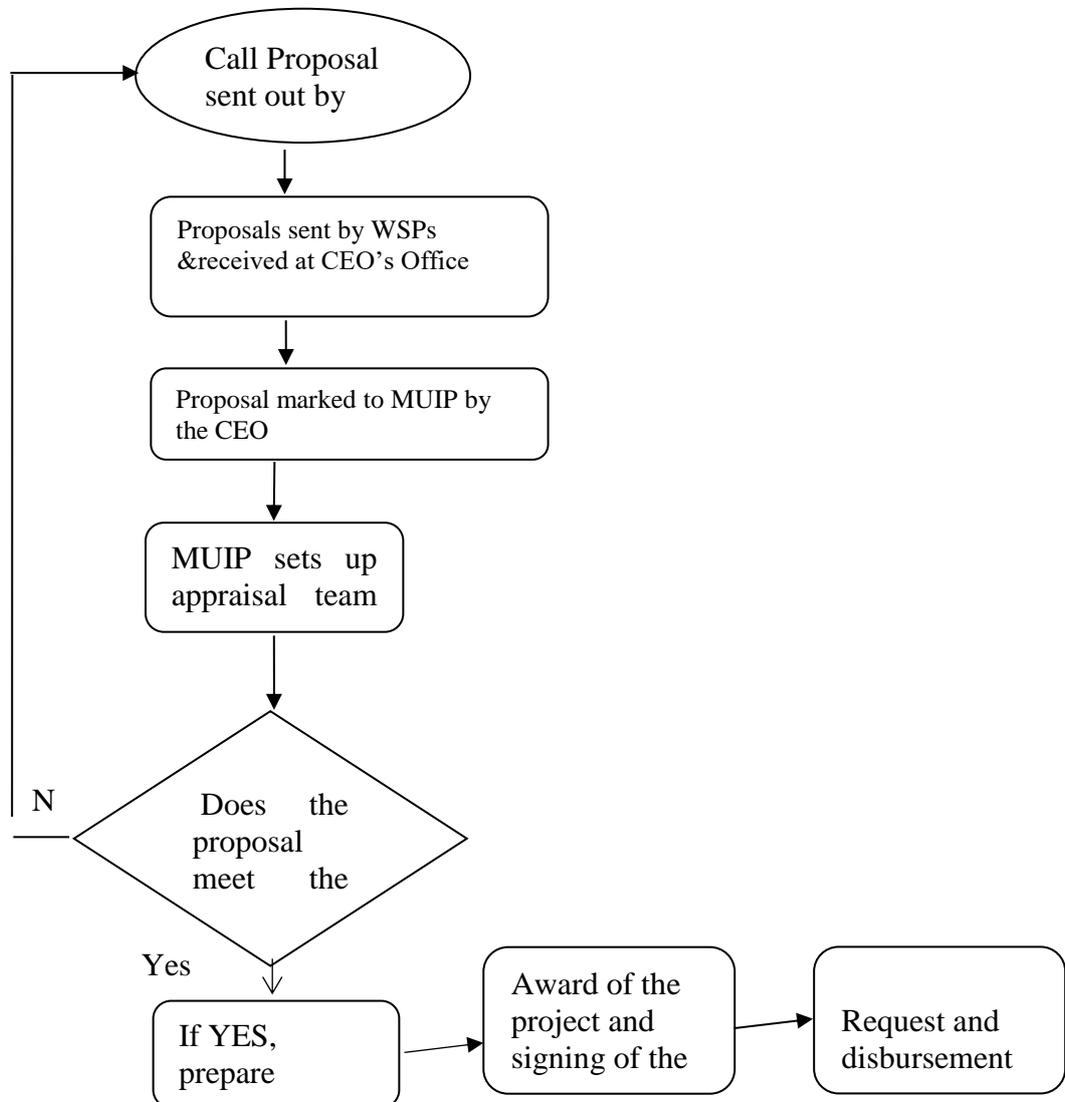
- Process purpose: To appraise proposals for funding
- Process objective
 - To ensure timely and accurate appraisal of proposals in the Urban Investment Programme
 - To ensure appraised proposal budgetary items are within the standard rates
 - To ensure the appraised proposals are within the fixed ceilings and thresholds

Process Flow

- Call for proposals is advertised to the Water Service Providers through newspapers (WSPs)
- Reception receives the proposal from the WSPs through various means (Courier, deliver by WSP officers, messengers)
- CEO goes through and assigns to MUIP
- MUIP sets up appraisal team to implement appraisal process
- The appraisal team serializes the proposals and appraises the proposals
- The Appraisal team prepares investment briefs
- Investment briefs presented to Management Investment Committee
- Management Investment Committee recommends and an Investment Committee meeting is arranged
- Investment Committee recommends and a full board meeting is arranged
- Seek no objection from the development partners
- Approval by full board then it returns to the MUIP
- MUIP prepares implementation agreements with WSPs and the Counties
- Agreements are signed with WTSF, WSPs and Counties
- Fully signed agreements are marked to MUIP to advice on the release of disbursements
- Original Agreements/Disbursement advice are taken to the CEO for approval

- Electronic Fund Transfer/Cheque writing approval is sought from the CEO by the Finance department

Process flow chart.



B. PROJECT IMPLEMENTATION UPC AND UBSUP

- Process purpose: To ensure successful implementation of the project as per agreement
- Process objective: To ensure successful completion of all funded projects

Process Flow Sequence

- Disbursement of first disbursement of fund
- Project launch
- Monitoring and supervision of the construction activities
- Release of subsequent disbursements for implementation
- Periodic internal audit of sampled projects

- Periodic external audit of sampled projects
- Periodic reporting
- Project Commissioning
- Project Closure
- Project Impact Assessment

WATER RESOURCES AND CLIMATE CHANGE INVESTMENT PROGRAMME PROCESSES

The Water Resources and Climate Change Investment Programme's mandate is to finance the management and conservation of water resources in an effective and efficient manner to enhance sustained access and equitable allocation of water resources while ensuring environmental sustainability. Implementation of the financed water resource management projects is undertaken by: WRUAs/CFAs/Conservancies/WSPs/INGOs who are responsible for preparation, planning, and implementation. The Programme closely works with KFS/WRA/NRT who provide the technical expertise to some of the implementing agents.

The Programme objectives are as follows:

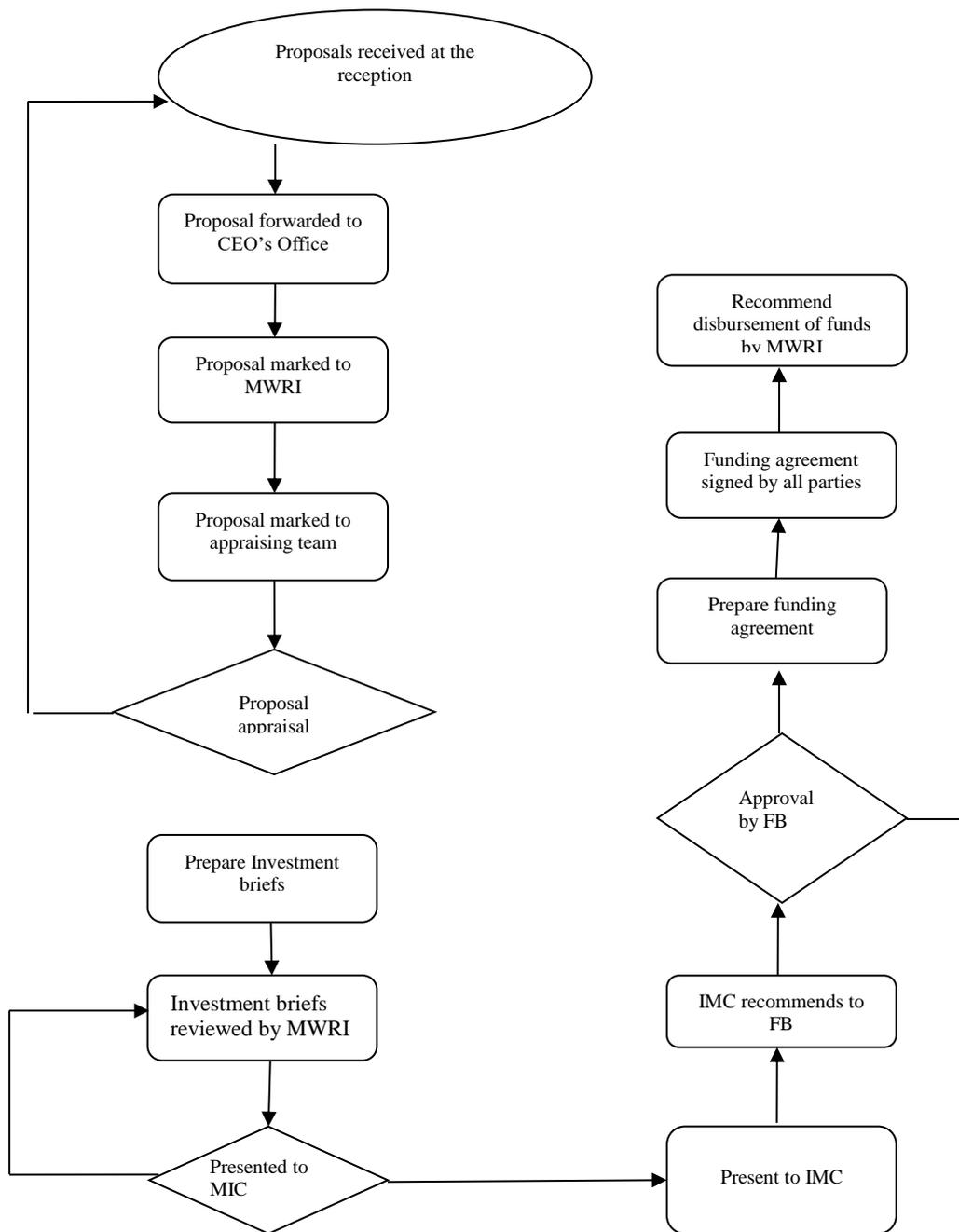
1. To improve the quantity and quality of water resources for enhanced livelihoods.
2. To improve the ability of the catchment and riparian areas to provide hydrological services.
3. To enhance good governance of water resources by promoting stakeholder participation in WRM.
4. To improve compliance to water resources regulations by promoting stakeholder participation in WRM.

WATER RESOURCES AND CLIMATE CHANGE INVESTMENT PROCESSES

A. PROPOSAL APPRAISAL AND APPROVAL FOR FUNDING

- Process purpose: Review the appropriateness of the submitted proposals for funding
- Process objective
 - To ensure appraisal and financing of proposals in the Water Resources and Climate Change Investments Programme within the service charter timelines
 - To ensure appraised proposal budgetary items are within the standard rates
 - To ensure the appraised proposals can be implemented within the available budget

WRCCI Financing Flow Chart



B. PROJECT MONITORING DURING IMPLEMENTATION

- Process purpose: To ensure project is implemented as planned
- Process objective: To ensure successful completion of all funded projects within the contract period/as per agreement

PROCESS FLOW SEQUENCE

- i) Preparation of monitoring schedule
- ii) Field visit to the projects
- iii) Filling/completion of the monitoring tool
- iv) Preparation of monitoring report
- v) Follow up on the recommendations



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