

**Independent Performance Evaluation (IPE) Report**  
**on**  
**Khulna Water Supply and Sewerage Authority (KWASA)**  
**For 2022-23**

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## Executive Summary

The Finance Division of the Ministry of Finance is implementing the "Strengthening Public Financial Management Program to Enable Service Delivery (SPFMS)." One of the key components of this program is the "Strengthening of State-owned Enterprises' Governance" scheme, which aims to strengthen the governance of State-owned Enterprises (SOEs) and Autonomous Bodies (ABs). To achieve this, the Finance Division has developed and approved an Independent Performance Evaluation Guideline (IPEG) for SOEs and ABs to evaluate their performance independently. Based on selection parameters of IPEG, Monitoring Cell, Finance Division has selected 10 (ten) more SOEs and ABs in addition to previously selected 10 (ten) SOEs/ABs in total 20 (twenty) SOEs/ABs to conduct Independent Performance Evaluation for the fiscal year 2022-23.

Khulna Water Supply and Sewerage Authority (KWASA) is among the 20 selected State-Owned Enterprises (SOEs) and Autonomous Bodies (ABs) for the Independent Performance Evaluation (IPE) for FY 2022-23. Based on the evaluation results, KWASA achieved a weighted average score of 2.10 out of 4.00, earning a grade of "Good" for the fiscal year.

### 1. Introduction:

Khulna, the third-largest city in the country, is a major industrial and port hub. Since 1984, the responsibility for water supply management, including development, operation, maintenance, and revenue collection, was assigned to Khulna City Corporation. However, due to increasing industrialization, trade, and rapid urbanization, the city's population has grown steadily. As a result, the City Corporation struggled to meet the water demand of the expanding population. To fulfill the long-term water needs of Khulna's residents, the government established the Khulna Water Supply and Sewerage Authority (KWASA) on March 2, 2008, under the provisions of Section 3 of the Water Supply and Sewerage Authority Act, 1996 (Act No. 6 of 1996). The prime objective of KWASA is to provide safe drinking water and an environmentally friendly sewerage system to the citizens of Khulna City. Currently, KWASA's water supply coverage consists of 64% from surface water sources and 36% from groundwater sources. Oversight responsibility for KWASA lies with the Local Government Division under the Ministry of Local Government, Rural Development, and Co-operatives. The key operational activities of the entity are outlined below:

#### Key Operational Activities of KWASA:

Sl#	Particulars	Unit	FY 2020-21	FY 2021-22	FY 2022-23
01.	Total Customers	Nos.	37,967	38,743	40,176
02.	Water Production	Million Liter	38,742	39,904	39,905
03.	Installation of pipe line	Km.	11.76	10.86	15.76
04.	Installation of Sewerage Line	Km.	-	-	30
05.	System loss	%	16.50	16.00	15.50

Source: KWASA

In FY 2022-23, KWASA's total customers increased by 3.70% to 40,176, following a 2.04% rise in FY 2021-22. Water production saw marginal growth, increasing by 3.00% in FY 2021-22 and remaining almost unchanged in FY 2022-23. Pipeline installation decreased by 7.65% in FY 2021-22 but rebounded significantly with a 45.14% increase in FY 2022-23, reaching 15.76 km. Sewerage line installation was introduced for the first time in FY 2022-23, with 30 km completed. System loss improved steadily, reducing from 16.50% in FY 2020-21 to 16.00% in FY 2021-22 and further to 15.50% in FY 2022-23, reflecting enhanced efficiency.

## **2. Role and Functions:**

Khulna WASA mainly performs the following functions:

- i. Producing safe drinking water for residential, office, industrial, and commercial customers.
- ii. Developing, operating, and maintaining climate resilient infrastructure necessary for water treatment, storage and supply.
- iii. Formulating and implementing realistic long-term plans for climate resilient and environment friendly water supply and sewerage system development.
- iv. Enhancing institutional capacity to deliver high-quality customer service.
- v. Digitalizing the revenue collection process.
- vi. Installing digital water meter reading system for customers.

## **3. Core Business:**

- i. Transitioning from groundwater extraction to surface water sources.
- ii. Designing, constructing, and operating water supply and sewerage facilities in an environmentally sustainable manner.
- iii. Minimizing Non Revenue Water (system loss) by implementing modern technologies and effective measures.

#### 4. Evaluation Parameters

##### Criteria: Business and Governance

##### Indices: A. Business Strategy and Social Responsibility

Table 1(a): Standard of Indices A

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Entity Strategy</b>							
	1a. Entity Strategic Plan	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Growth Trajectory</b>							
	2a. Net Income Growth	QN	4	10.00% or more	8.00% to 9.99	6.00% to 7.99%	4.00% to 5.99%	Below 4.00%
	2b. Service Revenue Growth	QN	4	15.00% or more	13.00% to 14.99%	11.00% to 12.99%	9.00% to 10.99%	Below 9.00%
	2c. Other Growth	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
3	<b>Effective Implementation of Public Policy</b> • Implement activities to achieve policy goal	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%
4	<b>Efficiency of Project Implementation/ Project Goal Achievement:</b> • Percentage of estimated target achieved	QN	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	<b>Social Contribution</b> • Environmental Contribution • CSR/WPPF • Training/Volunteering	QL	3	91-100%	81-90%	71-80%	41-70%	Below 41%

Table 1(b): Achievement of Indices A

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	<b>Entity Strategy</b>						
	Entity Strategic Plan	QL	4	88.00%	Very Good	3	Note 1
2	<b>Growth Trajectory</b>						
	2a. Net Income Growth	QN	4	Negative Growth	Under Performing	0	AFS
	2b. Service Revenue Growth	QN	4	17.68%	Excellent	4	AFS
	2c. Other Growth	QL	3	92.00%	Excellent	4	Note 2
3	<b>Effective Implementation of Public Policy</b>	QL	3	91.00%	Excellent	4	Note 3
4	<b>Efficiency of Project Implementation/ Project Goal Achievement:</b>	QN	4	92.00%	Excellent	4	Note 4
5	<b>Social Contribution</b>	QL	3	91.00%	Excellent	4	Note 5
Sub-Total			25				

**Note 1:** Khulna WASA has formulated several plans aligned with the Sustainable Development Goals (SDGs), particularly SDG 6 (Clean Water and Sanitation), and the national development priorities outlined in the National Strategic Plan, Government Policy Directives outlined in the National Budget of Bangladesh. By implementing the “Khulna Water Supply Project” and the “Khulna Sewerage System Development Project,” KWASA aims to ensure universal access to safe and affordable drinking water, while establishing an environmentally friendly sewerage infrastructure. These initiatives are designed to enhance public health, support urban sustainability, and contribute to inclusive urban development in Khulna City Corporation area.

**Note 2:** During FY 2022-23, KWASA implemented several initiatives to enhance and upgrade the water supply and sewerage system in Khulna City Corporation area, including:

- i. Constructing a 30 km sewerage line.
- ii. Installing flow meters to replace traditional water pipe meters, enabling accurate billing based on water consumption.
- iii. Installing 935 inspection pits.
- iv. Establishing a sewerage pumping station.

**Note 3:** Khulna WASA has implemented public policy by aligning its operations with national development strategies and global commitments, particularly SDG 6 (Clean Water and Sanitation). The authority focuses on ensuring access to safe and reliable water supply and sustainable sewerage services for urban residents. It has taken strategic steps such as shifting from groundwater to surface water sources, expanding water and sewerage networks, and introducing digital customer billing & water meter reading system, and automated revenue collection systems to enhance transparency and efficiency.

**Note 4:** KWASA achieved 100% financial progress against its targets during FY 2022-23. However, the entity did not provide data on the physical progress of its projects. Based on financial target achievement, KWASA’s performance score for FY 2022-23 has been determined.

**Note 5:** KWASA has undertaken the following social and environmental initiatives:

- i. Obtaining annual environmental clearance certificates for all projects from the Department of Environment to ensure compliance with environmental standards and the Environmental Management Plan (EMP), with a focus on climate change adaptation and mitigation.
- ii. Maintaining Provident and Gratuity Funds for its employees.
- iii. Implementing an environmentally friendly, pollution-free sewerage system in Khulna City Corporation area.

## Indices: B. Operational Efficiency

**Table 2(a): Standard of Indices B**

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Service Delivery</b>							
	Service Benefit & Accessibility	QL	5	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Labor Productivity</b>							
	Added Value per Employee (million Tk.)	QN	4	Tk0.90 mil or more	Tk0.80 to 0.89 mil	Tk.0.70 to 0.79 mil	Tk0.60 to 0.69 mil	Below Tk. 0.60 mil
3	<b>Capital Productivity</b>							
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.04 or more	Tk. 0.03 to 0.039	Tk. 0.02 to 0.029	Tk. 0.01 to 0.019	Below Tk. 0.01
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk. 0.04 or more	Tk. 0.03 to 0.039	Tk. 0.02 to 0.029	Tk. 0.01to 0.19	Below Tk. 0.01
4	<b>Production</b>							
	4a. Inventory Turn Over	QN	4	70.00 or more	60.00 to 69.99	50.00 to 59.99	40.00 to 49.99	Below 40.00
	4b. Asset Turnover (Times)	QN	4	0.07 or more	0.05 to 0.06	0.03 to 0.04	0.01 to 0.02	Below 0.01
Sub-total			25					

**Table 2(b): Achievement of Indices B**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	<b>Service Delivery</b>						
	Service Benefit & Accessibility	QL	5	91.00%	Excellent	4	Note 6
2	<b>Labor Productivity</b>						
	2a. Added Value per Employee (million Tk.)	QN	4	TK 0.88 mil	Very Good	3	AFS
3	<b>Capital Productivity</b>						
	3a. Added Value per Tk. Value of Assets	QN	4	Tk. 0.01	Fair	1	AFS
	3b. Added Value Per Tk. Value of PPE	QN	4	Tk.0.011	Fair	1	AFS
4	<b>Production</b>						
	4a. Inventory Turn over	QN	4	67.54	Very Good	3	AFS
	4b. Asset Turnover (Times)	QN	4	0.01	Fair	1	AFS
Sub-total			25				

**Note-6.** KWSA has implemented the following initiatives to enhance services for stakeholders:

- i. Established a One-Stop Service Center for water connection application, water supply issues and bill correction.
- ii. Launched the Khulna WASA Call Center, 01999-445566
- iii. Enabled online permission for the installation of deep tube wells and submersible pumps.
- iv. Introduced a smart meter reading system for accurate readings.
- v. Implemented a web-based computerized billing system for water bill collection.
- vi. Facilitated bill payment through platforms such as G-Pay, DBBL, Rocket, and Bkash.

### Indices: C. Financial

**Table 3(a): Standard of Indices C**

FY 2022-23

		* Standard						
Serial No.	Indicators & Sub-indicators	Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
	i. Financial Performance							
1	Operating profit	QN	3	Tk. 40.00 mil or more	Tk. 30.00 to Tk.39.99 mil	Tk. 20.00 to Tk. 29.99 mil	Tk. 10.00 to Tk. 19.99 mil	Below Tk. 10.00 mil
2	Profit before Tax	QN	3	Tk30.00 mil or more	Tk.25.00 to Tk.29.99 mil	Tk. 20.00 to Tk. 24.99 mil	Tk.15.00 to Tk19.99 mil	Below Tk. 15.00 mil
3	Return on Assets (%)	QN	3	5.00 % or more	4.50% to 4.99 %	4.00 % to4.49%	3.50% to3.99%	Below 3.50%
4	Return on Service Revenue (%)	QN	3	15.00% or more	13.00% to 14.99%	11.00% to 12.99%	9.00% to 10.99%	Below 9.00%
5	Return on Equity (%)	QN	2	10.00% or more	8.00% to 9.99%	6.00 % to 7.99%	4.00 % to 5.99%	Below 4.00%
6	Net Worth Growth (%)	QN	2	18.00 or more	16.00%to 17.99%	14.00% to 15.99%	12.00% to 13.99%	Below12.00 %
7	Capital Budget Utilization (%)	QN	2	91-100%	81-90%	71-80%	41-70%	Below 41%
	ii. Financial Risk							
1	Debt Equity Ratio (Times)	QN	3	0.70or less	0.71 to 1.00	1.01 to 1.30	1.31 to 1.60	More than 1.60
2	Debt to Assets (Times)	QN	3	0.40or less	0.41 to 0.60	0.61 to 0.80	0.81 to 1.00	More than 1.00
3	Current Ratio (Times)	QN	3	2.00 or more	1.75to 1.99	1.50to 1.74	1.25to 1.49	Below 1.25
4.	Accounts Receivable Period (Days)	QN	3	120 days or less	121 days to 140 days	141 days to 160 days	161 days to 180 days	More than 180 days
	iii. Transactions with Govt.							
1	Taxes Paid	QN						
2	Fees & Charges Paid	QN						
3	Debt Service Liabilities Paid	QN						



**Table 3(b): Achievement of Indices C**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance measuring
					Grade	Score	
	i. Financial Performance						
1	Operating profit	QN	3	Tk. (844.59) mil	Under Performing	0	AFS
2	Profit before Tax	QN	3	(Tk.3,273.04) mil	Under Performing	0	AFS
3	Return on Assets (%)	QN	3	(14.17%)	Under Performing	0	AFS
4	Return on Sales (%)	QN	3	(932.16%)	Under Performing	0	AFS
5	Return on Equity (%)	QN	2	Negative	Under Performing	0	AFS
6	Net Worth Growth (%)	QN	2	(797.52%)	Under Performing	0	AFS
7	Capital Budget Utilization (%)	QN	2	66.79%	Fair	1	Annexure-1 SL 27 &28
	ii. Financial Risk						
1	Debt Equity Ratio (Times)	QN	3	Negative	Under Performing	0	AFS
2	Debt to Assets (Times)	QN	3	1.12	Under Performing	0	AFS
3	Debt Coverage Ratio (Times)						
4	Current Ratio (Times)	QN	3	0.11	Under Performing	0	AFS
5	Accounts Receivable Period (Days)	QN	3	225.21	Under Performing	0	AFS
	iii) Transactions with Government						
1	Taxes Paid	QN					
2	Fees & Charges Paid	QN					
3	Debt Service Liabilities Paid	QN					
Sub-total			30				

## Indices: D. Corporate Governance Practices

**Table 4(a): Standard of Indices D**

FY 2022-23

Serial No.	Indicators & Sub-indicators	* Standard						
		Types of Measurement	Weight for Sub-indicators	Grade: Excellent Score: 4	Grade: Very Good Score: 3	Grade: Good Score: 2	Grade: Fair Score: 1	Grade: Under-performing Score: 0
1	<b>Commitment to Corporate Governance:</b> <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Ethics</li> <li>• Key policies of Board</li> <li>• Board structure</li> <li>• Employees service rules/regulations</li> <li>• Appointment of Board Secretary</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
2	<b>Board Practices:</b> <ul style="list-style-type: none"> <li>• Composition of Board of Directors and number of meetings held</li> <li>• TOR of board</li> <li>• Number of independent Board Directors</li> <li>• Name &amp; Number of board committees and number of meetings held</li> <li>• Number of board decisions that have been implemented</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
3	<b>Transparency and Disclosure:</b> <ul style="list-style-type: none"> <li>• Board of directors and Senior managers name and biographies</li> <li>• Audited financial statement</li> <li>• Citizen charter</li> <li>• APA</li> <li>• Code of conduct</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
4	<b>Control Environment and Process:</b> <ul style="list-style-type: none"> <li>• Entity's internal control systems for different departments</li> <li>• Internal audit procedure and reporting authority</li> <li>• Entity's computer-based management information system (database)</li> <li>• Any authority of the board to mitigate the entity's emergency situation</li> <li>• Measures taken for safe working environment in the entity's premises</li> </ul>	QL	4	91-100%	81-90%	71-80%	41-70%	Below 41%
5	<b>Performance against the key Indicators of APA<sup>1</sup>:</b> <ul style="list-style-type: none"> <li>• Total Performance score achieved on APA</li> </ul>	QN	4	100%	90%	80%	70%	60%

<sup>1</sup>Standard of APA Indicator is set on the basis of Annual Performance Agreement (APA) Guideline.

**Table 4(b): Achievement of Indices D**

Serial No.	Indicators & Sub-Indicators	Types of Measurement	Weight for sub-indicators	Actual Performance	Achievement		Basis of Performance Measuring
					Grade	Score	
1	Commitment to Corporate Governance	QL	4	91%	Excellent	4	Note 7
2	Board Practices	QL	4	93%	Excellent	4	Note 8
3	Transparency and Disclosure	QL	4	92%	Excellent	4	Note 9
4	Control Environment and Process.	QL	4	82%	Very Good	3	Note 10
5	Performance against the key Indicators of APA	QN	4	95 (Pro.)	Very Good	3	Score of APA for FY 2022-23
Sub-total			20				
Grand Total (A+B+C+D):			100				

\* Standard for Financial and Non-Financial indicators are set on the basis of IPE process.

**Note 7:** KWSA was established under the Water Supply and Sewerage Authority Act of 1996. It adheres to corporate governance principles through its Code of Conduct, Employee Service Rules and Regulations, Key Board Policies, and Citizen Charter. Additionally, KWSA has appointed a Corporate Secretary for its Board.

**Note 8:** The Board of Directors of KWSA consists of 13 (thirteen) members nominated by the Government of Bangladesh (GOB). The Board includes, the Managing Director as an ex-officio member, 2 (two) members representing two Ministries, 10 (ten) members nominated from various organizations. The Chairman is appointed by the GOB, while the Vice Chairman is elected by the Board from among its members. KWSA currently does not have any Board committees. During FY 2022-23, the Board convened 5 (five) meetings, resulting in the implementation of 10 (ten) key decisions.

**Note- 9:** The names and biographies of KWSA's Board of Directors and senior managers, along with its Audited Financial Statements, Citizen Charter, Annual Performance Agreement (APA), relevant Acts, Rules, Regulations, and Code of Conduct, are available on the KWSA website.

**Note-10:** KWSA has implemented the following measures to enhance environmental controls and operational processes:

- i. Established an internal control system through supervision and monitoring across departments/sections.
- ii. Introduced digital inventory software to manage and minimize excess stock.
- iii. Implemented ERP software in Billing, Accounts, Finance, Payroll, and Call Center operations to ensure transparency and accountability.
- iv. Adopted Electronic Government Procurement (EGP) for purchasing.
- v. Installed firefighting equipment in office buildings to ensure fire safety.
- vi. Set up CCTV cameras for comprehensive monitoring and security of office premises.
- vii. Ensures compliance with required safety rules and regulations.

## **5. IPE Process**

- i. Performances of non-financial indicators of Khulna Water Supply and Sewerage Authority (KWASA) has been evaluated using information and documents of the inception report provided by KWASA.
- ii. Actual performance of non-financial indicators is determined through the collective decision of ERT members.
- iii. According to IPEG, actual financial performances of KWASA are to be evaluated on the basis of national best practices/standard. However, due to non-availability of such standard and comparable entities in the country, KWASA's financial performance was assessed based on its performance over the last five years on respective financial indicators.
- iv. Performances of all financial indicators are evaluated based on audited financial statements.
- v. Measurement tools used for financial indicators are suggested by IPEG.
- vi. Grades and scores are assigned according to the IPEG.

## 6. Performance Evaluation Results

### Khulna Water Supply and Sewerage Authority (RWASA) Fiscal Year: 2022-23

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
a	b	c	d	e	f
A	<b>Business Strategy and Social Responsibility:</b>	25			
1	Entity Strategy: • Entity Strategic Plan		4	3	0.12
2	Growth Trajectory: 2a. Net Income Growth		4	0	0.00
	2b. Service Revenue Growth		4	4	0.16
	2c. Other Growth		3	4	0.12
3	Effective Implementation of Public Policy: • Implement activities to achieve policy goal		3	4	0.12
4	Efficiency of Project Implementation/ Project Goal Achievement: • Percentage of estimated target achieved		4	4	0.16
5	Social Contribution: • Environmental Contribution • CSR / WPPF • Training / Volunteering		3	4	0.12
	<b>Sub Total</b>	<b>25</b>			<b>0.80</b>
B	<b>Operational Efficiency:</b>	25			
1	Service Delivery: • Service benefits and Accessibility		5	4	0.20
2	Labor Productivity: 2a. Added Value Per Employee		4	3	0.12
	2b. Employees cost on Value addition (%)				
3	Capital Productivity: 3a. Added Value Per TK Value of Assets		4	1	0.04
	3b. Added Value Per TK Value of PPE		4	1	0.04
4	Production:				
	4a. Input use Efficiency				
	4b. Inventory Turnover		4	3	0.12
	4c. Asset Turnover		4	1	0.04
	4d. Capacity Utilization				
	<b>Sub Total</b>	<b>25</b>			<b>0.56</b>

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
C	<b>Financial:</b>	30			
	<b>i. Financial Performance:</b>				
1	Operating profit		3	0	0.00
2	Profit before tax		3	0	0.00
3	Return on assets		3	0	0.00
4	Return on Service Revenue		3	0	0.00
5	Return on equity		2	0	0.00
6	Net worth growth		2	0	0.00
7	Capital budget utilization		2	1	0.02
	<b>ii. Financial Risk:</b>				
1	Debt equity ratio		3	0	0.00
2	Debt to assets		3	0	0.00
3	Debt coverage ratio				
4	Current ratio		3	0	0.00
5	Accounts receivable period		3	0	0.00
6	Accounts payable period				
	<b>iii. Transactions with Government:</b>				
1	Taxes paid				
2	Fees & charges paid				
3	Debt Service Liabilities Paid				
	<b>Sub Total</b>		<b>30</b>		<b>0.02</b>

Serial No	Name of Indices, Indicators and Sub-indicators	Weight for Indices	Weight for Sub indicators	Score Obtained	Weighted Score
D	<b>Corporate Governance Practices:</b>	20			
1	Commitment to Corporate Governance: <ul style="list-style-type: none"> <li>• Code of Conduct</li> <li>• Ethics</li> <li>• Key policies of Board</li> <li>• Board structure</li> <li>• Employee's service rules/ regulations</li> <li>• Appointment of Board Secretary</li> </ul>		4	4	0.16
2	Board Practices: <ul style="list-style-type: none"> <li>• Composition of Board of Directors and number of meetings held</li> <li>• TOR of board</li> <li>• Number of independent Board Directors</li> <li>• Name &amp; Number of board committees and number of meetings held</li> <li>• Number of board decisions that have been implemented</li> </ul>		4	4	0.16
3	Transparency and Disclosure: <ul style="list-style-type: none"> <li>• Board of directors and Senior managers name and biographies</li> <li>• Audited financial statement</li> <li>• Citizen charter</li> <li>• APA</li> <li>• Code of conduct</li> </ul>		4	4	0.16
4	Control Environment and Process: <ul style="list-style-type: none"> <li>• Entity's internal control systems for different departments</li> <li>• Internal audit procedure and reporting authority</li> <li>• Entity's computer-based management information system (database)</li> <li>• Any authority of the board to mitigate the entity's emergency situation</li> <li>• Measures taken for safe working environment in the entity's premises</li> </ul>		4	3	0.12
5	Performance against the key Indicators of APA: <ul style="list-style-type: none"> <li>• Total Performance score achieved on APA</li> </ul>		4	3	0.12
	<b>Sub Total</b>				<b>0.72</b>
	<b>Grand Total (A+B+C+D)</b>	<b>100</b>	<b>100</b>		<b>2.10</b>

## 7. Interpretation of Results

As per Independent Performance Evaluation (IPE) Khulna Water Supply and Sewerage Authority Scored 2.10 out of 4.00 in the year 2022-23.

**7. (A)** The performance of KWASA is graded “Excellent” in the following areas:

- Service Delivery
- Board Practices
- Other Growth
- Transparency and Disclosure
- Corporate Governance
- Service Revenue Growth
- Social Contribution
- Efficiency of Project Implementation
- Effective Implementation of Public Policy

The performance of KRWASA is graded “Very Good” in the following areas:

- Control Environment and Process
- Annual Performance Agreement (APA)
- Inventory Turnover
- Labour Productivity
- Entity Strategic Plan

The performance of KWASA is graded “Fair” in the following areas:

- Capital Productivity
- Assets Turnover
- Capital Budget Utilization

The performance of KWASA is graded “Under Performing” in the following areas:

- Return on Equity
- Return on Assets
- Debt to Assets
- Net Income Growth
- Return on Service Revenue
- Net Worth Growth
- Current Ratio
- Debt to Equity
- Accounts Receivable Period



#### **7. (B) Other important aspects of Performance during FY 2022-23:**

- KWASA has incurred operating loss of Tk.844.59 million which includes TK.138.60 million Government grant against street Hydrant & HTW.
- The entity incurred net loss (after tax) of Tk.3,273.04 million.
- KWASA Current Ratio (Times) 0.11 which indicates entity is not in a position to meet its current liabilities in due period.
- Entity's Debt Equity Ratio (Times) is shows negative that indicates high leverage which poses a fiscal risk to GOB.

#### **8. Findings from the Audit Report 2022-2023**

Finding from the KWASA Audit Report 2022-23 are given below:

- i. In audit report 2022-23 the entity did not provide aging of accounts receivable Tk124.61 million.
- ii. Entity's yearly financial expenses on long term loan stand Tk 2,459.98 million which occupied 67.29% of total expenditure. Authority did not provide interest calculation statement in their audit report.
- iii. During FY 2022-23 the authority incurred net loss of Tk 3,273.04 million but no explanation provided in the report in this regard.

#### **9. Recommendation for Performance Based Incentives**

Khulna Water Supply and Sewerage Authority has obtained a weighted score 2.10 out of a scale 4.00 and is graded "Good". Therefore, IPEC recommended non-financial incentive for the employees of KWASA. Also, a certificate from Finance Division may be awarded to KWASA for being graded "Good" in IPE for the FY 2022-23.

## 10. Recommendations for Improvements:

To enhance the performance and efficiency of KWASA, the following recommendations are proposed based on findings from the IPE:

1. **Increase Surface Water Treatment Plants:** KWASA should prioritize plans to construct additional surface water treatment plants instead of relying on deep tube wells for water sourcing.
2. **Develop a Centralized Sewerage Treatment System:** A long-term plan should be initiated to establish a centralized sewerage treatment plant to improve the sewerage system within the Khulna City Corporation area.
3. **Reduce Water Supply System Loss:** KWASA should adopt practical and effective measures to minimize water supply system losses, aiming to bring them within an acceptable range.
4. **Expand Pipeline and Network Coverage:** The organization should plan to install additional pipelines to expand its water supply network. This will increase service coverage, attract more customers, and boost revenue generation.
5. **Implement ERP Software for Operational Efficiency:** KWASA should expedite the completion and implementation of Enterprise Resource Planning (ERP) software to streamline operational activities and improve efficiency.
6. **Enhance Financial Reporting and Compliance:** KWASA's financial statements should be prepared in compliance with applicable International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) to improve financial discipline, transparency, and reporting quality.

## 11. Conclusion

Based on Audited Financial Statements, data and documents of Khulna Water Supply and Sewerage Authority (KWASA), Independent Performance Evaluation (IPE) report has been prepared for FY 2022-23. In the report it is found that KWASA's financial performance is deteriorating as because the entity is incurring loss every year. So, to improve the overall performance and financial position of KWASA's water supply network should be extended and sewerage system development project is to be completed within timeline that will helps KWASA to increase its revenue income and earned profit. Besides the entry should comply the relevant IAS/IFRS in preparing their accounts for fair presentation of AFS.

## Financial &amp; Other Information

Amount in BDT

Serial No	Statement of Financial Position (Balance Sheet)	Evaluate Fiscal Year	Previous Fiscal Year
		2022-23	2021-22
1	Current Assets:		
	i. Inventories		
	• Material	16,972,968	18,357,748
	• Accessories/ Supplies		
	• Others (including spare parts)		
	ii. Receivable:		
	• Trade	124,612,178	107,157,766
	• Others		
	iii. Cash and Cash Equivalent including FDR	778,945,972	669,856,532
	iv. Others Current Assets	28,376,208	21,521,808
2	Total Current Assets (i+ii+iii+iv)	948,907,326	816,893,854
3	Total Non-Current Assets		
	• Property, Plant & Equipment (PPE)	22,153,660,209	23,092,863,164
	• Capital Work in Progress		
	• Other Non- Current Assets		
4	Total Assets (2+3)	23,102,567,535	23,909,757,018
5	Current Liabilities:		
	i. Payables:		
	• Trade		
	• Others	8,662,345	3,661,220
	ii. Other Current Liabilities	8,743,840,546	5,027,681,733
6	Total Current Liabilities (i+ii)	8,752,502,891	5,031,342,953
7	Non-Current Liabilities:		
	i. Long Term Loans/Debts	17,212,701,890	18,468,012,295
	ii. Deferred Liabilities		
	iii. Other Non-Current Liabilities		
8	Total Non-Current Liabilities (i+ii+iii)	17,212,701,890	18,468,012,295
9	Total Liabilities (6+8)	25,965,204,781	23,499,355,248
10	Equity:		
	i. Share Capital		
	ii. Capital Fund	6,771,356,841	6,771,356,841
	iii. Donation from GOB		
	iv. Funds & Other Reserves		
	v. Revaluation Reserve		
	vi. Retained Earnings/(Loss)	(9,633,994,087)	(6,360,955,071)
11	Total Equity (i+ii+iii+iv+v)	(2,862,637,246)	410,401,770
12	Total Equity and Liabilities (9+11)	23,102,567,535	23,909,757,018

Serial No	Statement of Profit or Loss and Other Comprehensive Income (Income Statement)	2022-23		2021-22	
		Amount	Percentage	Amount	Percentage
13	Net Sales Revenue	212,526,209	60.53%	138,383,516	46.38%
	Add, GOB grant against Street Hydrant & HTW	138,599,000	39.47%	160,000,000	53.62%
	Total Sales Revenue	351,125,209	100.00%	298,383,516	100.00%
14	Less: Cost of Services	1,193,130,674	339.80%	1,202,720,117	403.08%
15	Gross Profit/(Loss) (13-14)	(842,005,465)	(239.80%)	(904,336,601)	(303.08%)
16	Less: Operating Expenses:				
	i. Administrative Expenses	2,583,987	0.74%	2,246,937	0.75%
	ii. Marketing Expenses				
17	Total Operating Expenses (i+ii)	2,583,987	0.74%	2,246,937	0.75%
18	Operating Profit/(Loss) (15-17)	(844,589,452)	(240.54%)	(906,583,538)	(303.83%)
19	Add: Non-Operating Income	31,526,123		19,709,943	
20	Less: WPPF Contribution				
21	Less: Financial Expenses	2,459,975,687		1,962,224,680	
22	Net Profit/(Loss) before Tax (18+19 – 20-21)	(3,273,039,016)		(2,849,098,275)	
23	Less: Provision for Tax				
	i. Current tax				
	ii. Deferred tax				
24	Net Profit/(Loss) After Tax (22-23)	(3,273,039,016)		(2,849,098,275)	

Serial No	Other Information	Evaluate Fiscal Year	Previous Fiscal Year
		2022-23	2021-22
25	Credit Sales	201,849,922	131,946,078
26	Credit Purchases		
27	Capital Budget Allocation	5,670,000	4,500,000
28	Actual Capital Expenditure	3,787,000	5,622,000
29	Dividend Payable		
30	Dividend Paid		
31	Taxes Payable		
32	Taxes Paid		
33	Debt Service Liabilities (DSL) Payable		
34	Debt Service Liabilities (DSL) Paid		
35	Fees, Fine and Charges Payable		
36	Fees, Fine and Charges Paid		
37	New Government Investment:		
	• Equity		
	• Debts/Loan		
38	Total Government Fund Transferred to SOE/AB under the following heads:		
	• Operating Grant	138,599,000	160,000,000
	• Subsidies		
	• Other Transfer (Specify)		
39	Operating Cash Surplus/(Deficit)	(2,347,879,646)	(1,883,960,094)
40	Added Value	242,740,574	210,574,675
41	Employee's cost includes wages, salaries, bonus, provident fund contribution and other allowances		
42	Capacity Utilization (%)		
43	Input use Efficiency (%)		
44	Number of Employees (Nos)	275	275
45	Performance score achieved on APA	95.00 (pro.)	95.92%

<b>A</b>	<b>Enterprise Information and Legal Framework</b>	
2	Sector	Water and Sanitation
3	Name of Entity	Khulna Water Supply & Sewerage Authority
4	Number of Subsidiaries	N/A
5	Number of Branches	N/A
6	Website	<a href="http://www.kwasa.gov.bd">www.kwasa.gov.bd</a>
7	Email Address	mdkwasa@yahoo.com,kwasa020308@gmail.com
8	Year of Incorporation	2008
9	Governing Law	Water Supply and Sewerage Authority Act,1996
10	Other relevant Governing Laws & Regulations	Khulna Water Supply & Sewerage Authority Job Probidhanmala, 2014.
11	Incorporation Structure	Autonomous Body
12	Listed in the Stock Exchange	N/A
<b>B</b>	<b>Ownership and Shareholder Protection</b>	
14	Administrative Ministry	Local Government Division, Ministry of Local Government, Rural Development and Cooperatives
15	Structure of Organization	Organogram Attached
<b>C</b>	<b>Strategy and Governance Information</b>	
17	Board of Directors (Number disaggregated by gender and profile)	Total Number 13,out of which 01 (one) Female.(As on FY 2023-2024)
18	Qualification of Board Members	Water Supply and Sewerage Authority Act,1996(Article:6(1))
19	Number of Independent Director	N/A
20	Chairman to be Independent of CEO	Yes
21	Board Committees	
22	Number of Board Meetings held	5
23	Board Sitting Fees	Water Supply and Sewerage Authority Act,1996(Article:13)
24	Executive Management	Managing Director
25	Selection process of Board Members	Water Supply and Sewerage Authority Act,1996(Article:6(3)(4))
26	Strategic Plan/Public Policy Goal (copy required)	N/A
27	Innovative work (Description)	Smart Meter Reading Apps.systems have been introduced replacing the manual method.
28	Project Completion Rate: Actual Achievement /Target	ADP Progress 2022-2023 100%
<b>D</b>	<b>Ownership Structure</b>	

30	Govt. Shareholding	N/A
31	Private Shareholding	N/A
32	Others	N/A
<b>E</b>	<b>Fiscal and Financial Discipline</b>	
34	Who are the Primary Lenders to the Enterprise	GOB,ADB,JICA
<b>F</b>	<b>Controls, Transparency and Disclosure</b>	
36	Latest Audited Financial Statement	30.06.2023
37	Audited by	A.Matin & Co.
38	Risk Assessment Report	N/A
39	Internal Control	Internal Audit Cell
40	Timely public disclosure of financial statements	Yes Financial year wise
41	Measures for safe working Environment/Process (Description)	N/A
<b>G</b>	<b>Human Resources</b>	
43	Number of employees	275 as on 30.06.2023
44	Number of New Job Creation (Regular, Internship, etc.)	N/A
<b>H</b>	<b>Employee and Social Welfare</b>	
46	CSR, WPPF, Provident Fund, Gratuity Fund etc.	N/A

**Note: Above mentioned non-financial information to be provided for IPE.**