
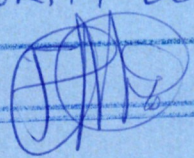


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 29 OCT 2019	DAY: TUESDAY
TABLED BY: MAJORITY LEADER	
CLERK OF THE TABLE:	

**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE FINANCIAL STATEMENTS OF  
NORTHERN WATER SERVICES BOARD**

**FOR THE YEAR ENDED  
30 JUNE 2018**





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**NORTHERN WATER SERVICES BOARD**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED  
JUNE 30, 2018**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Public Sector Accounting Standards (IPSAS)**



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

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**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**I. KEY ENTITY INFORMATION AND MANAGEMENT**

**(a) Background information**

The Northern Water Services Board was formed on 12<sup>th</sup> March 2004 as a State Corporation under the State Corporations Act and the Water Act 2002.

Northern Water Services Board is established under the State Corporations and Water Act 2002. The board fully appreciates its responsibilities in meeting its strategic objectives and mandate. In order to meet these objectives the board is striving to ensure it embraces good corporate governance and this has had positive impact on the board's performance.

**(b) Principal Activities**

The principal activities of the board are the provision of water and sanitation services in its area of jurisdiction as per the Water Act 2002.

**(c) Key Management**

The Board's day-to-day management is under the Chief Executive Officer with the assistance of other departmental heads

**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2018 and who had direct fiduciary responsibility were:

S/No.	Designation	Name
1.	Chief executive Officer	Abdikadir Noor osman
2.	Technical Services Manager	Dionisius Njiru Shem Nderi
3.	Finance & Administration Manager	Robert K. Mutai
4.	Human Resources Manager	Miss Arfon Osman Diriye

**(e) Fiduciary Oversight Arrangements**

**Board Committees**

The Board of Directors managed to meet four times during the period under review. In order to enhance good corporate governance three board committees were put in place as follows:

1. Finance and Human Resources Committee, chaired by Mr. Elyas sheikh Abdinoor
2. Technical Committee, chaired by Mrs. Aatifa Essa
3. Audit and Risk Committee, chaired by Mr. Abdihakim Gabow

The above committees meet on quarterly basis and deliberate on issues as defined in their Terms of Reference and make necessary recommendations to the Board on all issues delegated to them.



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**Board Meetings**

The board has four scheduled meetings per year and meets as necessary to deliberate on specific or urgent matters. In the financial year 2017/18 the board met three times.

**(f) Northern Water Services Board Headquarters**

Northern Water Services Board  
Maji House Kismayu Road  
P O Box 495- 70100  
Garissa, Kenya

**(g) Northern Water Services Board Contacts**

Telephone: (254) 046-2103598  
Fax: (254)046-2103197  
E-mail: [northernwsb@yahoo.com](mailto:northernwsb@yahoo.com), [info@nwsb.go.ke](mailto:info@nwsb.go.ke)  
Website: [www.nwsb.go.ke](http://www.nwsb.go.ke)

**(h) Northern Water Services Board Headquarters Bankers**

Kenya Commercial Bank Limited  
Garissa Branch  
P O Box 143-70100  
Garissa, Kenya

**(i) Independent Auditors**

Auditor General  
Kenya National Audit Office  
Anniversary Towers, University Way  
P.O. Box 30084-00100  
Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112-00200  
Nairobi, Kenya



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**II. THE BOARD OF DIRECTORS**

Name and key profession/academic qualifications	Responsibility and key qualification
 <p style="text-align: center;">Ali Abdi Baricha</p>	<p>Mr. Ali Abdi Baricha is the current Chairman of the Board who has a lot of experience dealing with community leadership in the arid region of North - Eastern part of Kenya. Having served the organization previously as a Board member, he has a lot of organization's history which has helped in steering it to optimal strategic progress. He has also been involved in a lot of community mobilization for development projects in the vast Northern region which has impacted positively in project ownership and sustainability. He has been the Board's focal person in our collaboration with the county governments within our region and other development partners. He has a wealth of experience in business management after having managed large business enterprises of his own.</p>
 <p style="text-align: center;">M/s. Aatifa Essa</p>	<p>M/s Aatifa Essa is the chairperson of the technical committee of the Board. She holds a Bachelor of Science in Chemical Engineering from the university of Nottingham, UK. She is a chemical engineer turned entrepreneur with experience in project management and process engineering in the food, education and petroleum engineering sectors. She is highly skilled in evaluations and implementations of projects and processes, quality control, cost control and team leadership. She is highly focussed with consistent track record of successfully delivering full lifecycle implementations to tight time scales and within budget.</p>
 <p style="text-align: center;">M/s Leah Njeri</p>	<p>Leah Njeri joined the Board with a wealth of experience having worked in various international organizations in various capacities. She currently works as a country coordinator for a project, procurement governance for Home grown School Feeding programme which is supporting the Ministry of Education in strengthening school feeding programme in Kenya. She has demonstrated practical expertise in strategic partnerships, project management, governance &amp; accountability, change management, gender mainstreaming and capacity building, among other experiences. She is qualified with a Bachelors of Arts in Anthropology &amp; Sociology and also a Master's of Science in Public Policy &amp; Administration</p>



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**THE BOARD OF DIRECTORS (Continued)**

 <p>M/s Abdia Sheikh Hassan</p>	<p>Abdiya Sheikh Hassan being a successful Business Lady and community mobilizer has brought a lot of potential in project cycle management. She has assisted the Board to conceptualize projects and bring it to its logical success with a lot of community participation. She is one of the ladies looked upon by the community having broken the stigma of women leadership within the vast Somali community in North-Eastern region of Kenya.</p>
 <p>Mr. David Timado</p>	<p>Mr. David Timado has over 20 years experience in top advisory body to the government of Kenya, Holistic Election Management (as a voter, official, consultant &amp; strategist); Research, Teaching ,Financial services Management and Humanitarian Services Delivery Management. He is Chairman of the Board's Finance &amp; Human Resources Committee. He holds a Master of Arts in Economics.</p>
 <p>Mr. Abdihakim G. Gabow</p>	<p>Mr. Abdihakim Guhad Gabow has worked in the County Lands Management Board (CLMB) Wajir County under the National Lands Commission. He has also worked in many capacities within the medical health profession. Besides that, he has also worked in multinational organizations (OXFAM &amp; Medicins Sans Frontiers, Islamic call foundation) in different capacities. He holds a Bachelor of Science in Environmental Health. He is the current chairman of the Audit and Risk Committee.</p>
 <p>Mr. Joshua Korinyang</p>	<p>Mr. Joshua Tulwo Korinyang has been a grass root community leader for many years. He has vast experience in brokering peace among the pastoralist community. He has managed to bring them to the new and modern methods of living, basically on agricultural farming and business management. He is qualified with a Bachelor of Education &amp; Counselling and a Master in Education, Planning, and Management &amp; Administration.</p>
 <p>Mr. Elyas sheikh Abdinoor</p>	<p>Mr. Elyas Sheikh Abdinoor is a successful entrepreneur with a lot of experience managing various personal enterprises. He is also charged with managing constituency affairs in Wajir county. He has also served in many capacities within the medical health profession besides working in multinational organizations in different capacities. He holds a Bachelors of Science in Nutrition.</p>







**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**  
**THE BOARD OF DIRECTORS (Continued)**

	<p>Mr. Osman .H.Mohamed is a Representative of State corporation Advisory Committee in the Board. He has a wide experience in the field of Finance and Auditing. He has grown through various positions in the civil service where he has gained over 28 years of professional experience. He holds a Bachelors of Commerce and is a CPA (K) holder. He is also a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK)</p>
	<p>Eng. Samwel Aluoch Otieno Alima is the Board's Representative of Ministry of Water &amp; Irrigation. He has over 20 years' experience in the Water Sector and is currently overseeing 6 divisions namely; - Operations and Coordination, Planning and Design, Water, Sewerage and Sanitation Development Programmes, Mechanical and Electrical Division, and Emergency Water and Environment Sanitation Coordination division under State Department for Water Services.</p> <p>He holds Bachelor of Science degree in Civil Engineering, Master of Business Administration specialized in Operation Management and also Master of Science in Civil Engineering in the area of Environmental Health Engineering, all from the University of Nairobi.</p> <p>He is a registered Engineer with Engineers Board of Kenya and Corporate member of the Institution of Engineers of Kenya. He has served as project engineer, District Water Engineer, Provincial Water Engineer, Assistant resident Engineer and Resident Engineer. He has experience working in Kenya, East Africa including South Sudan.</p> <p>He has also attended several courses, seminars, workshops and training locally and internationally.</p>
	<p>Mr. Abdikadir Noor Osman is the Chief executive officer. Mr. Osman has over 20 years in Financial management and organizational development. He has worked in blue chip companies such as Standard Chartered bank, Nation Media Group and Kenya Institute of management before joining the Water Sector in 2005. He joined the Board as Finance &amp; Administration Manager before his appointment as the Chief executive officer in 2013.</p> <p>He holds Bachelors of Commerce and masters of Business Administration from the University of Nairobi and USIU –Africa respectively. He also holds post-graduate diploma in project management from Kenya Institute of management and CPA qualifications. He has also attended several courses, workshops, seminars and trainings both locally and internationally.</p>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**III. MANAGEMENT TEAM**

DETAILS	AREA OF RESPONSIBILITY
 Abdikadir N. Osman Bcom, MBA Strategic Management	<p>Mr. Abdikadir Noor Osman is the Chief executive officer. Mr. Osman has over 20 years in Financial management and organizational development. He has worked in blue chip companies such as Standard Chartered bank, Nation Media Group and Kenya Institute of management before joining the Water Sector in 2005. He joined the Board as Finance &amp; Administration Manager before his appointment as the Chief executive officer in 2013. He holds Bachelors of Commerce and masters of Business Administration from the University of Nairobi and USIU –Africa respectively. He also holds post-graduate diploma in project management from Kenya Institute of management and CPA qualifications. He has also attended several courses, workshops, seminars and trainings both locally and internationally.</p>
 Eng. Dionisius N. Shem Nderi Bsc. Civil Engineering MIEK, R.Eng.	<p>Eng. Dionisius Njiru Nderi has over 30 years experience in the Water Sector. He is currently the Technical Services Manager of Northern Water Services Board overseeing the Technical Services namely: Planning and Design, Implementation of Water and Sewerage Developments and emergency Coordination.</p> <p>He holds Bachelor of Science Degree in Civil Engineering from University of Nairobi. He is a registered with Engineers Board of Kenya and a Corporate member of the Institution of Engineers of Kenya. He has previously served as a Project Manager, District Water Engineer and Provincial Development Engineer in various parts of the country.</p> <p>He has attended various courses, seminars, workshops and training locally and internationally. He has participated in development of various policy and project documents.</p>
 Robert K. Mutai BBA, MA(Project Planning & Management), CPA(K)	<p>Mr. Robert K. Mutai has over 12 years experience in public finance management. He is currently the institution’s Finance &amp; Administration Manager. Before joining the Board, he has worked in various capacities in the National Water Conservation and Pipeline Corporation. He holds a Bachelors of Business Administration and a Masters of Arts in Project Planning and Management. He is a CPA (K) holder and is also a registered member of the Institute of Certified Public Accountants of Kenya (ICPAK). He has also attended several courses, workshops, seminars and trainings.</p>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**IV. CHAIRMAN'S STATEMENT**

I am glad to present this Annual Report and Financial Statements of Northern Water Services Board (NWSB) for the financial year 2017/2018. On behalf of the Board of Directors, I wish to take this opportunity to commend and acknowledge the tireless efforts exhibited by the entire Northern Water Services Board's staff in ensuring that we achieve our mandate in providing water and sanitation services within our area of jurisdiction.

The board had implemented a number of development projects key among them Equalization funded projects, donor funded projects like Garissa Sewerage projects and Isiolo Water and Sanitation projects. We also completed a number of water pans and boreholes across the board's region and am happy to report that the board is making a great impact to the lives of the communities in the region. As a board we are fully aware of the big 4 Agenda and since water is a key enabler in the big 4 Agenda, we are fully committed by aligning our projects towards its attainment

I assure you of the Board's commitment towards improving service provision in all areas within our jurisdiction and also provide the necessary support to the management to ensure that the objectives of board is achieved successfully.

I also appreciate the Ministry of Water and Irrigation, The National Treasury and Planning, Development partners, Regulatory authorities and all other stakeholders for their guidance, continued support and co-operation. Let me say thank you once again to, all members of staff, my fellow board of directors, the staff of the water service providers and all other stakeholders whom I have not mentioned. It is my sincere belief and hope that we will achieve better performance in the coming financial year.

**Mr. Shaaban Ali Isaack**  
**Chairman**

Date 20/06/2019



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

**Statement of the Chief Executive Officer**

During the 2017/2018 financial year, the Board experienced a reduction in budgetary allocation and delay in exchequer releases. Despite all that, the Board made remarkable improvement in project implementation and collaboration with our development partners. We ensured that most projects were completed in time and a good number of ongoing ones are at remarkable progress.

**Water and Sanitation Facilities Developments**

During the financial year 2017-2018 the board undertook many infrastructure projects. The projects were funded directly from the ministry through annual grants for rural, urban and sewerage facilities and donor funds.

**Donor Projects**

The board had several donor projects which are at different levels of implementation. These are as listed below:

**A) BADEA/OPEC PROGRAM**

**1. Garissa Sewerage Project**

The Garissa sewerage project is expected to serve a population of over 120,000 persons within Garissa and its environs. The phase I project commenced in June 2009 and is 100% complete. The phase II of the project which involves extension of sewer lines, secondary lines and property connections commenced from 25% to 50% in 2017. Once complete the project is expected to improve the sanitation coverage of Garissa town. The project is currently 75% complete and is expected to be completed by the end of December 2018

The following has been undertaken:-

- i) Laying of 0.7 Km trunk mains
- ii) Laying of 5Km Secondary lines
- iii) 70 No. Manholes Constructed
- iv) Force main tested and treatment works operationalized
- v) Consumers/households have been connected to the new system. This includes a number of public institutions such as Garissa University. The entities sewer is flowing to the new treatment works



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**B) AFRICAN DEVELOPMENT BANK (ADB)**

**1. Rehabilitation of Isiolo Water Project**

This project is funded by African Development Bank and the Government of Kenya. The project includes construction of raising mains, water storage tanks, distribution lines and treatment works. The project also involves the construction of sewerage treatment works and sewer lines and also institutional support to the board and water service providers. The project is fully complete and operational.

**2. Construction of Marsabit Water and sewerage projects**

The following has been undertaken:-

- i) review of design complete, and approved by African Development Bank (ADB)
- ii) the process of procuring a contractor is complete and the work is expected to commence on 4<sup>th</sup> October 2018
- iii) the cost of the project is estimated to be 1.9 billion and the project will serve a population of 50,000 people
- iv) The project is funded by ADB through Tana Water Services Board as per the MWI arrangement.

**3. Construction of Mandera Water and sewerage Project**

The following has been undertaken:-

- i) Review of design complete, and approved by African Development Bank (ADB)
- ii) the process of procuring a contractor is complete and the work is expected to commence on 4<sup>th</sup> October 2018
- iii) the cost of the project is estimated to be 2.4 billion and the project will serve a population of 50,000 people
- iv) The project is funded by ADB through Tana Water Services Board as per the MWI arrangement.



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**C) WASSIP Drought Mitigation Program**

The board received Kshs. 900m for drought mitigation under the WASSIP additional funding program of World Bank. This program is implemented in collaboration with water services board.

**1. Kinna Water Supply Project**

The construction of Kinna water supply project is funded by WASSIP at a cost of 50m. The project commenced on March 2017 but there project temporarily suspended for about 6 month because of delays in Environmental social impact assessment report. The project entails construction of 50m<sup>3</sup> elevated steel tanks and 100m<sup>3</sup> elevated steel tanks, 6km pipeline rising main and distribution, solar and other electromechanical works, 4no new water kiosks and 4no repair of water kiosks.

**2. Wassip Programme**

The board received about Ksh. 900million through the Coast Water Services Board (CWSB) under the World Bank drought emergency programme. The funds are for design of Bute dam, drilling of 10no.boreholes, supply of 278no.plastic tanks for water harvesting and Rehabilitation of water supplies. The design for bute dam, is complete. The drilling and equipping of 10No boreholes is complete. All the plastic tanks have been delivered and installed.

**3. Construction of Moyale water project**

The project started in January 2016 and is 100% complete. The project cost is about Ksh. 50m and involved the drilling of borehole, rehabilitation of houses, pipelines and storage tanks for Moyale water supply.

**4. Construction of Masalani water Project**

The project started in January 2016 and is 75% complete. The project cost is about Ksh. 80m and involves the construction of pump house, distribution pipelines for Masalani water supply.

**5. Construction of Rumuruti water Project**

The project started in January 2016 and is 100% complete. The project cost is about Ksh. 50m and involves the construction of pump house, composite filtration unit distribution pipelines for Rumuruti town water supply.

The board also constructed various small projects of borehole drilling and construction of water pans. I take this opportunity to thank the Ministry of Water and irrigation and other development partners for their tireless support during the year under review. I also call upon the management team and members of staff of both the board and water service providers to double their efforts in order to achieve the objective of provision of water and sanitation services.



**NORTHERN WATER SERVICES BOARD**  
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**2. Government of Kenya funded projects**

The board is undertaking various projects in rural and urban areas through funding from the GOK in different counties. This is both storage infrastructure and pipeline

**1. Construction of Dams**

The following has been undertaken:-

- i) Construction of Yamo Dam- the works have started but delayed due to moratorium from the forest department
- ii) Expansion of Lchoro Lerai Dam-contractor's camp has been constructed.
- iii) Rehabilitation of Lesepe Dam –the community have stopped the contractor from accessing the site
- iv) Construction of Wamba Dam- contractor's camp ready, access road has been completed

**2. Construction of water Pans (96% done)**

The following water pans are complete and have impounded water:-

- |                          |                  |
|--------------------------|------------------|
| i) Gurdis Water Pan      | - Mandera County |
| ii) Sukela Dima          | - Mandera County |
| iii) Abagaille Dam       | - Garissa County |
| iv) DanyoWasin 2No       | - Samburu County |
| v) Ngoroni Water Pan     | - Samburu County |
| vi) Dela Pan             | - Wajir County   |
| vii) Tito pan            | - Wajir County   |
| viii) Beladwein Pan      | - Wajir County   |
| ix) Mathalibah Water Pan | - Wajir County   |



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**3. Construction of small water supplies**

The following water supplies are at different stages of implementation as indicated below:-

- i) Moyale Water Supply -68%
- ii) Borole Rock Catchment -50%
- iii) Kubi Qallo water project -65%
- iv) Modogashe Water Supply Project -30%
- v) Bulla Dansa and Bulla Jilo-85%
- vi) Alamachi Water Supply -84%
- vii) Mwangaza Water Supply -80%
- viii) Manyatta Ginda -80%
- ix) Baisilinga ater Supply -90%
- x) Muriti Water Supply -30%
- xi) Laililaili Water Project-55%
- xii) Baaawa Water Project-83%
- xiii) Tarbaj Water Supply-88%
- xiv) Eldas Water Supply -58%
- xv) Kursin Water Supply -54%
- xvi) Wajir Bor -85%
- xvii) Adan Awalle-60%





**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

6. Future outlook

As indicated in the financial statements for the year 2017/2018, the Board's performance slightly decline from Kshs. 7,330,426 to Kshs. 5,768,659 in the 2016/2017 F/Y and 2017/2018 F/Y respectively. This is because of increase in motor vehicle maintenance costs due to additional projects like equalization funded projects which are spread across the region

The Board will try to improve on the future performance through further austerity measures such as reduced travelling costs and vehicles operation and maintenance costs.

**Abdikadir Noor Osman, HSC  
Chief Executive Officer**

Date 20/6/2019

**CHIEF EXECUTIVE OFFICER  
NORTHERN WATER SERVICES BOARD  
P. O. Box 495 - 70100  
GARISSA, KENYA**



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**I. CORPORATE GOVERNANCE STATEMENT**

The Northern Water Services Board is established under the State Corporations and Water Act 2002. The board fully appreciates its responsibilities in meeting its strategic objectives and mandate. In order to meet these objectives the board is striving to ensure it embraces good corporate governance and this has had positive impact on the board's performance.

**II. CORPORATE SOCIAL RESPONSIBILITY STATEMENT**

The Board contributed towards the national Tree planting and the staffs were mobilized and over 300 tree seedlings were planted that day. The expense towards that exercise was Ksh 44,000. One officer was also tasked to ensure that the seedlings are watered frequently

In addition to above, the Board has given the necessary support to disadvantaged members of communities in having access to water through pro-poor programmes and also provide support to those affected by floods during the heavy rains.



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**III. REPORT OF THE DIRECTORS**

**Report of the Directors**

The directors submit their report together with the audited financial statements for the year ended 30 June 2018, which disclose the state of affairs of the board.

**Incorporation**

The Northern Water Services Board was formed on 12<sup>th</sup> March 2004 as a State Corporation under the Water Act 2002. The address of the registered office is as set out on page 1.

<b>Results</b>	<b>2017/2018</b>	<b>2016/2017</b>
	Kshs	Kshs
Surplus/(Deficit) before tax	5,768,659	7,330,426
Income tax	Nil	Nil

**Principal Activities**

The principal activities of the board are the provision of water and sanitation services in its area of jurisdiction as per the Water Act 2002.

**Directors**

The directors who held office during the year and to the date of this report are listed on pages iv to vi above

**Auditors**

Being a statutory corporation, the financial statements are being audited by the Auditor General (OAG) under section 35 of the Public Audit Act 2015.

By order of the Board

Secretary/Chief Executive Officer  
Abdikadir N. Osman

Date 20/6/2019

**CHIEF EXECUTIVE OFFICER**  
**NORTHERN WATER SERVICES BOARD**  
P. O. Box 495 - 70100  
GARISSA, KENYA



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**IV. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statements in respect of Northern water Services Board, which give a true and fair view of the state of affairs of the Board at the end of the financial year and the operating results of Northern water Services Board for that year. The Directors are also required to ensure that management keeps proper accounting records which disclose with reasonable accuracy the financial position of the Board. The Directors are also responsible for safeguarding the assets of the Board.

The Directors are responsible for the preparation and presentation of the Board's financial statements, which give a true and fair view of the state of affairs of the Board for the financial year ending on June 30, 2018. This responsibility includes:

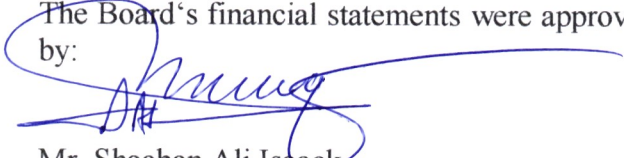
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) safeguarding the assets of the Board;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Board's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act and the State Corporations Act. The Directors are of the opinion that the Board's financial statements give a true and fair view of the state of the Board's transactions during the financial year ended 30 June 2018, and of the Board's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Board, which have been relied upon in the preparation of the Board's financial statements as well as the adequacy of the systems of internal financial control.

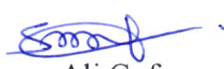
Nothing has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Board's financial statements were approved by the Board's management and signed on its behalf by:

  
Mr. Shaaban Ali Isaack  
Chairman

Date 20/06/2019

  
Mr. Suleyman Ali Gufu  
Finance Committee Chair

Date 20/06/2019

# REPUBLIC OF KENYA

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NAIROBI

## OFFICE OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL ON NORTHERN WATER SERVICES BOARD FOR THE YEAR ENDED 30 JUNE 2018

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#### Qualified Opinion

I have audited the accompanying financial statements of Northern Water Services Board set out on pages 1 to 18, which comprise the statement of financial position as at 30 June 2018 and the statement of performance, statement of change in net assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Northern Water Services Board as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Water Act, 2002.

#### Basis for Qualified Opinion

##### 1. Receivables from Non-Exchange Transactions

The receivables from non-exchange transactions balance of Kshs.23,880,969 as at 30 June 2018 relates to revenue receivables from the Water Service Providers which remained outstanding for more than two years. Consequently, it has not been possible to confirm that the receivables from non-exchange transactions balance of Kshs.23,880,969 as at 30 June 2018 is fairly stated.

##### 2. Cash and Cash Equivalents

###### 2.1 Outstanding Temporary Imprest

Included in the cash and cash equivalents balance of Kshs.733,797,520 under note 15 to the financial statements is Kshs.4,234,308 in respect of cash in hand out of which Kshs.1,200,000 related to unsurrendered temporary imprest which ought to have been surrendered on or before 30 June 2018. This is contrary to Section 152 of the Public Finance Management Act, 2012 which required temporary imprest to be accounted for

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*Report of the Auditor-General on the Financial Statements of Northern Water Services Board for the year ended 30 June 2018.*

within a week after the return to duty stations. Further, there was no schedule indicating the names of the imprest holders, date issued and date to be surrendered. No proper explanation was given why the imprest remained outstanding and had not been surrendered within the statutory deadline.

Consequently, the authenticity of unaccounted for temporary imprest of Kshs.1,200,000 as at 30 June 2018 could not be confirmed.

## **2.2 Bank Reconciliation Statement**

A review of the bank reconciliation statement for recurrent and development accounts for the month of June 2018 revealed the following;

### **2.2.1 Recurrent Account**

#### **(i) Unpresented Cheques**

Included in the balance of Kshs.1,512,451 in respect of payments in cash book not yet recorded in the bank statement (unpresented cheques) are stale cheques amounting to Kshs.10,775. The cheques were paid to National Council for People with Disabilities and Telkom Kenya limited. However, the cheques dated back to 2017 and continued reflecting as unpresented cheques yet they have yet to be reversed to the cash book. In view of the foregoing, the amount of stale cheques of Kshs.10,775 as at 30 June 2018 could not be accounted for.

#### **(ii) Payment in Bank Statement not in Cash Book**

Included in the payments in bank statement not in cash book is an amount of Kshs.40,282 paid to KRA as VAT collections which was debited twice in the bank. The transactions dated back to 2017 and continued reflecting in the bank reconciliation statement. No reason was given why the transactions had not been reversed and cleared.

### **2.2.2 Development Account**

#### **(i) Unpresented Cheques**

Included in the balance of Kshs.587,505 in respect of payments in cash book not yet recorded in the bank statement (unpresented cheques) are stale cheques amounting to Kshs.202,503. The cheques which were paid to commissioner of VAT dated back to 2015, but continued reflecting as unpresented cheques. No proper explanation was given why the cheques were not cleared and cash book updated.

#### **(ii) Payment in Bank Statement not in Cash Book**

Included in the payments in bank statement not in cash book is an amount of Kshs.118,394.70 paid to Commissioner of VAT. The transactions dated back to 2015

and continued reflecting in the bank reconciliation statement. No reason was given why the transactions had not been reversed and cash book not updated. Consequently, it has not been possible to confirm the accuracy of the cash and cash equivalents balance of Kshs.733,797,530 as at 30 June 2018.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

#### **Conclusion**

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Qualified Opinion section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

#### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and governance

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and Those Charged with Governance**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to liquidate the Board or to cease operations, or have no realistic alternative but to do so.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Board's financial reporting process, reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Board policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

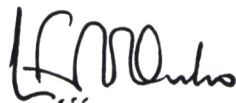
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the

audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Board to cease to continue as a going concern or to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Board to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide management with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



**FCPA Edward R. O. Ouko, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**26 August 2019**



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**VI. STATEMENT OF FINANCIAL PERFORMANCE**

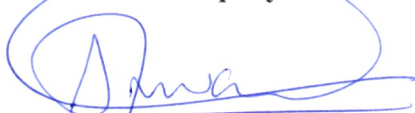
<b>Revenue from non-exchange transactions</b>	Notes	<b>2017/2018</b>	<b>2016/2017</b>
		<b>Kshs</b>	<b>Kshs</b>
Government Grants	2	128,032,000	103,069,659
Water levies	3	-	17,423,843
Accrued Income-in-kind	4	15,171,948	20,229,264
Other incomes	5	2,855,479	6,680,000
Project Funds	6	566,492,782	557,526,855
<b>Total revenue</b>		<b>712,552,209</b>	<b>704,929,621</b>
<b>Expenses</b>			
Employee costs	7	44,856,766	45,510,522
Senior Management costs	8	15,515,622	15,036,430
Remuneration of Directors	9	9,118,912	9,767,451
Depreciation costs	10	18,397,063	24,159,018
Amortization costs	11	708,829	886,037
Operation Costs	12	10,665,086	14,101,484
Administrative Costs	13	41,028,490	30,611,397
Project Costs	14	566,492,782	557,526,855
<b>Total expenses</b>		<b>706,783,550</b>	<b>697,599,194</b>
<b>Surplus before tax</b>		<b>5,768,659</b>	<b>7,330,427</b>




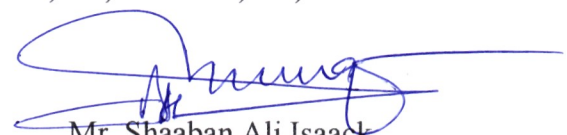
**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XII. STATEMENT OF FINANCIAL POSITION**

	Notes	2017/2018 Kshs	2016/2017 Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	733,797,520	294,547,644
Receivables from non-exchange transactions	16	23,880,969	24,980,969
<b>Total current assets</b>		<b>757,678,489</b>	<b>319,528,613</b>
<b>Non-current assets</b>			
Property, plant and equipment	17	60,755,716	78,567,478
Intangible assets	18	2,835,317	3,544,147
<b>Total Non-current assets</b>		<b>63,591,033</b>	<b>82,111,625</b>
<b>Total assets</b>		<b>821,269,522</b>	<b>401,640,238</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	19	8,228,254	8,324,448
<b>Total current liabilities</b>		<b>8,228,254</b>	<b>8,324,448</b>
<b>Non-Current liabilities</b>			
Unexpended Project Grants	21	682,318,280	253,189,513
Deferred Income	22	45,515,845	60,687,793
<b>Total non-current liabilities</b>		<b>727,834,125</b>	<b>313,877,306</b>
<b>Total liabilities</b>		<b>736,062,379</b>	<b>322,201,754</b>
<b>Net assets</b>		<b>85,207,143</b>	<b>79,438,484</b>
Revenue Reserves		54,451,181	48,682,522
Capital Fund		30,755,962	30,755,962
<b>Total net assets/Equity</b>		<b>85,207,143</b>	<b>79,438,484</b>

  
 Abdikadir Noor Osman  
 Chief Executive Officer

  
 Andrew Rage Eysimkele  
 ICPAK No.11461  
 Finance Manager

  
 Mr. Shaaban Ali Isaack  
 Chairman

Date 20/6/2019

Date 20/6/2019

Date 20/06/2019



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XIII. STATEMENT OF CHANGES IN NET ASSETS**

	<b>Capital Fund Kshs</b>	<b>Revenue Reserves Kshs</b>	<b>Total Kshs</b>
<b>Balance as at 30 JUNE 2016</b>	<b>30,755,962</b>	<b>44,249,895</b>	<b>75,005,857</b>
Surplus/(deficit) for the period	-	7,730,426	7,730,426
Transfers to/from accumulated surplus	-	(2,897,799)	(2,897,799)
<b>Balance as at 30 JUNE 2017</b>	<b>30,755,962</b>	<b>48,682,522</b>	<b>79,438,484</b>
Surplus /(Deficit) for the period	-	5,768,659	5,768,659
Transfers to/from accumulated surplus	-	-	-
<b>Balance as at 30 JUNE 2018</b>	<b>30,755,962</b>	<b>54,451,181</b>	<b>85,207,143</b>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XIV. STATEMENT OF CASH FLOWS**

Cash flows from operating activities	Notes	2017/2018 Kshs	2016/2017 Kshs
<b>Receipts</b>			
Surplus /(Deficit) before tax		5,768,659	7,330,427
<b>Non –Cash movements</b>			
Depreciation		18,397,063	24,159,018
Amortization		708,829	886,037
Asset Disposal		-	-
<b>Cash flow from operating activities</b>		<b>24,874,551</b>	<b>32,375,482</b>
Decrease / (increase) in trade & other receivables		1,100,000	(6,774,851)
Decrease /(increase) in prepayments & deposits		-	
Increase /(decrease) in trade & other payables		(96,194)	6,225,249
<b>Net working capital changes</b>		<b>1,003,806</b>	<b>(549,602)</b>
<b>Net cash from operating activities</b>		<b>25,878,357</b>	<b>31,825,880</b>
<b>Cash flow from investing activities</b>			
Purchase of Property ,Plant & Equipment		(585,300)	(791,500)
<i>Purchase of Property ,Plant &amp; Equipment- (Adjustment for 2009/2010FY)</i>			(5,627,717)
Purchase of Intangible Asset			(1,549,199)
		<b>(585,300)</b>	
<b>Cash flow from financing activities</b>			
Increase / (decrease) in deferred income		(15,171,948)	(20,229,265)
Increase / (decrease) in unexpended grants		429,128,767	247,921,409
<i>Capital fund (Adjustment for 2009-2010 FY)</i>		-	2,368,867
Net increase/(decrease) in cash & cash equivalent		439,249,876	254,279,525
Cash and cash equivalents as at 1 July 2017		294,547,644	40,268,119
<b>Net Cash and cash equivalents as at 30 June 2018</b>		<b>733,797,520</b>	<b>294,547,644</b>



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

<b>Income</b>	<b>Original budget</b>	<b>Adjustments</b>	<b>Final budget</b>	<b>Actual on comparable basis</b>	<b>Performance difference</b>
	<b>2017/2018 Kshs</b>	<b>2017/2018 Kshs</b>	<b>2017/2018 Kshs</b>	<b>2017/2018 Kshs</b>	<b>2017/2018 Kshs</b>
Water Levies	-	1,100,000	1,100,000	1,100,000	
Other Incomes	100,000	100,000	100,000	2,855,479	2,755,479
Government Grants	90,532,000	37,500,000	128,032,000	128,032,000	
Accrued Income –in-Kind	15,171,948	-	15,171,948	15,171,948	
Kenya Italy Development Projects (KIDP)	383,816	-	383,816	383,816	
Equalization Funds	191,994,081	518,602,733	710,596,814	710,596,814	
GOK Funds	252,657,027	284,793,086	537,450,113	537,450,113	
<b>Total income</b>	<b>550,838,872</b>	<b>842,095,819</b>	<b>1,392,934,691</b>	<b>1,395,703,041</b>	2,755,479



**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Expenses	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2017/2018 Kshs	2017/2018 Kshs	2017/2018 Kshs	2017/2018 Kshs	2017/2018 Kshs
Employee Costs	37,780,000	7,076,766	44,856,766	44,856,766	-
Senior Management Costs	15,000,000	515,622	15,515,622	15,515,622	-
Remuneration of Directors	8,800,000	318,912	9,118,912	9,118,912	-
Depreciation Costs	18,302,038	95,025	18,397,063	18,397,063	-
Amortization Costs	786,011	-77,182	708,829	708,829	-
Operation Costs	8,165,989	2,499,097	10,665,086	10,665,086	-
Administrative Costs	20,000,000	21,028,490	41,028,490	41,028,490	-
Project Costs	524,651,108	724,159,954	1,248,811,062	566,492,782	682,318,280
<b>Total expenditure</b>	<b>633,485,146</b>	<b>755,616,684</b>	<b>1,389,101,830</b>	<b>706,783,550</b>	<b>682,318,280</b>
<b>Surplus for the period</b>					

**Note:**

The difference is attributed to delay of disbursement of equalization funds by the National treasury





**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**XVI. NOTES TO THE ACCOUNTS:**

**1. General Information**

Northern water services board is established by and derives its authority and accountability from state corporation Act and the water Act 2002. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Board's principal activities are the provision of water and sanitation services in its area of jurisdiction

**2. Summary of Significant Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

**a) Statement of Compliance and Basis for Preparation –IPSAS 1**

The financial statements are prepared in compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in functional currency, Kenya shillings (Kshs), which is the prevailing within the primary economic environment and prepared in accordance with the measurement bases prescribed by IPSAS.

The preparation of financial statement in conformity with IPSAS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the board's policies.

**b) Revenue Recognition-Revenue from Non-Exchange transactions – IPSAS 23**

The Board adopts the modified accrual basis of accounting for revenue. Revenue is recognized when funds are received and represent the amount of funds received from the GOK, Kenya Water and Sanitation programme, fees charged on water service providers and sale of tender documents.

**c) Property, Plant and Equipment –IPSAS 17**

All categories of property, plant and equipment are initially recorded at cost. According to Water Act 2002 the ministry of water and irrigation was required to value the assets and hand over to the board. However this did not happen, hence consequently only assets whose values have been determined are the only ones taken into account. The assets are stated at historical cost less depreciation. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the board and the cost measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated on a reducing balance basis and written off the cost as per rates below:

Furniture and fittings	12.5%
Computers	33.3%
Other equipment	12.5%
Motor vehicles	25%
Software	20%



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**  
**(Notes to the Accounts continued)**

**d) Transactions in Foreign Currencies- IPSAS 4**

Transaction in foreign currencies during the year is converted into functional currency, Kenya Shillings, using the exchange rates prevailing at the dates of the transactions. However the board had few transactions in foreign currencies.

**e) Receivables**

The receivables taken into account are basically prepayments and levies charged on water sales by water service providers who are agents of the Board. No provisions for impairment as the amounts outstanding at the year-end are only June figures.

**f) Employee Benefits- IPSAS 25**

❖ **Retirement benefit obligations**

The board operates a defined contribution retirement benefits scheme for its unionized employees. The board's contributions to the defined contributions schemes are charged to the statement of financial performance in the year to which they relate.

❖ **Accrued leave**

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognized as staff expense.

**g) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and at bank. The board has not made any short term investments which can readily be convertible to a known amount of cash. Cash and cash equivalents comprise cash on hand and cash at bank. Bank account balances include amounts held at six account in Kenya commercial bank Garissa branch at 30<sup>th</sup> June 2018. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**h) Critical Accounting Estimates and Judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**i) Statement of comparison of budget and actual amounts**

The annual budget is prepared on the cash basis, whereas the financial statements are prepared on the accrual basis. As a result of the adoption of the cash basis for budgeting purposes, there are timing differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

(Notes to the Accounts continued)

**j) Related party transactions- IPSAS 20**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Board Chairman, the directors, the Chief executive Officer and senior managers. Related party transactions therefore comprises of Board of directors expenditure incurred for the financial year 2017/2018 amounting to **Kshs.9,118,912** and senior management expenses amounting to **Kshs.15,515,622** as presented in the financial statements.

**k) Financial Risk Management Objectives and Policies**

The board activities expose it to a variety of financial risk such as liquidity risks, effects of changes in prices of materials for infrastructure development. In order to minimize against such risks the board sets acceptable level of risks. The board ensures projects/programs are undertaken only when funds are released by the parent ministry or the respective donor. Also to mitigate against materials price fluctuations the board ensures financially viable contractors are engaged.

**l) Taxation**

Northern Water Services Board is a state entity and derives almost 100% of its operational income from exchequer through budgetary provision and thus is exempt from taxation on net surpluses.

**m) Nature and purpose of reserves**

The Entity creates and maintains reserves in order to finance the renewal and replacement of property, plant and equipment from internal sources.

**n) Intangible assets – IPSAS 31**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**o) Contingent liabilities– IPSAS 19**

The Entity does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

**p) Capital fund**

The Entity creates and maintains capital fund from the assets and grants received from the Ministry of Water and Irrigation during the formative stages of creation of Northern Water Services Board.



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

(Notes to the Accounts continued)

<b>Income</b>		<b>2017/2018</b>	<b>2016/2017</b>
<b>Notes</b>	<b>Income</b>	<b>Kshs</b>	<b>Kshs</b>
<b>2</b>	<b>Government Grants</b>		
	Recurrent Grants	128,032,000	82,943,331
	Development Grants	-	20,126,328
		<b><u>128,032,000</u></b>	<b><u>103,069,659</u></b>
<b>3</b>	<b>Water Levies</b>		
	Actual receipts	(1,100,000)	(7,557,126)
	Accrued Fees	24,980,969	24,980,969
		<b><u>23,880,969</u></b>	<b><u>17,423,843</u></b>
<b>4</b>	<b>Accrued Income-in-kind</b>		
	Deferred income (note 23)	15,171,948	20,229,264
		<b><u>15,171,948</u></b>	<b><u>20,229,264</u></b>
<b>5</b>	<b>Other Incomes</b>		
	Miscellaneous	46,000	280,000
	Direct transfer from CWSB	2,768,350	
	UAP Insurance Compensation	41,129	6,400,000
		<b><u>2,855,479</u></b>	<b><u>6,680,000</u></b>
<b>6</b>	<b>Project Funds</b>		
	Donor funds (Note 21 a )	43,458	24,375,487
	Equalization Funds (Note 21 b)	170,717,464	-
	GOK-Development Grants (Note 21 c)	395,731,860	533,151,368
	<b>Sub Total</b>	<b><u>566,492,782</u></b>	<b><u>557,526,855</u></b>
	<b>TOTAL</b>	<b><u>736,433,178</u></b>	<b><u>704,929,621</u></b>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

(Notes to the Accounts continued)

**Expenditure**

**NWSB- Institutional Expenditure (note 7 – 13)**

**Note 7 Employee Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	19,244,272	16,809,683
Casual labour	376,605	687,102
House allowance	5,473,000	4,487,000
Hardship allowance	6,753,300	5,658,825
Gratuity	420,620	-
Pension	2,603,100	2,274,528
Leave allowance	666,700	468,364
Medical insurance	7,606,940	7,416,020
Other staff allowances	-	-
Commuter allowance	1,581,500	1,309,000
Medical insurance Compensation	41,129	6,400,000
Acting Allowance	89,600	-
<b>Total</b>	<b>44,856,766</b>	<b>45,510,522</b>

**Note 8 Senior Management Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	7,835,360	9,136,080
House allowance	1,422,000	1,752,000
Hardship allowance	1,659,300	2,012,400
Gratuity	3,352,762	658,750
Pension	5,200	7,200
Leave allowance	200,000	192,000
Other staff allowances	720,000	720,000
Commuter allowance	291,000	378,000
Assistant Allowances	30,000	180,000
<b>Total</b>	<b>15,515,622</b>	<b>15,036,430</b>

**Note 9 Remuneration of Directors**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Board sitting allowance	1,660,000	2,760,000
Board Training & Workshops	2,623,983	-
Board travelling and accommodation	3,100,887	5,400,472
Honoraria	960,000	960,000
Chairman's airtime	77,000	84,000
Board's medical Insurance	697,042	562,979
<b>Total</b>	<b>9,118,912</b>	<b>9,767,451</b>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

(Notes to the Accounts continued)

**Note 10 Depreciation Costs (Note 18)**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Computers	674,537	868,834
Furniture and Fittings	440,086	502,955
Motor Vehicle	16,163,266	21,551,022
Equipment	1,119,174	1,236,207
<b>Total</b>	<b>18,397,063</b>	<b>24,159,018</b>

**Note 11 Amortization Costs (Note 19)**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Cost as at 01-07-2017	9,925,160	8,375,961
Additions during the year	-	1,549,199
<b>Cost as at 30-06-2018</b>	<b>9,925,160</b>	<b>9,925,160</b>
Amortization as at 01-07-2017	6,381,013	5,494,976
Written Down Value	3,544,147	4,430,184
<b>Charge for the year (20% of WDV)</b>	<b>708,829</b>	<b>886,037</b>

**Note 12 Operation Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade shows	-	28,000
Maintenance of motor vehicle	7,771,072	4,552,091
Maintenance of furniture and equipment	498,025	473,991
Maintenance of building and stations	1,658,040	27,800
Maintenance of computers and accessories	538,262	441,496
Maintenance of water supplies	-	8,173,656
Drought and flood mitigation	-	1,050
Monitoring and evaluation	199,687	403,400
<b>Total</b>	<b>10,665,086</b>	<b>14,101,484</b>



**NORTHERN WATER SERVICES BOARD**  
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(Notes to the Accounts continued)

**Note 13      Administrative Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Electricity	1,028,371	381,329
Water and sewerage	55,570	47,647
Telephone	486,492	498,203
Internet connection	241,824	169,783
Courier and postal	102,572	196,377
Local travel	14,233,980	12,737,172
Newspaper subscription	32,400	26,100
Advertising and publicity	3,729,372	789,003
Staff training	-	1,395,035
Workshop and seminars	5,396,314	923,360
Staff welfare	99,250	213,600
Motor vehicle insurance	1,895,894	3,115,722
ISO certification	-	92,800
General office supplies	601,796	668,959
Stationery	1,634,782	510,255
Fuel and lubricants	7,228,630	4,608,648
Bank charges	203,328	150,899
Club Membership & Professional Bodies	149,600	-
Contracted security guards	1,627,900	1,668,010
Publishing and printing	30,000	1,083,995
Legal fee	1,656,415	774,500
Provision for Audit fee	550,000	550,000
Corporate Social Responsibility	44,000	10,000
<b>Total</b>	<b>41,028,490</b>	<b>30,611,397</b>

**Total NWSB –Institutional Expenditure (Notes 7-13) 140,290,768    140,072,339**



**NORTHERN WATER SERVICES BOARD**  
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(Notes to the Accounts continued)

**Note 14 Project Costs**

**(a) Operation Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Maintenance of motor vehicle	631,760	406,000
Maintenance of water supplies	317,123,087	405,554,342
Drought and flood mitigation	161,879,793	111,861,471
Hydrological surveys	872,190	933,800
Project designs	9,163,258	18,044,103
Monitoring and evaluation	12,704,907	10,444,752
<b>Total</b>	<b>502,374,995</b>	<b>547,244,468</b>

**(a) Administrative Costs**

<b>Particulars</b>	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Local travel	-	1,253,000
Fuel and lubricants	-	5,000
Bank charges	25,027	18,153
Contracted professional services	60,219,961	7,882,500
Foreign travel	1,685,693	1,123,734
Advertising & Publicity	2,187,106	-
<b>Total</b>	<b>64,117,787</b>	<b>10,282,387</b>

**Total NWSB Expenditure (Note 15 (a to b))**      **566,492,782**    **557,526,855**

**Note 15. Cash and cash equivalents**

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>Kshs</b>	<b>Kshs</b>
Cash in Bank	729,563,212	292,112,662
Cash in Hand	4,234,308	2,434,982
<b>Total</b>	<b>733,797,520</b>	<b>294,547,644</b>





**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

(Notes to the Accounts continued)

**Note 15(a). Detailed analysis of cash and cash equivalents-Banks**

Bank name	Bank Account number	Currency	2017/2018	2016/2017
Kenya Commercial Bank	1107797942	Kshs	4,115,428.20	9,533,886.35
Kenya Commercial Bank	1107800056	Kshs	709,113,858.42	276,385,942.77
Kenya Commercial Bank	1107800757	Kshs	-	-
Kenya Commercial Bank	1107800153	Kshs	6,747,731.25	5,607,927.75
Kenya Commercial Bank	1107800897	Kshs	-	-
Kenya Commercial Bank	1107800994	Kshs	-	-
Kenya Commercial Bank	1115543709	Kshs	-	-
Kenya Commercial Bank	1118388321	Kshs	157,566.40	160,132.90
Kenya Commercial Bank	1132794773	Kshs	383,815.75	386,266.75
Kenya Commercial Bank	1198467916	Kshs	-	38,506.00
Kenya Commercial Bank	1208373099	Kshs	9,044,812.10	-
<b>Total</b>			<b>729,563,212.12</b>	<b>292,112,662.52</b>

**Note 15(b). Detailed analysis of cash and cash equivalents-cash on hand**

Liquid Cash	2017/2018	2016/2017
1107797942	1,297.21	60,185.21
1107800056	4,233,011	2,374,796.40
1132794773		0.00
<b>Total</b>	<b>4,234,308.21</b>	<b>2,434,981.61</b>

**Note 16 Receivables from non-exchange transactions**

	2017/2018	2016/2017
	Kshs	Kshs
Trade Debtors-WSPs	23,880,969	24,980,969
Other Receivables	-	-
<b>Total</b>	<b>23,880,969</b>	<b>24,980,969</b>

**Note 17 Property, Plant and Equipment**

	Computers and Accessories	Furniture and Fittings	Motor Vehicles	Equipment	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs
As at 01-07-2017	13,586,240	10,408,217	304,744,433	22,847,775	351,586,665
Additions during the year	285,360	-	-	299,940	585,300
Disposals during the year	-	-	-	-	-
<b>As at 30-06-2018</b>	<b>13,871,600</b>	<b>10,408,217</b>	<b>304,744,433</b>	<b>23,147,715</b>	<b>352,171,965</b>
Depreciation as at 01-07-2017	(11,845,963)	(6,887,533)	(240,091,368)	(14,194,322)	(273,019,186)
Accumulated depreciation on disposal	-	-	-	-	-
Charge for the year	(674,537)	(440,086)	(16,163,266)	(1,119,174)	(18,397,063)
<b>Total Depreciation as at 30-06-2018</b>	<b>(12,520,500)</b>	<b>(7,327,619)</b>	<b>(256,254,634)</b>	<b>(15,313,496)</b>	<b>(291,416,249)</b>
NBV as at 30-06-2017	1,740,276	3,520,684	64,653,065	8,653,453	78,567,478
<b>NBV as at 30-06-2018</b>	<b>1,351,100</b>	<b>3,080,598</b>	<b>48,489,799</b>	<b>7,834,219</b>	<b>60,755,716</b>



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

(Notes to the Accounts continued)

**Note 18. Intangible Assets**

Particulars	2017/2018
	Kshs
<b>Cost as at 1 July 2017</b>	<b>9,925,160</b>
Additions during the year	-
<b>Cost as at 30 June 2018</b>	<b>9,925,160</b>
Amortization as at 1 July 2017	<b>6,381,013</b>
Charge for the year	708,829
<b>Amortization as at 30 June 2018</b>	<b>7,089,842</b>
<b>Carrying value as at 30 June 2017</b>	<b>3,544,147</b>
<b>Carrying value as at 30 June 2018</b>	<b>2,835,317</b>

**Note 19. Trade and Other Payables**

	2017/2018	2016/2017
	Kshs	Kshs
Trade Creditors	7,308,554	7,553,002
Staff Creditors	369,700	221,446
OAG -Audit fee	550,000	550,000
<b>Total</b>	<b>8,228,254</b>	<b>8,324,448</b>

**Note 20. Project Costs (Note 14 a-b)**

These are funds utilized in implementation of various projects funded by both GOK and Development partners. These funds were intended to be used for capacity building of rural water supplies, drilling and equipping of boreholes, construction of water pans and rehabilitation and augmentation of urban water supplies and sewerage.

Source of Funds	PERSONNEL COSTS		BOARD EXPENSES		OPERATIONAL COSTS		ADMINISTRATIVE COSTS		TOTAL PROJECT COSTS	
	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
	Kshs	Kshs	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>a</b>										
OTHER FUNDS-Donor Funds	-	-	-	-	-	-	-	-	-	-
EU PE 3	-	-	-	-	-	-	-	-	-	-
EU GOK Contribution	-	-	-	-	-	-	2,567	1,738	2,567	1,738
UNICEF	-	-	-	-	-	-	-	3,530	-	3,530
ADB Grant	-	-	-	-	-	18,562	-	2,100	-	20,662
ADB Loan-Direct Payment	-	-	-	-	-	-	-	-	-	-
ADB Loan-Special Account	-	-	-	-	-	66,850	-	2,126	-	68,976
JICA Grant	-	-	-	-	-	-	-	4,030	-	4,030
Kenya Italy Debt Relief Programme	-	-	-	-	-	19,583,003	2,451	1,260,470	2,451	20,843,473
WSTF	-	-	-	-	36,000	3,430,920	2,440	2,158	38,440	3,433,078
<b>b</b>										
Equalization funded projects	-	-	-	-	125,120,014	-	43,410,344	-	170,717,464	-
<b>c</b>										
<b>GOK FUNDS</b>	-	-	-	-	377,218,980	524,145,134	18,512,880	9,006,234	395,731,860	533,151,368
	-	-	-	-	-	-	-	-	-	-
<b>(a+b+c) Total</b>	-	-	-	-	502,374,994	547,244,468	61,930,682	10,282,387	566,492,782	557,526,855



**NORTHERN WATER SERVICES BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

(Notes to the Accounts continued)

**Note 21. Unexpended Grants**

These are unutilized project funds which were carried forward to the next financial year and whose period of utilization has not expired.

	Source of Funds	2016/2017	2016/2017	2016/2017	2017/2018	2017/2018	2017/2018
		Income	Expenditure	Unexpended Grants	Income	Expenditure	Unexpended Grants
		(a)	(b)	©	(d)	(e)	(f)=(c+d-e)
		Kshs	Kshs	Kshs	Kshs	Kshs	kshs
(a)	<b>OTHER FUNDS</b>						
	EU PE 3	-	-	-	-	-	-
	EU GOK CONTRIBUTION	-	1,738	113,098	-	2,567	110,531
	UNICEF	3,530	3,530	-	-	-	-
	ADB Grant	-	20,662	-	-	-	-
	ADB Loan -Direct Payment	-	-	-	-	-	-
	ADB Loan -Special Account	-	68,976	-	-	-	-
	JICA Grant	46,111	4,030	-	-	-	-
	Kenya Italy Debt Relief Programme	17,055,280	20,843,473	386,267	-	2,451	383,816
	WSTF	3,466,200	3,433,078	33,121	-	38,440	(5,319)
(b)	Equalization Funded Projects	-	-	-	710,596,813	170,717,464	539,879,349
(c)	<b>GOK FUNDS</b>	784,877,144	533,151,368	252,657,027	285,024,736	395,731,860	141,949,903
(a+b+c)	<b>Total</b>	<b>805,448,265</b>	<b>557,526,855</b>	<b>253,189,513</b>	<b>995,621,549</b>	<b>566,492,782</b>	<b>682,318,280</b>

**Note 22. Deferred Income**

	2017/2018	2016/2017
	Kshs	Kshs
<b>As at 1 July</b>	60,687,793	80,917,057
Received During the Year	-	-
Total for the year	60,687,793	80,917,057
Transfer to Income (Note 2 )	(15,171,948)	(20,229,264)
<b>As at 30 June</b>	<b>45,515,845</b>	<b>60,687,793</b>




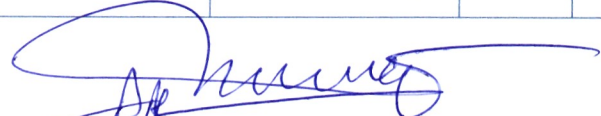
**NORTHERN WATER SERVICES BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018**

**I. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Award of contracts for capital projects amounting to Kshs. 73,790,106 to various contractors for construction and rehabilitation of various water works	Concerning variations, items of costs were agreed on during site meeting and a snag list of items highlighted for inclusion in the project. The same was communicated to the management and approval obtained for the same.	Abdikadir Noor Osman – Chief Executive Officer & Robert Mutai-Finance & Administration Manager	Resolved	
2	Unaccounted for fuel amounting to Kshs. 1,667,510	This has been accounted for and fuel taken on charge in the bulk fuel register and entered in the work tickets	Abdikadir Noor Osman – Chief Executive Officer	Resolved	
3	Statement of comparison of budget and actual amounts for project costs	The performance variance reported in the budgeted income and budgeted expenditure was due to delay of exchequer funds, which came at the close of financial year. These funds could not have been spent within one day or two because verification processes. These funds were subsequently utilized in the current period.	Abdikadir Noor Osman – Chief Executive Officer & Robert Mutai-Finance & Administration Manager	Resolved	
4	Lack of an Approved Human Resources Manuals	Human Resource manual was revised and approved by the board on 7 <sup>th</sup> July 2018.	Robert Mutai-Finance & Administration Manager	Resolved	
5	Inadequate segregation of duties	This has since been resolved because it's the HR personnel which handle the payroll functions now.	Abdikadir Noor Osman – Chief Executive Officer & Robert Mutai-Finance & Administration Manager	Resolved	
6	Inadequate user setup	This has been rectified by creating different user accounts for different functions	Robert Mutai-Finance & Administration Manager		
7	No Audit/Event/Activity logs are maintained	The Fastpay Payroll Management system that we currently operate does not have audit trail functionality, but this is strengthened by producing and keeping physical documents for verification purposes. We are also currently in the process of installing an ERP system that will incorporate a payroll system with all the standard functionalities.	Robert Mutai-Finance & Administration Manager	Resolved	
8	Inadequate Controls over the Server Room	The AC has been repaired and the physical security of the servers are catered for by ensuring that only the ICT staffs has a key to the Server Room and the spare key is kept by HR personnel.	Robert Mutai-Finance & Administration Manager	Resolved	

  
Abdikadir Noor Osman, HSC  
Chief Executive Officer  
Date 20/6/2019

  
Mr. Shaaban Ali Isaack  
Chairman  
Date 20/06/2019

**CHIEF EXECUTIVE OFFICER  
NORTHERN WATER SERVICES BOARD  
P. O. Box 495 - 70100  
GARISSA, KENYA**

