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REPORT

OF

THE AUDITOR-GENERAL

ON

**BUSIA-PORT VICTORIA HOUSEHOLD
SANITATION PROJECT GRANT/CREDIT
NO.02HS/LVNWWDA/BUSIA/054**

**FOR THE YEAR ENDED
30 JUNE, 2023**

**BUSIA WATER AND SEWERAGE
SERVICES COMPANY LIMITED**

PAPERS LAID	
DATE	17/04/2024
TABLED BY	MAJORITY LEADER
COMMITTEE	_____
CLERK AT THE TABLE	MERCY



27 OCT 2023
①

BUSIA WATER
& SEWERAGE SERVICES CO LTD

PROJECT NAME: BUSIA-PORT VICTORIA HOUSEHOLD SANITATION PROJECT

**IMPLEMENTING ENTITY: BUSIA WATER & SEWERAGE SERVICES COMPANY
LIMITED**

PROJECT GRANT/CREDIT NUMBER: 02HS/LVNWWDA/BUSIA/054

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2023

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

Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023

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1. Acronyms and Glossary of Terms

BUWASSCO	Busia Water and Sewerage Services Company Limited
WSTF	Water Sector Trust Fund
PFM	Public Finance Management.
DTF	Decentralized Treatment Facility
IPSAS	International Public Sector Accounting Standards

2. Project Information and Overall Performance

1.1 Name and registered office

Name

The project's official name is Busia -Port Victoria Household Sanitation Project

Objective

The key objective of the project is to construct a complete functional decentralized treatment facility (DTF-50), provide subsidy for construction of 200 Safi San toilets and improve public sanitation conditions in the project area and its environs.

Address

The project headquarters offices are in Busia Town, Busia County, Kenya.

The address of its registered office is:

P.O. Box 392-50400

Dept. Of Water, Irrigation, Environment & Nat.Resource compound

Equity Bank-Posta-Forest Road

Busia, Kenya

The project also has offices/branches as follows:

- Lake Victoria

Contacts: The following are the project contacts

P.O. Box: 392-50400

Telephone: (254) 796523854

E-mail: info@buwasco.co.ke

Website: www.buwasco.co.ke

Project information and overall performance (continued)

1.2 Project Information

Project Start Date:	The project start date is 25 th September ,2019
Project End Date:	The project end date is 31 st December,2020
Project Manager:	The project manager is Mr Stephen Onyango
Project Sponsor:	The project sponsor is Water Sector Trust Fund (WSTF)

1.3 Project Overview

Line Ministry/State Department of the project	The project is under the supervision of the Ministry OF Water, Sanitation and Irrigation.
Project number	02HS/LVNWWDA/BUSIA/054
Strategic goals of the project	The strategic goals of the project are as follows: (i) Improve public sanitation in the area (ii) Reduce waterborne diseases (iii) Reduce pollution load on Lake Victoria
Achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Provide subsidy for the construction of 200 Safi San toilets (ii) Construction a decentralized treatment facility (DTF-50)
Other important background information of the project	The project is expected to benefit 25,000 people/residents in the project area in Busia County
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Pollution load on Lake Victoria (ii) Waterborne diseases in the project area

Project duration	The project started on 25 th September,2019 and is expected to run until 25 th September,2020.
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Project Information and Overall Performance (Continued)

1.4 Bankers

The following are the bankers for the current year:

- (i) Equity Bank

1.5 Auditors

The project is audited by the Office of Auditor General.

1.6 Roles and Responsibilities

The following is the List the different people who will be working on the project.

Names	Title designation	Key qualification	Responsibilities
Erick Nakitari	Managing Director	Masters' degree	Administration
Collins Oduori	Technical Manager	Bachelor's degree	Project supervision, oversee implementation of the project
Stephen Onyango	Project manager	Bachelor's degree	Supervise and oversee execution of project works, prepare monthly project reports, budget management
Rodger Miller Nelson Bunyasi	Ag Finance Manager	Bachelor's degree	Facilitate the project team reporting and

			accounting in line with WSTF reporting.
Miriam Okumu	Accounts Assistant	Bachelor's Degree	Facilitate the project team reporting and accounting in line with WSTF reporting template, accounting for resources utilized, financial planning and analysis, budget management

1.7 Funding summary

The Project is for duration of one years from 2019 to 2020 with an approved budget of US\$ 149,688.90 (use donor currency) exchange rate:1US\$=Ksh.115) equivalent to Kshs.17,214,233.40 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30 June 2023)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency Kshs	Kshs	Donor currency Kshs	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A)-(B)
(i) Grant	Ksh	Ksh				
Water Sector Trust Fund	17,214,223.40	17,214,223.40	16,923,740.05	16,923,740.05	290,483.35	290483.35
Total	17,214,223.40	17,214,223.40	16923740.05	16923740.05	290483.35	290483.35

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2023)		Cumulative amount paid to date – (30 th June 2023)	Unutilised balance to date (30 th June 2022)		
	<i>Donor currency</i>	<i>Kshs</i>		<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	(A)	(A')		(B')	(A)-(B)	(A')-(B')
(i) Grant						
Water Sector Trust Fund	16,923,740.05	16,923,740.05	16,922,837.20	902.85	902.85	
Misceleneous Receipts	207195	207195	207195	0	0	
Total	16923740.05	17,130,935.05	17,130,032.2	902.85	902.85	

Project information and overall performance (continued)

1.8 Summary of Overall Project Performance:

- i) The project was implemented within the stipulated budget.*
- ii) As at June 30, 2023, the overall progress of the project was 98%.*
- iii) The value-for-money for the project had been achieved as expected.*
- iv) As at June 30, 2023, about 98% of the project budget had been absorbed.*
- v) Some of the challenges faced during implementation include heavy rains that resulted to backflow of the late thus slowing down construction works, financial constraints faced by the contractor, which resulted to slow progress, and Covid-19 that slowed the progress of the works. These challenges can be avoided by doing due diligence to ensure that the contractor selected has adequate financial capacity to execute the works; and ensuring that unexpected occurrences are considered in the project workplan.*

1.9 Summary of Project Compliance:

- i) The project was fully compliant with the applicable laws and regulations and the terms and conditions in the financing agreement with the financing agency.*

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 149 (2) (K) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer shall not later than three months after the end of each financial year, prepare annual financial statements for that financial year and submit them to the Auditor-General for audit, with a copy to the County Treasury in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the County government entity's performance against predetermined objectives.

The key development objectives of the *project's agreement/* plan are to:

- a) Improve public sanitation in the project area
- b) Reduce waterborne diseases in the project area
- c) Reduce pollution load on Lake Victoria

Progress on attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement:

Below we provide the progress on attaining the stated objectives:

Project	Objective	Outcome	Indicator	Performance
Busia-Port Victoria Household Sanitation Project	To improve public sanitation in the area	Improved public sanitation in the project area	The overall public sanitation has improved and the sanitation coverage increased	Public sanitation improved in the area
	To reduce waterborne diseases	Reduced cases of waterborne diseases in the area	Cases of waterborne diseases have reduced	Number of waterborne diseases reported has reduced
	To reduce pollution load on Lake Victoria	Reduced pollution load on Lake Victoria	Incidents of disposing sewage into Lake Victoria and nearby bushes have reduced	Pollution load on Lake Victoria has reduced

4. Environmental and Sustainability reporting

BUWASSCO exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

1. Sustainability strategy and profile

The project articulates to sustains itself through subsidised fee from the beneficiaries who forms part key project stakeholder in terms of waste disposal.

2. Environmental performance

The Company has ensured that natural bamboo forests around its abstraction points are not destroyed to prevent soil erosion and even affect the natural water filtration process before abstraction. This has been possible because the Company is part and parcel of what the County Department of Water, Irrigation, Environment and Natural Resources undertakes on a month-to-month basis. The Company also seek to participate and contribute to a cleaner environment as per The National Environment Act of 2019 and ensure strict adherence to affluent discharge standards as prescribed by WASREB. This has increased the Company's involvement in community welfare which includes clean up exercises especially in towns within its areas of jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations. The company also contributes to the society by giving donations especially during public national holidays.

3. Employee welfare

The success of the company is based on its people. The Company seek to recruit, retain, reward and develop the best talent in the company. It recognises the need to inculcate among our employees the culture of being sensitive to safety, security, society and the environment. This ensures that employees act with integrity and responsibility with the people they deal with and the environment they interact with. It trains employees to value each other, provide necessary support systems for people with different needs and have a system in place that encourages acceptance of cultural diversity. Further, it continually

seeks to improve its employees through structured programs for personal and professional development.

Regarding Occupational Health and Safety, The Company aim to ensure a safe and healthy working environment for all our employees and customers. The Company aims to comply with all relevant legislation, regulations and best practice guidelines recommended by national health and safety authorities. It also liaises with staff regarding policies and practices so that it can continue to maintain a healthy, safe and enjoyable work

4. Market place practices-

a) Responsible Supply chain and supplier relations-

The Company has always ensured that its suppliers are paid as quickly as possible to prevent lack of service delivery when goods and services are required urgently. The Company has also ensured that it enhances its transport section as a stop gap measure whenever its suppliers cannot deliver goods at its procurement stores

b) Responsible ethical practices

Busia Water and Sewerage Company ensures that there is strict adherence to the Public Procurement and Assets Disposals Act of 2015 and The Competitions Act of 2012 in all its business transactions.

c) Regulatory impact assessment

Being a government entity, the Company only utilized public Barraza's and clinics to advertise its services to the public. However further efforts are being developed to ensure that branded tents, seats and chairs are used as a marketing strategy during these events

5. Community Engagements

In this project, subsidies amount to Ksh. 4 million were issued out to local residents within the project area. The subsidies were for the construction of Safi San toilets.

According to the project's plan, a subsidy of Ksh. 20,000 was issued to the owner of every new Safi San toilet constructed whereas Ksh. 15,000 was issued to the owner of every existing Safi San toilet rehabilitated. A total of 217 Safi San toilets were constructed and/or rehabilitated in the project. The Safi San toilets have significantly reduced pollution load on Lake Victoria, reduced the cases of waterborne diseases in the area and improved the overall public sanitation in the project area.

5. Statement of Project Management responsibilities

The *Managing Director Busia Water and Sewerage Company Limited* and the *Project Coordinator* for Busia-Port Victoria Household Sanitation *project* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2023.

This responsibility includes (i) Maintaining adequate financial management arrangement 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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Busia-Port Victoria Household Sanitation Project accept responsibility for the Project's financial statements, which have been prepared on the Accrual Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Busia-Port Victoria Household Sanitation Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2023, and of the Project's financial position as at that date. The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Busia-Port Victoria Household Sanitation Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


***Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023***

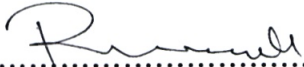
The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Busia-Port Victoria Household Sanitation Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Busia-Port Victoria Household Sanitation Project on 22/02/ 2023 and signed by them.

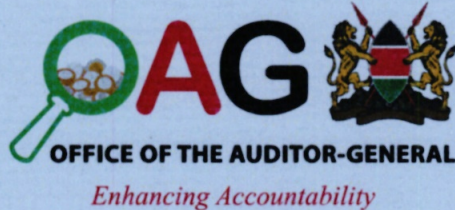

.....
Name *Thomas Ojamba*
Managing Director


.....
Name *Stephen Oryango*
Project Coordinator


.....
Name *Rodger Miller*
Project Accountant

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON BUSIA-PORT VICTORIA HOUSEHOLD SANITATION PROJECT GRANT/CREDIT NO.02HS/LVNWWDA/BUSIA/054 FOR THE YEAR ENDED 30 JUNE, 2023 - BUSIA WATER AND SEWERAGE SERVICES COMPANY LIMITED

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Busia-Port Victoria Household Sanitation Project set out on pages 1 to 20, which comprise the statement of financial

Report of the Auditor-General on Busia-Port Victoria Household Sanitation Project Grant/Credit No.02HS/LVNWWDA/Busia/054 for the year ended 30 June, 2023 - Busia Water and Sewerage Services Company Limited

assets as at 30 June, 2023, and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts 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, the financial statements present fairly, in all material respects, the financial position of the Busia-Port Victoria Household Sanitation Project as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012, and the Financing Contract between Busia Water and Sewerage Services Company Limited and the Water Sector Trust Fund signed on 7 October, 2019.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Busia-Port Victoria Household Sanitation Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

Failure to Close the Project

Records available indicate that the life of the Project was to commence on 25 September, 2020 and end on 31 December, 2021. However, as at 30 June, 2023, the Project had not been closed. No explanation was provided for the failure to close the Project in accordance to the provisions of the Financing Contract.

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. There were no key audit matters to report in the year under review.

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, I confirm that, nothing 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 matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance 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

Lack of Internal Audit Reports

There were no internal audit reports provided for the Project during the financial year under review contrary to Section 155(1) (a) of the Public Finance Management Act, 2012, which states that, a County Government entity shall ensure that it complies with this Act and has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, effectiveness of internal controls, risk management and overall governance could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. 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 overall 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 (Cash 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 Project's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Project or to cease its operations.

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 Project's financial reporting process, reviewing the effectiveness of how the Management 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 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 applicable 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 Project's ability 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 Project to cease 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 Project 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.


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

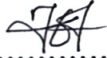
03 November, 2023


7. Statement of Receipts and Payments for the year ended 30th June 2023.


	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		2022-2023			2021-2022			
Receipts		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Grant from WSTF	1				826,640.10	0	826,641.1	16,923,740.05
Miscellaneous receipts	2	201,000		201,000	0	0	0	207,195
Total receipts		201,000		201,000	826,640.1	0	826,641.1	17,130,935.05
Payments								
Compensation to employees	3	0	0	0	0	0	0	874,491.80
Purchase of goods and services	4				39500	0	39500	1,314,960
Social Security benefits	5	0	0	0	0	0	0	31,080
Acquisition of non-financial assets	6	517,849.50	0	517,849.50	4,535,504.50	0	4,535,512.5	14,887,809.30
Bank charges	9	481.10			3910	0	0	21691.10
Total payments		518,330.6			4,578,914.5	0	4,575,012.5	17,130,032.2
Surplus/ (deficit)		(317,330.60)			(3,752,274.40)		(3,752,274.40)	902.85

*Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.


.....
Name *Thomas Ojumba*
Managing Director


.....
Name *Stephen Onyango*
Project Coordinator



.....
Name *Rodge Miller*
Project Accountant


*Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*


8. Statement of Financial Assets as at 30th June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	10	902.85	318,233.45
Cash Balances			0
Cash equivalents (Short-term deposits)			0
Total Cash and Cash equivalents		902.85	318,233.45
Imprests and Advances			0
Total Financial Assets		902.85	318,233.45
Financial Liabilities			0
Deposits and Retention monies			0
Net Assets		902.85	318,233.45
Represented By			
Fund Balance B/fwd.	8	318,233.45	4,070,507.85
Prior Year adjustments		0	0
Surplus/(Deficit) for the Year		(317,330.60)	(3,752,274.40)
Net Financial Position		902.85	318,233.45

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 21/02/2023 and signed by:


Name Thomas Ojumbo
Managing Director


Name Stephen Oryango
Project Coordinator


Name Rodger Miller
Project Accountant

*Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

9. Statement of Cashflow for the year ended 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Proceeds from domestic grants	1		826640.10
Miscellaneous receipts	2	201,000	0
Total receipts		201,000	826640.1
Payments			
Purchase of goods and services			39500
Bank charges		481.10	3910
Total Payments		481.1	43410
Net receipts/(Payments)		200,518.90	783,230.10
Adjustments during the year			
Increase/(decrease) in accounts payable:			
Net cash flow from operating activities		200,518.90	783,230.10
Cashflow from investing activities			
Acquisition of non-financial assets	6	517,849.50	4,535,504.5
Net cash flows from investing activities		517,849.5	4,535,504.5
Cash flow from financing activities			
Net cash flow from financing activities		0	0
Net increase in cash and cash equivalents		(317,330.60)	(3,752,274)
Cash and cash equivalent at beginning of the year		318,233.45	4,070,507.85
Cash and cash equivalent at end of the year	7	902.85	318,233.45

***Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023***

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 22/07 2023 and signed by:



.....
Name *Thomas Ojumbo*
Managing Director



.....
Name *Onyango Stephen*
Project Coordinator





.....
Name *Rodge Miller*
Project Accountant

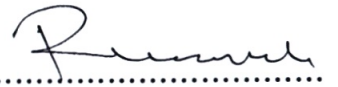
10. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2023

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
Receipts						
Transfer from Government entities						
Proceeds from domestic and foreign grants						
Proceeds from borrowings						
Miscellaneous receipts				201,000		
Total Receipts				201,000		
Payments						
Compensation to employees				0		
Purchase of goods and services				0		
Social security benefits				0		
Acquisition of non-financial assets				517,849.50		
Transfers to other government entities				0		
Bank charges				481.10		
Total Payments				518,330.60		
Surplus or Deficit				(317,330.60)		

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.


.....
Name *Thomas Ojiambo*
Managing Director


.....
Name *Stephen Onyango*
Project Coordinator


.....
Name *Robert Mulla*
Project Accountant

11. Significant Accounting Policies

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

10.1 Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

10.2 Reporting entity

The financial statements are for Busia-Port Victoria Household Sanitation Project an entity of Busia County Under the ministry of Water, Irrigation ,Environment. The financial statements are for the reporting entity Busia-Port Victoria Household Sanitation Project as required by Section 81 of the PFM Act, 2012 .

10.3 Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

10.4 Recognition of receipts

Busia-Port Victoria Household Sanitation Project recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

Significant Accounting Policies (Continued)

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

10.5 Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

Significant Accounting Policies (Continued)

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

10.6 In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

Significant Accounting Policies (Continued)

10.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year.

For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

10.8 Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

10.9 Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

10.10 Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

Significant Accounting Policies (Continued)

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships,

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.

Annex 5 of this financial statement is a register of the contingent liabilities in the year.

10.11 Contingent Assets

Busia Water & Sewerage service company does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of *Busia Water & Sewerage service company* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

10.12 Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

Significant Accounting Policies (Continued)

10.13 Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

10.14 Third party payments

The project had no third-party payment during this financial year reporting.

10.15 Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

Significant Accounting Policies (Continued)

10.16 Comparative figures

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

10.17 Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2023.

10.18 Prior period adjustments

There have been no Prior period adjustments noted this financial period.

12. Notes to the Financial Statements

1. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2023, we received grants from donors as detailed in the table below:

Name of Donor	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount in Kshs	
						2022-2023	2021-2022
						Kshs	Kshs
Grants Received from Bilateral Donors (Foreign Governments)							
Grants Received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Grants Received from WSTF						0	826640.10
Insert name of individual or local organization							0
Total						0	826640.1

Notes to the Financial Statements (Continued)

2. Miscellaneous receipts

	2022-2023			2021/2022	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	
Property income					
Sales of goods and services (WSP Contribution)	201,000	0	201,000	0	207,195
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere					
Total	201,000	0	201,000	0	207,195

*Busia-Port Victoria Household Sanitation Project
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Notes to the Financial Statements (Continued)

3. Compensation to employees

	2022/2023			2021/2022	Cumulative to- date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
-					
Basic salaries of permanent employees	0	0	0	0	860841.80
Basic wages of temporary employees	0	0	0	0	0
Compulsory national social security schemes	0	0	0	0	0
Compulsory national health insurance schemes	0	0	0	0	13650
Social benefit schemes outside government	0	0	0	0	0
Other personnel payments	0	0	0	0	0
Total	0	0	0	0	874491.8

*Busia-Port Victoria Household Sanitation Project
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4. Purchase of Goods and Services

	2022/2023			2021/2022	Cumulative to- date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Utilities, supplies and services				0	425975
Communication, supplies and services				0	0
Domestic travel and subsistence				0	0
Land survey				0	20000
Printing, advertising, and information supplies				0	222605
Rentals of produced assets				0	0
Training payments				36500	36500
Hospitality supplies and services				3000	439880
Environmental Impact assessment				0	170,000
Specialized materials and services				0	0
Other operating payments				0	0
Routine maintenance – vehicles and other transport equipment				0	0
Routine maintenance- other assets				0	0
Exchange rate losses/gains (net)				0	0
Total				<u>39500</u>	<u>1,314,960</u>

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5. Social Security Benefits

	2022-2023			2021-2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Social security benefits in cash and in kind	0	0		0	31080
Employer social benefits in cash and in kind					
Total	<u>0</u>	<u>0</u>	<u>0</u>	0	31080

6. Acquisition of Non-Financial Assets

	Payments made in Cash	Payments made by third parties	Total payments	Total payments	Cumulative to-date
	2022-2023			2021-2022	Kshs
	Kshs.	Kshs.	Kshs	Kshs	
Purchase of buildings					
Construction of DTF	517,849.50			4,535,504.5	14,697,484.80
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Acquisition of other intangible assets					
Total	<u>517,849.50</u>			<u>4535504.5</u>	<u>14697484.80</u>

*Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

Notes to the Financial Statements (Continued)

7. Cash And Cash equivalents

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts (Note 8.13A)	902.85	318233.45
Cash in hand (Note 8. 13B)		0
Cash equivalents (short-term deposits) (Note 8.13C)		0
Total	<u>902.85</u>	<u>318233.45</u>

BUSIA-PORT VICTORIA HOUSEHOLD SANITATION PROJECT has ONE project account bank managed by Busia Water and Sewerage Services Company as listed below.

. A Bank Accounts

Project Bank Accounts

Details	2022-2023	2021-2022
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Equity Bank (A/C No 0780279449166)	902.85	318,233.45
Total local currency balances	<u>902.85</u>	<u>318,233.45</u>
Total bank account balances	<u>902.85</u>	<u>318233.45</u>

Busia-Port Victoria Household Sanitation Project
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Notes to the Financial Statements (Continued)

8. Fund Balance Brought Forward

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	318,233.45	4,070,507.85
Cash in hand		0
Total	318,233.45	4,070,507.85

9. Bank Charges

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank accounts	481.10	3910
Total	481.10	3910

10. Bank Balance

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank Balance	902.85	318,233.45
Total	902.85	318,233.45

*Busia-Port Victoria Household Sanitation Project
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Annex 3: Reconciliation of inter-entity transfers

13. Annexes

Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2022-2023

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% Of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities					
Grant from Water Sector Trust Fund					
Proceeds from borrowings					
Miscellaneous receipts		201,000			
Total Receipts		201,000			
Payments					
Compensation of employees					
Purchase of goods and services					
Social security benefits					
Acquisition of non-financial assets		517,849.50			
Bank charges		481.10			
Total payments		518,330.6			

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Annex 2 – Summary of Fixed Assets Register

Asset class	Opening Cost (Kshs) 2021/22	Donations in form of assets (Kshs) 20xx/xx	*Purchases/ Additions in the Year (Kshs) 2022/23	**Disposals in the Year (Kshs) 20xx/xx	Transfers in/(out) Kshs 2022/23	Closing Cost (Kshs) 2023
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+ (-) d
Land						
Buildings and structures (DTF)	14,369,959.80		517849.5 0	0	0	14,887,809.30
Transport equipment						
Intangible assets						
Work in Progress						
Total	14697484.80		517849.5 0	0	0	14,887,809.30

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For the financial year ended June 30, 2023*

Annex 3: Reconciliation of inter-entity transfers


Project Name:				
Break down of transfers from the Water Sector Trust Fund				
a.	Government Counterpart funding			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
			0	
		Total	0	
B.	Direct payments (WSTF)			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		Total		
C.	Others (BUWASSCO)			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		2-Sep-22	200,000	2022-2023
		21-Oct-22	1000	2022-2023
		Total	201,000	
		Total (A+B+C)	201,000	

*Busia-Port Victoria Household Sanitation Project
Annual Report and Financial Statements for the financial year ended June 30, 2023*

The above amounts have been communicated to and reconciled with the Water Sector Trust Fund.

Project Coordinator
Busia Water and Sewerage Service Company LTD.

Head of Accounting Unit
WSTF

Sign  -----

Sign -----