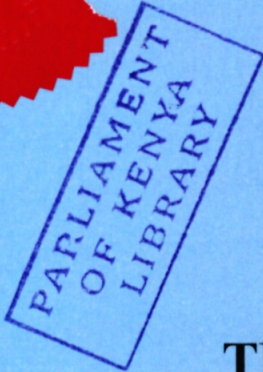


REPUBLIC OF KENYA



Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

OF

DATE: 04 DEC 2024

WEDNESDAY

THE AUDITOR-GENERAL

TABLED

Hon. OWEN BAMA

BY

DAVID

ON

**WATER SECTOR DEVELOPMENT
PROGRAMME - LAKE VICTORIA SOUTH
(KERICHO, KISII, NYAMIRA AND LITEIN)
LOAN NO. BMZ- NO.2010 65 861 AND GRANT
NO. BMZ 2010 70 457**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**LAKE VICTORIA SOUTH WATER WORKS
DEVELOPMENT AGENCY**



**WATER SECTOR DEVELOPMENT PROGRAMME -LAKE VICTORIA SOUTH;
BMZ- NO.2010 65 861 & BMZ-NO. 2010 70 457
(KERICHO, KISII, NYAMIRA AND LITEIN).**

LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

**CREDIT NUMBER BMZ No.2010 65 861
GRANT NUMBER BMZ-No. 2010 70 457**

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

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

Water Sector Development program
Annual Report and Financial Statements for the financial year ended June 30, 2024

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1. Acronyms and Glossary of Terms

AIE	Authority to Incur Expenditure
CEO	Chief Executive Officer
CPA	Certified Public Accountant
GOK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
LVSWWDA	Lake Victoria South Water Works Development Agency.
NEMA	National Environmental Management Authority.
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
KfW	Kreditanstalt für Wiederaufbau

2. Project Information and Overall Performance

2.1 Name and registered office

The project's official name is Water Sector Development Programme -Lake Victoria South; BMZ- No.2010 65 861 & BMZ-No. 2010 70 457 (Kericho, Kisii, Nyamira and Litein)

Objective

The key objective of the project is,

- a) To improve Water Supply and Sanitation Services in the Towns of Kericho, Kisii, Nyamira and Litein to meet the year 2030 demands.
- b) The investments in the 4 Nr. Project Towns will be restricted to the Core Urban and Peri Urban of the Project Towns and areas with close geographical proximity to Urban Core Areas.

Address

The project headquarters office is in Kisumu city, Kisumu County, Kenya.
The address of its registered office is:

Contacts: The following are the project contacts

P.O. Box: 3325-40100

Telephone: (254) 57 2025127

E-mail: info@lvswwda.go.ke

Website: www.lvswwda.go.ke

2.2 Project Information

Project Start Date:	03/03 /2014
Project End Date:	31/12/2024
Project coordinator:	Eng. Michael Opany.
Project Sponsor:	German financial cooperation (KFW) /GOK

Project information and overall performance (continued)

2.3 Project Overview

Line Ministry of the project	The Project is under the supervision of the Ministry of Water and Sanitation and Irrigation.
Project number	BMZ No.2010 65 861 & BMZ-No. 2010 70 457
Strategic goals of the project	<ul style="list-style-type: none"> (i) Increase water coverage to 85%-90% in Kericho and 80-85% for Kisii, Nyamira and Litein towns. (ii) Increase sewerage coverage to 45% for Kericho and 40% in Kisii and improved sanitation in Nyamira town. (iii) Reduce Non-Revenue Water (NRW) from 50-65% to 30% in all towns (iv) Increase collection efficiency of GWASCO and KEWASCO to over 90% (v) Attain 100% Operation and Maintenance Cost recovery within 1 year of completion (vi) Drinking water quality to meet the WHO standards.
Achievement of strategic goals	<p>The Project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> (i) Construction of Drinking Water Treatment Units (ii) Construction of Water Transmission and Distribution Mains (iii) Construction of Water Storage Reservoirs (iv) Purchase of Non-Revenue Water Management Equipment/Vehicles (v) Construction and Equipping of Laboratory (vi) Improved Operation and Maintenance of the Water Treatment System
Other important background information of the project	The project aims at providing sufficient, hygiene, economically viable and affordable water to 485,000 people and improved sanitation to 70,000 people within the towns of Kericho, Kisii, Nyamira and Litein-Sotik towns.
Current situation that the project was formed to intervene	<p>The Project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> (i) To ensure the provision of sufficient, hygienic, economically viable and affordable Water and Sanitation Services for the population of the selected towns, thus contributing to the overall development goal of

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

	improving the health of the urban population by reducing waterborne diseases and favouring economic development. (ii)The Project also supports enhancement of water supply and sanitation service delivery and sustainability through improved commercialization, pro-poor orientation and clustering of schemes.
Project duration	The project started on 3 rd March 2014 and is expected to run until 31 st December 2024.

2.4 Bankers

The following are the bankers for the project:

- i. KfW Bank
- ii. Kenya Commercial Bank Limited
Kisumu Branch
P O Box 17-40100
KISUMU, KENYA

2.5 Independent Auditors

Office of the Auditor General.
Anniversary Towers, Third floor
P o Box 30084-00100
Nairobi Kenya.

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Jackline Kemunto	Chief Executive Officer	Masters Business Administration	Accounting Officer
Eng. Michael Opany	Manager Planning and Design	Bsc Civil Engineering, Msc.	Project Coordinator
CPA. Alex Chale	Accountant	Msc Finance, BBA, CPAK	Project Accountant
Mr. George Ageng'o	Chemist/Environment alist	Msc in Environmental science	Project environmentalist and social safeguards
Mr. Martin Mayi	Procurement Manager	MBA, BA In Supply chain management	Procurement Expert
Mr. Samwel Chacha	Water Engineer	Bsc Civil Engineering	Asst. Project Eng.

2.7 Funding summary

The Project is for duration from 3rd March 2014 to 31st December 2024 with an approved budget of Euro 39.35 Million equivalent to KShs.4.58 billion: as highlighted in the table below:

Water Sector Development Programme
 Annual Report and Financial Statements for the financial year ended June 30, 2024
 Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date (30.06.24)		Undrawn balance to date (30.06.24)	
	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
KFW	33,000,000	3,842,000,000	30,964,227	3,604,986,685	2,035,773	237,013,315
(ii) Grant						
KFW	1,000,000	116,420,000	676,652	78,775,875	323,348	37,644,125
(iii) Counterpart funds						
Government of Kenya	5,350,000	622,900,000	5,709,897	666,370,442	-359,897	-43,470,442
Total	39,350,260	4,581,320,000	37,350,776	4,350,133,002	1,999,484	231,186,998

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 th June 2024)		Cumulative Amount paid to date – (30 th June 2024)		Unutilised balance to date (30 th June 2024)	
	<i>Euro</i>	<i>Kshs</i>	<i>euro</i>	<i>Kshs</i>	<i>Euro</i>	<i>Kshs</i>
	(A)	(A')	(A)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
KFW	30,964,227	3,604,986,685	30,964,227	3,604,986,685	-	-
					-	-
(ii) Grant					-	-
KFW	676,652	78,775,875	676,652	78,775,875	-	-
					-	-
(iii) Counterpart funds					-	-
Government of Kenya	5,709,897	666,370,442	5,247,987	620,026,561	461,910	46,343,881
Total	37,350,776	4,350,133,002	36,888,866	4,303,789,121	461,910	46,343,881

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

- i. Budget performance for the project for the current year under review was at 13% Absorption and the overall programme budget is at 94.95 % drawn cumulative to-date.
- ii. The physical progress of the project as at end of the year under review is at **95 %**
- iii. The project will receive value for money since the already completed components are operational.
- iv. The project does not have implementation challenges.

2.9 Summary of Project Compliance:

- (i) There are no non-compliance issues with applicable laws and regulations, and essential external financing agreements/covenants that are in the project.

3. Statement of Performance against Project's Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.:

The key development objectives of the project's 2014-2024 plans are to:-

- (i) Increase water coverage to 85%-90% in Kericho and 80-85% for Kisii, Nyamira and Litein towns.
- (ii) Increase sewerage coverage to 45% for Kericho and 40% in Kisii and improve sanitation in Nyamira town.
- (iii) Increase collection efficiency of GWASCO and KEWASCO to over 90%
- (iv) Attain 100% Operation and Maintenance Cost recovery within 1 year of completion
- (v) Drinking water quality to meet the WHO standards.

Progress on attainment of Strategic development objectives

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

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project	Objective	Outcome	Indicator	Performance
Water Sector Development Program	Increase water coverage from 40% to 85% in Kericho and Litein Town by 2022 from 35% to 85% for Kisii and Nyamira	Accessibility to additional 13,000m ³ /day of safe water by the people of Kericho and Litein towns. Accessibility to additional 24,000m ³ /day of safe water by the people of Kisii and Nyamira	M ³ of treated water per day for population of Kericho KMs of pipelines rehabilitated within Litein town M ³ of treated water per day for population of Kisii and Nyamira towns	65% of the population of Kericho town has access to safe water. The remaining 20% to be covered once the distribution network is expanded. 60% of the population of Kisii and Nyamira towns have access to safe water. Last mile connectivity is being considered to cover the remaining 25%
	Increase sewerage for Kisii town from 18% to 45%	Accessibility to additional sanitation services by the residents of Kisii town (2000M ³ /day uptake)	M ³ of wastewater treated per day from Kisii town	The plant is completed and operational treating additional 2000M ³ /day.
	Improved sanitation services in Nyamira town.	Accessibility to additional sanitation facilities by the residents of Nyamira town	No. of Ablution Blocks	Constructed 4 No Ablution Block of 4 doors each in Rangenyo, Nyamira Hospital, County Commissioners Office and Kebirigo

4. Environmental and Sustainability Reporting

(i) Sustainability strategy and profile

In performing her mandate, LVSWWDA is committed to perform ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. LVSWWDA undertakes to conduct business in a way which will achieve sustainable growth, in line with legal and moral obligations. We aim to achieve our business objectives in a caring and responsible manner taking into account economic, social and environmental impacts.

(ii) Environmental performance

The base policy that guides the Agency is the Environmental Management and Coordination Act, 1999 and subsequent amendments such as the Environmental Management and Coordination (amendment) Act of 2015. This Act provides legal regulations for management and protection of biological diversity, it ensures access to genetic resources, wetlands, forests, marine and freshwater resources. The Act has several regulations that aid in its implementation such as:

1. Environmental Impact Assessment (EIA) and Environmental Audit (EA) Regulations, 2003 and Environmental Impact Assessment and Audit (Amended Regulations, 2016); and
2. Water Quality Regulations (2006) - enacted as Legal Notice No. 120

The Agency developed an environmental policy in line with EMCA 1999 and National Environment Policy 2013(attached). The Agency also uses the donor environmental and social safeguard requirements such as the Integrated safeguard systems requirements of the AfDB, World Bank, EIB. Afd etc. that are available online on the websites of the financiers. The Agency has thrived to reduce environmental impacts of the waste treatment plants by rehabilitating dilapidated waste treatment plants to ensure that the waste water discharged from the treatment plants comply with NEMA standards of discharge to the environment. The Agency is also developing new waste treatment plants to improve coverage for wastewater connectivity in Kisumu to reduce pollution of the lake.

(iii) Employee welfare

The Agency has approved Human Resource Instruments in which one of the guidelines is a comprehensive Human Resource Policy and Procedures Manual which is the primary document in the management of the Human Resources at the Agency. The document contains provisions for managing the entire scope of Human Resource Management and Development cycle.

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of affirmative

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalised communities in all aspects of human resources dynamics.

Under the career development, LVSWWDA has a comprehensive career progression document that outlines employee succession plans including requirements for internal promotions and the external engagements where talents may be required within its establishment. This is an instrument that outlines job descriptions for each cadre of employee. Together with the annual departmental work plans and the Government's performance contracting tool, employees set their targets and eventually evaluate them through annual appraisals. The evaluation enables employees of the Agency to be upskilled, helped or otherwise redeployed and upscaled.

The Agency also recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it implements policies and programmes that assure their protection from such hazards and disasters. The policies and programmes are implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

(iv) Market place practices-

Efforts made by the Agency are:

a. Responsible Supply chain and supplier relations.

LVSWWDA carries out procurement and disposal of assets in strict conformity to the KFW Procurement guidelines and Public Procurement and Asset Disposal Act and its attendant Regulations with its preferred procurement method being the Open Tender.

LVSWWDA ensures prompt debriefing of suppliers concerning their tender results. All contractual obligations are honored while maintaining cordial partnership with suppliers during contract execution.

b. Responsible ethical practices

All engagements between the Agency and suppliers and/or contractors, encompasses honesty, transparency, and consistency in actions, decisions, and communication. Project managers exhibit integrity to demonstrate a commitment to truthfulness, fairness, and ethical conduct. By upholding these principles, we foster an environment of trust among stakeholders involved in the project

c. Regulatory impact assessment

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

LVSWWDA encourages public participation and also clearance by relevant Govt Agencies to ensure consumer rights and interests are not infringed.

v) Community Engagements

During the year, LVSWWDA engaged in a number of community engagement activities which impacted immensely on the lives of the beneficiary communities. The organization carried out several activities which included:

The Agency capacity building and training the water operators on operation and maintenance.

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

5. Statement of Project Management Responsibilities

The Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project Coordinator for Water Sector Development Programme are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024. This responsibility includes: (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Project; (iiv) Selecting and applying appropriate accounting policies; and (Making accounting estimates that are reasonable in the circumstances.

The Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project coordinator for Water Sector Development Programme accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.


The Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project Coordinator for Water Sector Development Programme are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2024 and of the Project's financial position as at that date. The Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project Coordinator for Water Sector Development Programme further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

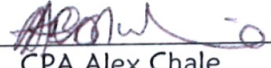
The Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project Coordinator for Water Sector Development Programme confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project financial statements

The Project financial statements were approved by Chief Executive officer for the Lake Victoria South Water Works Development Agency and the Project coordinator for Water Sector Development Programme on ^{28/10} 2024 and signed by them.


Ms. Jackline Kemunto
Chief Executive Officer


Eng. Michael OPany
Project Coordinator


CPA Alex Chale
Project Accountant
ICPAK No. 28472

REPUBLIC OF KENYA

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Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON WATER SECTOR DEVELOPMENT PROGRAMME - LAKE VICTORIA SOUTH (KERICHO, KISII, NYAMIRA AND LITEIN) LOAN NO. BMZ- NO.2010 65 861 AND GRANT NO. BMZ 2010 70 457 FOR THE YEAR ENDED 30 JUNE, 2024 - LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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, risk management environment and 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, is effective in the use of resources, or that its internal control, 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

Qualified Opinion

I have audited the accompanying financial statements of Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira And Litein) Loan No. BMZ-

Report of the Auditor-General on Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira And Litein) Loan No. BMZ- No.2010 65 861 And Grant No. BMZ 2010 70 457 for the year ended 30 June, 2024 - Lake Victoria South Water Works Development Agency

No.2010 65 861 And Grant No. BMZ 2010 70 457 set out on pages 1 to 16, which comprise the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira And Litein) Loan No. BMZ- No.2010 65 861 And Grant No. BMZ 2010 70 457 as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Loan Agreement No. BMZ 201065861 dated 30 December, 2011 between KFW Development Bank, and the Republic of Kenya, and the Subsidiary Grant Agreement No. BMZ 201070457 dated 10 April, 2013 between the Government of Kenya and Lake Victoria South Water Works Development Agency.

Basis for Qualified Opinion

1. Unsupported Bank Balances

The statement of financial assets and liabilities reflects bank balance of Kshs.46,343,881 as disclosed in Note 7 to the financial statements. However, the balance is not supported by way of bank statement, certificate of bank balance, cash book and bank reconciliation statement.

Further, review of the Project's records indicate that the Management used the Implementing Agency's bank account and cashbook to process receipts and payments relating to the Project contrary to Section 6.1(d) of the Financing Agreement which require that the receipt of the funds shall maintain separate books and reports showing all costs incurred in connection with the expert services and clearly identifying the services financed from the financial contribution.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.46,343,881 could not be confirmed while Management was in breach of the law.

2. Lack of Land Ownership Documents

As previously reported, the statement of receipts and payments reflect comparative amount on the acquisition of non- financial assets (rehabilitation of civil works) of Kshs.196,477,340 as disclosed in Note 5 to the financial statements. This amount was

paid to a foreign contractor at a contract sum of Kshs.1,189,805,385 in respect of the expansion of Kericho Water Supply systems.

Review of engineer's progress report indicated that works were deemed substantially complete on 30 September, 2022 and that the project was currently under defect liability period which expired on 30 September, 2023. Physical verification of the project in the month of October, 2024 revealed that the project has been commissioned and operational. However, no ownership documents have been provided for the land on which the treatment plant stands.

In the circumstances, the ownership of the parcel of land on which the treatment plant stands could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Water Sector Development Programme - Lake Victoria South (Kericho, Kisii, Nyamira And Litein) Project Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects final receipts budget and actual on comparable basis of Kshs.393,000,000 and Kshs.49,500,000 respectively resulting in underfunding of Kshs.343,500,000 or 87% of the budget.

The under underfunding may have impacted negatively achievement of the Project's objectives and service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, issues were raised under the Report on the Financial Statements. However, the Management had not resolved the issues as at 30 June, 2024.

Other Information

Conclusion

The Management is responsible for the other information set out on page iii to xx which comprise of Project Information and Overall Performance, Statement of Performance Against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Project's financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this Other Information and I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 2315 and 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by KFW Development Bank, I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:

- i. Information given in the Management report on pages iii to xx is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The KFW Development Bank requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and the Board of Directors

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls 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 controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Project'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 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 comply 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 Project's, financial reporting process, reviewing the effectiveness of how 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 financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

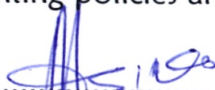
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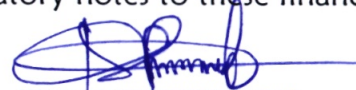
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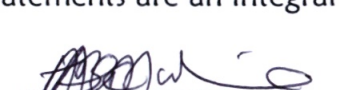
7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	2023/2024			2022/2023			Cumulative to-date (From inception) KShs
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	
					KShs	KShs		
RECEIPTS								
Transfer from Government entities	1	49,500,000	-	49,500,000	97,500,000	-	97,500,000	664,770,442
Grants from external development partners	2		-	-		22,943,253	22,943,253	78,775,875
Loan from external development partners	3		-	-		170,563,117	170,563,117	3,604,986,685
Prior Years adjustment-retention	10							1,600,000
TOTAL RECEIPTS		49,500,000	-	49,500,000	97,500,000	193,506,369	291,006,369	4,350,133,002
PAYMENTS								
Purchase of goods and services	4	-	-	-	-	68,491,275	68,491,275	369,786,843
Acquisition of non-financial assets-Works	5	11,892,544	-	11,892,544	71,462,245	125,015,094	196,477,340	3,897,239,938
Other payments-Supervision	6	8,198,298		8,198,298	22,217,104		22,217,104	36,762,340
TOTAL PAYMENTS		20,090,842	-	20,090,842	93,679,349	193,506,370	287,185,719	4,303,789,122,
SURPLUS/(DEFICIT)		29,409,158	-	29,409,158	3,820,650	-	3,820,650	46,343,881

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


.....
Ms. Jackie Kemunto
Chief Executive Officer

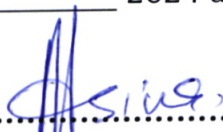

.....
Eng. Michael Opany
Project Coordinator



.....
Alex Chale
Project Accountant
ICPAK Member No: 28472

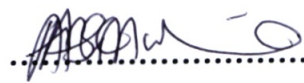
8. Statement of Financial Assets and Liabilities as at 30th June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Financial Assets			
Cash and Cash equivalents			
Bank Balances	7	46,343,881	16,934,722
Cash Balances		-	-
Cash equivalents		-	-
Total Cash and Cash equivalents		46,343,881	16,934,723
Total Financial Assets		46,343,881	16,934,723
		-	-
Financial Liabilities			
Deposits and Retention monies	8	4,053,977	16,934,723
Net financial assets Assets		42,289,903	16,934,723
Represented By			
Fund Balance B/fwd.	9	12,880,745	13,114,071
Prior Year adjustments			-
Surplus/(Deficit) for the Year		29,409,158	3,820,651
Net Financial Position		42,289,903	16,934,723

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on _____ 2024 and signed by:


.....
Ms. Jackline Kemunto
Chief Executive Officer


.....
Eng. Michael Opany
Project Coordinator


.....
Alex Chale
Project Accountant
ICPAK Member No: 28472

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

9. Statement of Cashflow for the year ended 30th June 2024

		2023-2024	2022-2023
	Note		KShs
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from operating activities			
Transfer from Government entities	1	49,500,000	97,500,000
Proceeds from Foreign grants	2	-	22,943,253
Total receipts		49,500,000	120,443,253
Payments from operating activities			
Purchase of goods and services	4	-	68,491,275
Other Payments	6	8,198,298	22,217,104
Payment of retention		-	
TOTAL PAYMENTS		8,198,298	90,708,379
Net cash flow from operating activities		41,301,702	29,734,874
CASHFLOW FROM INVESTING ACTIVITIES			
Acquisition of Assets	5	(11,892,544)	(196,477,340)
Net cash flows from Investing Activities		(11,892,544)	(196,477,340)
CASHFLOW FROM financing ACTIVITIES			
Proceeds from Foreign Borrowings	3	-	170,563,116
Net cash flow from financing activities		-	170,563,116
NET INCREASE IN CASH AND CASH EQUIVALENTS		29,409,158	3,820,650.52
Cash and cash equivalent at Beginning of the year		16,934,723	11,514,071
Cash and cash equivalent at end of the year	7	46,343,881	16,934,723

10. Statement of Comparison of Budget and Actual amounts for the year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Difference	Utilization	% of Utilization
	a	b	c=a+b	d	e=c-d		f=d/c %
Receipts							
Transfer from Government	99,000,000	-	99,000,000	49,500,000	49,500,000		50%
Proceeds from foreign borrowing	294,000,000	-	294,000,000	-	294,000,000		0%
Total Receipts	393,000,000		393,000,000	49,500,000	343,500,000		13%
Payments							
<i>Purchase of services & Works:</i>							
i.Consultancy Services for works supervision	17,000,000	-	17,000,000	8,198,298	8,801,702		48%
ii.Consultancy Services for accompanying measures	16,000,000	-	16,000,000	-	16,000,000		0%
iii.Construction of water works - Expansion of Water Supply system in Kericho	180,000,000	-	180,000,000	-	180,000,000		0%
iv.Construction of water works - Expansion of Water Supply system in Kisii	180,000,000		180,000,000	11,892,544	168,107,456		6.6%
Total Payments	393,000,000		393,000,000	20,090,842	372,909,158		40.58%
SURPLUS/DEFICIT		-		-	29,409,158		

Note.

The significant budget utilization/performance differences in the last columns are explained in the **Annex 2** to these financial statements.

11. Significant Accounting Policies

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

a. Statement of compliance and basis of preparation

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

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

b. Reporting entity

The financial statements are for the Project Water Sector Development Programme under the Ministry of Water & Sanitation and irrigation. The financial statements are for the reporting entity Water Sector Development Programme as required by Section 81/ Section 164 of the PFM Act, 2012.

c. Reporting currency

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

d. Recognition of receipts

Water Sector Development Programme recognises all receipts from the various sources when the event occurs, and the related cash is received.

i) Transfers from the Exchequer

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

ii) External Assistance

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

Significant Accounting Policies (Continued)

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received, in the current year there were no other receipts.

iv) Donations and grants

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

v) Proceeds from borrowing

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

vi) Undrawn external assistance

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

e. Recognition of payments

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

i) Compensation to employees

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

ii) Use of goods and services

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

Significant Accounting Policies (Continued)

iii) Interest on borrowing

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

iv) Repayment of borrowing (principal amount)

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

v) Acquisition of fixed assets

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

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

f. Cash and cash equivalents

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

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

g. Restriction on cash

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

Significant Accounting Policies (Continued)

h. Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance'. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made. The project has no pending bills as at 30th June 2024.

i. Budget

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

j. Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties' column in the statement of receipts and payments. During the year, NO loan disbursements were received in form of direct payments from third parties.

k. Exchange rate differences

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

Significant Accounting Policies (Continued)

l. Comparative figures

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

m. Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

n. Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s) an omitted receipt of KES 1,600, 000 Omitted last year has been reinstated **see NOTE 10**

12. Notes to the Financial Statements

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024

1. Transfers from Government entities

These represent counterpart funding and other receipts from government as follows:

Receipts from Government of Kenya

	2023/24	2022/23	Cumulative
	Ksh.	KSh.	to-date
<i>Counterpart funding through Ministry Water & Sanitation</i>			
Counterpart funds for Quarter 1	24,750,000	25,000,000	123,632,648
Counterpart funds for Quarter 2	-	-	56,104,659
Counterpart funds for Quarter 3	-	-	427,400
Counterpart funds for Quarter 4	24,750,000	72,500,000	484,605,735
Total	49,500,000	97,500,000	664,770,442



Significant Accounting Policies (Continued)
Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we did not received grants from donors as detailed in the table below:

Name of Donor	2023-2024						2022-23	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
		Euro	Kshs	Kshs	Ksh	Kshs	Kshs	
KFW							6,026,536	
							8,487,995	
							8,428,723	
Total							22,943,253	78,775,875

3. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Significant Accounting Policies (Continued)

Notes to the Financial Statements (Continued)

Description Name of Donor	2023-24					2022-23	Cumulative to date
	Date received	Amount in loan currency	Loans received in actual amount	Loans received as direct payment	Total amount in Kshs	Total amount in Kshs	
		euro	Kshs	Kshs	Kshs	Kshs	Kshs
Loans received from bilateral Donors (Foreign Governments)							
KFW		-	-	-	-	170,563,117	3,604,986,685
Total		-	-	-	-	170,563,117	3,604,986,685

4. Purchase of goods and services

Description	2023-24			2022-23	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Services	KShs	KShs	KShs	KShs	KShs
Services- Technical assistance, Design and Supervision	-	-	-	45,548,022	333,283,590
Services- Accompanying Measure	-	-	-	22,943,253	36,503,251
Total	-	-	-	68,491,275	369,786,843

Significant Accounting Policies (Continued)
 Notes to the Financial Statements (Continued)
 5 Acquisition of Non-Financial Assets

Description	2023-2024			2022-23	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Rehabilitation of civil works	11,892,544	-	11,892,544	196,477,340	3,897,239,938
Total	11,892,544	-	11,892,544	196,477,340	3,897,239,938

**Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June
30, 2024**

Notes to the Financial Statements (Continued)

6. Other Grants, Transfers and Payments

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Program Management Exp.	8,198,298		8,198,298	22,217,104	36,762,340
Total	8,198,298	-	8,198,298	<u>22,217,104</u>	<u>36,762,340</u>

7. Cash equivalents (short-term deposits)

Description	2023-2024	2022-2023
	Kshs	Kshs
Kenya Commercial Bank [A/C No 1211147312] RETENTION ACCOUNT	4,053,978	13,114,072
Kenya Commercial Bank [A/C No 1104035464] DEVELOPMENT ACCOUNT	42,289,903	3,820,651
TOTAL	46,343,881	16,934,723

Note: The retention bank account above is used to deposit all retention money of the Agency and the surplus was deposited in development Account

8 . Deposits and Retention Monies

Description	2023-24	2022-2023
	Kshs	Kshs
Retention	4,053,977	13,114,071
Deposits	-	3,820,651
Total	4,053,977	16,934,723

Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June
30, 2024

Ageing analysis:	2023-24	% of the Total	2022-23	% of the Total
1-2 years	4,053,977	100%	16,934,723	100%
Total	4,053,977	100%	16,934,723	100%

9. Fund Balance Brought Forward

Description	2023-24	2022-23
	KShs	Kshs
Bank accounts	16,934,723	13,114,071
Deposits and retention	(4,053,978)	-
Total	12,880,745	13,114,071

Other Important Disclosures

1. Pending Accounts Payable

No pending bills for this project as at 30th June 2024.

10. Prior Year adjustments

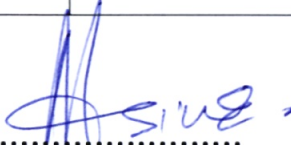
Date	Voucher No.	Payee	Descriptions	Payment Mode	Amount
21/11/2022	pv/768/11	lvswwda-retention china jiangxi international	10%expansion of water supply and sanitation systems for kisiii and nyamira towns ipc no7	transfer	1,600,000
total					1,600,000

**Water Sector Development Programme
Annual Report and Financial Statements for the financial year ended June 30, 2024**


13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
1.	Unsupported cash and cash equivalent, failure to open bank account and maintain separate cash book	There is no separate bank account for this project. The Bank accounts for GOK counterpart use the main development account, while the donor component is paid directly by the financier. The cash book for development is maintained and bank reconciliation done monthly. The project is almost complete and therefore uneconomical to open a new account for this project.	Not resolved	
2.	Unsupported accumulated surplus	The project accumulated surplus Difference of KES 1,600,000 was retention money still held in our accounts, which has already been adjusted in this year's financial statement	Resolved	
	Basis for conclusion			
2.	Lack of Land Ownership Documents	The County Government of Kericho who were responsible for acquiring the land is processing the title deed. The final survey has been done and the land fenced.	To be resolved	Dec 2024

Cor: 

 Ms. Jackline Kemunto
 Chief Executive Officer



 Eng. Michael Opany
 Project Coordinator

Receipts/Payments Item	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments
	c=a+b	d	e=c-d	f=d/c %	
Receipts					
Transfer from Government	99,000,000	49,500,000	49,500,000	50%	
Proceeds from foreign borrowing	294,000,000	-	-	0%	1
Total Receipts	393,000,000	49,500,000	49,500,000	13%	
Payments					
<i>Purchase of services & Works:</i>					
i.Consultancy Services for works supervision	17,000,000	8,198,298	8,801,702	48%	
ii.Consultancy Services for accompanying measures	16,000,000	-	16,000,000	0%	
iii.Construction of water works - Expansion of Water Supply system in Kericho	180,000,000	-	180,000,000	0%	2
iv.Construction of water works - Expansion of Water Supply system in Kisii	180,000,000	11,892,544	168,107,456	6.6%	3
Total Payments	393,000,000	20,090,842	372,909,158	40.56%	

Explanatory Notes

The low absorption was due to cashflow problem which decreased the generation of payment certificates therefore affecting the following:

1. *Proceeds from foreign borrowing – this depends on ipc generated by the contractor and for this year no certificate generated*
2. *Construction of water works - Expansion of Water Supply system in Kericho-government disbursed only half of the budget, The contractor had issues with KRA Which led to delays on generating certificates*
3. *Construction of water works - Expansion of Water Supply system in Kisii- government disbursed only half of the budget*

Annex 3– Summary of Fixed Assets Register

Asset class	Opening Cost	donations in form of assets	*Purchases/Additions in the Year	**Disposals in the Year	transfers in (out)	Closing Cost
Asset class	Opening Cost	donations in form of assets	*Purchases/Additions in the Year	**Disposals in the Year	transfers in (out)	Closing Cost
	(KShs)		(KShs)	(KShs)		(KShs)
	2023/2024		2023/2024	2023/2024		2023/2024
Motor Vehicles:	(a)		(b)	(c)		(d)= (a)+ (b)- (c)
Transport Equipment	71,445,860	-	-	-	-	71,445,860
Other Machinery Equipment	99,083,743	-	-	-	-	99,083,743
Total	170,529,603	-	-	-	-	170,529,603