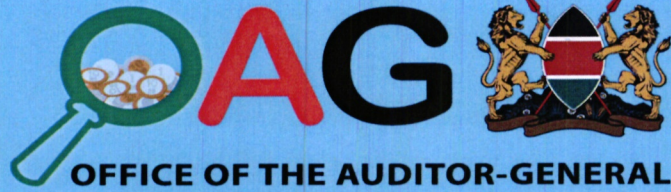


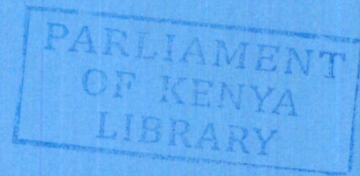
REPUBLIC OF KENYA



*Enhancing Accountability*

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COMMITTEE	-
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**REPORT**



**OF**

**THE AUDITOR-GENERAL**

**ON**

**WAJIR WATER AND SEWERAGE  
COMPANY LIMITED**

**FOR THE YEAR ENDED  
30 JUNE, 2022**



**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**



**International Financial Reporting Standards (IFRS)**

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**WAJIR WATER AND SEWERAGE COMPANY LIMITED**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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**Prepared in accordance with the Accrual Basis of Accounting Method under the International  
Financial Reporting Standards (IFRS)**



**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

<b>Table of Contents</b>	<b>Page</b>
I. KEY ENTITY INFORMATION.....	2
II. THE BOARD OF DIRECTORS.....	3-5
III. MANAGEMENT TEAM.....	6
IV. CHAIRMAN’S STATEMENT.....	7
V. REPORT OF THE MANAGING DIRECTOR.....	8
VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022.....	9
VII. MANAGEMENT DISCUSSION AND ANALYSIS.....	10
VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	14
IX. REPORT OF THE DIRECTORS.....	16
X. STATEMENT OF DIRECTORS’ RESPONSIBILITIES.....	17
XI. REPORT OF THE INDEPENDENT AUDITORS.....	19
XII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022.....	20
XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022.....	21
XIV. WAJWASCO OPERATE STATEMENT YEAR ENDED 30 JUNE 2022.....	22
XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022.....	23
XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022.....	24
XVII. NOTES TO THE FINANCIAL STATEMENTS.....	25
APPENDICES.....	50
APPENDICES 1: SUMMARY OF WSDP FUNDED PROJECT.....	50
APPENDICES 1: PROJECT ACTIVITIES PHOTOGRAPHS.....	53
APPENDICES 1: SUMMARY OF NOT AWARDED PROJECT.....	56
APPENDICES 1: SUMMARY OF WSTF FUNDED PROJECT.....	57
APPENDICES 1: PROGRESS FOLLOWUP OF AUDIT ISSUES.....	58

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**1. KEY ENTITY INFORMATION**

**Background information**

Wajir Water & Sewerage Co. Ltd, (WAJWASCO) was incorporated in 2013 under the companies Act 2002 (cap.486). The company is currently regulated by WASREB, through a Service Provision Agreement (SPA) in 30/09/2014 to provide water supply and sewerage services within Wajir Town and its environs. The County Government of Wajir has appointed WAJWASCO as a Water Services Provider (WSP) for the whole of Wajir County.

**Vision**

Water for all and Dignified Sanitation.

**Mission Statement**

To be the best provider of sustainable quality water and sanitation services for Wajir County.

**Principal Activities**

The principal activity of WAJWASCO is to fulfil the mandate of providing quality affordable water and sanitation services to the residents of Wajir County. In discharging this mandate, the company is striving to fulfil the following objectives:

- a) To provide water supply and sewerage services in urban and market growth areas.
- b) To enhance good governances and performance of rural water supply facilities.
- c) To increase access to good quality water and sewerage /safe sanitation.
- d) To promote hygiene and safe sanitation (in partnership with other partners and players).
- e) Reduction of non-revenue water and unnecessary wastages.

Further WAJWASCO is tasked with projecting the present water demand for Wajir Town and its environs. This allows the Company to determine whether the available supply can meet the demand and consequently distributed water on a rationing basis to ensure everyone receives the precious commodity.

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**1.LIST OF BOARD OF DIRECTORS SERVING THE COMPANY**

The Directors who served the entity during the Financial year ending 30<sup>th</sup> June 2022 were as follows:

- |                                 |                              |
|---------------------------------|------------------------------|
| 1. Mr. Muhumed Mohamud Said     | - Chairman                   |
| 2. Mohamed Sokor                | - Member CCO Finance         |
| 3. Mr. Abdirahman Yare Haj      | -Member                      |
| 4. Mr. Abubakar Ali Adow        | -Member                      |
| 5. Mr. Amina Bille              | -Chairlady                   |
| 6. Mr. Dahaba Hussein Maday     | -Member                      |
| 7. Noor Mohamed Bardad          | -Member                      |
| 8. Mrs. Nasteha Mohamed Abdille | -Member                      |
| 9. Ahmed Guhad Omar             | -Member CCO Water Department |

**Wajwasco Office Address**

P.O. BOX 708 - 70200 Wajir, Kenya

Email: [info@wajirwater.co.ke](mailto:info@wajirwater.co.ke)

**Corporate Headquarters**

Wajwasco Office Address, P.O. BOX 708 - 70200 Wajir, Kenya

**Corporate Contacts**

Telephone: (254) 719 830 299,

E-mail: [info@wajirwater.co.ke](mailto:info@wajirwater.co.ke),

Website: <https://www.wajirwater.co.ke>,

**Corporate Bankers,**

- |                               |              |
|-------------------------------|--------------|
| 1. Equity Bank Kenya          | Wajir Kenya. |
| 2. National Amanah Kenya      | Wajir Kenya. |
| 3. First Community Bank Kenya | Wajir Kenya. |

**Independent Auditors**

The Office of the Auditor General

Anniversary Towers, University Way, P.O. Box 30084

GPO 00100, Nairobi, Kenya

**Principal Legal Advisers**

The Attorney General, State Law Office, Harambee Avenue

P.O. Box 40112 City Square 00200 Nairobi, Kenya.

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**II. THE BOARD OF DIRECTORS**

Directors	Date Appointed	Details
Mr. Muhumed Mohamud Said	25 <sup>th</sup> February 2019.	Muhumed holds a Primary Teachers' Certificate (P2 Teacher). Starting off as a Teacher at Buna Primary School, Muhumed steadily rose through the ranks to be Headmaster at Buna Primary School, Headmaster at Wajir Primary School, Assistant Adult Education Officer, Education Officer III, Education Officer II, Education Officer I and District Adult Education Officer and Social Services. He has held other key positions in several organizations including Chairman of the Kenya National Union of Teachers (KNUT) Wajir, Chairman of Red Cross Society of Wajir, Member of the Board of Governors of Wajir High School and the Founder of Bare Teachers Cooperative in Wajir. Muhumed is adept at settling community disputes and providing the necessary guidance in maintaining peaceful coexistence.
Mr. Abdirahman Yare Haji	25 <sup>th</sup> February 2019.	Abdirahman holds a Bachelor of Business Administration Degree, a Diploma in Business Management, and a Diploma in Islamic Law. He has attended a Governance Course, Board, and Senior Servants Administration Course; a three-day Strategic Planning Workshop; a Commonwealth Business Conference; and, a three-day Effective Director Program. Abdirahman is Chairman of the Parents and Teachers Association of Wajir and sits on the Board of Governors of Wajir High School.
Mr. Abubakar Ali Adow	25 <sup>th</sup> February	Abubakar holds a Bachelor of Art Degree in Counselling. He prides himself as a diligent, intuitive and progressive individual. From 2013 to 2017, he was the Manager of the Eldas Constituency Office while as also serving as the Accounting Officer. During his stint, Abubakar gained extensive experience in managing constituency programs and

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

	2019.	enjoyed participating in community development initiatives and networking with professionals on constructive projects.
Mrs. Amina Bille	25 <sup>th</sup> February 2019.	Amina holds a Diploma in Professional Computing and Data Processing. She has worked as a Cashier and Store Keeper at the Madina Nursing Home in Nairobi, served as a Food Monitor at Oxfam GB in Wajir and a Bank Clerk and Acting Cash Manager at the Kenya Commercial Bank – Wajir Branch. Over a 20-year period, Amina has attended myriad professional courses at Kenya Commercial Bank (KCB) Leadership Centre, in Karen. These include: KCB Mentorship Programme; Fundamentals of Banking; e-Learning in Retail and Mortgage Product Knowledge; e-Learning in IT Security and Awareness; KCB Ethics; Foundation in Banking; Personal Effectiveness; e-Learning in Anti-Money Laundering & KYC; and, Foundations in Achieving Stellar Services. Amina has a great passion for corporate social responsibility being a life member of the Kenya Red Cross and having being awarded the KCB Community Champion for five years consecutive-1
Mrs. Dahaba Hussein Maday	25 <sup>th</sup> February 2019.	Dahaba holds a Certificate in Business Administration. She has attained several certifications in Group Switching Centre Operations; Training of Trainers; Introductions to Micro Computers and Operating Systems; and Supervisory Skills Development Course and Telecoms Service. She runs her own business, worked at the Electoral Commission of Kenya and Telecom Kenya as a Telephonist, Exchange Supervisor and Exchange Superintendent. Dahaba is an entrepreneur who espouses integrity and professionalism.
Ali Bashane Gaal	8 <sup>th</sup> June 2022	Ali holds a Bachelor of Art Degree in Commerce and certified public accountant of Kenya (CPA-K). He prides himself as a diligent, intuitive, and progressive individual. He rose from deputy finance manager, finance manager and acting managing director for Wajwasco.

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

<p>Mrs. Nasteha Mohamed Abdille</p>	<p>25<sup>th</sup>  February  2019.</p>	<p>Mrs. Nasteha holds a Masters of Arts in Counselling Psychology; a Bachelor of Education and Counselling; and, a Primary Teachers' Certificate (P1 Teacher). She started off at Boys Town Primary School, Garissa County for a period of over 15 years. Thereafter, she joined her current commission at Don-holm Primary School, Nairobi as an English, Mathematics and Science Teacher. Over the years, Mrs. Nasteha has attended a number of short courses and attained several certifications. These certifications include: Interactive Child Centred Methodology, Action Research and Disaster Risk Reduction on a cooperation programme between the Ministry of Education GoK and UNICEF; Leadership and Integrity from the NDI Leadership and Campaign Academy; School-based Teacher Development Course in Principles of Good Primary Practice under the Ministry of Education; Guidance and Counselling for Primary Schools Teacher Counsellors through the Ministry of Education; and, Training on Improved Quality and Management through a cooperation programme between the Ministry of Education GoK and UNICEF. Mrs. Nasteha is a result-driven and committed professional with enviable teaching and educational counselling experience spanning over 17 years in North Eastern and Nairobi</p>
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**III.MANAGEMENT TEAM**

Ref	Management	Details
1.	Ali Bashane Gaal	Managing Director
2.	Ahmed Mohamed Abdi	Deputy Managing Director
3.	Ahmed Omar Abdille	Technical Services Manager
4.	Ahmed Abdille Abdi	Procurement Manager
5.	Halima Abdullahi Mohamed	Director Administration

**IV. CHAIRMAN'S STATEMENT**

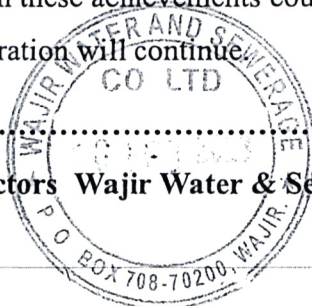
We wish to acknowledge the good working relationship we have enjoyed from the County Government of Wajir, World Bank, Water Services Regulatory Board, Water Trust Fund, and other Development partners. We would also like to thank our consumers both institutional and individuals' households who have been very co-operative in payment of bills for the water services provided. We are faced with various challenges like the covid 19 pandemic, inadequate water supply; vandalism of galvanized iron water pipes, and water meters; breakdowns of control panels and pump sets due to unstable electricity supply; among others. The cost of operation is also high due to high electricity costs coupled with the rising cost of fuel, pipes and fittings. Due to the deep borehole depths and very low yields from most of our boreholes, the cost of production is higher than the resale price of water.

During the covid-19 pandemic the company was among the highly affected institution since the consumers could not pay their water bill as from march 2020 to date. The cost of borehole fittings have also gone up hence increase operation and maintenance. The pandemic has affected the sales margin of the company since the major consumers i.e., institution have been completely shut down hence low demand of our services.

To counter the challenges the company with support from World Bank, through Wajir county Government and Water Trust Fund Board has embarked on the development of reliable water supply systems. These are projected to be completed in 2019/2022 financial years and will inject an additional daily water production of 3,000 cubic meters. The company has also designed water and sewerage infrastructure renewal and development plans and is sourcing financial support for their implementation. In addition, the company has several strategy investments such as setting up bottled water and desalination plant that will be sold to local community at cheap price.

Finally, I take this opportunity to thank our members of staff and urge them to continue serving the company with integrity, dedication and diligence. I also wish to thank my fellow directors for their support without which these achievements could not have been realized. It is my hope and prayer that the same corporation will continue

.....  
**Chairman Board of Directors Wajir Water & Sewerage Company Limited**



**V. REPORT OF THE MANAGING DIRECTOR**

I wish to acknowledge the good work and the helping hands we have enjoyed from the County Government of Wajir, World Bank and other development partners. We would also like to thank our consumers and the general public both who have been very co-operative in payment of bills for the water services provided. The county population is estimated at 781, 263 in 2020 according to the Population and Housing Census conducted 2019. Equally the animal population is approximately about 1.2 million camels, 0.9 million cattle, 2.1 million sheep, 3.1 million goats, 0.5 donkeys and 0.8 chicken. According to the Kenya National Bureau of Statistics (KNBS) 2019 animal census,. Currently the company is managing 20 Boreholes with total annual production of 1,105,120 Meteric Cub from the boreholes against total annual demand of 1,528,000M<sup>3</sup>. WAJWASCO is governed by a board who oversees the operations of the company, spearheaded by a managing director. The company has five key departments with well trained and experienced staff in the various sections of the company. The company continually evaluates human resource needs in order to reduce the current level of overstaffing so as to enhance effective and efficient services delivery.

**Challenges**

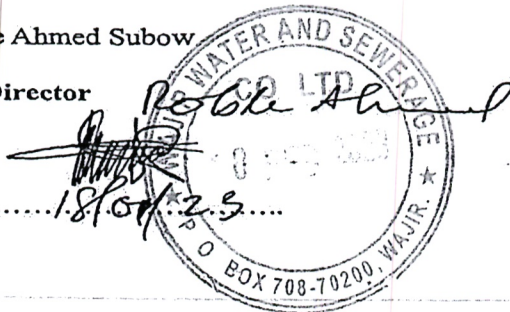
Unaccounted water losses due to aged water supply network, we have adopted a policy of ensuring that all customers will be metered soonest possible and aged systems are rehabilitated systematically. We have partially completed overhaul of the current distribution system within Wajir town as a remedy. Water supply networks in several areas have infrastructure problems as a result of small diameter pipes, which have been restricting water flow. High operational costs is another challenge since the water supply systems comprise of pumping facilities making sustainability of the company a big challenge. Finally, I take this opportunity to thank our members of staff and urge them to continue serving the company with integrity, dedication and diligence. Thanks all.

Name: Roble Ahmed Subow

Managing Director

Signature

Date.....18/06/2022.....



**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2021/2022**

Section 81 Sub-section 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The WAJWASCO achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar/Theme/ Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Adequate provision of water as per vision 2030 goals	To provide water supply and sewerage services in urban and market growth areas.	No. of rehabilitation works done on the existing water networks	7 No. water supply systems planned for rehabilitation	2No. water supply systems rehabilitated  250 additional customers have accessed piped water
Capacity Building of the BoD of Corporate governance	To enhance good governances and performance of rural water supply facilities	No. of Corporate governance done for the BoD,	No. Workshop Corporate governance done for the BoD,  No. Workshop on NRW reduction done for the BoD,	1 No. Workshop Corporate governance done for the BoD,  1 No. Workshop on NRW reduction done for the BoD,
Water Treatment to reduce Kidney Failure for Wajir Residence	To increase access to good quality water and sewerage /safe sanitation	No. of desalination Plant successfully operational	1 No. of desalination Plant successfully operational	1 No. of desalination Plant successfully installed and operationalized

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

Provide Dignified Sanitation services	To promote hygiene and safe sanitation (in partnership with other partners and players)	No. Sanitary Lane Improved for the collection Solid Waste & Sludge	7 No. Location were planned for Sanitary Lane Improvement for the collection Solid Waste & Sludge	7 No. Location were planned for Sanitary Lane Improvement for the collection Solid Waste & Sludge
Minimizing NRW and enhanced Profit Maximization	Reduction of non-revenue water and unnecessary wastages	No. of Corporate governance done for the BoD,	No. Workshop Corporate governance done for the BoD,  No. Workshop on NRW reduction done for the BoD,	1 No. Workshop Corporate governance done for the BoD,  1 No. Workshop on NRW reduction done for the BoD,

**VII. MANAGEMENT DISCUSSION AND ANALYSIS**  
**SECTION A**

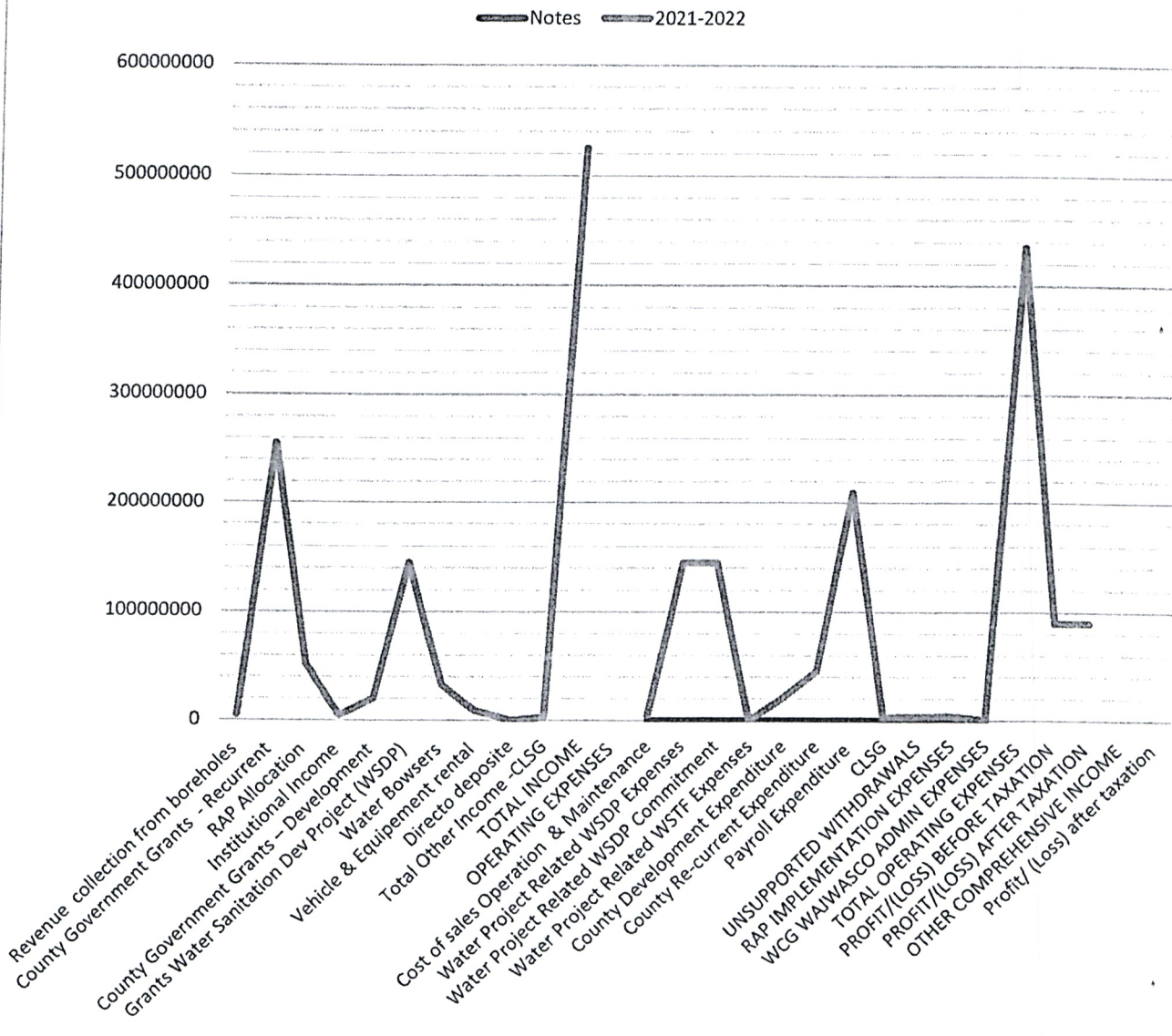
**The entity's operational and financial performance**

The company is currently regulated by WASREB, through a Service Provision Agreement (SPA) in 30/09/2014 to provide water supply and sewerage services within Wajir Town and its environs. The County Government of Wajir has appointed WAJWASCO as a Water Services Provider (WSP) for the whole of Wajir County. During the Year the Company received funds from County Government of Wajir for operations both recurrent and development as well as from Development partners to undertake given projects.

Below is graphical representation of the funds received as either capital fund or revenue for operations.

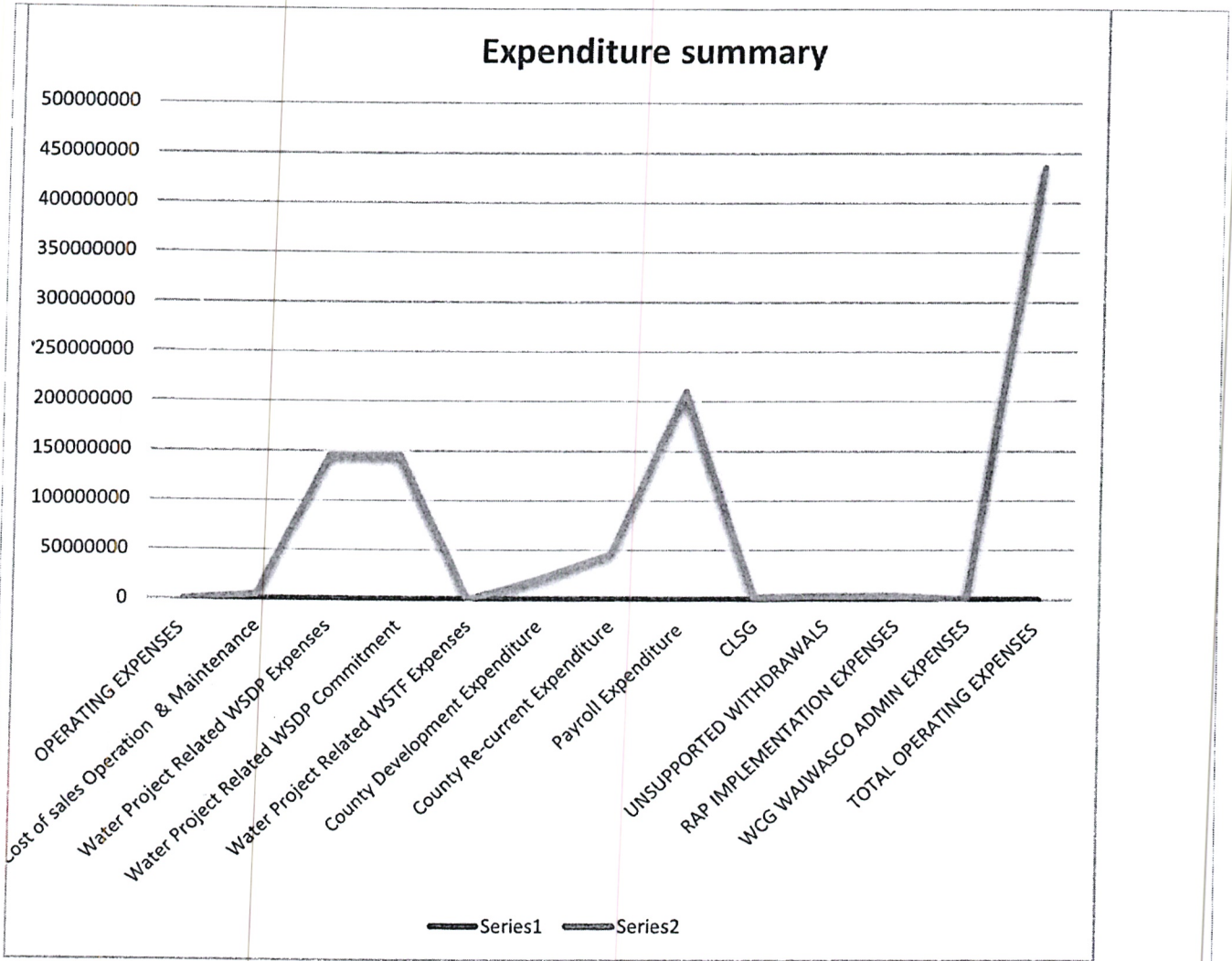
**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**Wajwasco income expenditure summary financial year 2021-2022**



*During the financial year the amounts were spent as bar the graph below*

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**



**SECTION B**

**Entity's compliance with statutory requirements**

WAJWASCO complies with various statutory requirements that is the Water Act of 2016 and trust deed Act. Cap 164. The company is not exposed to any Contingent liabilities.

**SECTION C**

**Key projects and investment decisions the Wajwasco is planning/implementing**

WAJWASSCO was funded by development partners in the following projects:

<b>Donors List</b>	<b>Amount Received During The Year</b>	<b>Amount Spent On Water Projects During The Year</b>
WSDP Project	145,000,000	145,037,265.96
WSTF	0	0
	<b>145,000,000/=</b>	145,037,265.96

## **SECTION D**

### **Major risks facing the Wajwasco**

WAJWASCO faces both operational and capital risk given that it operates in a desert environment where every household and livestock are in dire need of water. With the vastness of the County, the Water Company requires intensive capital investment to achieve its mandate in the County

## **VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

WAJWASCO exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organization's policies and activities that promote sustainability.

### **a) Sustainability strategy and profile**

The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure.

**b) Environmental performance**

Outline clearly, environmental policy guiding the organisation, provide evidence of the policy. Outline successes, shortcomings, efforts to manage biodiversity, waste management policy and efforts to reduce environmental impact of the organization's products.

**c) Employee welfare**

Give account of the policies guiding the hiring process and whether they take into account the gender ratio, whether they take in stakeholder engagements and how often they are improved. Explain efforts made in improving skills and managing careers, appraisal and reward systems. The organisation should also disclose their policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA)

**d) Market place practices-**

**The organisation should outline its efforts to:**

**a) Responsible competition practice.**

Explain how the organisation ensures responsible competition practices with issues like anti-corruption, responsible political involvement, fair competition and respect for competitors

**b) Responsible Supply chain and supplier relations**

Explain how the organisation maintains good business practices, treats its own suppliers responsibly by honoring contracts and respecting payment practices.

**c) Responsible marketing and advertisement**

Outline efforts to maintain ethical marketing practices.

**d) Product stewardship**

outline efforts to safeguard consumer rights and interests.

**Corporate Social Responsibility / Community Engagements**

The Company has continuously opened water projects through help of donors like the World Bank under the WSDP- IDA grant as well as development partners through WSTF. Access to water has been be a key corporate social initiative undertaken by WAJWASCO.

**IX. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *entity's* affairs.

**i) Principal activities**

The principal activities of the entity is to providing quality affordable water and sanitation services to the residents of Wajir County

**ii) Results**

The results of the entity for the year ended June 30, 2022 are set out on page 2. Below is summary of the profit or loss made during the year.

**iii) Dividends**

There is no payment of dividends

**iv) Directors**

The members of the Board of Directors who served during the year are shown on page 6. There are no retiring directors and neither is there one due for re-nomination

**v) Auditors**

The Auditor General is responsible for the statutory audit of the *entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or office of the auditor General Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *entity* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

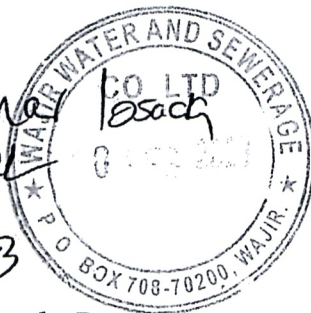
By Order of the Board

Name *Mohamed Omar Isach*

Signature *[Handwritten Signature]*

Date *18/01/2023*

Corporate Secretary/Secretary to the Board



**X. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 requires the Accounting Officer to prepare financial statements in respect of that *company*, which give a true and fair view of the state of affairs of the *company* at the end of the financial year/period and the operating results of the *Wajwasco* for that year financial year ending June 2022. The Directors are also required to ensure that the entity keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Wajwasco*. The Directors are also responsible for safeguarding the assets of the *Wajwasco*. The Directors are responsible for the preparation and presentation of the *Wajwasco's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial ended on June 30, 2022. 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 *entity*; (v) selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the *Wajwasco's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and the Company's Act Cap 486. The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *Wajwasco's* transactions during the financial year ended June 30, 2022, and of the *Wajwasco's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *Wajwasco*, which have been relied upon in the preparation of the *entity's* financial statements as well

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

as the adequacy of the systems of internal financial control. Nothing has come to the attention of the months from the date of this statement.

The Directors are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2022, and of the *entity's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity's* financial statements as well as the adequacy of the systems of internal financial control.

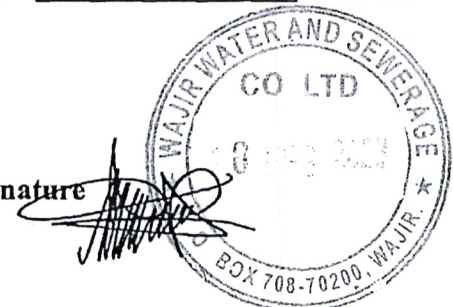
Nothing has come to the attention of the Directors to indicate that the *entity* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The entity's financial statements were approved by the Board on 30<sup>th</sup> June 2022 and signed on its behalf by:

**Signature**

**Signature**



**Name:**

**Name: Roble Ahmed Subow**

**Chairperson of the Board of Directors**

**Accounting officer**

# REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke

**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON WAJIR WATER AND SEWERAGE COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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**

#### **Disclaimer of Opinion**

I have audited the accompanying financial statements of Wajir Water and Sewerage Company Limited set out on pages 19 to 55, which comprise the statement of financial position as at 30 June, 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity, 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 do not express an opinion on the accompanying financial statements. Because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for Disclaimer of Opinion**

#### **1. Non-Submission of Prior Years Financial Statements and Audit of Comparative Balances**

Records provided for audit revealed that the Company was incorporated in the year 2013. However, Management did not prepare and submit for audit the financial statements for seven (7) financial years ended 30 June, 2014 to 30 June, 2020. This was in contravention of Section 164(4)(a) of the Public Finance Management Act, 2012 which provides that within three months after the end of each financial year, the accounting officer for a county entity shall submit the entity's financial statements to the Auditor-General.

In the circumstances, the accuracy and completeness of opening balances in the financial statements could not be confirmed. In addition, Management was also in breach of the law.

#### **2. Presentation of the Financial Statements**

##### **2.1 Anomalies in the Presentation of the Financial Statements**

Review of the financial statements submitted for audit revealed that the financial statements were not prepared in the format prescribed by the Public Sector Accounting Standards Board (PSASB). The financial statements did not include the statement of comparison of budget and actual amounts, the statement of changes in equity, corporate governance statement, schedule of inter entity transfers and report on progress on follow up of auditor's recommendations. In addition, the financial statements were not signed by the Chairman of the Board.

Further, the details of key professional and academic qualifications and passport size photographs for the Management team and passport size photographs for the Board of Directors were not included in the financial statements. The relevant Sections of laws were not correctly cited in the Statement of Directors' Responsibilities and the updated significant accounting policies were not included in the financial statements.

##### **2.2 Incorrect Cross-Referencing of Notes and the Financial Statements**

The financial statements were not correctly cross-referenced to the Notes as summarised below: -

<b>Component</b>	<b>Corresponding Note as Per Financial Statements</b>	<b>Correct Note Reference</b>
Bank and Cash Balances	14	15
Capital Fund	16	17
Trade and Other Payables	18	19
Trade and Other Receivables	13	-

## **2.3 Incorrect Disclosure and Classification of Income and Expenses**

The disclosure and classification of income and expenses was not consistent with the guidelines provided in the Financial Reporting Template (Revised, June, 2022) issued by the Public Sector Accounting Standards Board. The statement of profit or loss and other comprehensive income included Wajir Water and Sewerage Company development expenditure, Water Sanitation Development Programme (WSDP) project expenditure and Water Sector Trust Fund (WSTF) expenditure which were development in nature. In addition, the statement of cash flows was not presented in the prescribed format.

In the circumstances, the accuracy and completeness of financial statements presented for audit could not be confirmed.

## **3. Unsupported Revenue Earned**

As disclosed in Note 1 to the financial statements, the statement of profit or loss and other comprehensive income reflects revenue earned of Kshs.41,684,789. However, water sales receipts books, ledgers and other documents to support the revenue were not provided for audit review. Further, audit of the revenue revealed that billing data provided by the Finance Department and the Billing Department differed significantly. The Finance Department data indicated water production of 1,105,120 M<sup>3</sup> out of which the quantity of water billed was not disclosed while the Billing Department data indicated that the quantity of water produced was 398,976M<sup>3</sup> out of which 111,848M<sup>3</sup> was billed and 127,538 M<sup>3</sup> was unmetered totalling to 239,386M<sup>3</sup>. This resulted to unexplained difference of 706,144M<sup>3</sup> in the quantities produced. In addition, the two Departments did not provide evidence to support the reported quantities of water produced.

Further, the reported income of Kshs.41,684,789 differed with the balance reflected in the ledger of Kshs.50,454,686, resulting to an unreconciled variance of Kshs.8,769,897.

In the circumstances, the accuracy and completeness of revenue earned of Kshs.41,684,789 could not be confirmed.

## **4. Unsupported Equipment/Vehicle Rental Income**

The statement of profit or loss and other comprehensive income reflects revenue from equipment/vehicle rental of Kshs.8,736,000. However, supporting documents including contractual agreement, miscellaneous receipts and work tickets were not provided for audit review.

In the circumstances, the accuracy of equipment/vehicle rental income of Kshs.8,736,000 could not be confirmed.

## **5. Unsupported Donor Grants**

The statement of profit or loss and other comprehensive income reflects Kshs.147,442,826 in respect of grants from donors. However, Management did not provide any documents and records to support the amount.

In the circumstances, the accuracy and completeness of grants from development partners amounting to Kshs.147,442,826 could not be confirmed.

## **6. Unsupported Grants from County Government**

The statement of profit or loss and other comprehensive income reflects grants from county government of Kshs.327,286,000. However, documents to support the amount were not provided. Further, comparison of inter entity transfers in the Wajir County Executive financial statements for the year ended 30 June, 2022 revealed that the County Executive transferred a total of Kshs.52,000,000 to the Company during the year under review, resulting to an unexplained difference of Kshs.275,286,000.

In the circumstances, the accuracy and completeness of grants from County Government of Kshs.327,286,000 could not be confirmed.

## **7. Unsupported Development Expenditure**

The statement of profit or loss and other comprehensive income reflects the Company's development expenditure of Kshs.20,750,000 as disclosed in Note 7 to the financial statements. However, supporting documents including payment vouchers and procurement documents were not provided for audit review. Further, the expenditure was incorrectly reported in the statement of profit or loss and other comprehensive income since it was development in nature.

In the circumstances, the accuracy and validity of the Company's development expenditure amounting to Kshs.20,750,000 could not be confirmed.

## **8. Recurrent Expenditure Irregularities**

The statement of profit or loss and other comprehensive income reflects the Company's recurrent expenditure of Kshs.44,951,000 as disclosed in Note 8 to the financial statements. However, included in the expenditure is capital expenditure amounting to Kshs.10,934,311. Further, review of the expenditure revealed that contracts amounting to Kshs.7,096,358 were irregularly awarded to suppliers who did not satisfy the mandatory compliance requirements including valid business licenses and tax compliance certificates as required by the evaluation criteria. Despite the lack of mandatory documents, the tenderers were found responsive by the Evaluation Committee. In addition, an expenditure amounting to Kshs.6,132,953 was not supported by professional opinion as required under Section 84 of the Public Procurement and Asset Disposal Act, 2015 which provides that the Head of Procurement Function of a procuring entity shall, alongside the report to the Evaluation Committee as secretariat comments, review the tender evaluation report and provide a signed professional opinion to the Accounting Officer on the procurement or asset disposal proceedings.

Further, contract agreements for contracts amounting to Kshs.4,810,229 were signed before lapse of the mandatory fourteen (14) days from the date of tender award notification. This was contrary to Section 135 (3) of the Public Procurement and Asset Disposal Act, 2015 that provides that the written contract should be entered into within the period specified in the notification but not before fourteen days have elapsed following the giving of that notification provided that a contract shall be signed within the tender validity period. In addition, the Management issued a Local Purchase Order (LPO) for a contract to supply submersible pumps at a cost of Kshs.2,940,000 before evaluation of the quotations.

In the circumstances, the accuracy and validity of the expenditure of Kshs.44,951,000 could not be confirmed.

### **9. Unsupported Project Expenditure**

The statement of profit or loss and other comprehensive income reflects Water and Sanitation Development Project expenditure of Kshs.145,037,266 as disclosed in Note 9 to the financial statements. Review of the Wajir County Executive financial statements for the year ended 30 June, 2022 revealed that the Executive transferred a total of Kshs.172,839,943 to the Project account resulting to an unexplained difference of Kshs.27,802,677. Further, payment vouchers, project files and tender documents for contracts worth Kshs.21,579,489 were not provided for audit review. In addition, an expenditure of Kshs.35,479,398 paid to three (3) consultancy firms for contracts awarded during the prior years were not adequately supported with evidence of deliverables attained or progress report on the phases for which the payment was made and minutes of adoption and approval of the reports.

Further, contract agreements for contracts worth Kshs.2,970,000 were signed before lapse of the mandatory fourteen (14) days from the date of tender award notification. In addition, contracts worth Kshs.4,944,000 were not supported with Inspection and Acceptance Committee report as required by Section (48)(3) of the Public Procurement and Asset Disposal Act, 2015 which provides that the Inspection and Acceptance Committee should immediately after the delivery of the goods, works or services inspect and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract and accept or reject, on behalf of the procuring entity, the delivered goods, works or services.

In the circumstances, the accuracy, completeness validity and propriety of the expenditure of Kshs.145,037,266 incurred on the project could not be confirmed.

### **10. Unsupported Staff Cost**

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.209,701,030 in respect of staff cost expenditure as disclosed in Note 11 to the financial statements. Review of payroll records indicated that the amount was paid by the County Executive on behalf of the Water Company. However, the corroborative County Executive records reflected an amount of Kshs.125,715,838 as salary expenditure paid on behalf of the Water Company, resulting to an unexplained difference of Kshs.83,985,192. Further, review of the Company's payroll data revealed that for a period of eight months, there were two Managing Directors in the Company, one in acting capacity which resulted in the Company incurring an irregular expenditure of Kshs.4,000,000. In addition, details of the Company employees, their designations, stations of deployment and their roles and responsibilities were not provided for audit. Except for a few employees stationed at the Company's Headquarters, it was not possible to establish the reason for the existence of the large workforce of employees and the nature of duties they performed.

In the circumstances, the accuracy and validity of the expenditure on staff costs of Kshs.209,701,030 could not be confirmed.

### **11. Resettlements Action Plan Implementation Expenditure**

The statement of profit or loss and other comprehensive income reflects an amount of Kshs.3,755,200 incurred on Resettlements Action Plan (RAP) project. However,

ledgers supporting the financial statements reflected an amount of Kshs.3,956,760, resulting to an unexplained variance of Kshs.201,560. Further, Note 13 to the financial statements disclosed a suspense expenditure of Kshs.800,000 whose details were not provided. In addition, review of bank statements revealed cash withdrawals totalling Kshs.1,543,200 whose purpose and justification were not provided.

In the circumstances, the accuracy and validity of the expenditure on Resettlements Action Plan amounting to Kshs.3,755,200 could not be confirmed.

## **12. Irregular Cash Withdrawals and Cash Payments**

The statement of profit or loss and other comprehensive income reflects total operating expenses of Kshs.468,409,212. However, an amount of Kshs.10,081,717 included in the expenditure was incurred through cash withdrawals. Further, items worth Kshs.5,592,563 were procured in cash contrary to Section 107 of the Public Procurement and Assets Disposal Act, 2015 that provides that a procuring entity may use a low-value procurement procedure if the estimated value of the goods, works or non-consultancy services being procured are less than or equal to the maximum value per financial year for that low-value procurement procedure as may be prescribed. The threshold matrix in the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 provides for a limit Kshs.50,000.

In the circumstances, the Management was in breach of law.

## **13. Unsupported Cash and Cash Equivalents**

The statement of financial position reflects bank and cash balances of Kshs.90,083,399 as disclosed in Notes 15 and 16 to the financial statements. Note 16 indicates that the Company operated twelve (12) bank accounts in various commercial banks. However, bank reconciliation statements for nine (9) accounts, cash books for ten (10) bank accounts, certificates of bank balances for (11) bank accounts and Mpesa statements were not provided for audit verification. Further, the bank account numbers for six (6) bank accounts were not indicated in the schedule at Note 16 while two (2) bank accounts included in the schedule are operated by the County Executive of Wajir.

In addition, the statement of financial position reflects cash and cash equivalents balance of Kshs.90,083,398 while the cash flow statement reflects cash and cash equivalents balance of Kshs.56,740,403, resulting in an unexplained difference of Kshs.33,342,995.

In the circumstances, the accuracy and completeness of the bank and cash balance of Kshs.90,083,398 as at 30 June, 2022 could not be confirmed.

## **14. Unsupported Trade and Other Payables**

The statement of financial position reflects trade and other payables balance of Kshs.596,039,088 as disclosed in Note 19 to the financial statement. However, the Company did not provide invoices and creditors statements to confirm the existence and accuracy of the reported balance. Further, the ledger balances and payables' particulars differed significantly with the amounts disclosed in the financial statements resulting to an unexplained variance of Kshs.40,128,029.

In the circumstances, the accuracy and completeness of trade and other payables balance of Kshs.596,039,088 could not be confirmed.

#### **15. Unsupported Trade and Other Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.2,683,000. However, Management did not include a Note in the financial statements detailing the composition of the balance. Further, Management did not maintain an updated debtors' ledger and did not have a Debt Management Policy or a Policy on provision for bad and doubtful debts. In addition, aging analysis for the trade and other receivables was not provided for audit review.

In the circumstances, it was not possible to confirm the accuracy, existence and recoverability of the trade and other receivables balance of Kshs.2,683,000.

#### **16. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.230,366,064 as at 30 June, 2022. However, Note 14 reflects property plant and equipment balance of Kshs.196,977,176 resulting to an unreconciled variance of Kshs.33,388,888. Further, the supporting schedule provided reflected cost of assets as at 30 June, 2021 while the net book value was reflected as at 30 June, 2022. In addition, Management did not maintain a fixed asset register to record the assets while ownership documents, including logbooks for the motor vehicles and the title deed for land were not provided for audit review.

Management did not also provide an Assets Depreciation Policy and therefore the basis for the method of depreciation and rates used could not be confirmed. Further, additions to property plant and equipment of Kshs.124,919,042 disclosed under Note 14 were not supported.

In the circumstances, the accuracy, ownership and existence of property, plant and equipment balance of Kshs.230,366,064 could not be confirmed.

#### **17. Material Uncertainty Relating to Going Concern**

The statement of financial position reflects current liabilities of Kshs.596,039,088 which exceeded the current assets of Kshs.92,766,399 resulting to a negative working capital of Kshs.503,272,689. Further, the statement reflects a capital and reserves negative balance of Kshs.272,906,626. The Company may therefore not be able to meet its short-term financial obligations as and when they fall due. The material uncertainty relating to going concern and the measures put in place to improve the Company's financial performance were not disclosed in the financial statements.

In the circumstances, the Company is technically insolvent and its continued operations is dependent on the support from the County Government of Wajir and grants from development partners.

#### **18. Late Submission of Financial Statements**

The financial statements of the Company for the year ended 30 June, 2022 were submitted for audit on 18 January, 2023, over three (3) months after the statutory deadline of 30 September, 2022. This was contrary to Section 164(4) (a) of the Public Finance Management Act, 2012 which requires the Accounting Officer of a County

entity to submit financial statements to the Auditor-General for audit within three (3) months after the end of each financial year.

In the circumstances, Management was in breach of the law.

#### **19. Failure to Prepare a Budget**

Management of the Company did not prepare estimates of income and expenditure in contravention of Section 149(2)(h) of the Public Finance Management Act, 2012 which provides that an Accounting Officer should, in respect of the entity, prepare estimates of expenditure of the entity in conformity with the strategic plan.

In the circumstances, the Management was in breach of the law.

#### **20. Non-Revenue Water**

During the year under review the Company did not have in place a master meter to record quantities of water produced. As a result, Management could not ascertain the quantities of water produced in order to evaluate the performance of the Company.

In the circumstances, it was not possible to confirm the Company's level of Non-Revenue Water as a key performance indicator.

#### **21. Failure to Hold Board Meetings and Annual General Meetings**

Management did not provide evidence to confirm that annual general meetings were held and annual returns were submitted since the Company was incorporated on 11 November, 2013. This was contrary to the requirement of Section 275(A)(1) of the Companies Act, 2015, which provides that every Company should convene a general meeting once a year.

In the circumstances, it was not possible to confirm the effectiveness of governance systems in the Company.

#### **22. Weaknesses in Information Technology Internal Controls**

During the year under review, the Management did not have in place an Information Technology (IT) Strategy Committee and IT Steering Committee, IT Policies, Disaster Management and Recovery Policies including fire suppression systems. Further, the Company did not have a Business Continuity Plan and the IT Continuity Plan including an off-site back-up plan.

In the circumstances, it was not possible to confirm the existence of adequate and effective Information Technology internal controls in the Company.

#### **23. Lack of Staff Establishment and Scheme of Service**

Review of personnel records indicated that the Company had five hundred and twenty-one (521) employees as at July, 2021 and four hundred and forty-seven (447) employees as at 30 June, 2022. However, Management did not maintain an approved establishment as required by Paragraph 3.9 of the Corporate Governance Guidelines for the Water Services Sector, 2018 which requires that the Board of Directors should ensure that it has a Staff Establishment showing in-post and vacancies based on sector standard competencies. In addition, the Company did not have a scheme of service hence it was not possible to confirm the basis for recruitment and promotion of staff in the Company.

In the circumstances, it was not possible to confirm the existence of effective internal controls on staff recruitment and promotions in the Company.

#### **24. Unsupported Staff Changes**

Payroll records revealed that the Company had a total of five hundred and twenty-one (521) employees as of July, 2021 and four hundred and forty-seven (447) employees, as at the end of June, 2022 who included twelve (12) new staff employed during the year. One hundred and sixty-six (166) employees were removed from the payroll during the period of July to August, 2021 and seventy-eight (78) of them were later reinstated between November, 2021 and June, 2022. However, there were no Board minutes, dismissal or reinstatement letters to support the changes.

In the circumstances, it was not possible to rule out irregularities in the engagement of employees in the Company.

#### **25. Non-Remittance of Statutory Deductions**

During the year under review, the Company deducted from employees' salaries an amount of Kshs.32,459,424 in respect of Pay As You Earn (PAYE), National Hospital Insurance Fund (NHIF), and National Social Security Fund (NSSF). However, no documentary evidence was provided to support remittance of the amounts deducted to the respective statutory bodies. This was contrary to Section 19(4) of the employment Act, 2007 which provides that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) should pay the amount so deducted in accordance with the time period and other requirements specified in the law. Further, the Company did not disclose in the financial statements the unremitted statutory deductions as payables.

In the circumstances, the Management was in breach of the law.

#### **26. Weaknesses in Payroll Management**

The Company's staff payrolls were prepared and maintained in Microsoft Excel worksheets instead of being maintained in a system with adequate controls. In addition, back-up measures were not put in place to mitigate against possible risks. Payroll data also revealed inconsistencies in the employee records for two officers who shared the same identification number. The personnel files were not provided to verify the details for the officers. Further, the payroll did not include key details including job group, allowances earned, gender, ethnicity, persons with disability and the Kenya Revenue Authority Personal Identification Number.

In addition, there was no evidence that the payroll data was verified on a monthly basis and authorized by a senior official. Further, although the payroll was prepared by Management of the Company, payment of net salaries and statutory deductions was made by the County Executive of Wajir.

In the circumstances, effectiveness of internal controls on staff data could not be confirmed.

#### **27. Lack of a Risk Management System**

The Company did not have a Risk Management Policy in place. Further, Management did not carry out risk assessment during the year under review. This was contrary to Regulation 158(1) of the Public Finance Management (County Governments)

Regulations, 2015 which states that the Accounting Officer should ensure that the county government entity develops risk management strategies, which include fraud prevention mechanisms and develop a system of risk management and internal control that builds robust business operations.

In the circumstances, the Management may not be able to identify, assess and control threats that may affect achievement of the Company objectives.

#### **28. Failure to Establish Audit Committee**

During the year under review, the Company did not have an Audit Committee to support the Accounting Officer with regard to their responsibilities for issues of risk control, governance and associated assurance, as required by Section 155 (5) of the Public Finance Management Act, 2012.

In the circumstances, it was not possible to confirm existence of effective overall risk management and governance measures.

#### **29. Lack of Procurement Plan**

Management did not provide for audit a Procurement Plan prepared under the requirement of Section 45(3) of the Public Procurement and Assets Disposal Act, 2015 which requires that all procurement processes should be within the approved budget of the procuring entity and should be planned by the procuring entity concerned through an Annual Procurement Plan.

In the circumstances, the Management was in breach of the law.

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

#### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

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

#### **Conclusion**

I do not express a conclusion on the lawfulness and effectiveness in the use of public resources as required by Article 229(6) of the Constitution. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of my report, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for my audit conclusion.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

As required by Companies Act, 2015, Because of the significance of the matters under the Basis for Disclaimer of Opinion section of my report, I report based on my audit, that:

- i. I have not obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit
- ii. In my opinion, adequate accounting records have not been kept by the Company, so far as appears from the examination of those records and
- iii. The Company's financial statements are not in agreement with the accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company or to cease 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.

The Board of Directors is responsible for overseeing the Company'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**

My responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards of Supreme Audit Institutions (ISSAIs) 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. However, because of the matters described in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

In addition, my responsibility is 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. I also consider internal controls, risk management and governance processes and systems in order to give an assurance on the effectiveness of internal controls, risk management and governance 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. However, because of the matters discussed in the Basis for Disclaimer of Opinion section of my report, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit conclusion on lawfulness and effectiveness in use of public resources and on effectiveness of internal controls, risk management and governance.

I am independent of the Wajir Water and Sewerage Company Limited 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.

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

05 May, 2023

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**XII. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME FOR THE YEAR ENDED 30 JUNE 2022.**

<b>REVENUES</b>	<b>Notes</b>	<b>2021-2022</b>	<b>2020-2021</b>
Revenue Earned	1	41,684,789	5,570,733
<b>Other Income</b>			
Equipement /Vehicle Rental	2	8,736,000	-
Donor Grants	3	147,442,826	193,222,295
County Grants	4	327,286,000	335,745,660
<b>TOTAL INCOME</b>	<b>5</b>	<b>525,149,615.35</b>	<b>534,538,687</b>
<b>OPERATING EXPENSES</b>			
Operation & Maintenance	6	8,392,700	5,500,155
Wajwasco Development expenditure	7	20,750,000	60,000,000
Wajwasco recurrent expenditure	8	44,951,000	234,061,976
WSDP Project expenditure	9	145,037,266	163,742,529
WSTF Expenditure	10	1,763	405,309,724
Staff Cost	11	209,701,030	234,061,976
CLSG	12	2,431,365	-
<b>RAP IMPLEMENTATION EXPENSES</b>	<b>13</b>	<b>3,755,200</b>	<b>-</b>
Depreciation charged during the year	14	33,388,888	-
<b>TOTAL OPERATING EXPENSES</b>		<b>468,409,212</b>	<b>948,202,296</b>
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		<b>56,740,403</b>	<b>(413,268,608)</b>
<b>PROFIT/(LOSS) AFTER TAXATION</b>		<b>56,740,403</b>	<b>(413,268,608)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Profit/ (Loss) after taxation</b>		<b>56,740,403</b>	<b>(413,268,608)</b>
Surplus or deficit on revaluation of PPE		-	-

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**XIII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

	Note	2021-2022	2020-2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	12	230,366,064	230,366,064
<b>Total Non-Current Assets</b>		<b>230,366,064</b>	<b>230,366,064</b>
<b>Current Assets</b>			
Trade and other receivables	13	2,683,000	2,683,000
Bank and cash balances	14	90,083,399	110,516.32
Inventory Assets		00	00
<b>Total Current Assets</b>			<b>2,793,516</b>
<b>TOTAL Assets</b>		<b>323,132,462</b>	<b>233,159,580</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Opening balances Equity	15	2,685,041	2,683,000
Capital Fund	16	-129,120,029	-535,338,131
Retained earnings	17	-146,471,639	169,775,623.53
<b>Capital and Reserves</b>		<b>-272,906,626.</b>	<b>-362,879,508</b>
<b>Current Liabilities</b>			
Trade and other payables	18	596,039,088	596,039,088
<b>Total Current Liabilities</b>		<b>596,039,088</b>	<b>596,039,088</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>323,132,462</b>	<b>233,159,580</b>

The financial statements were approved by the Board on 30th June 2021 and signed on its behalf by:

Director General/ M. D

Head of Finance

Chairman of the Board

Name: *Roble Ahmed*

Name: *SAYAD ADOW SAYAD*

Name:

Sign



Sign



Sign

**XIV. WAJWASCO COPERATE STATEMENT YEAR ENDING 30<sup>th</sup> JUNE 2022**

Wajwasco board of directors is accountable to the owners of the water service providers (shareholders) for achieving the corporate objectives. The shareholder is accountable to the citizen who requires the services and owes fidelity to the Constitution 2010. The competence and conduct of the board, in regard to factors such as business ethics and the environment has an impact on legitimate societal interests (stakeholders) and thereby influences the reputation and long-term interests of the water sector enterprise in the whole County and attainment of Vision 2030 and the Sustainable Development Goals.

Wajwasco has 9 board members with gender distribution of 6 male 3 female members. 5 Member of the Company’s Board had bachelor degree of relevant technical field and 4 other members met the minimum requirement for appointment as a board member as required by corporate governance guideline for the water services sector, 2018 and Mwongozo policies.

No.	Member	Nominating Institution	Terms Status
1.	Mr. Muhumed Mohamud Said- Chairman	Labour Union	End on 24 <sup>th</sup> February 2022
2.	Mohamed Sokor	Finance & Audit	End on 24 <sup>th</sup> February 2022
3.	Mr. Abdirahman Yare Haj -Member	Labour Union	End on 24 <sup>th</sup> February 2022
4.	Mr. Abubakar Ali Adow -Member	Business Community	End on 24 <sup>th</sup> February 2022
5.	Mr. Amina Bille -Chairlady	Business Community	End on 24 <sup>th</sup> February 2022
6.	Mr. Dahaba Hussein Maday-Member	Business Community	End on 24 <sup>th</sup> February 2022
7.	Noor Mohamed Bardad -Member	Labour Union	End on 24 <sup>th</sup> February 2022
8.	Mrs. Nasteha Mohamed Abdille-Member	Business Community	End on 24 <sup>th</sup> February 2022
9.	Ahmed Guhad Omar -Member	Water Department	End on 24 <sup>th</sup> February 2022

**Board diversity**

The board is constituted by members who have experience in accountancy, auditing, corporate governance, public finance management and financial background. The board mandate is to prescribe accounting standards and internal control standards for all state organs and public entities and therefore the members are required to have technical knowledge in accountancy and audit. The biographies of the board mebers are disclosed on page 3 to 5 of this report.the board had three female out of the nine members and therefore met the constitutional threshold since at least a third of all members were female. The board also sdhere to the tenents of regional balance.

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**XV. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021**

	Notes	2021-2022	2020-2021 Kshs
<b>OPERATING ACTIVITIES</b>			
Net Income		89,664,601.73	-413,663,609
Adjustments to reconcile Net Income		0	0
to net cash provided by operations:		0	0
Accounts Receivable	15	-2,683,000	-2,683,000
Accounts Payable		530,045,788	530,045,788
<b>Net cash provided by Operating Activities</b>		<b>527,362,788</b>	<b>113,699,180</b>
Non-Current Assets		-35,375,000	-35,375,000
Non-Current Assets:8001.5 Land And Building		-48,500,000	-48,500,000
Non-Current Assets:8001.3 · Traylor Night Soil Collection		-3,750,000	-3,750,000
Non-Current Assets:8001.4 · Multi-Purpose Transport Truck		-8,970,000	-8,970,000
Non-Current Assets:8001.5 · Toyota Pick Up		-28,141,064	-28,141,064
<b>Net cash provided by Investing Activities</b>		<b>-124,736,064</b>	<b>-124,736,064</b>
<b>Net cash increase for period</b>		<b>402,626,724</b>	<b>-11,036,884</b>
Cash at beginning of period		110,516	8,464,400
Cash at end of period	16	<b>56,740,403</b>	110,516
Cash at end of period	16	<b>56,740,403</b>	110,516

**XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2022**

Note: PFM Act section 81(2) ii and iv requires a National Government entity to present appropriation accounts showing the status of each vote compared with the appropriation for the vote and a statement explaining any variations between actual expenditure and the sums voted. IFRS does not require entities complying with IFRS standards to prepare budgetary information because most of the entities that apply IFRS are private entities that do not make their budgets publicly available.

However, for public sector entities, the PSASB has considered the requirements of the PFM Act, 2012 which these statements comply with, the importance that the budgetary information would provide to the users of the statements and the fact that the public entities make their budgets publicly available and decided to include this statement under the IFRS compliant financial statements.

Budget notes: Provide explanation of differences between actual and budgeted amounts (10% over/ under) Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

## **XVII. NOTES TO THE FINANCIAL STATEMENTS**

### **1. General Information**

Wajwasco entity is established by and derives its authority and accountability from water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is water supply and sanitation services. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (*include any other applicable legislation*), and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

a) Application of New and Revised International Financial Reporting Standards (IFRS)

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Title	Description	Effective Date
IAS 39-Financial Instruments: Recognition and Measurement	IAS 39 "Financial Instruments: Recognition and Measurement" outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognized when an entity becomes a party to the contractual provisions of the instrument and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortized cost or fair value). Special rules apply to embedded derivatives and hedging instruments.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 4- Insurance Contracts (Superseded)	IFRS 4 "Insurance Contracts" applies, with limited exceptions, to all insurance contracts (including reinsurance contracts) that an entity issues and to reinsurance contracts that it holds. In light of the IASB's comprehensive project on insurance contracts, the standard provides a temporary exemption from the requirements of some other IFRSs, including the requirement to consider IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" when selecting accounting policies for insurance contracts.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Title	Description	Effective Date
IFRS 7- Financial Instrument Disclosures	IFRS 7 "Financial Instruments: Disclosures" requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.
IFRS 16- Leases	IFRS 16 specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Lessor accounting however remains largely unchanged from IAS 17 and the distinction between operating and finance leases is retained.	The amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.

Title	Description	Effective Date
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 — Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The	The amendments are effective for annual periods beginning on or after

Title	Description	Effective Date
	standard generally requires biological assets to be measured at fair value less costs to sell.	January 1, 2022. Early application is permitted.
IFRS 1 — First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general-purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to

Title	Description	Effective Date
		defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

*ii. Early adoption of standards* The entity did not early – adopt any new or amended standards in year 2020/2021.

The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements. Or the following has been assessed to be significant for the company and has been addressed as follows

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**Summary of Significant Accounting Policies**

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

**a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

1. **Revenue from the sale of goods and services** is recognized in the year in which the *entity* delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
2. **Grants from National Government** are recognized in the year in which the *entity* actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
3. **Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
4. **Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
5. **Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
6. **Other income** is recognized as it accrues.

**b) In-kind contributions**

In-kind contributions are donations that are made to the *entity* 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 *entity* includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Freehold Land	Nil
Buildings and civil works	25 years or the unexpired lease period
Plant and machinery	12.5 years
Motor vehicles, including motor cycles	4 years
Computers and related equipment	3 years
Office equipment, furniture and fittings	12.5 years

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**f) Amortization and impairment of intangible assets**

Amortization is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognized so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**h) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a

purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position..

**i) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**j) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value.

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**l) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct Labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**n) Taxation**

**a. Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**o) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

**Deferred Tax**

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the

deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**p) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

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

**r) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**s) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**t) Retirement benefit obligations**

The entity operates a defined contribution scheme for all full-time employees from July 1, 2021. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1,000 per employee per month.

**u) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

**v) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit or loss.

**Summary of Significant Accounting Policies**

**w) Budget information**

The original budget for FY 2021-2022 was approved by the County Assembly on July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the

original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Wajwasco's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section xxx of these financial statements.

**a) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**b) Comparative figures**

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

**c) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses,

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the 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.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset based on the assessment of experts employed by the Entity
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the assets

**c) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(include provisions applicable for your organization e.g provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

<b>1. REVENUE INCOMES</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
REVENUE FROM BOREHOLES	4,842,019	5,570,733
INSTITUTIONAL INCOME	4,082,770	0
WATER BOWSERS INCOME	32,760,000	0
<b>Total</b>	<b>41,684,789</b>	<b>5,570,733</b>

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

<b>2. VEHICLES/EQUIPMENT RENTAL</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
VEHICLE HIRE	8,736,000	0
DIRECT DEPOSIT	2,000	0
<b>Total</b>	<b>8,738,000</b>	<b>0</b>

<b>3. DONOR GRANTS</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
WORLD BANK WSDP	145,000,000	193,222,295
CONDITIONAL LIQUIDITY SUPPORT GRANT	2,442,826	0
<b>Total</b>	<b>147,442,826</b>	<b>193,222,295</b>

<b>4. COUNTY GRANTS</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
DEVELOPMENT	20,000,000	60,000,000
RECURRENT	255,286,000	275,745,660
RAP	52,000,000	0
<b>Total</b>	<b>327,286,000</b>	<b>335,745,660</b>

<b>5. INCOME SUMMARY</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
<b>1. REVENUE INCOMES</b>	41,684,789	5,570,733
<b>2. VEHICLES/EQUIPMENT RENTAL</b>	8,736,000	0
<b>3. DONOR GRANTS</b>	147,442,826	193,222,295
<b>4. COUNTY GRANTS</b>	327,286,000	335,745,660
<b>Total</b>	<b>525,149,615</b>	<b>534,538,688</b>

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

<b>6. OPERATION &amp; MAINTAINANCE</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
2001.1 Bore hole Fittings	1,101,721.84	1,627,475.45
2002.10 Communication Cost	400,000.00	763,854.68
2002.10 ENGINE SERVICE	806,000.00	1,578,330.00
2002.12 Boreholes SPAREPARTS	420,000.00	736,393.10
2002.13 Security Gard Equipment	518,660.00	319,301.31
2002.15 Allowances Wajida Group	509,000.00	474,800.00
2002.17 Borehole Mornitoring	501,403.00	
2002.23 Borehole Electricity/so	856,200.00	
2002.7 Piping Network Maint Cos	197,000.00	
2002.8 BORE HOLE FUEL	3,015,000.00	
Revenue Bank Charges	67,715.20	
<b>Total</b>	<b>8,392,700.00</b>	<b>5,500,154.54</b>

<b>7. Wajwasco Development Expenditure</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
WCG-D · COUNTY DEV COST		
MAINTENANCE OF CIVIL WORKS	7,850,000.00	10,000,000.00
OTHER INFURSTRUCTURE & CIVIL WO	5,050,000.00	15,500,000.00
REPAIR AND MAINTENANCE	3,900,000.00	2,500,000.00
WATER SUPPLIES & SEWERAGE	3,950,000.00	7,600,000.00
SPARE PARTS		3,000,000.00
REPAIR AND MAINTENANCE		3,000,000.00
WATER SUPPLIES & SEWERAGE		21,400,000.00
<b>Total</b>	<b>20,750,000.00</b>	<b>60,000,000.00</b>

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

<b>8. Wajwasco re-current Expenditure</b>		
<b>Particulars</b>	<b>2021/2022 Kshs</b>	<b>2020/2021 Kshs</b>
COMPUTER SOFTWARE MAINTENANCE	360,000.00	69,000.00
CONFERENCE AND SEMINER	3,220,000.00	2,000,000.00
DAILY SUBSISTANCE ALLOWANCE	756,000.00	8,000,000.00
ELECTRICITY	600,000.00	2,000,000.00
FUEL AND LUBRICANT	1,935,000.00	600,000.00
GENERAL OFFICE SUPPLIE	18,000,000.00	3,500,000.00
MOTOR VEHICLE MAINTENANCE	1,080,000.00	1,500,000.00
PROFESSIONAL SERVICES	4,800,000.00	3,800,000.00
PURCHASE COMPUTER	1,440,000.00	4,000,000.00
PURCHASE OF WORKSHOP TOOLS	1,000,000.00	3,000,000.00
RENT AND RATES	4,800,000.00	2,000,000.00
SANITARY/CLEANING MATERIALS	960,000.00	3,080,000.00
TRAINEE ALLOWANCE	6,000,000.00	4,800,000.00
SANITARY/CLEANING MATERIALS		960,000.00
<b>Total</b>	<b>44,951,000.00</b>	<b>39,309,000.00</b>

<b>9.. WSDP EXPENDITURE SUMMARY</b>	<b>2021/2022 Kshs</b>
Partixulars	<b>2021/2022 Kshs</b>
Purchase of vehicle for WSDP Project	21,131,064
Supplies & Consumbles	3,460,800
Consultancy fees	53,099,327
Advertisement cost	215,164
Bank Charges	3,363
Domestic Travel & Allowance	3,524,050
WSDP WORKS	63,603,498
<b>Total</b>	<b>145,037,266</b>

**10. WSTF EXPENDITURE SUMMARY**

Particulars	STRUCTURE	ADMIN	REF	TOTALS
ADADI-JULE WATSAN PROJECT	00	1,763	00	1,763
<b>TOTALS</b>				1,763

**11. Salaries & Personnel Cost**

Description	2021/2022 Kshs
Net Pay	176,648,786
NHIF	5,042,550
NSSF	1,087,400
PAYEE	26,922,294
<b>Total</b>	<b>209,701,030</b>

**12. CONDITIONAL LIQUIDITY GRANTS**

Description	2021/2022 Kshs
201.1 Bank charges	3,365.00
Supply Lubricants	1,300,000.00
Supply of borehole fittings	600,000.00
Supply of stationaries	328,000.00
CLSG Adminstrative cost - Other	200,000.00
CLSG Adminstrative cost	3,365.00
<b>Total</b>	<b>2,431,365</b>

**13. RAP IMPLEMENTATION EXPENDITURE**

Description	2021/2022 Kshs
<b>RAP IMPLEMENTATION EXP</b>	3,365
<b>002 Petty Cash Public Participa</b>	1,971,200
<b>003 PP CATERING</b>	984,000
<b>Suspenses expenditure</b>	800,000
<b>Total</b>	<b>3,755,200</b>

14. Property, Plant and Equipment

Wajwasco Fixed Assets Movement Schedule							
property, plant and machinery	0.13	0.13	0.25	0.3	0.13	0.13	Totals
Particulars	Land & Building	Plant & Machinery	Motor Vehicles	Computer & Printers	Furniture & Fittings	Equipment's	
As at 1st July 2020	0	140,348,617	69,592,650	2,684,000	938,025	16,083,000	229,646,292
Additions at cost	48,500,000	0	76,419,042	0	0	0	124,919,042
Reclassification	0	0	0	0	0	0	0
<b>As at 1st June 2021</b>	<b>48,500,000</b>	<b>140,348,617</b>	<b>146,011,692</b>	<b>2,684,000</b>	<b>938,025</b>	<b>16,083,000</b>	<b>354,565,334</b>
accumulated Depreciation		52,816,194	6,122,573	2,356,200	429,928	7,371,375	124,199,270
Depreaciation for the year		10,941,553	21,196,530	98,340	63,512	1,088,953	33,388,888
Total Depreciation	0	63,757,747	27,319,103	2,454,540	493,440	8,460,328	157,588,158
NBV AS AT 30TH June 2022	48,500,000	87,532,423	118,692,589	327,800	508,097	8,711,625	196,977,176

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

**15. Bank and Cash Balances**

Particulars	2021/2022 Kshs	2020/2021 Kshs
Cash at bank	90,083,398	110,516
Cash in hand	00	-
<b>Totals</b>	<b>90,083,398</b>	<b>110,516</b>

**16. Detailed analysis of the cash and cash equivalents**

Financial institution	A/c number	2021/2022	2020/2021 Kshs
Wsdp Project	1030278635680	390.03	35,656
Riba-WSTF	01040218268300	1,473	261
Sabuli Watsan Project -WSTF	0104021826800	00	501
Adadi-Jule Watsan Project-WSTF	01040218249800	00	500
Korija Watsan Project-WSTF	01040218269000	00	501
Wajwasco Revenue Account	1030278626125	508,977.28	70,578
Wajwasco Development Account	IFMIS	1.046	2,519
CLSG	EQUITY	11,461.70	00
WCG RECURRENT A/C	IFMIS	1,030	00
RAP ACCOUNT FCB	FCB	48,043,440	00
REVENUE	FCB	21640	00
WATER BOWSERS	MPESA	41,496,000	00
<b>Total cash and cash equivalents</b>		<b>90,083,398</b>	<b>110,516</b>

### 17. Capital Fund

This is the fund indicating the capital investment undertaken and capitalized into assets as shown in the statement of changes in Net Equity.

### 18. Retained Earnings

The retained earnings represent amounts available for distribution to the *Wajwasco's* shareholders. Undistributed retained earnings are utilized to finance the *Wajwasco's* business activities.

### 19. Trade and Other Payables

Arshad Hardware Limited	48,500,000.00	48,500,000.00
BioMax East Africa Limited	102,987,415.00	102,987,415.00
CALIXON HUMAN RESOURCES	17,340,840.00	17,340,840.00
Dela Construction Limited	4,944,000.00	4,944,000.00
East Africa Engineering Ltd	121,865,500.00	121,865,500.00
Losai Amanagement Limited	100,966,062.08	100,966,062.08
Paybal Consultancy firm	26,692,800.00	26,692,800.00
Prideinn Hotels & Investmet Limited	203,600.00	203,600.00
Riba Construction Co. Ltd	8,000.00	8,000.00
Sanivation Limited	40,643,362.00	40,643,362.00
Shalloline Construction co. Limited	39,268,680.00	39,268,680.00
SHAWWAL FILLING STATION LTD	490,800.00	490,800.00
Straatogen Limited	52,000,000.00	52,000,000.00
Toyota Kenya	16,141,064.00	16,141,064.00
Unicode Innovation Limited	23,568,165.00	23,568,165.00
Wajir County Guest House	418,800.00	418,800.00
	<b>596,039,088.08</b>	<b>596,039,088.08</b>

### 20. Notes to The Statement of Cash Flows

### 21. Related Party Disclosures

#### Government of Kenya

The Wajir County Government is the principal shareholder of the *Wajwasco*, holding 100% of the *Wajwasco's* equity interest. Wajir County Government has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry
- ii) County Government of Wajir

- iii) Department for water
- iv) Key management
- v) Board of directors

## **22. Financial Risk Management**

The *Wajwasco's* activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history. The company's financial risk management objectives and policies are detailed below:

### **(i) Credit risk**

The *Wajwasco* has exposure to credit risk, which is the risk that a counter party will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The entity has significant concentration of credit risk on amounts due. The board of directors sets the *Wajwasco's* credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the *Wajwasco's* directors, who have built an appropriate liquidity risk management framework for the management of the *Wajwasco's* short, medium and long-term funding and liquidity management requirements. *Wajwasco's* manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the company on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls. Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect *Wajwasco's* income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**(iv) Foreign currency risk**

*Wajwasco* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

**(iii) Market risk (Continued)**

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

**23. Incorporation**

The *Wajwasco* is incorporated in Kenya under the Kenyan Companies Act and is domiciled in Kenya.

**24. Events After the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

**25. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

**APPENDICES 1: SUMMARY OF WORD BANK FUND PROJECT**

S/N	Contract Reference and Description	Contract Start Date	Completion date	Status
<b>Goods</b>				
1.	KE-WAJWASCO-183994-GO-RFB / supply of 4 4X4 wheel drive double cab pickups – Facilitate project monitoring and evaluation	16 <sup>th</sup> September, 2020	30 <sup>th</sup> Nov 2020.	Delivered to Wajwasco
2.	KE-WAJWASCO-144915-GO-RFB /Supply and installation of solar PV power and other related borehole equipment –Hybrid power to existing 20 boreholes.	13 <sup>th</sup> July 2020	2 <sup>nd</sup> June 2022.	This project is in proress
3.	KE-WAJWASCO-183995-GO-RFQ /Trailer for night soil collection 15m <sup>3</sup> tanker fitted with suction pump driven by hauling tractor's power take off. – Transportation of faecal sludge	15 <sup>th</sup> - September- 2020	13 <sup>th</sup> Nov 2020	Delivered to Wajwasco
4.	KE-WAJWASCO-177615-GO-RFQ Tractor- 80 HP Multipurpose tractor – Pulling trailer for Night soil collection	6 <sup>th</sup> -April- 2020	20 <sup>th</sup> Aug 2020	Delivered to Wajwasco
5.	KE-WAJWASCO-225067-GO-RFB /Supply of 2No. truck mounted cranes – for borehole servicing	28 <sup>th</sup> July,2021	12 <sup>th</sup> Jan 2022	Delivered to Wajwasco
6.	KE-WAJWASCO-30745-GO-RFB Exhauster Vehicles - 2 Nr. Exhaust solid waste	14 <sup>th</sup> - February- 2020	5 <sup>th</sup> - November- 2020	Delivered to Wajwasco
7.	KE-WAJWASCO-30920-GO-RFQ /Multi-Purpose Transport 3-ton truck customized for multi-use as a Passenger Service Vehicle (PSV) for transport of sanitation workers or a Flatbed to transport goods.	6 <sup>th</sup> -April- 2020	20 <sup>th</sup> - August- 2020	Delivered to Wajwasco

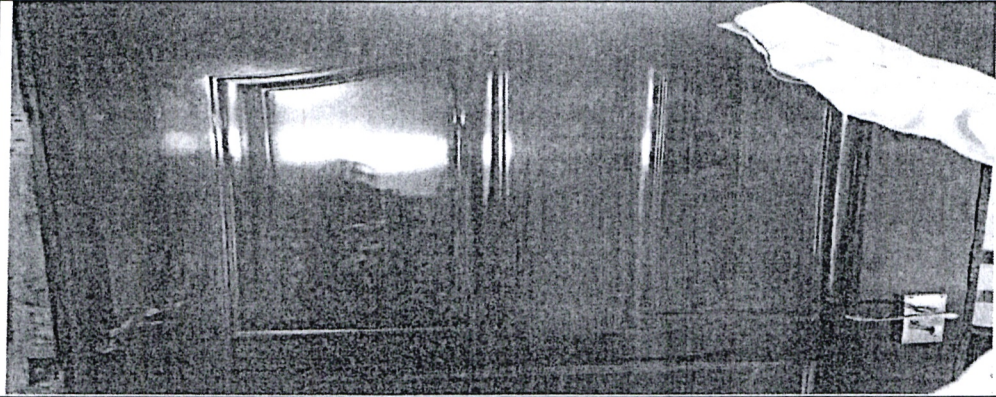
**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

S/N	Contract Reference and Description	Contract Start Date	Completion date	Status
8.	KE-WAJWASCO-80839-GO-RFQ / Supply and installation of meter testing bench and master meters, consumer meters & prepaid meters – Increase customer connection and calibration of meters.	30 <sup>th</sup> -January-2020.	12 <sup>th</sup> - February-2021.	Delivered to Wajwasco
9.	KE-WAJWASCO-22242-GO-RFB / Gensets (20 No)- Powering of boreholes	20 <sup>th</sup> -August-2020	2 <sup>nd</sup> - November-2020	Delivered to Wajwasco
10.	KE-WAJWASCO-80831-GO-RFQ Supply of 30 motorcycles of engine capacity 165-175 cc. – used for meter readers	8 <sup>th</sup> February 2022	2 <sup>nd</sup> Aug 2022	Awarded Not Yet delivered
11.	KE-WAJWASCO-24562-GO-RFB-2 /Supply of seven 15 m3 water bowsers - water tracking and sale of water	17 <sup>th</sup> May2020	24 <sup>th</sup> April 2020	Delivered to Wajwasco
12.	KE-WAJWASCO-30744-GO-RFQ /Health and Safety - PPE and Emergency Response Sanitation Supplies – Protection of Night soil collection staff	21 <sup>st</sup> January 2020	29 <sup>th</sup> February 2020	Delivered to Wajwasco
14.	Supply of Aquatabs	16 <sup>th</sup> July 2021	16 <sup>th</sup> Oct 2021	Delivered to Wajwasco
15.	KE-WAJWASCO-173657-GO-RFQ /Supply and delivery of Laptops, Router, External hard disk and power bank	15 <sup>th</sup> September 2020	12 <sup>th</sup> November, 2020	Delivered to Wajwasco
16.	KE-WAJWASCO-173658-GO-RFQ /Supply and delivery of one Multipurpose printer	21 <sup>st</sup> January 2020	29 <sup>th</sup> February 2020	Delivered to Wajwasco
17.	KE-WAJWASCO-229942-GO-RFQ /Supply of hand pulled carts	20 <sup>th</sup> -May-2021	20 <sup>th</sup> Nov 2021	Awarded Not Yet delivered
18.	KE-WAJWASCO-168509-GO-RFQ /Supply of Two-way Radio Communication Equipment	21 <sup>st</sup> December 2020	15 <sup>th</sup> January, 2021	Delivered to Wajwasco
<b>Consultancies</b>				
1.	KE-WAJWASCO-89504-CS-QCBS / Technical Assistance for improvement of night soil collection – Improving efficiency of faecal sludge collection			Not Yet Awarded

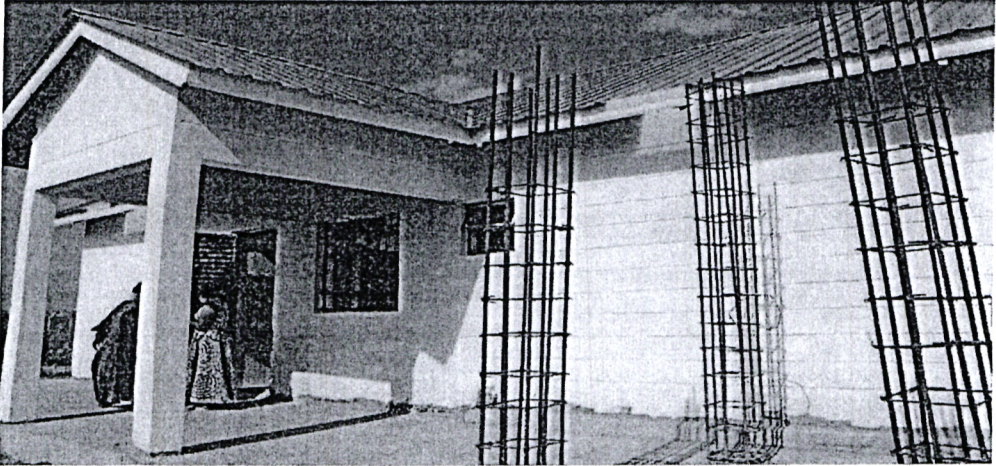
**WAJIR WATER & SEWERAGE CO. LIMITED**  
**ANNUAL REPORTS & FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022**

S/N	Contract Reference and Description	Contract Start Date	Completion date	Status
		17th-July-2020.	17th-July-2022	
2.	KE-WAJWASCO-154020-CS-QCBS / Consultancy Services for Utility Turnaround framework – Improve operation of the company	18-May 2021.	30 <sup>th</sup> Aug 2022	Consultancy service in progress
3.	KE-WAJWASCO-86091-CS-QCBS /Consultancy services for design review, detailed designs and BDs, ESIA's and RAPs and supervision of immediate water and sanitation activities	6 <sup>th</sup> April-2021	6 <sup>th</sup> October, 2022	Consultancy service in progress
4.	KE-WAJWASCO-80986-CS-QCBS /Consultancy services for supporting development of sanitation & hygiene framework documents – Development of policy documents for the department of Health	20 <sup>th</sup> Dec-2020.	30th April 2022	Consultancy service in progress
5.	KE-WAJWASCO-80857-NC-RFB /Capacity Building in community LED-Total sanitation-Training of public health staff on open defecation verification.	23-Sept-2020	23-Dec-2021	Consultancy service in progress
6.	KE-WAJWASCO-179682-CS-QCBS /Development and roll-out of sanitation behaviour change communications campaign	26 <sup>th</sup> March-2021	30 <sup>th</sup> June 2022	Consultancy service in progress
<b>Works</b>				
1.	KE-WAJWASCO-26664-CW-RFB / Construction of office block and laboratory for WAJWASCO.	15-April-2021	31 <sup>st</sup> Dec 2021	This project is at completion stage
2.	KE-WAJWASCO-226565-CW-RFB /Drilling of 10 No. boreholes for Lanbib and Rifeit	29 <sup>th</sup> July,2021	29 <sup>th</sup> October 2021	Only 5NO. boreholes drilled.
7.	KE-WAJWASCO-220077-CW-RFB /Pilot On-Site Sanitation Facilities (Eco-san and Ablution blocks)	27 <sup>th</sup> July,2021	30 <sup>th</sup> September 2022	In progress at 50% complete
8.	KE-WAJWASCO-205491-CW-RFB /Construction of Sanitary Lanes	17 <sup>th</sup> July,2021	17 <sup>th</sup> April 2022	Awarded and at Plant mobilisation stage

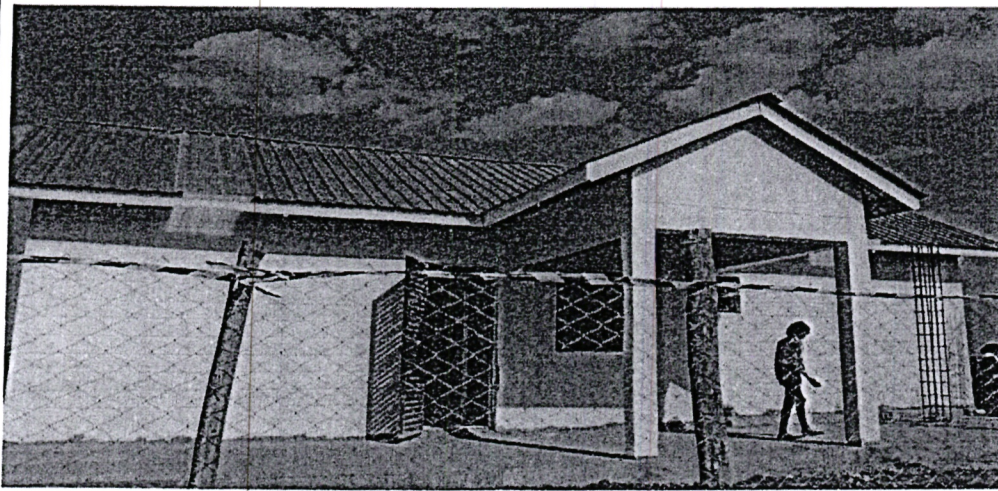
APPENDIX 2: PROJECT ACTIVITIES PHOTOGRAPHS



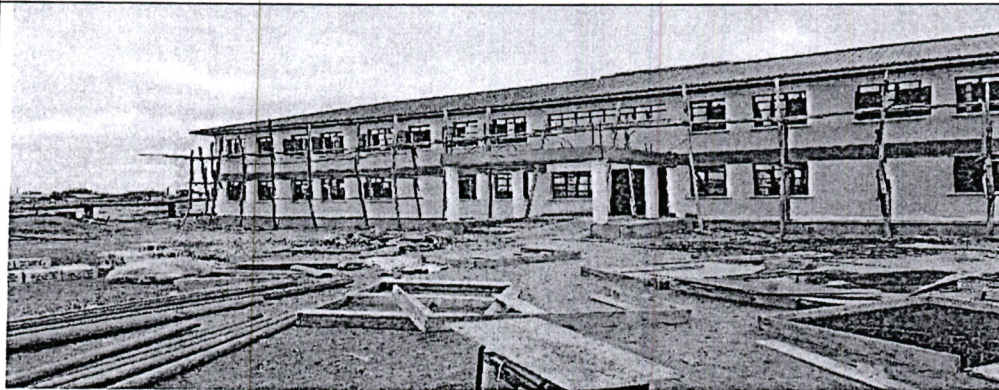
Newly replaced quality doors for on-site Sanitation blocks



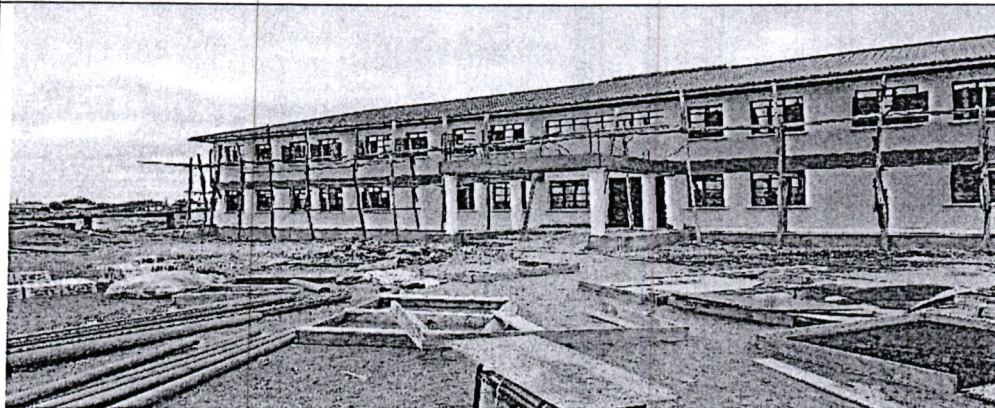
On-site sanitation blocks  
Eyles Secondary school



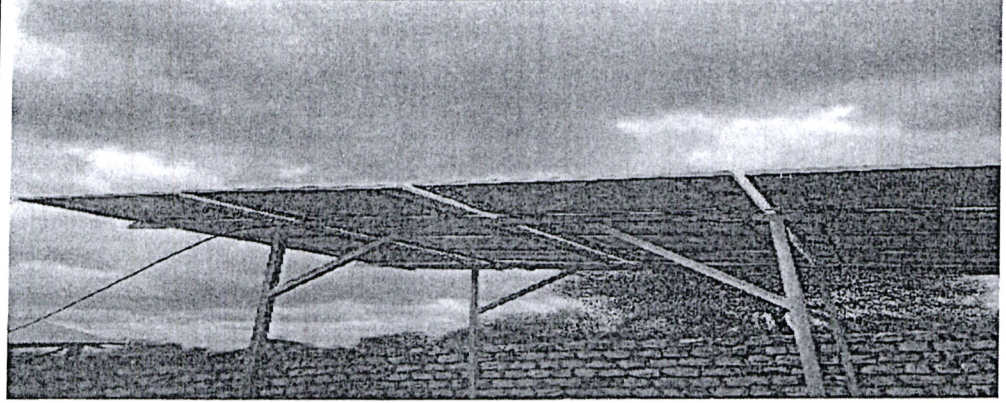
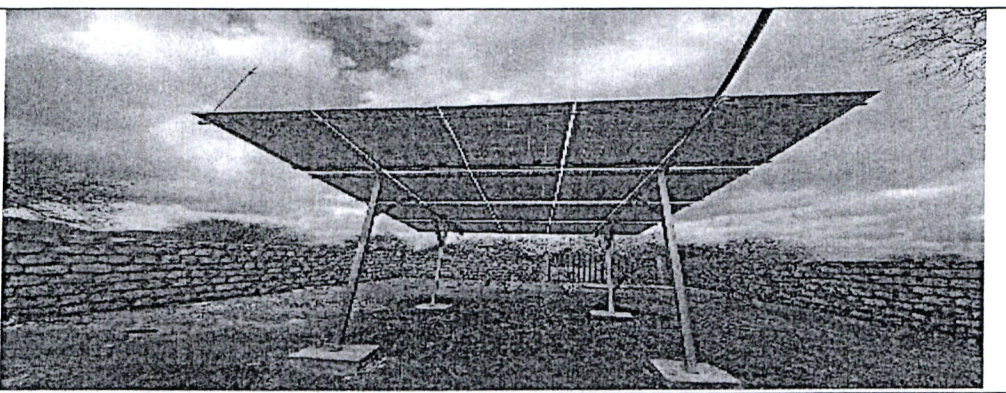
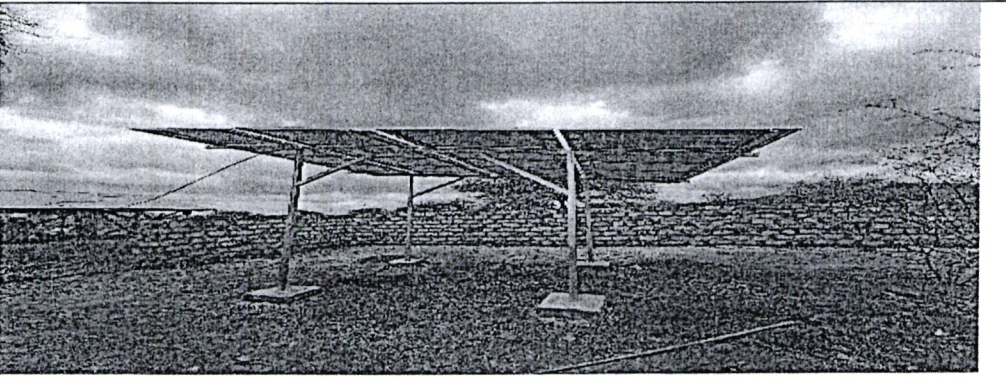
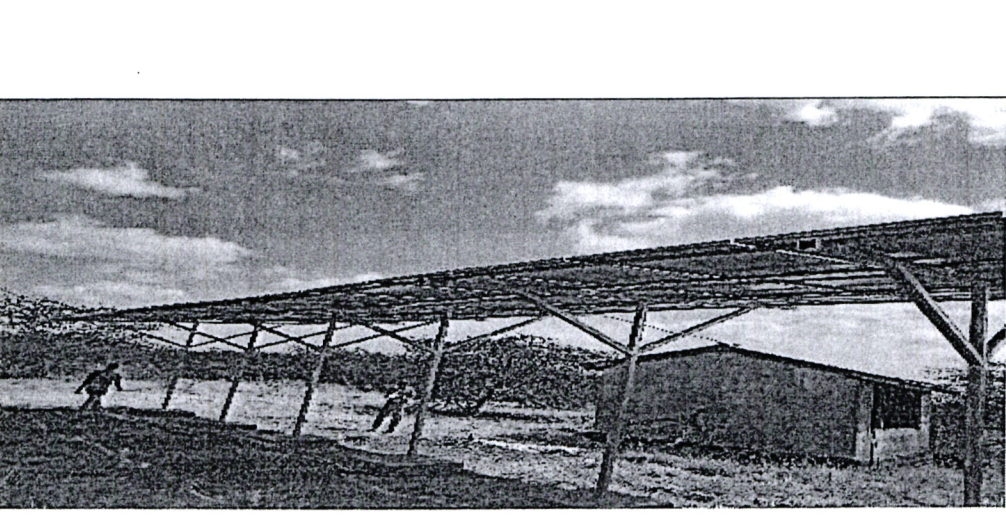
On-site sanitation blocks

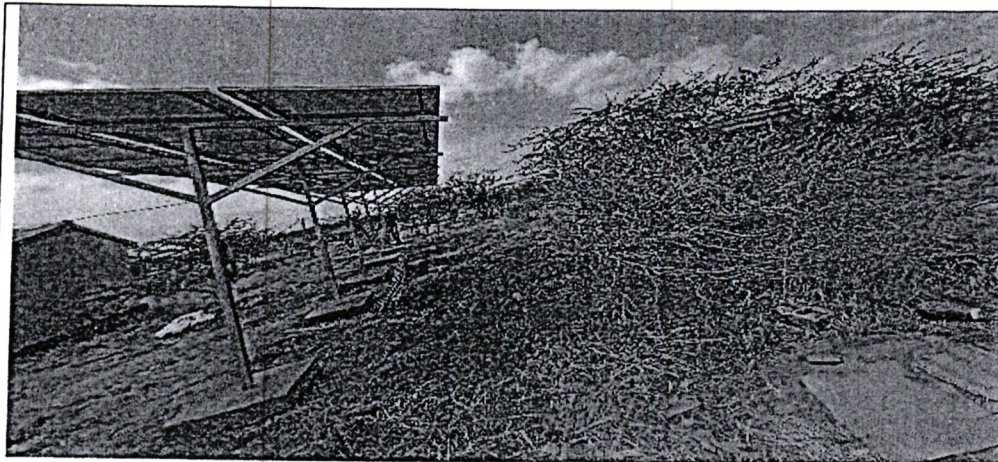


Office block

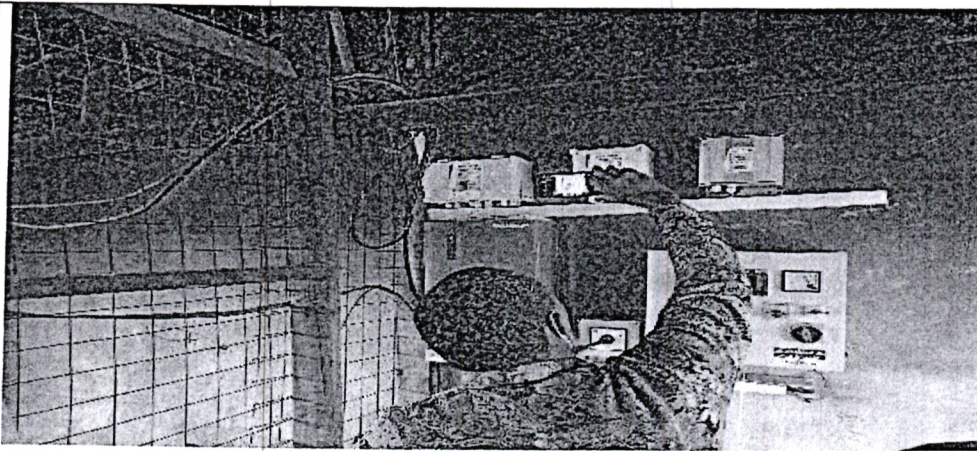


Office block

 A black and white photograph showing a large solar panel array mounted on a wooden frame. The panels are tilted towards the sky. The background shows a stone wall and a cloudy sky.	Installed solar at Lafaley
 A black and white photograph showing a solar panel array on a wooden frame, similar to the first image. The panels are tilted. A stone wall is visible in the background.	Installed solar at Lafaley
 A black and white photograph showing a solar panel array on a wooden frame. The panels are tilted. A stone wall is visible in the background.	Installed solar at Lafaley
 A black and white photograph showing a solar panel array on a wooden frame. The panels are tilted. In the background, there is a stone wall and a small building. Two people are visible near the base of the structure.	Installed solar at Baragodey



Installed solar at Baragodey



Inspection of the installed solar by part of the inspection team.

**APPENDIX 3: PROJECT NOT YET ADVERTISED**

1.	KE-WAJWASCO--CW-RFB / Rehabilitation and Expansion of Lanbib Water Supply Scheme
2.	KE-WAJWASCO-63470-CW-RFB / Rehabilitation and pipeline extension of Wajir minor water supply.
3.	KE-WAJWASCO-30393-CW-RFB / Faecal sludge management works and operational auxiliary facilities
4.	KE-WAJWASCO-37797-CW-RFB / Rehabilitation and Expansion of Rifeit Water Supply Scheme
5.	Lanbib community project
6.	Rifeit community project
7.	UTF Goods
8.	KE-WAJWASCO-168515-GO-RFB /Bucket replacement equipment
9.	KE-WAJWASCO-228217-GO-RFQ /Supply and testing of laboratory equipment.

**APPENDIX 4:WSTF FUNDED PROJECT**

During the financial year under review there were no funding from WSTF. The company expected to receive additional funding from WSTF for the Financial year 2022-2023. Four (4No) projects were successful completed in the last financial year 2020-2021.

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:  (Resolved / Not Resolved)	Timeframe:  (Put a date when you expect the issue to be resolved)

Accounting Officer

Name: Roble Ahmed Subow

Managing Director

Signature

Date.....18/07/2023.....

