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REPORT

OF

THE AUDITOR-GENERAL

ON

LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

FOR THE YEAR ENDED 30 JUNE, 2024

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LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements for the year ended June 30, 2024

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1. Acronyms and Definition of Key Terms

A: Acronyms

AFD	French Development Agency
AU	African Union
BOD	Board of Directors
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
CBK	Central Bank of Kenya
GoK	Government of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KIWASCO	Kisumu Water Services Company
LVSWWDA	Lake Victoria South Water Works Development Agency
LVWATSAN	Lake Victoria Water and Sanitation
MD	Managing Director
TNT	The National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
WB	World Bank
WSP	Water Service Provider
WWDA	Water Works Development Agencies
VC	Vice Chancellor

B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization.

Comparative Year- Means the prior period.

2. Key Agency Information and Management

(a) Background information

The Lake Victoria South Water Works Development Agency was incorporated/ established under the Water Act, 2016 of Legal Notice No. 28 of 26th April 2019. The Agency is domiciled in Kenya and has no branches.

(b) Principal Activities

The mandate of the Lake Victoria South Water Works Development Agency is drawn from the Water Act, 2016 which are:

i. Undertake the development, maintenance and management of National Public Waterworks to include:
   a. Water storage;
   b. Water works for bulk distribution and provision of water services;
   c. Inter-basin water transfer facilities; and
   d. Reservoirs for impounding surface run-off and for regulating stream flows to synchronize them with water demand patterns, which are of strategic or national importance.

ii. Operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of waterworks are handed over to a County Government, joint committee, authority of County Government or WSP;

iii. Provide reserve capacity for purposes of providing water services where the Regulatory Board orders the transfer of water services functions from a defaulting WSP to another licensee;

iv. Provide technical services and capacity building to such County Government and WSPs; and

v. Provide to the Cabinet Secretary technical support in discharge of his or her functions under the constitution and the Water Act 2016.

Vision Statement
Sustainable, Safe Water and Sanitation for all

Mission Statement
To deliver water and sanitation infrastructure and services through efficient utilization of resources using appropriate technology for social-economic development and environmental sustainability within the area of jurisdiction

Strategic Goals

The following Strategic Goals will guide the programmes, projects and priorities during the strategic plan period:

i. Increase access to safe and reliable water within the area of jurisdiction;
ii. Increase access to proper sanitation facilities within the area of jurisdiction;
iii. Enhance funding for water and sanitation infrastructure development, maintenance and management;
iv. Ensure effective and efficient operation, maintenance and management of infrastructure;
v. Effective delivery of LVSWWDA's mandate; and
vi. Implement climate change adaptation and mitigation strategies, and promote sustainable water resource management.

(c) Key Management

The LVSWWDA day-to-day management is under the following key organs:

No.	Designation
1.	Board of Directors
2.	Chief Executive Officer
3.	Senior Managers; and
4.	Managers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Chief Executive Officer	Ms Jackline Kemunto
2.	Senior Manager, Water Works Services	Eng Paul Omondi Agwanda
3.	Senior Manager, Finance, Resource Mobilization & Investment	CPA John Francis Adongo
4.	Senior Manager, Research, Strategy & Performance Management	Ms. Miriam Siwa
5.	Senior Manager Corporate Services	Mr. Daniel Owino Odoyo
6.	Corporation Secretary & Manager Legal Services	CS. Pamphil Matsekhe Oundo
7.	Manager, Supplies Chain Management	Mr. Martin Ochieng Mayi
8.	Manager Internal Audit	CPA. Grace A. Abuto

Key Agency Information and Management (continued)

(e) Fiduciary Oversight Arrangements

1.Governance and Compliance Committee
2.Finance committee
3.Technical Committee
4.Audit and Risk Committee

(f) Agency Headquarters

Lavictors House, off Ring Road Milimani
P. O. Box 3325- 40100
KISUMU, KENYA

(g) Agency Contacts

Telephone: (254) 020-2157233
Fax: (254)057-2025127
E-mail: info@lvswwda.go.ke
Website: www.lvswwda.go.ke

(h) Agency Bankers

1. Central Bank of Kenya
   Haile Selassie Avenue
   P.O. Box 60000
   City Square 00200
   NAIROBI, KENYA

2. **Other Banks (state other bankers as appropriate)**

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

   Co-operative Bank of Kenya
   Kisumu Branch
   P.O. Box 157-40100
   KISUMU.

   NCBA Kenya PLC
   Kisumu Branch
   P.O. Box 44599-00100
   KISUMU

Key Agency Information and Management (continued)

(i) Independent Auditor

Auditor-General
Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General
State Law Office and Department of Justice
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

3. The Board of Directors

No	Directors	Details
1.	 **Mr. Cavince Odoyo Owidi** **Chairman, Board of Directors**	**DATE OF BIRTH: 25TH APRIL, 1968** **QUALIFICATIONS** The Board Chairman has pursued studies in Master's Degree in Corporate Management and Leadership from the University of Mexico State (Pending graduation). He holds Bachelor's Degree in Education (Pure and Applied Mathematics including IT from Egerton University, 1993, Advanced Level certificate from St. Mary's School, 1997 and Ordinary Level at Pehill High School in 1995. **EXPERIENCE** He is currently the Board Chairman having independently been appointed as such on 10th March, 2023 for three (3) months and subsequently, on 5th June, 2023 for a period of three (3) years. He's the immediate, Chairman, Board of Directors of Lake Basin Development Authority (LBDA) having served in that capacity from 2018 to 2022 where under his leadership, the Lake Basin Mall was opened, the Moribund Lake Basin Mill repaired, reopened and a modern rice mill purchased. It was also during his tenure in office that the Lake Victoria Hyacinth management was transferred from the Ministry of Environment to LBDA for better handling. He is the Managing Director, Motorlink Ltd, Local trading Company in the Transport and monitoring industry from 2012 to date. He was the Managing Director, Parco Africa Ltd, an international entrepreneurship and consulting company for foreign investors in Kenya from Nairobi/Dubai, 2009-2017. He worked as the Regional Partner/PBI International and Coordinator of regional operations involved in due -diligence for foreign companies from 2004-2006. He worked as the Principal, Horizon Academy from 1999-2004 where as the Head of

No	Directors	Details
		School, he was charged with the day-to-day administration of the School and Personnel. He also worked as Senior Teacher, Anya Vedic GCE School from 1996-1999 and Senior Teacher and Head of Staff administration at the school. Lastly, the Board Chairman worked as a Senior Teacher and Science Teacher for the British Curriculum offering CGHU School in Nairobi where he was the head of science department encompassing Mathematics, Physical Science and Computer Services.
2.	**Dr. Cecilia Ngetich**	**DATE OF BIRTH: 01.01.1962** **QUALIFICATIONS** She is a Doctor of Technology (Honorarium) from Technical University of Kenya, 2016. She is currently pursuing PhD studies in Social Transformation (Governance) at Tangaza University, Kenya. She holds Masters degree in Business Administration, Human Resource Management Option from Kenyatta University. She holds bachelor of Education, Botany and Zoology (Biology), Pedagogy and Communication Technology Option, Mathematics Minor from Kenyatta University. She attended her A- Level education in Asumbi Girls High School from 1979-1980 and O'Level in Narok High School from 1975- 1978. **EXPERIENCE** Dr. Ngetich was appointed on 1st September, 2023 as an independent Board Member. She is now the Chair of Finance Committee of the Board having been appointed as such by the Board on 29th September, 2023. She is a member Institute of Chartered Mediators and Conciliators and also a member of Centre for Corporate Governance Network. She was the first Women Representative and member of Parliament for Bomet County between 2013 to 2017. Prior to that, she worked as Director/Chief Principal – CEMASTEA from 2009 – 2012, Senior Principal – Narok Teachers' Training College, 2009, Senior Principal Lecturer, Egoji TTC, 2008,

No	Directors	Details
		Senior Principal at Mogotio High School, 2008, Principal, Moi Forces Academy Lanet from 2001- 2006, Principal, Kaplong' Girls Secondary School from 1993-2000, teacher of (Biology), Kaplong' Boys Secondary School from 1988-1993 and teacher (Biology), St. Joseph Girls Chepterit from 1985 to 1988.
3.	**Mr. John B. Momanyi**	**DATE OF BIRTH: 10TH MAY, 1965** **QUALIFICATIONS** He holds executive MBA in Strategic Management from Jomo Kenyatta University of Agriculture & Technology (JKUAT). He holds Bachelors Degree in Commerce – Finance option from Kenyatta University and Certificate in Monitoring and Evaluation from Kenya Institute of Management (KIM). He is a holder of Diploma in Agriculture and Farm Management from Egerton College. He attained O- Level Certificate Division 1 from Litein Secondary School and C.P.E Certificate from Kapkatungur Primary. **EXPERIENCE.** Dir. Momanyi was appointed on 1st September, 2023 as an independent Board Member. He is now the Chair of Audit and Risk Committee of the Board having been appointed as such by the Board on 29th September, 2023. Prior to that, he worked as CECM, Finance, Lands & Water, Kisii County Government between 2017-2021, Senior Branch Manager, Kenya Commercial Bank – Kisii Branch, 2011- 2016, Senior Internal Auditor, Kenya Commercial Bank – Kisii Branch, 2007- 2011, Internal Auditor, Kenya Commercial Bank – Head Office, 2001- 2007, Assistant Internal Auditor, Kenya Commercial Bank 1998-2001, Cash Manager, Kenya Commercial Bank, 1997- 1998, Branch Manager, Kenya Commercial Bank, Keroka Satellite, 1995-1997, Manager current accounts & advances Kenya Commercial Bank – Ruiru Branch, 1990 – 1994 and General Banking Clerk, Kenya Commercial Bank, Head Office, 1983-1990.

No	Directors	Details
4.	**Ms. Millicent O. Olando**	**DATE OF BIRTH: 01.01.1964** **QUALIFICATIONS** She holds Bachelors Degree in Counselling Psychology from Tangaza University, 2016. She holds certificate of HIV Testing and Treatment Services (HTS) NASCOP, 2019, certificate in Trauma Counselling from Amani Counselling Centre, 2017, certificate in Trainer of trainers (TOT) from Amani Counselling Centre, 2016 and certificate in Supervision of Counselling from Amani Counselling Centre, 2017. She holds, diploma in Social Work & Community Development from Amani Counselling Centre, 2011. She undertook Basic Counselling Course from Amani Counselling Centre & Training Institute in 2012. She also holds certificate of Proficiency Course from College of Insurance, 2007, certificate of Public Relations & Customer Care from KIM, 2005, Diploma in front Office Management from KIM between 2002- 2003, certificate Course in Telephone & Reception from Premier College, 1996, KCE from Nyamira Girls Secondary School and CPE from Bar-Kanyango Primary School. **EXPERIENCE** Dir. Millicent was appointed on 1st September, 2023 as an independent Board Member. She is currently the Chair of Governance and Compliance Committee of the Board having been appointed as such by the Board on 29th September, 2023. Prior to that, she was a staff member at Mental Health Call Centre - Kenyatta Hospital - National Nurses Association Complex (NNAK) from 2019-2021, front Office Management/ Customer Service at Amani Counselling Centre & Training Institute from 2010-2019, Customer Care/Telephone Operations, at Skylark Africa Insurance Brokers Ltd from 1997-2009, Customer Care Desk at Grand Regency Hotel from 1994-1995 and

No	Directors	Details
		Receptionist/ Front Office staff at Commercial Bank of Africa from 1990-1994.
5.	Mr. Jomo Maisori	**DATE OF BIRTH: 04.09.1979** **QUALIFICATIONS** He holds Master of Arts, Armed Conflict and Peace Studies from the University of Nairobi, 2022 and Bachelors of Arts, Sociology and History from the University of Nairobi, 2005. He studied Computer Studies at Zetech College in 2006, KCSE at Cardinal Otunga High School between 1996-1999 and KCPE at Nyaroha Primary School from 1988-1995. **EXPERIENCE** Dir. Jomo was appointed on 1st September, 2023 as an independent Board Member. He is now the Chair of Technical Committee of the Board having been appointed as such by the Board on 29th September, 2023. Prior to that, he worked as Relationship Manager & Resource Mobilizer at Absa Bank Kenya PLC from 2018-2023, Human Resources Officer at Barclays Bank Kenya PLC from 2010- 2017 and Finance Officer at Barclays Bank Kenya PLC from 2007- 2010.
6.	Mr. Douglas M. Mutai	**DATE OF BIRTH: 4TH JULY, 1966** **QUALIFICATION** He holds MA in Public Administration and Management from Mount Kenya University, 2015 and BA Government and History from University of Nairobi, 1990. He undertook the following professional courses; SLDP 2016, SMC 2006, APA 1999 and APTC 1995. **EXPERIENCE** He was appointed in June, 2022 as alternate Director representing Principal Secretary, Ministry of Water Sanitation and Irrigation on the Board of LVSWWDA. He is currently the Acting Director of Administration at the Ministry of Water, Sanitation and Irrigation. He possesses experience in a public administration career

No	Directors	Details
		spanning to over 31 years. He served as a District Officer in the divisions of Western, Coast, Eastern, Nyanza and central provinces of Kenya from 1992 to 2019. He also served as District commissioner/Deputy County Commissioner in the following Districts sub counties between 2019 to 2020 Mtito Andei, Changamwe, Manga, Thika and Mbeere North and as Senior Deputy Secretary, Ministry of Water, Sanitation and irrigation (MWSI) from 2020 to February, 2022. He is currently the Chairperson Ministerial Human Resource Advisory Committee at the MWSI.
6.	**Mr. Joseph M. Mbatha**	**DATE OF BIRTH 29TH SEPTEMBER 1971.** **QUALIFICATIONS** He holds Master of Business Administration and Bachelors' degree in Commerce from the University of Nairobi. He undertook the following professional training; Strategic Leadership Development Programme (S.L.D.P) No. 58/2012, Senior Management Course (S.M.C) No. 171/2010. He further trained in Local Government settings and Management of Kenya Civil Servants from the Chinese Academy of Governance. He holds a certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K), August, 2021. He is an associate member of Kenya Institute of Management No.24519 & Public Relations Society of Kenya No. 020-2972. **EXPERIENCE** He was appointed in June, 2019 as alternate Director representing the Cabinet Secretary, National Treasury and Planning on the Board of LVSWWDA. He is currently the Senior Deputy Director, Intergovernmental Fiscal Relations Department and former Deputy Director, Intergovernmental Fiscal Relations Department. He worked as director of Administration, County Government of Machakos and Town Clerk, Town Council of Kangudo, Rumuruti, Municipal Council of Homa Bay. He also worked as

No	Directors	Details
		County Treasurer, County Council of Meru, Bungoma, Isiolo and Ministry of Local Government and Town Treasurer, Municipal Council of Machakos.
7.	**Mrs. Theodora Gichana, MBS**	**DATE OF BIRTH: 04TH DECEMBER, 1963** **EXPERIENCE** She was appointed in July, 2023 as alternate Director representing Director General, Inspectorate of State Corporations on the Board of Lake Victoria South Water Works Development Agency. She currently serves as Senior Deputy inspector, inspectorate of State Corporations. She has rich and vast experience in finance and corporate governance having obtained relevant training in the respective areas of study and having sat on various Boards of State Corporations.
8.	**Ms. Jackline Kemunto** **Chief Executive Officer**	**DATE OF BIRTH 10TH JUNE 1974.** **QUALIFICATIONS** She holds a master's degree in business administration and Bachelors' Commerce (Management Option) from the Catholic University of East Africa (CUEA). She also has Diploma in Business Administration from the Eldoret National Polytechnic and Certificate in Monitoring and Evaluation from the Kenya Institute of Management. She undertook the following professional training; Strategic Leadership Development Programme (S.L.D.P) and Senior Management Course (SMC) both from the Kenya School of Government, Induction Course for County Government Chief Officers and Induction Training for County Government Chief Officers also from KSG, Performance Management Culture Course at the Kenya Institute of Management, Leadership and Governance Course (KUSCCO, 2013), National Sacco CEO's Annual Conference. Other trainings attended include Exploring Entrepreneurship Opportunities for Kenyan Youth at CUEA,

No	Directors	Details
		Customer Service and Sales Culture and Business Etiquette. **EXPERIENCE** She is the Chief Executive Officer since 8th December, 2023. She previously worked as the County Executive Committee Member, Finance & Economic Planning and Chief Officer for Trade Tourism & Cooperative Development and Finance and Economic Planning in Nyamira County Government. She earlier worked as the Chief Executive Officer of Wakenya Pamoja Sacco between December 2012 and October, 2013. Her other past work experiences include Relationship Manager at ABC Bank and Imperial Bank, Senior Relationship Manager at Equity Bank and Loans Officer Opportunity International.
9	 CS. Pamphil M. Oundo, **Esq Advocate**	**DATE OF BIRTH: 10TH MAY, 1988** **QUALIFICATIONS** He holds master's degree in environmental law from the University of Nairobi. He is a Certified Public Secretary of Kenya, CPS (K). He is an Advocate of the High Court of Kenya having sat Bar Examinations by the Council of Legal Education and obtained Diploma in Law from the Kenya School of Law. He holds Bachelors of Law Degree (LLB) from Moi University. His other trainings and certification include; An award of the Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K), Corporate Governance Trainings by KSG and Legal and Compliance Audit Training by Kenya School Law. He is a member of Law Society of Kenya (LSK) and East Africa Law Society (EALS). **EXPERIENCE** He has Eight (8) years' experience in the public sector and vast expertise in corporate governance, litigation, environmental matters, conveyancing, legal drafting, probate and administration, alternative dispute resolutions

No.	Directors	Details
		and others. He is currently the Corporation Secretary and Manager Legal Services with effect from 10th May, 2021. He worked as the Legal officer and in other capacities at Lake Victoria North Water Works Development Agency from February, 2015 – May, 2021. During the period, he was co-opted on the Board of Nzoia Water Services Company Ltd and Busia Water and Sewerage Company Ltd to offer both legal and secretariat services to the Board and management. He has successfully handled several court matters in defence of the government and the Agency both at the lower and superior courts which have ultimately led not only to reduction of litigation in the Agency, but also considerable reduction of litigation and legal costs. He worked also in the firm of N.O Owino & Co. Advocates, 2013-2015, Ashioya & Co. Advocates, 2008-2009, and Naleep – Kenya, 2011 dealing with drafting, court attendance and dispute resolutions.

4. Key Management Team

	Management	Details
1.	**Ms. Jackline Kemunto** **Chief Executive Officer**	**QUALIFICATIONS** She holds a Master of Business Administration and Bachelors' Commerce (Management Option) from the Catholic University of East Africa (CUEA). She also has Diploma in Business Administration from the Eldoret National Polytechnic and Certificate in Monitoring and Evaluation from the Kenya Institute of Management. She undertook the following professional training; Strategic Leadership Development Programme (S.L.D.P) and Senior Management Course (SMC) both from the Kenya School of Government, Induction Course for County Government Chief Officers and Induction Training for County Government Chief Officers also from KSG, Performance Management Culture Course at the Kenya Institute of Management, Leadership and Governance Course (KUSCCO, 2013), National Sacco CEO's Annual Conference. Other trainings attended include Exploring Entrepreneurship Opportunities for Kenyan Youth at CUEA, Customer Service and Sales Culture and Business Etiquette. **EXPERIENCE** She is the Chief Executive Officer since 8th December, 2023. She previously worked as the County Executive Committee Member, Finance & Economic Planning and Chief Officer for Trade Tourism & Cooperative Development and Finance and Economic Planning in Nyamira County Government. She earlier worked as the Chief Executive Officer of Wakenya Pamoja Sacco between December 2012 and October 2013. Her other past work experiences include Relationship Manager at ABC Bank and Imperial Bank, Senior Relationship Manager at Equity Bank and Loans Officer Opportunity International.

	Management	Details
2.	 Eng. Paul O. Agwanda **SM, Water Works Services**	He is the Senior Manager, Water Works Services. He has over 18 years' experience as a Civil Engineer. He holds a Masters of Science Engineering in Water Resources Management from Sungkyunkwan University, South Korea, a Bachelors in Technology in Civil and Structural Engineering from Moi University. He is a member of the Engineers Registration Board of Kenya, Associate Expert with National Environment Management Authority; ESIA and Associate Member Chartered Institute of Arbitrators, UK & Kenya. He is in charge of the Water and Sanitation Infrastructure Development at the Agency.
3.	 Mr. Daniel O.Owino **SM Corporate Services**	He is Corporate Services Management guru with over 20 years' experience. He holds a Master's Degree in Media, Communication and Public Relations from Leicester University, UK, a Masters in Linguistics from Maseno University, a Postgraduate Diploma in Human Resources Management from University of Nairobi, Postgraduate Diploma in Public Relations from Kenyatta University and Bachelors of Education – Arts (Linguistics and Literature) from Kenyatta University. He has also undertaken Strategic Leadership Development Programme (SLDP) and Senior Management Course (SMC) both from Kenya School of Government. He is a Full Member of the Public Relations Society of Kenya (PRSK).
4.		CPA. John Francis Adongo is a Financial Management enthusiast with over 22 years of experience in Accounts and Financial Management. He holds a Bachelor of Commerce degree (Finance Option) from the Catholic University of

	Management	Details
	CPA John Francis Adongo **SM, Finance, Resource Mobilization**	Eastern Africa, CPA K, CPS K. He is a Member of the Institute of Certified Public Accountant of Kenya (ICPAK).
5.	 Ms. Miriam C. Siwa **SM, Research, Strategy and Performance Management**	She is currently a PhD Candidate in Entrepreneurship at the Jomo Kenyatta University of Science and Technology. holds a Master's degree in Entrepreneurship from Jomo Kenyatta University of Science and Technology, Bachelor of Education (Economics & Business) from the University of Nairobi; Post Graduate Diploma in Planning and Management of Development Projects from Catholic University of Eastern Africa, Postgraduate Diploma in Human Resources Management from the Institute of Human Resources Management and a Diploma in Management from the Institute of Leadership and Management – London.
6.	 CS. Pamphil M. Oundo, Esq Adv. **Corporation Secretary & Manager Legal Services**	He holds Masters' Degree in Environmental Law from the University of Nairobi. He is a Certified Public Secretary of Kenya, CPS (K). He is an Advocate of the High Court of Kenya having sat Bar Examinations by the Council of Legal Education and obtained Diploma in Law from the Kenya School of Law. He holds Bachelors of Law Degree (LLB) from Moi University. His other trainings and certification include; An award of the Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K), Corporate Governance Trainings by KSG and Legal and Compliance Audit Training by Kenya School Law. He is a member of Law Society of Kenya (LSK) and East Africa Law Society (EALS).

	Management	Details
7.	 Martin Ochieng' Mayi **Manager Supply Chain Management**	He is a distinguished Supply Chain Management practitioner with tested experience in diverse sectors. He holds an MBA in Supply Chain Management from Maseno University, Bachelor of Arts - Degree from Egerton University, a Postgraduate Diploma in Purchasing and Supply Management from the Chartered Institute of Purchasing & Supply Management, (CIPS-UK) and Chartered Institute of Purchasing & Supply Management, UK. He has undertaken a Professional Course in Supplies Management PCISM (Foundation Stage) and the Senior Management Course (SMC) from Kenya School of Government. He holds a Supplies Practitioner's Certificate and is a Member of Kenya Institute of Supplies Management (MKISM) and the Chartered Institute of Supplies Management, UK (MCIPS).
8.	 CPA. Grace Adhiambo Abuto **Manager Internal Audit**	She is an Internal Audit expert with expansive experience in Internal Audits across diverse sectors. She holds a Bachelor of Commerce degree (Finance Option) from Catholic University of Eastern Africa. She is a Certified Public Secretaries (CPS(K)) and Certified Public Accountant (CPA(K). She has also undertaken the Senior Management Course (SMC) from Kenya School of Government. She is a Member of the Institute of Certified Public Accountant of Kenya (ICPAK), Institute of Certified Public Secretaries (ISC) and Institute of Internal Auditors (IIA).

5. Chairman's Statement

I am pleased to present Lake Victoria South Water Works Development Agency's Financial Report for the year ended 30th June 2024. Lake Victoria South Water Works Development Agency (LVSWWDA) is among the 9 Water Works Development Agencies established under the Water Act, 2016 with the main mandate of development of water and sanitation infrastructure in its area of jurisdiction on behalf of the national government. The Agency serves the following eight counties: Bomet, Homa Bay, Kericho, Kisii, Kisumu, Migori, Nyamira and Siaya Counties.

Lake Victoria South Water Works Development Agency has set its targets on accelerating infrastructure development for water & Sanitation so as to conform to the demands and provisions of the Sustainable Development Goals (SDGs) and Kenya's Vision 2030. Water and Sanitation coverage in the Agency's area of jurisdiction currently stands at approximately 58% for water and 27% for sanitation. The Agency intends to increase the average Water & Sanitation coverage to 70% and 43% respectively, in the next five years. The Board plays an active role in engaging key stakeholders, mainstreaming government and donors to mobilise resources for realisation of the Agency's mandate.

The Agency's strategic focus is on ensuring continued growth, sustainability, efficiency and above all value for money for the investment towards increased access to water and sanitation services. This is done through application of right technology, research, innovation, leadership and good corporate governance.

We attribute these achievements to the financial and technical support from the Government of the Republic of Kenya through the Ministry of Water, Sanitation and Irrigation and many development partners. The development partners include AFD, AfDB, KFW, Kenya Italy (KIDDP), ORIO, Belgium and European Investment Bank among others. The Agency owe its development partners and the Government of Kenya extreme gratitude for their continued support. I am confident that in the coming years we will continue to strengthen the Agency's collaborations with its various stakeholders and development partners for increased funding and timely support.

I wish to thank the Board of Directors for their continued cooperation and support which has enabled the Agency to move forward in the right direction; the Management and the entire staff for their dedication and hard work without which this exemplary performance would not have been achieved. I extend this gratitude to the County Governments within the Agency's area of jurisdiction and Water Service Providers as well as collaborations with host communities. I call upon the stakeholders to uphold their support to facilitate expansion of access to adequate, quality and affordable water and sanitation services within our area of jurisdiction.

MR. CAVINCE ODOYO OWIDI
CHAIRPERSON

6. Report of the Chief Executive Officer

I am honoured to present the Lake Victoria South Water Works Development Agency's performance in the development of water and sanitation infrastructure in its area of jurisdiction during the 2023/2024 financial year. The Agency's strategic vision focuses on development of sustainable water and sanitation infrastructure, making the Agency customer focused.

Through the support of the Ministry of Water, Sanitation and Irrigation and development partners including AfDB, KFW, AFD, EIB, EU among others, the Agency realised an incredibly very successful year. Key achievements for the Agency during the period include completion of rehabilitation of water supply systems in the four towns of Kisii, Nyamira, Sotik and Kericho under the Water Sector Development Program resulting in an increase in water supply coverage within our coverage area. During the period, the Agency brought on board a number of new staff through a competitive recruitment process, continued the career development of several interns and enhanced general capacity of the Agency's staff at large. The Agency also strengthened the capacity of its Water Services Providers through offering training opportunities to a number of their staff, provision of motor vehicles and water metres to enhance their service provision.

In the Financial Year under review, the National Government provided budgetary allocation to support drilling and equipping of several boreholes and construction of small water supplies systems in several public schools and public institutions for increased access to water and sanitation services in our area of jurisdiction. The Agency also continued to implement a number of water and sanitation infrastructure projects consisting of development of new water sources to increase production, development of water transmission infrastructure, water treatment plants and distribution networks all over our coverage area.

On sanitation, the Agency undertook rehabilitation and expansion of our Sanitation infrastructure, construction of reticulation sewers and household connections. The Agency continues to apply various innovative ways in technical assistance and capacity building of our key stakeholders, particularly the County Governments and Water Service Providers within our area of jurisdiction. We have launched technical improvements such as solar driven pumping water schemes for rural communities' thus ensuring sustainability of the water services. I commend the County Governments and Water Service Providers in our region for their collaboration and support which has enabled seamless development and implementation of infrastructure.

During the reporting period, the Agency completed the development of a new Strategic Plan for a new Planning period 2023-2027. During this period, the Agency

has planned to undertake several new projects with special focus on the last mile connectivity projects. With the many projects completed during the last planning year, our new attention goes towards ensuring that the water produced is delivered at the doorsteps of the intended beneficiaries through the last mile connectivity projects. We therefore look forward to continuing and strengthened partnership with our Development Partners and all stakeholders in our service delivery to ensure the planned projects are implemented as planned.

The financial statements for the year ending 30th June 2024 highlights the Agency's continued growth in operations and financial performance. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in the manner required by the Public Finance Management Act which requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Key drivers of our expenditure were capital intensive construction of water and sanitation infrastructure projects.
With the new strategic plan complemented with efficient internal quality systems, the Agency has set a stronger foundation for its future development programmes. During the reporting period, the Agency implemented the Annual Government of Kenya's Performance Contract and was rated among the best performers in the water sector. The performance contract was cascaded down to every system under performance management contracts.

On the overall, the Agency performed well as it achieved most of its development objectives and exceeded the targets during the year despite institutional and economic challenges experienced, as evidenced in the outcome of the National Government performance contracting outcome of the 2023/2024 financial year.

I take pride in our achievements, particularly the Agency's leadership headed by the Chairperson of the Board of Directors which continues to provide necessary leadership, oversight and guidance to the management towards ensuring the Agency continues to attain and even exceed its targets. My sincere appreciation goes to our parent Ministry of Water, Sanitation and Irrigation, the National Treasury, Development Partners, Water Sector Institutions, Water Service Providers, County Governments in our region and other stakeholders for their immense support, without which we could not have made these achievements.

MS. JACKLINE KEMUNTO
CHIEF EXECUTIVE OFFICER

7. Statement of Performance against Predetermined Objectives for FY 2023/2024

Lake Victoria South Water Works Development Agency (LVSWWDA) has 6No. Strategic key result areas and objectives within its Strategic Plan for the FY 2023/2024-2027/2028. The Key Result Areas (KRA) are as follows:

KRA1: Water Supply and Conservation infrastructure Development
KRA 2: Sanitation and Sewerage Infrastructure Development
KRA 3: Financial Resource Mobilization
KRA 4: Operation, maintenance & management of water and sanitation infrastructure
KRA 5: Strengthening Institutional capacity, and
KRA 6: Environmental Sustainability and Climate Change Adaptation/Mitigation.

The **Strategic Objectives** of the Agency over the plan period 2023 to 2027 are the following; -

- Increase access to Safe and Reliable Water Supply Coverage from 58% to 70% by 2027/28
- Increase access to Safe and Proper Sanitation Services Coverage from 27% to 40% by 2027/28.
- Ensure Financial Sustainability of the Agency by mobilizing KShs **10 B** every year.
- Strengthen the Maintenance, Management and Operations of Water Supply and Sanitation Infrastructure.
- Strengthen Agency Institutional Capacity
- Integrate Climate Change Adaptation/Mitigation, Social and Environmental Sustainability in Project planning, development and Maintenance.

Lake Victoria South Water Works Development Agency develops its annual work plans based on the above Six KRAs. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2023/2024 period for its strategic KRA, as indicated in the diagram below:

Performance against Predetermined Objectives for FY 2023/24

Key Focus Area	Strategic Objectives	Key Performance Indicator	Activities	Achievements (%)
1. Water Supply & Conservation Infrastructure Development	Increase access to Safe and Reliable Water Supply Coverage from 58% to 70% by 2027/28	% of total households with access to safe and reliable water	1. Developed and expanded water supply production facilities in 2no counties 2. Increased Water Supply Connectivity in 2no counties 3. Developed Community Water Projects in four Counties. 4. Enhanced community capacity building for post operations and sustainability 5. Enhanced NRW reduction for increased operational efficiency 6. Enhanced Capacity of Six WSPs on water treatment through provision of Laboratory equipment.	60%
Sanitation & Sewerage Infrastructure Development	Increase access to Safe and Proper Sanitation Services Coverage from 27% to 40% by 2027/28.	% of total households with access to safe and proper sanitation services	1. Prioritized investment on sanitation in peri-urban and rural areas in each of the 2No. Counties to increase coverage 2. Developed and expanded sewerage systems and networks in the urban towns 1no counties	27%
Financial Resource Mobilization	Ensure Financial Sustainability of the Agency by mobilizing KShs **10 B** every year	Funds mobilized in KShs for infrastructure development	1. Upscaled resource mobilization for infrastructure 2. Ensured compliance in loans repayments/servicing 3. Ensured Prudent Financial Planning and Management 4. Trained on **Public Private Partnership**	8%
Operation, maintenance & management of water	Strengthen the Maintenance, Management and Operations of Water	Hours taken to fetch water (to and from)	1. Developed reserve capacity of the Agency staff for management of water and sanitation infrastructure and service provision	10%

Key Focus Area	Strategic Objectives	Key Performance Indicator	Activities	Achievements (%)
and sanitation infrastructure	Supply and Sanitation Infrastructure		2. Enhanced the technical capacity of the WSPs and Water Departments of County Governments 3. Developed County Engagement Framework for water supply & sanitation services infrastructure management and maintenance	
Strengthening Institutional capacity	Strengthen Agency Institutional Capacity	% level of improvement on achievement of employee Annual Targets (PMC)	1. Enhanced human capacity 2. Improved work environment 3. Enhanced stakeholder engagement capacity development 4. Ensured good corporate governance 5. Undertook Corporate planning and performance management	10%
Environmental Sustainability and Climate Change Adaptation/ Mitigation	Integrate Climate Change Adaptation/Mitigation, Social and Environmental Sustainability in Project planning, development and Maintenance.	Volume of water available for treatment as per World Health Organization standards	1. Undertook Corporate Social Responsibility Activities in Marginalized Areas, Sewerage Projects and Dams sites 2. Adopted proven new Technologies for Energy efficiency	80%

8. Corporate Governance Statement

Lake Victoria South Water Works Development Agency is a corporate body committed to adhere and uphold the rule of law and in particular, values and principles of good corporate governance. The Board of Directors and Management regard corporate governance as pivotal to delivery of the Agency's mandate and are committed to ensure and sustain the highest standards of conduct and accountability in accordance with the best practice and principles of corporate governance. These principles are applied throughout all levels of the Agency.

Organization Structure

The Agency has a clearly defined organizational structure within which individual responsibilities are identified in relation to internal financial controls. The structure is complemented by regulations, policies and resolutions which guide management in transacting the Agency's business in compliance with the law. The structure also sets out clear separation of roles and responsibilities between the Board and Management.

Appointment and composition of the Board

The composition of the Board is as set out under the Water Act, 2016, Code of Conduct for State Corporations (Mwongozo), 2015 and the State Corporations Act, Cap 446. The Board's composition is ten (10) members which includes; An independent Non -Executive Chairperson, four (4) independent members, Chief Executive Officer, Cabinet Secretary National Treasury or a representative, Principal Secretary or a representative, the Attorney General or a representative and Inspector General State Corporations or a representative. The Appointment of the Board is by the President or the Cabinet Secretary, Ministry of Water Sanitation and Irrigation (MWSI) through Kenya Gazette. The tenure of service for the Board Chairman and members is five (5) years or a shorter period as may be determined by the appointing authority and in accordance with the Water Act, 2016, State Corporations Act Cap 446.

The appointment, reappointment and removal of the Board members including the Chairman is exclusively reserved for the Cabinet Secretary, MWSI in consultation with the Office of the President. The Board Chairman or members have no role in their appointment or reappointment but the Board Chairman, may give necessary advisories or requests to the appointing authority regarding the need to appoint Board members and to guarantee succession planning. The appointment and re-appointment of Board members is based on competency, merit, skills and experience as may be determined by the appointing authority.

Roles and Responsibilities of the Board

The roles and responsibilities of the Board are as set out in various legal instruments and policy directions including Code of Conduct for State Corporations. The main role of the Board is to provide strategic direction and leadership for the Agency. The Board receives appropriate and timely information regarding day-to-day operations of the Agency for effective oversight and provision of strategic direction on all aspects including but not limited to financial, technical, compliance and governance matters. The Board determines the Agency's strategic objectives, values, key policies and procedures in accordance with the law and best practice. By nature of its responsibility, the Board has delegated part of its roles and responsibilities to management the Chief Executive Officer who as a matter of law and policy, implements Board decisions as the accounting officer. The Board however, maintains overall responsibility for the Agency's performance, compliance functions as well as monitoring of its operations and ensuring competent management of the affairs of the Agency.

Board Induction and trainings

The Board attended two (2) inductions during the period under review to familiarize and understand their roles and responsibilities. The first induction was tailor made for the Board to understand the Agency's mandate and their roles in respect of matters governance, internal controls, finance, Human Resource and water and sanitation. The second global induction by State Corporations Advisory Committee (SCAC) was meant to appraise members on matters governance and general government operations and systems.

The Board also attended one training organized by the Institute of the internal auditors to appreciate its roles in the internal controls and in particular the role of the Board, Audit Committee and management as regards separation of powers.

Board Charter

The Board of Directors have in place, the approved Board Charter and Committee Terms of References which sets out clear roles and responsibilities of Board members individually and collectively. The Charter defines ethical issues and code of conduct expected of Board members. The Board has also put in place a code of conduct to regulate its relationship with management and other stakeholders. In addition, the Board has an approved Board Almanac which sets out its annual activities including but not limited to Board meetings, Board evaluation and Board training.

Board Committee

The Board has established Four (4) Board Committees pursuant to the law and regulations and with specific delegated roles and responsibilities set out in the

Committee Terms of References and subsequent government circulars issued from time to time. The Four (4) Board Committees are;

Audit and Risk Committee- Being the mandatory committee mandated to provide assurance to the Board and management.

Technical Committee – Being a committee responsible for technical duties underpinning the mandate of the Agency.

Governance and Compliance Committee- Being a committee responsible for all aspects of governance including Human Resources and finance.

Finance Committee - Being responsible for all aspects of Finance, Procurement and Disposal of Aset

Board Self Evaluation

Board self - evaluation is undertaken annually under guidance of the State Corporations Advisory Committee (SCAC) and entails overall assessment of Board performance, Board Chairman, individual Board Members, Board Committees, Chief Executive Officer, Internal Auditor and Corporation Secretary. The Board Self - Evaluation was not undertaken in 2023 due lack of quorum and eligibility of the new Board members appointed on 1st September, 2023.

Board Meetings and Attendance

Board and Committee meetings are held as per the law, regulations and government guidelines issued from time to time. Regular and special meetings were approved by the Head of Public Services and Chief of Staff while extra ordinary meetings were approved by the Cabinet Secretary, Ministry of Water Sanitation and Irrigation. **Four (4)** Regular Board Meetings and **two (2)** Special Board Meetings were held in line with the approved Board ALMANAC. **Four (4)** Special /Extra ordinary meetings were held on priority and need basis with the authority of the Cabinet Secretary. Board/committee meetings and associated activities were attended by members as tabulated hereinafter;

Meetings	Odoyo Owidi- Board Chairman	Jeridah Mbaka- Member	Joseph Okoto– Member	Joseph Mbatha – Rep. CS, NT&EP	Douglas Mutai – Rep. PS, SDW&S	Theodora Gichana – Rep. IGS	Cecilia Ngetich – Member	Millicent Oduor – Member	Jomo Maisori – Member	John Momanyi- Member
Induction and Trainings										
Board training held from 28th August, to 1st September, 2023	√	√	√	√	√	√	x	x	x	x
Training of new Board Members from 30th October to 3rd November, 2023.	√	x	x	√	√	√	√	√	√	√
Board and Management training on PPPs from 6th to 8th March, 2024	√	x	x	√	√	xo	√	√	√	√
SCAC Board Induction training from 24th to 26th April, 2024	√	x	x	√	√	xo	√	√	√	√
Board and Management Retreat held from 24th to 26th June, 2024 pursuant CS, MWSI approval via letter	√	x	x	√	√	xo	√	√	√	√
Full Board Meeting										
1st Regular Board Meeting held on 14th July, 2023	√	√	√	√	√	√	x	x	x	x
1st Special Board Meeting held on 26th September, 2023	√	x	x	√	√	√	√	√	√	√
2nd Special Board Meeting held on 28th September, 2023	√	x	x	√	√	√	√	√	√	√
2nd Regular Board Meeting held on 13th October, 2023	√	x	x	√	√	√	√	√	√	√
3rd Special Board Meeting held on 8th November, 2023 pursuant to CS, MWSI's approval via Letter Ref.	√	x	x	√	√	xa	√	√	√	√

MWSI/WTR/ADM/CS/VOL.II/20 of 1st September, 2023										
3rd Regular Board Meeting held on 12th January, 2024	√	x	x	√	√	xa	√	√	√	√
4th Regular Board Meeting held on 12th April, 2024	√	x	x	√	√	xa	√	√	√	√
4th Special Board meeting held on 29th April, 2024	√	x	x	√	√	xa	√	√	√	√
5th Special Board Meeting held on 14th May, 2024	√	x	x	√	√	xa	√	√	√	√
Committee Meetings										
1st Regular Audit and Risk Committee Meeting held on 3rd July, 2023	x	x	√	√	√	√	x	x	x	x
1st Regular Governance and Resources Committee held on 5th July, 2023	x	√	x	√	√	√	x	x	x	x
1st Regular Water and Sanitation Committee Meeting held on 7th July, 2023	x	x	x	√	√	√	x	x	x	x
1st Special Finance Committee Meeting held on 27th September, 2023	x	x	x	√	√	√	√	√	x	x
2nd Regular Audit & Risk Committee Meeting held on 27th September, 2023	x	x	x	√	√	√	x	x	√	√
2nd Regular Governance and Compliance Committee held on 3rd October, 2023	x	x	x	√	√	√	√	√	x	x
2nd Regular Finance Committee Meeting held on 6th October, 2023	x	x	x	√	√	√	√	√	x	x
2nd Regular Technical Committee held on 9th October, 2023	x	x	x	√	√	√	x	x	√	√

3rd Regular Audit and Risk Committee Meeting held on 22nd December, 2023	x	x	x	√	√	xa	x	x	√	√
3rd Governance and Compliance Committee meeting held on 8th January, 2024	x	x	x	√	√	xa	√	√	x	x
3rd Finance Committee meeting held on 9th Jan, 2024	x	x	x	√	√	xa	√	√	x	x
3rd Regular Technical Committee meeting held on 10th January, 2024	x	x	x	√	√	xa	x	x	√	√
4th Regular Audit and Risk Committee meeting held on 25th March, 2024	x	x	x	√	√	xo	x	x	√	√
4th Regular Technical Committee Meeting held on 26th March, 2024	x	x	x	√	√	xo	x	x	√	√
4th Regular Governance and Compliance Committee meeting held on 27th Mar, 2024	x	x	x	√	√	xo	√	√	x	x
4th Regular Finance Committee Meeting held on 28th March, 2024	x	x	x	√	√	xo	√	√	x	x

NOTE: √ - Indicates attendance/present

X - Indicates that the director was;

- Not a member of the committee
- Before appointment/ after revocation of appointment.

Xa - Absent with apology

Xo - Without apology

Conflict of interest

Board members declared conflict interest prior to commencement of all meetings as evidenced in the minutes and conflict of interest register. No member had interest that could deter or affect his /her transaction of Board business.

Board Remuneration

Board remuneration is paid as per existing State Corporations Advisory Committees guidelines. The same covers sitting allowance, subsisting allowance, lunch allowance, transport reimbursements, airtime and honorary for Board Chairman. Remuneration was as per the approved budget, Board Almanac for FY 2023/2024 and are as captured in this report.

Governance Audit

Governance Audit is undertaken on guidance of SCAC as per the approved governance Auditors. Whereas, SCAC is yet to provide the list of approved governance auditors, the Agency undertakes quarterly legal and compliance audits and report the report thereof to SCAC upon consideration and approval by the Board.

9. Management Discussion and Analysis

Operational and Financial Performance

Operation

The Agency continued to execute its mandate of providing water sewerage and sanitation infrastructure by implementing development projects which includes Kisumu LVWATSAN, Kenya Towns programme, Water Sector Development Program and other GOK funded projects like water harvesting program, water for schools, water conservation and cross county projects. The capital projects were funded from external resources and Gok funds.

Financial

During the period under review, the Agency received recurrent grants amounting to Kshs. 141,999,996, development grants amounting to KShs. 735,605,147 and totaling to Kshs. 877,605,143 which was lower compared to the previous financial year receipts of KShs. 2,145,290,107. The Agency incurred a total expenditure of KShs. 1,173,770,558 resulting to a net deficit of KShs. **(247,451,352)**. The detail of the expenditure is reflected in page one on statement of financial performance and the accompanying notes on pages 26 to 38.

Key projects or investments decision

In the period under review the Agency undertook several water and sanitation projects namely:

- The Agency has completed the construction of the following two major projects; Oyugis Water Supply Project and Kendu Bay Water and Sanitation Project both funded by the Government of Kenya and African Development Bank
- The Agency continued implementing several key projects funded by both the development partners and GOK including;
- LVWATSAN Program in Kisumu: Works Package 1- Wastewater and Sewer Networks has been implemented to 62% physical progress
- LVWATSAN Program in Kisumu: consultancy services for studies and designs for other Works Packages, non-revenue water study and water and wastewater masterplans
- LVWATSAN Program in Kisumu: Carried out extensive community engagements at proposed Otonglo sewerage project as part of planned feasibility studies and strategic environmental impact assessment reports
- Kenya Towns Sustainable Water Supply Programme (jointly implemented with CRVWWDA). Ugunja/Ukwala/Sega Cluster Water and Sanitation Project, Bomet – Mulot Water Supply Project, Nandi Hills Water Supply Project, Kilgoris – Lolgorian Water Supply Project, Migori- Isebania Last Mile Connectivity, Keroka Last Mile Connectivity and Siaya-Bondo Last Mile Connectivity are all at different stages of implementation

Agency's compliance with statutory requirements,

The Agency complied with all legal provisions of the Acts which affects its operations for example the provisions of Public Finance Management Act, 2012, State Corporations Act, Tax laws among others. Court cases, Environmental and Social Impact Assessment reports are complied with while all contractors are NCA registered. PAYE, NHIF, NSSF are up to date in terms of remittance and compliance.

Major risks facing the organisation,

The Agency Management has implemented the Enterprise Risk Management initiated by the development and implementation of the Enterprise Risk Management Framework Policy. Further to which, the Agency has a Risk Committee in place chaired by the CEO and Risk Champions appointed from each department/division. The Agency management has also developed Business Continuity Management Policy, due for implementation through development of Business Continuity Plan and Disaster Recovery Plan alongside. The Agency Risk and Mitigation Plan matrix is updated on a quarterly basis at departmental/divisional level which is then consolidated to form a corporate risk register. The Agency is faced with the following risks:-

1. Non-compliance with updated Quality Management standards
2. Failure to comply with regulatory and statutory requirements
3. Inability to operate in case of a disaster and/or emergency
4. Inadequate M&E in the implementation of Agency projects
5. Inadequate water and sanitation household coverage baseline data
6. Ineffective policy design and implementation
7. Ineffective review of Internal Control systems
8. Inability to provide objective assurance on compliance matters
9. Inadequate provision of assurance and consultancy services
10. Inability to promote a robust risk management system
11. Failure to correctly monitor/manage finance budget
12. Inadequate cash flow management
13. Ineffective resource mobilization strategies
14. Incurring additional VAT liabilities
15. Failure to meet financial statement deadlines
16. Inability to eliminate fraud/corruption
17. Failure of internet banking services
18. Non-compliance with public procurement laws and guidelines
19. Poor performance of staff
20. Non-compliance with procurement planning
21. Failure to deliver cost-effective programs
22. Failure to administer contracts effectively
23. Inappropriate Corporate Governance Practices

24. Delay in Circulation of Board Papers
25. Inadequate proper Contract Management
26. Inadequate Legal Guidance
27. Policy failure and the policy-implementation gap
28. Ineffective coordination and implementation of Strategic Plan (2023-2027)
29. Inadequate development and implementation of annual performance contract (GoK)
30. Non-compliance with procurement laws
31. Failure to deliver cost-effective programs
32. Failure to coordinate the development of Departmental and Divisional Risk Registers
33. Ineffective Communication with External Stakeholders
34. Increase in Litigation cases
35. Delay in Land Acquisition

Material arrears in statutory and other financial obligations

During the year under review, the Agency ensured that all the statutory deductions did not accrue to arrears. This is a financial obligation that was experienced due to limited counterpart budget allocation which were not enough to pay counterpart payments on Donor projects that the Agency was implementing during the period review.

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

LVSWWDA is committed to operating ethically and thus contribute to economic development while improving the quality of life of the workforce, their families and the local community and society at large, as well. LVSWWDA undertakes to conduct business in a way that ensures realization of sustainable growth, in line with legal and moral obligations. The staff always aim to achieve strategic objectives in a caring and responsible manner taking into account environmental, social and economic 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 among others, that are available online on the websites of the financiers.

The Agency has strived to reduce environmental impacts of the wastewater treatment plants by rehabilitating dilapidated wastewater treatment plants to ensure that the wastewater discharged from the treatment plants comply with NEMA standards for discharge to the environment. The Agency is also developing new wastewater treatment plants to improve coverage for 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 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 up skilled, helped or otherwise redeployed and up scaled.

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 competition practice.

LVSWWDA carries out procurement and disposal of assets in strict conformity to the Public Procurement and Asset Disposal Act, 2016 and its attendant Regulations with its preferred procurement method being the Open Tender.

(b) Responsible Supply chain and supplier relations

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

(c) Responsible marketing and advertisement

All engagements between LVSWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party.

(d) Product stewardship

The payment schedules also form part of the contracts and they are strictly adhered to during the contract period. LVSWWDA encourages public participation and also clearance by relevant Govt Agencies to ensure consumer rights and interests are not infringed.

v) *Corporate Social Responsibility / Community Engagements*

During the year, LVSWWDA engaged in a number of corporate social responsibility activities which impacted immensely on the lives of the beneficiary communities. The organisation carried out several which included:

a. Donation of Sportswear to Nyanza sitting volleyball team on 8th December, 2023

The Agency donated sportswear including sports uniforms to the Nyanza sitting volley ball team (a group of people Living with Disability) in Kisumu during National Para Volleyball Championship tournament held at social hall in Kisumu County on 8th December, 2023.

b. **Donation of food stuff to flood victims in Homabay County 22nd April, 2024**

The Agency donated relief food and foodstuffs including 720 bags of rice, 400 sacks of beans and over 20 bags of flour to more than 800 families affected by floods in Kobuya and Osodo areas of Homa Bay County on 22nd April, 2024.

c. Donation of over 5,000 tree seedlings during the National Tree Growing and Restoration Campaign held on 18th August, 2023 in Mau Forest Catchment area to support the 15 billion trees initiative by the Government.

LVSWWDA donated over 5,000 tree seedlings during National Tree Growing and Restoration campaign in Mau Forest Water Catchment area in Bosto, Bomet County under the campaign slogan '*Miti ni maji, linda miti linda maji*', an event presided over by the Cabinet Secretary Water, Sanitation and Irrigation Hon. Alice Wahome.

d. National tree planting campaign held on 13th November, 2023

LVSWWDA Chairman Odoyo Owidi spearheaded the planting of 2500 fruit & tree seedlings during the National Tree Growing and Restoration campaign held in Buoye Primary School in Homabay County.

e. Donation of assorted food stuff on 23rd July, 2023 during the 2023 ASK Shows harvest festival

The Agency donated assorted food stuff at Holy Trinity Church in Africa for the harvest festival organized by the Kisumu Regional ASK show to be distributed to children's homes in Kisumu ahead of the ASK Show for the year 2023 held from 26th to 29th July, 2023.

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the Agency's affairs.

i) Principal activities

The principal activities of the Agency are;

i. Undertake the development, maintenance, and management of national public water works within our area of jurisdiction,
ii. Own and manage water related assets developed through loans and handover to county authorities after repayments of development loans,
iii. Collaboration with all stakeholders both within and outside water sector to mobilize finances and provide related social infrastructure,
iv. Provide technical assistance and capacity building to county governments, water service providers and other institutions,
v. Provide the Cabinet secretary in charge of water with technical assistance in the discharge of his/her functions.
vi. Provide reserve capacity for purposes of providing water services where need arises.

ii) Results

The results of the Agency for the year ended June 30, 2024, are set out on page 1 to 6.

iii) Directors

Details of Board members who served during the year are shown on page vi. The appointment of Dir. Jeridah Mbaka and Joseph Okoto was revoked on 1st September 2023. Similarly, representation of Inspector General, State Corporation on the Board of the Agency ceased from March 2024 following retirement of Dir. Theodora Gichana.

iv) Auditors

The Auditor-General is responsible for the statutory audit of the Agency in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 by the Auditor General to carry out the audit of the Agency for the year/period ended June 30, 2024.

By Order of the Board

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Name: CS. Pamphil M. Oundo, Esq Adv
Corporation Secretary/Secretary to the Board

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require the Directors to prepare financial statement, which give a true and fair view of the state of affairs of the Agency at the end of the financial year ending 30th June 2024 and the operating results of the Agency for the period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year ended on June 30, 2024. 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 Agency;

(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 Agency

(v) Selecting and applying appropriate accounting policies; and

(vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) accrual basis, and in the manner required by the PFM Act, 2012 and section 14 of the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2024, and of the Agency's financial position as at that date. The Directors further confirms the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency'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 Agency 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 Agency's financial statements were approved by the Board on 26/09/24 day of September 2024 and signed on its behalf by:

.....
Name: Mr. Cavince Odoyo Owidi
Chairperson of the Board

.....
Name: Ms Jackline Kemunto
Chief Executive Officer

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OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability

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REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

A. Report on 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 the 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 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.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Lake Victoria South Water Works Development Agency set out on pages 1 to 55, which comprise of the statement

of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes net assets, 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 Lake Victoria South Water Works Development Agency 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 (Accrual Basis) and comply with the Water Act, 2016 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Failure to Capitalize WIP Completed

The statement of financial position and as disclosed in Note 21 reflects property, plant and equipment (PPE) balance of Kshs.20,492,548,950.Review of the water supply infrastructure balance of Kshs.2,869,125,461 revealed nil movements during the year under review. However, several projects were completed and put to use but were not capitalized to facilitate depreciation. Further, the lack of project implementation status report made it difficult to verify the number of completed projects that needed to be capitalized.

In the circumstances, the accuracy and fair statement of the water supply infrastructure balance of Kshs.2,869,125,461 could not be confirmed.

2. Unsupported Prior Year Adjustments on Borrowings

The statement of financial position reflects borrowings balances of Kshs.11,744,713,747 as disclosed in Note 27 to the financial statements. The borrowings are further classified into current portion of borrowings and long-term borrowings of Kshs.2,141,829,960 and Kshs.9,602,883,786 respectively. The amounts relate to external borrowings with an opening balance of Kshs.11,225,259,858, accrued interest and penalties of Kshs.365,889,717 and a prior year adjustment of Kshs.153,564,172. However, the prior year adjustments were not supported with workings and has not been disclosed in the financial statements.

In the circumstances, the accuracy and fair statement of borrowings balances of Kshs.11,744,713,747 could not be confirmed.

3. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions (current) balance of Kshs.160,736,423 as disclosed in Note 19 to the financial statements. However, review of records provided for audit revealed that the balances relate to

regulatory fees which have been outstanding for more than three years. Management has not provided evidence of measures being taken to recovery the long outstanding amounts.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions (current) balance of Kshs.160,736,423 could not be confirmed.

4. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalent balance of Kshs.689,794,917 as disclosed in Note 18 to the financial statements. Included in the balance is retention amount of Kshs.816,283 in respect of deposits and retentions. However, payables disclosed in Note 23(a) reflects a balance of 38,239,005 resulting in an unexplained variance of Kshs.37,422,722.

In the circumstances, the accuracy and fair statement of cash and cash equivalents balance of Kshs.689,794,917 could not be confirmed.

5. Unsupported Adjustments to Accumulated Surplus

The statement of financial position reflects accumulated surplus balance of Kshs.238,832,640 as disclosed in Note 34 to the financial statements. Included in the balance are prior year & JV and movement of capital funds adjustment of Kshs.153,564,172 and Kshs.612,188,662 respectively. Although the adjustments have been debited to the loan balance account, no details were provided for audit on the adjustment. Further, there was no disclosures on the prior year adjustment the financial statements by way of Notes.

In the circumstances, the accuracy and completeness of the accumulated surplus balance of Kshs.238,832,640 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Lake Victoria South Water Works Development Agency 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 amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.1,311,550,000 and Kshs.572,444,132 respectively resulting to under-funding of Kshs.739,105,868 or 56% of the budget.

The under-funding affected the planned activities and may have impacted negatively on 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. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal controls, Risk management and governance. However, Management had not resolved the issues as at 30 June, 2024.

Other Information

Directors are responsible for the Other Information set out on page iv to xlv which comprise of Key Agency Information and Management, The Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives for the fy 2023/2024, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of Directors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Agency'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, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Fixed Asset Register for Work in Progress

Included in the property, plant and equipment additions for the year is work in progress balance of Kshs.605,051,284. However, Management did not provide for audit the fixed asset register for the work in progress register as required by the National Treasury Circular of July, 2020 which should contain detailed information on asset category, location of asset, start date and expected date of completion, amount spent to date, commitments in next financial year, commitment beyond next financial year, class of assets transferred to, date of transfer, amount of WIP transferred and balance of WIP.

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

2. Failure to Prepare Agency' Asset Disposal Plan

Review of the fleet management records maintained by the Agency's transport division revealed that the Agency has not considered to dispose its thirty-four (34) vehicles grounded in different locations. Disposal of the vehicles is necessary to prevent further loss arising from wear and tear and repairing of un serviceable vehicles. This is contrary to Regulation 176(1) of the Public Procurement and Assets Disposal Regulations, 2020 which requires the Accounting Officer of a procuring entity to ensure that an annual assets disposal plan is prepared of items declared as unserviceable, surplus, or obsolete, obsolescence stores, asset or equipment as set out under Section 53(4) of the Act.

In the circumstances, Management was in bleach of law.

3. Non-Compliance with the National Cohesion and Integration Act, 2008

The Agency had seventy-seven (77) permanent employees as at 30 June, 2024. Out of the number, forty-nine (49) or 63% were from the dominant community, contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 that stipulates that no public establishment shall have more than one third of its staff from the same ethnic community. In addition, the Agency recruited eleven officers in the year under review out of which seven (7) officers or 64% were from one ethnic community.

In the circumstances, Management was in breach of law.

4. Finance Cost

The statement of financial performance reflects finance costs of Kshs.372,637,005, as disclosed in Note 16 to the financial statements. Included in the amount is Kshs.365,889,717 in respect of interest charge on development partner loans. As reported in the prior year audit report, the interest amount and the principal loan amount payable to the development partners is based on the financing agreements, but it is not clear and it has not been satisfactorily explained how the agency will realize this amount since most of the completed water projects were handed over to various Water Service Providers (WSPs) who are responsible for collecting revenue and are therefore expected to remit part of their revenue to the Agency to help in offsetting part of the loan.

It was however noted that the WSPs do not remit part of their revenue collected to the Agency as agreed as no enforceable law is in place to regulate the intra transaction. It was also noted that there was a significant increase of the finance cost on interest charged on development partner loans from the prior year balance of Kshs.220,114,176 to Kshs.365,889,717 in the current year, an increase by Kshs.145,775,541 or66%.

In the circumstances, it was not possible to confirm if finance cost amounting to Kshs.372,637,005 was a proper charge on the statement of financial performance as no modalities have been put in place by the Agency to realize the amount owing from Water Service Providers (WSPs).

5. Failure to Collect Revenue from the Water Service Providers

The statement of financial performance reflects own-source revenue-revenue from exchange transactions totaling Kshs.46,172,902, compared to Kshs.1,198,828 in the previous year. This represents a significant increase in own-source revenue, primarily attributed to finance income generated from fixed deposit bank balances, with annual interest totaling Kshs.44,843,516. However, apart from the finance income, the Agency reported no income from water service providers during the period under review. This indicates that the Agency may not have implemented adequate measures to collect revenue from water service providers. Notably, the Agency's Strategic Plan 2023-2027 does not provide sufficient strategies for increasing revenue from this key source. Consequently, no income was generated from water service providers during the year under audit, except for receivables paid by Kisumu Water and Sanitation Company (KIWASCO). Additionally, revenue from lab tests is still very low and management should come up with robust strategies of increasing revenue also in this stream.

In the circumstances, Management has not put in place adequate measures to collect revenue from water service providers which may affect the Agency's financial stability.

6. Unutilized Enterprise Resource Planning System (ERP)

As reported in the previous year, Development Agency acquired an Enterprise Resource Planning (ERP) system under contract number LVSWSB/RFP/C/3/2017-2018 with a consultant at a contract sum of Kshs.12,549,883. This amount comprised Kshs.5,094,720 as the user license fee for thirty (30) users and Kshs.7,455,163 as the implementation fee. The ERP Project Implementation Status Report indicated that the system was handed over to users on 14 November, 2022. However, during the audit, it was observed that the ERP system was not in use because the user license fees had not been paid for over six (6) months.

In the circumstances, the Agency has not received full value for the procured system for failure to optimally put it into use.

7. Grants and Subsidies - GOK Projects

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects various GOK projects, drilling and equipping of boreholes and water

for schools whose total expenditure during the year under review was Kshs.340,370,832. Site visits to some of the projects revealed the following irregularities:

7.1. Construction of Otonglo Riat Water Supply Project

Included in the amount is Kshs.23,731,430 paid to the contractor out of the contract sum of Kshs.91,094,717. The project commenced on 25 July, 2022 and had a completion period of 12 months with an expected original completion date of 25 July, 2023.The completion date has been revised severally and during the prior year audit, the contractor had been granted an extension to 8 March, 2024.

Review of the project status report revealed that the contractor was granted another time extension from 8 March, 2024 to 23 July, 2024 and finally to 31 December, 2024.The justification and approval for the completion period extension to 31 December, 2024 was however not provided for audit review.

It was also noted that the project has not been completed. Review of the status report further revealed that the project is 90% complete and time elapsed is 96% of the revised completion period. The contractor to date has been paid a total amount of Kshs.75,775,575 out of the contract sum of Kshs.91,094,717 (approximately 83%).

In the circumstances, delay in the project completion denies the community benefits of using water which has cost the public approximately Kshs.75,775,575 which is a substantial amount of money.

7.2. Rehabilitation of Lower Tito Water Pan

The project for rehabilitation of lower Tito pan in Nyatike Constituency (Contract No: LVSWWDA/NWHGE/C/5/2022-2023) was awarded to a contractor at a contract sum of Kshs.9,502,061. During the year of audit, Interim Payment Certificate No.1 of Kshs.5,037,930 was paid. The water pan is almost complete but the community has not agreed to handover part of the land where the cattle trough will be constructed. This may force the community to draw water directly from the water pan due to lack of communal water drawing point which is risky and against the standard practice. In addition, Management has not provided the initial design of the project to confirm where the draw off system was originally placed and whether the community were involved before the project implementation.

In the circumstances, the project is incomplete and may not benefit the community since the livestock support features has not been constructed and therefore value for money may not be achieved in this project.

7.3. Construction of Kasgunga Water Supply

Included in Kshs.340,370,832 is Kshs.217,869,493 for GOK projects related to the drilling and equipping of boreholes for schools. The amount includes the Kasgunga Water Supply project awarded to a contractor at a contract sum of Kshs.52,037,348. During the audit year, the contractor was paid Interim Payment Certificate No. 2 of Kshs.12,148,160. bringing the total payments made to the contractor since project inception to

Kshs.22,192,608. A site inspection conducted on 2 December, 2024 revealed that the project has stalled for over two (2) years, and the contractor is no longer on-site. However, there is no letter granting the contractor an extension of time, indicating that the project timeline has not been formally adjusted. Additionally, materials on-site valued at Kshs.6,302,439 have remained unused for over one year, increasing the risk of theft or damage.

In the circumstances, Management should be held liable for failure to complete the project within the set timelines

7.4. Boreholes Drilled but not Equipped

A site visit to the sampled projects listed below revealed that while the drilling and development of the boreholes were completed, equipping remains pending for some projects undertaken during the periods 2022–2023 and 2023–2024 amounting to Kshs.13,808,620. The projects involved were; Kenya Forestry Borehole, Kshs.2,578,120, Kiprengwe Borehole, Kshs.2,950,200, Bugo/Ainospet Borehole Kshs.5,641,335, Londiani Town Borehole Kshs.2,669,700, Kakrao Primary School borehole, Kshs.2,898,000 and Mabere primary school Borehole, Kshs.2,712,600. Management attributed this to budget shortfall.

In the circumstances, value for money may not be achieved, as the schools and communities in the area cannot access water as intended.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of ownership Documents for Motor Vehicles

Motor vehicle inventory records maintained by the Agency revealed that sixty-three (63) vehicles were registered in the name of contractors, some whose contracts have elapsed.

Out of the sixty-three vehicles, thirty (30) motor vehicles have no details of logbook registration number in the motor vehicle inventory records.

In the circumstances, ownership and effectiveness of internal controls on management of motor vehicles could not be confirmed.

2. Non-Compliant Imprest Register

The imprest register presented for audit by the Water Agency did not comply with the prescribed format outlined in the National Treasury's Circular No. 23-2020. The recommended standard provides that the imprest register should include details such as: the staff name, personal number, department, imprest warrant number, date of issue, expected date of surrender, actual date of surrender, number of days outstanding, imprest amount, amount surrendered, and the outstanding balance. Upon reviewing the register, it was noted that critical fields were incomplete, particularly with regard to the expected date of surrender, the actual date of surrender, and the number of days outstanding. These omissions resulted in an inaccurate and incomplete record, which undermines the integrity of the imprest tracking process.

In the circumstances, non-compliance with the prescribed format may lead to poor tracking of imprest amounts, resulting in discrepancies and potential misuse of funds

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal 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.

Responsibilities of the Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 Agency'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 responsible for overseeing the Agency'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 International Standards of Supreme Audit Institutions (ISSAIs). The standards require 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 ISSAIs 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

Nairobi

31 December, 2024

14. Statement of Financial Performance for the year ended 30 June 2024

Details	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	877,605,143	2,145,290,107
		877,605,143	**2,145,290,107**
Revenue from exchange transactions			
Rendering of services (Lab tests)	7	1,329,386	955,138
Finance income	8	44,843,516	243,690
Total revenue		**46,172,902**	**1,198,828**
Total Revenue from both non-exchange and exchange transactions		**923,778,045**	**2,146,488,935**
Expenses			
Use of goods and services	9	168,243,718	90,311,199
Employee costs	10	149,158,483	130,296,045
Remuneration of directors	11	30,094,414	29,327,024
Depreciation and amortization	12	47,588,633	80,646,619
Repairs and maintenance	13	16,533,441	9,174,299
Contracted services	14	49,144,033	32,726,705
Grants and subsidies- GOK Projects	15	340,370,832	245,423,330
Finance costs	16	372,637,005	220,114,176
Total expenses		**1,173,770,558**	**838,019,397**
Other gains/(losses)			
Other receipts	17	2,541,161	475,650
Surplus before tax		**(247,451,352)**	**1,308,945,188**
Surplus/(deficit) for the period/year		**(247,451,352)**	**1,308,945,188**
Net(Deficit)/ Surplus for the year		**(247,451,352)**	**1,308,945,188**

The notes set out on pages 26 to 38 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name:	**Name:**	**Name:**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK M/No:	
Date 30/09/2024	**Date** 30/09/24	**Date** 30/09/2024

15. Statement of Financial Position as at 30 June 2024

Details	Notes	2023-2024 (KShs)	2022-2023 (KShs)
Assets			
Current Assets			
Cash and cash equivalents	18	689,794,917	1,018,330,959
Current portion of receivables from exchange transactions	19	160,736,423	164,844,765
Current portion of receivables from non exchange transactions	20	351,333,913	439,750,000
Total Current Assets		**1,201,865,253**	**1,622,925,724**
Non-Current Assets			
Property, plant and equipment	21	20,492,548,950	19,927,586,391
Intangible assets	22	1,450,115	1,812,643
Total Non- Current Assets		**20,493,999,065**	**19,929,399,035**
Total Assets		**21,695,864,317**	**21,552,324,759**
Liabilities			
Current Liabilities			
Trade and other payables	23	221,022,959	201,887,378
Current Provision	24	4,687,200	2,455,200
Employee benefit obligation	26	14,730,934	10,997,321
Current portion of borrowings	27	2,141,829,960	3,571,203,354
Total Current Liabilities		**2,382,271,053**	**3,786,543,253**
Non-Current Liabilities			
Borrowings	27	9,602,883,786	7,654,056,504
Total Non- Current Liabilities		**9,602,883,786**	**7,654,056,504**
Total Liabilities		**11,985,154,840**	**11,440,599,757**
Net assets		**9,710,709,477**	**10,111,725,002**
Accumulated surplus	34	238,832,640	1,252,036,826
Capital Fund	35	9,471,876,837	8,859,688,175
Total Net Assets		**9,710,709,477**	**10,111,725,002**
Total Net Assets and Liabilities		**9,710,709,477**	**10,111,725,002**

The financial statements set out on pages 1to 5 were signed on behalf of the Board of Directors by:

.....	.....	.....
Name	**Name**	**Name**
Accounting Officer	**Head of Finance**	**Chairman of the Board**
	ICPAK Member Number:	
Date 30/09/2024	**Date** 30/09/2024	**Date** 30/09/2024

16. Statement of Changes in Net Assets for the year ended 30 June 2024

	Notes	Retained Earnings (Accumulated surplus)	Deferred Income	Capital Grants	Donor Grants	Total
As at July 1, 2022		**57,138,424**	-	**4,920,361,394**	**3,079,927,794**	**8,057,427,612**
Issued new capital						
Revaluation gain						
Transfer to income/liabilities						
Deferred tax on excess depreciation						
Surplus/ Deficit for the year	34	1,308,945,188				1,308,945,188
Capital/Development grants received during the year		-		226,845,853	632,553,134	859,398,987
Prior period adjustment		(114,046,786)				(114,046,786)
As at June 30, 2023		**1,252,036,826**	-	**5,147,207,247**	**3,712,480,928**	**10,111,725,001**
As at July 1, 2023		**1,252,036,826**	-	**5,147,207,247**	**3,712,480,928**	**10,111,725,001**
Issued new capital						
Revaluation gain						
Transfer to income/liabilities						
Deferred tax on excess depreciation						
Surplus/ Deficit for the year	34	(247,451,352)				(247, 451,352)
Capital/Development grants received during the year	25	(612,188,662)		-	612,188,662	-
Prior period adjustment	27	(153,564,172)				(153,564,172)
As at June 30, 2024		**238,832,640**	-	**5,147,207,247**	**4,324,669,590**	**9,710,709,477**

17. Statement of Cash Flows for the year ended 30 June 2024

Details	NS	2023-2024 (Kshs)	2022-2023 (Kshs)
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	526,271,230	1,705,540,107
Rendering of services (Lab tests)	7	1,329,386	955,138
Finance income	8	44,843,516	243,690
Receipts from WSPs	19	5,000,000	2,370,000
Transfers from GoK for accrued income realized	6b	439,750,000	
All other receipts	17	2,500,000	
Total Receipts		**1,019,694,132**	**1,709,108,935**
Payments			
Use of goods and services	9	129,855,402	90,311,199
Employee costs	10	149,158,483	130,296,045
Remuneration of directors	11	30,094,414	29,327,024
Repairs and maintenance	13	16,285,241	9,174,299
Contracted services	14	39,982,517	32,726,705
Grants and subsidies - GoK Projects	15	340,370,832	245,423,330
Cash flows with respect to WC	30	-	362,122,374
Release of Retention	23b	23,588,497	
Interest Expense	16	6,747,288	
Total Payments		**736,082,674**	**899,380,976**
Net cash flows from/operating activities		**283,611,459**	**809,727,959**
Purchase of property, plant, equipment and intangible assets	22	(612,188,662)	(812,283,047)
Proceeds from sale of property, plant and Equipment	17	41,161	1,623,720
Net cash flows from/ investing activities		**(612,147,501)**	**(810,659,327)**
Decrease/Increase in deferred income	26		(266,047,453)
Increase in capital funds	35		859,398,987
Net cash flows from /financing activities		-	**593,351,534**
Net increase/(decrease) in cash and cash equivalents		**(328,536,043)**	**592,420,165**
Cash and cash equivalents at 1 July	18	1,018,330,959	425,910,794
Cash and cash equivalents at 30 June		**689,794,917**	**1,018,330,959**

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

Details	Original budget (KShs)	Adjustments (KShs)	Final budget (KShs)	Actual on comparable basis(KShs)	Performance difference (KShs)	% of utilization
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities						
Internally Generated Revenue	3,550,000	-	3,550,000	46,172,902	42,622,902	1301%
GoK Recurrent Grants	142,000,000	-	142,000,000	141,999,996	(4)	100%
Dev't grants for Recurrent Exp.	180,000,000	81,000,000	261,000,000	261,000,000	123,271,234	100%
GoK Development Grants	741,000,000	164,000,000	905,000,000	123,271,234		14%
Total income	**1,066,550,000**	**245,000,000**	**1,311,550,000**	**572,444,132**	**165,894,132**	**44%**
Expenses						
Use of goods and services	87,650,000	74,350,000	162,000,000	129,855,402	33,164,599	80%
Employee costs	158,200,000	(8,200,000)	150,000,000	149,158,483	(178,483)	100%
Remuneration of directors	30,000,000	-	30,000,000	30,094,414	(94,414)	100%
Repairs and maintenance	11,300,000	4,650,000	15,950,000	16,285,241	(335,241)	102%
Contracted services	38,400,000	10,200,000	48,600,000	39,982,517	8,617,483	82%
Finance Cost	-		-	6,747,288	(6,747,288)	
Gok projects-Water Pans and Boreholes and dam	280,000,000	276,000,000	556,000,000	218,183,292	337,816,708	39%
Lvwastan 11 keroka	112,000,000	(112,000,000)	-	-	-	
Kericho and Homa bay Wastewater (Trilateral Program)	23,000,000		23,000,000	11,048,579	11,951,421	48%
Water Harvesting Program	50,000,000		50,000,000	60,143,607	(10,143,607)	120%
West Karachuonyo Water Supply	70,000,000		70,000,000	13,355,300	56,644,700	19%
Homa Bay Water Supply Improvement project	70,000,000		70,000,000	37,640,054	32,359,946	54%
Total expenditure	**930,550,000**	**245,000,000**	**1,175,550,000**	**712,494,177**	**463,055,824**	
Surplus/ deficit	**136,000,000**	**-**	**136,000,000**	**(140,050,045)**	**(297,161,692)**	
Capital Ependiture						
Kisumu water supply - LVWATSAN	70,000,000		70,000,000	43,606,856	26,393,144	
Water Sector Development Programme	66,000,000		66,000,000	20,090,842	45,909,158	

Budget notes

i. Variance Difference

1. **Internally Generated funds**-The actual amount was realized due to interest earned on Donor projects that were held for project utilization.
2. **Development grants**-The difference is due to non-disbursement of the full budget that was approved by the exchequer.
3. **Finance Cost-**The cost on bank charges were due to high transaction cost on payment of the donor projects contract transfer that was not foreseen at the time of budgeting. It is also due to high cot of exchange translation on payment of foreign currency contracts on donor projects
4. **Grants and Subsidies (All Gok projects)**-The underutilization is due to non-disbursement of funds from the Gok hence projects that were completed were not paid.

ii. Explanation of changes between original and final budget

Changes on the budget from original was due to supplementary budget that was approved and reallocation of budget by the Board.

iii. Reconciliation of the budget cash basis and performance statement

Details	FY 2023-2024 Amount (KShs)
budget Surplus/ deficit	**(140,050,045)**
Add:	
Receivables from the GOK	351,333,913
Other income	2,541,161
Less:	
Interest Charges on Loans	(365,889,717)
contracted services	(9,161,516)
Repairs and maintenance	(248,200)
use of goods	(38,388,316)
Depreciation & Amortization	(47,588,633)
Net(Deficit)/ Surplus for the year	**(247,451,352)**

19. Notes to the Financial Statements

1. General Information

LVSWWDA is established by and derives its authority and accountability from Water Act 2016. The Agency is wholly owned by the Government of Kenya and is domiciled in Kenya. The Agency's principal activity is Provision of water and sanitation infrastructure.

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 Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Agency'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 Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Agency. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There were no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

Notes to the Financial Statements (Continued)

Standard	Effective date and impact:
IPSAS 43	***Applicable 1st January 2025*** The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that lessor have on the financial position, financial performance and cashflows of an Agency. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. Lease of Water infrastructure will be affected.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. No impact.
IPSAS 45- Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for infrastructure assets and measurement. The definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. It will affect the Agency's properties and Equipment.
IPSAS 46 Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

Standard	Effective date and impact:
	ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. The standard will affect the Agency.
IPSAS 47- Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an Agency shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. The standard will have impact on the Agency's transaction.
IPSAS 49- Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. No impact.

iii. Early adoption of standards

The Agency did not early – adopt any new or amended standards in the financial year.

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The Agency recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Agency and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the *Agency*.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

b) Budget information

The original budget for the Current FY 2023/2024 was approved by the National Assembly on 15TH June 2023. 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 Agency upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of 245,000,000 on the 2023-2024 budget following the governing body's approval.

The *Agency'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 18 of these financial statements.

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)
Budget information (continued)

c) Taxes

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 Agency 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. 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.

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 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

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)
Deferred tax (Continued)

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 *Agency* and the same taxation authority.

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an investment property is measured at fair value with gains and losses recognised through surplus or deficit.* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on fixed asset is on reducing balance method using the following rates;

Item of PPE	Rate (%)
Land	0
Buildings	2.5
Motor Vehicle	25
Water Supply Infrastructure	2.5
Plant and Machinery	20
Furniture	12.5
Office Equipment	20
Computer	33.3
Capital WIP	0

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Agency. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition,

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Leases (cont.)

lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the *Agency* will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the *Agency*. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date. Amortization of intangible Assets is on reducing balance method, Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Research and development costs

The Agency expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Agency can demonstrate:

i) The technical feasibility of completing the asset so that the asset will be available for use or sale.

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

ii) Its intention to complete and its ability to use or sell the asset.
iii) How the asset will generate future economic benefits or service potential
iv) The availability of resources to complete the asset.
v) The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Agency does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one Agency and a financial liability or equity instrument of another Agency. At initial recognition, the Agency measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The Agency classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Agency's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both

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

collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an Agency has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Agency classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables 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.

Impairment

The Agency assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The Agency recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

b) Financial liabilities

Classification

The Agency classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

i) Raw materials: purchase cost using the weighted average cost method.
ii) Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Agency.

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

k) Provisions

Provisions are recognized when the *Agency* has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Agency recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Agency will incur in fulfilling the present obligations represented by the liability.

m) Contingent liabilities

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

n) Contingent assets

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

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

o) Nature and purpose of reserves

The Agency creates and maintains reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

The Agency recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

q) Employee benefits

Retirement benefit plans

The *Agency* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Agency pays fixed contributions into a separate Agency (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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

t) Related parties

The *Agency* regards a related party as a person or an Agency with the ability to exert control individually or jointly, or to exercise significant influence over the *Agency*, or vice versa. Members of key management are regarded as related parties and comprise *the directors, the CEO and senior managers.*

u) Service concession arrangements

The *Agency* analyses all aspects of service concession arrangements that it enters in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the *Agency* 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 *Agency* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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.

w) Comparative figures

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

x) 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, 2024.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Agency's* financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, 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. State all judgements, estimates and assumptions made:

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 Agency based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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 Agency.
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 asset.
e) Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40. 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 organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023-2024	2022-2023
	KShs	KShs
Unconditional grants		
Operational grant	141,999,996	138,000,000
Development	479,600,000	659,500,000
Total Unconditional Grants	**621,599,996**	**797,500,000**
Conditional grants		
Other Agency grants	256,005,147	1,347,790,107
Total government grants and subsidies	**877,605,143**	**2,145,290,107**

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of The Agency Sending The Grant	Amount recognized to Statement of Financial performance. *	Amount deferred under deferred income.	Amount recognised in capital fund.	2023- 2024 Total transfers	2022-2023 Total transfer
	KShs	KShs	KShs	KShs	KShs
Ministry of Water Sanitation and Irrigation	621,599,996	0	0	621,599,996	797,500,000
Other funding agencies	256,005,147			256,005,147	1,347,790,107
Total	**877,605,143**	**0**	0	**877,605,143**	**2,145,290,107**

b)	Details	2023-2024 (KShs)	2022-2023 (KShs)
	Revenue recognized in Performance	877,605,143	2,145,290,107
	Actual Cash received during the year	**526,271,230**	1,705,540,107
	Receivable at year end	**351,333,913**	**439,750,000**
	Dates of actual Receipts of the above Receivable	**Amount**	
	07/10/2024	249,350,000	
	07/01/2024	11,833,333	
	07/10/2024	90,150,580	
	Total Receivables	**351,333,913**	
	Revenue recognizes in Cashflow for prior year receivables.		**439,750,000**

Notes to the Financial Statements (Continued)

7. Levies, Fines and Penalties

Description	2023-2024	2022-2023
	KShs	KShs
Service fees		
Water quality (Laboratory charges)	1,329,386	955,138
Quality assurance		0
Total revenue from the rendering of services	**1,329,386**	**955,138**

8. Finance income

Description	2023-2024	2022-2023
	Kshs	Kshs
Cash Investments and Fixed Deposits Interest	44,843,516	243,690
Total finance income	**44,843,516**	**243,690**

9. Use of Goods and Services

Description	2023-2024	2022-2023
	KShs	KShs
Office hospitality	1,547,847	3,313,367
Project monitoring and Evaluation	2,036,100	2,530,700
Environmental Impact Assessment	5,598,711	922,100
ISO, Strategic planning & Performance C.	3,951,870	5,352,615
Project feasibility study	13,417,648	3,094,600
Project Inspection and Acceptance	3,954,800	2,365,650
Resource Mobilization	2,387,320	1,585,900
Investment Planning	3,300,400	191,820
Publicity and Advertisement	4,245,257	3,445,650
Project Tender	8,599,044	3,451,670
Fuel and oil	11,721,000	8,945,536
Water quality surveillance & Hygiene promotion	871,200	367,400
Hygiene Expenses	1,147,560	950,580
Electricity, Water & Conservancy Expense	1,453,725	1,074,724
Postage and Courier Services	442,923	646,621
Printing and stationery	13,833,678	8,546,862
Accrued Audit fee	2,455,200	2,455,200
Inventory / Stock taking/Tender expenses	1,817,000	1,612,700
Telephone & Internet	3,684,075	2,794,122
Office Security system	759,600	536,000
Corporate Social Responsibility	6,253,030	1,705,150

Office Equipment, furniture and Fittings	8,402,378	0
Professional Subscription	956,792	464,700
Training & Workshops	12,602,574	7,903,586
Travel, accommodation, subsistence and other allowances*	29,602,585	9,444,748
NSSF Penalties		3,600,000
Bank Charges	481,831	459,066
Workshop, Stakeholder forums, Shows &Conferences	9,175,514	4,461,400
Annual accounts and Audit fees	3,512,047	4,548,175
Computer Equipment, networking, software & Maintenance	2,082,835	400,832
Valuation Audits & performance Audits	3,832,235	1,784,725
Periodicals & Newspapers	89,040	296,700
Risk Management Costs	4,027,900	1,026,100
Trilateral projects use of goods		32,200
	168,243,718	**90,311,199**

10. Employee Costs

	2023-2024(Kshs)	2022-2023(Kshs)
Salaries and wages	94,113,212	76,356,653
Employer contr. to pension schemes/ gratuity	11,210,790	12,749,121
Commuter allowance	6,971,488	5,623,488
Housing allowance	27,094,000	21,178,229
Other employee related costs *	5,304,871	4,273,280
NITA	50,451	40,640
NSSF	4,413,670	
Receivables from Lvwatsan		10,074,634
Employee costs	**149,158,483**	**130,296,045**

11. Remuneration of Directors

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000	1,020,000
Directors Remuneration	29,074,414	28,307,024
Total	**30,094,414**	**29,327,024**

12. Depreciation and Amortization Expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	47,226,104	80,193,458
Intangible assets	362,529	453,161
Investment property carried at cost		
Total depreciation and amortization	**47,588,633**	**80,646,619**

13. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Building and compound	6,484,519	1,883,402
Electrical repairs	109,350	994,206
Repairs Vehicles	9,532,031	5,884,273
Computers and accessories	407,540	412,418
Total repairs and maintenance	**16,533,441**	**9,174,299**

14. Contracted Services

Description	2023-2024	2022-2023
	KShs	KShs
Security services	3,902,672	2,889,788
Cleaning services	2,770,858	1,577,220
Legal Services	13,800,056	6,666,847
Consultancies	5,906,129	4,156,591
Medical Insurance	19,630,163	15,534,683
Assets and Equipment Insurances	3,134,154	1,901,577
Total contracted services	**49,144,033**	**32,726,705**

15. Grants and Subsidies

	2023-2024	2022-2023
GOK PROJECTS	Kshs	Kshs
GOK/Projects, Drilling & Equipping of B/holes /Water for Schools	217,869,493	245,423,330
West Karachuonyo	13,355,300	
Homabay Improvement Project	37,640,054	
Kabianga Water Supply	313,799	
Water Harvesting Program	60,143,607	-
Trileratal Project Infrastructure	11,048,579	-
Subtotal	**340,370,832**	**245,423,330**

16. Finance Costs

Description	2023-2024	2022-2023
	KShs	KShs
Interest charge on Development Partner Loans	365,889,717	220,114,176
Cost charged on Interest income	6,747,288	
Total finance costs	**372,637,005**	**220,114,176**

17. Other Receipts

Description	2023-2024	2022-2023
	(KShs)	(KShs)
Wooden Cabinets		20,650
Sale kav Sale KBW 716 V		455,000
Sale of used assets	41,161	
LAP Loan Receipts	2,500,000	
Total gain on sale of assets	**2,541,161**	**475,650**

18. Cash and Cash Equivalents

Financial institution	Account no.	2023-2024	2022-2023
a) **Current account**		KShs	KShs
Development	1104035464	46,355	77,475
Recurrent	1104034395	195,730	11,522,367
Retention	1211147312	816,283	19,698,354
SIDA - DANIDA	1104035197	2,677	2,677
KIDDP	1146676387	3,549,326	3,550,646
UNICEF	1116821648	165,760	165,760
CONSUMER DEPOSIT	1104036320	39,413	39,412
KISUMU LTAP 1	1211147177	15,483,098	12,999,343
KISUMU LTAP 2	1211147266	267,172	267,172
KWASCO/GSPECIAL ACCOUNT	1211147290	643,515	643,514
KISUMU LVWATSAN	1283193744	338,565	26,727,157
Sub- total		**21,547,895**	**75,693,877**
Cooperative Gratuity	1141295755601	13,729,430	10,997,321
LVWATSAN II	1141295755600	157	6,164
KISUMU LVWATSAN	1141871351900	6,232,486	59,604,429
NCBA LVWATSAN EIB	4734350017	648,284,950	872,027,070
Sub- total		**668,247,022**	**942,634,984**
b) On - call deposits			
Cash			2,098
Sub- total			**2,098**
Grand total		**689,794,917**	**1,018,330,959**

Notes to the Financial Statements (Continued)

19. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Name	2023-2024 (Kshs)	Current received (Kshs)	2022-2023 (Kshs)
Kisumu Water & Sewerage Co. Ltd	9,100,538	3,000,000	12,100,538
Kericho Water & Sanitation Co. Ltd	59,347,041	2,000,000	61,522,041
Gusii Water & Sanitation Co. Ltd	19,121,847	-	19,658,050
Sibo Water & Sanitation Co. Ltd	35,083,930	-	34,021,613
Migori Water & Sanitation Co.	7,020,349	-	7,020,349
Homa Bay Water &Sanitation Co.	23,564,569	-	23,564,569
Bomet Water Company	7,435,949	-	6,620,949
	160,674,223	**5,000,000**	**164,508,109**
Receivables from Staff			
Staff Advances	62,200		336,656
Total receivable	**160,736,423**		**164,844,765**

(b) Ageing analysis for Receivables from exchange transactions

Description	2023-2024 (KShs)		2022-2023 (KShs)	
	Current FY	total%	Comparative FY	Total %
Less than 1 year	0	%	0	%
Between 1- 2 years	0	%	0	%
Between 2-3 years	0	%	0	%
Over 3 years	160,736,423	100%	164,508,109	100%
Total (a+b)	**160,736,423**		**164,508,109**	

20. Receivables from Non-Exchange Transactions

Receivable	2023-2024(KShs)	2022-2023(KShs)
Dates of actual Receipts from Ministry		
07/10/2024	249,350,000	
07/01/2024	11,833,333	
07/10/2024	90,150,580	
Other debtors (non-exchange trans)	**351,333,913**	**439,750,000**

Description	2023-2024(Kshs)	% total	2022-2023 (Kshs)	% total
Less than 1 year	351,333,913	100%	439,750,000	100%
Between 1-2 years	-	%	-	%
Over 3 years	-	%	-	%
Total	**351,333,913**		**439,750,000**	

Notes to the Financial Statements (Continued)

21. (a)Property, Plant and Equipment

COST	FREHOLD LAND	BUILDING	M/VEH & CYCLES	WATER SUPPLY INFR	PLANT MACHINERY	FURNITURE FIT	OFFICE EQUIP	COMPUTERS	CAPITAL WORK IN PROGRESS	TOTAL
	KSshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Asset Cost	**0%**	2.50%	**25%**	**2.50%**	**20%**	12.50%	**20%**	**33.30%**	**0.00%**	
As at 30.06.2022	**159,759,727**	139,258,800	**127,482,363**	**2,867,435,571**	**25,054,007**	10,570,581	**2,451,597**	**15,867,570**	**17,196,752,683**	20,544,632,899
Additions	21,960,040	0	0	1,689,890	0	244,965	109,999	2,835,040	785,443,113	812,283,047
Disposals	0	0	-455,000	0	0	-20,650	0	0	0	-475,650
Transfer/adjustments	0	0	694,405	0	0	0	0	0	0	694,405
Balance as at 30.06.2023	**181,719,767**	139,258,800	**127,721,768**	**2,869,125,461**	**25,054,007**	10,794,896	**2,561,596**	**18,702,610**	**17,982,195,796**	21,357,134,701
Balance as at 01.07.2023	**181,719,767**	139,258,800	**127,721,768**	**2,869,125,461**	**25,054,007**	10,794,896	**2,561,596**	**18,702,610**	**17,982,195,796**	21,357,134,701
Additions						2,077,023	39,990	5,020,365	605,051,284	**612,188,662**
Disposals							(41,161)			**(41,161)**
As at 30.06.2024	**181,719,767**	139,258,800	**127,721,768**	**2,869,125,461**	**25,054,007**	12,871,919	**2,560,425**	**23,722,975**	**18,587,247,081**	21,969,282,203
As at 30.06.2024	**181,719,767**	139,258,800	**127,721,768**	**2,869,125,461**	**25,054,007**	12,871,919	**2,560,425**	**23,722,975**	**18,587,247,081**	21,969,282,203
Depreciation and impairment										-
At 1st July 2022		**32,481,796**	**125,926,222**	**1,146,974,227**	**21,277,215**	**8,969,883**	**2,451,597**	**11,749,562**	-	**1,349,830,502**
Depreciation		3,481,470	778,071	71,728,137	1,144,182	182,354	22,000	2,857,245	-	**80,193,458**
Disposals		0	-455,000	0	0	-20,650	-	-	-	**(475,650)**
As at 30.06.2023	-	**35,963,266**	**126,249,293**	**1,218,702,364**	**22,421,397**	**9,131,587**	**2,473,597**	**14,606,807**	-	**1,429,548,310**
At 1st July 2023	-	**35,963,266**	**126,249,293**	**1,218,702,364**	**22,421,397**	**9,131,587**	**2,473,597**	**14,606,807**	-	**1,429,548,310**
Depreciation	-	3,481,470	368,119	41,260,577	526,522	207,914	17,600	1,363,902	-	**47,226,104**
Disposals							(41,161)			**(41,161)**
As at 30.06.2024	0	**39,444,736**	**126,617,412**	**1,259,962,941**	**22,947,919**	**9,339,500**	**2,450,036**	**15,970,710**	-	**1,476,733,253**
Net book values										
At 30th June 2023	**181,719,767**	**103,295,534**	**1,472,475**	**1,650,423,097**	**2,632,610**	**1,663,309**	**87,999**	**4,095,803**	**17,982,195,796**	**19,927,586,391**
At 30th June 2024	**181,719,767**	**99,814,064**	**1,104,356**	**1,609,162,520**	**2,106,088**	**3,532,419**	**110,389**	**7,752,265**	**18,587,247,081**	**20,492,548,950**

Notes to the Financial Statements (Continued)

Valuation

Land and buildings/ Equipment (be specific) were not valued in line with the National Assets and Liabilities Management Policy and Guidelines (issued 30th June 2020). The assets were not revalued during the financial period.

21 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost as at 30th June 2024	Accumulated Depreciation as at 30th June 2024	NBV as at 30th June 2024
	Kshs	Kshs	Kshs
Freehold Land	181,719,767	-	181,719,767
Building	139,258,800	39,444,736	99,814,064
M/Veh & Cycles	127,721,768	126,617,412	1,104,356
Water Supply Infr	2,869,125,461	1,259,962,941	1,609,162,520
Plant Machinery	25,054,007	22,947,919	2,106,088
Furniture Fit	12,871,919	9,339,500	3,532,419
Office Equip	2,560,425	2,450,036	110,389
Computers	23,722,975	15,970,710	7,752,265
Work In Progress	18,587,247,081	-	18,587,247,081
TOTAL	**21,969,282,203**	**1,476,733,253**	**20,492,548,950**

22. Intangible Assets

COST	2022-2023	2022-2023
Computer Software	KShs	KShs
Asset Cost	20%	20%
Balance at the beginning of the year	**25,408,831**	**25,408,831**
Additions		0
As at 30th June	**25,408,831**	**25,408,831**
Depreciation and impairment		
At 1st July	**23,596,188**	23,143,027
Amortization @ 20 %	362,529	453,161
At 30th June	23,958,717	23,596,188
Net book values		
At 30th June	**1,450,115**	**1,812,643**

23. (a) Trade and Other Payables

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	182,783,954	166,987,213
Other payables- Retention Amount	38,239,005	34,900,165
Total trade and other payables	**221,022,959**	**201,887,378**

Ageing analysis:	2023-2024		2022-2023	
(Trade and other payables)	KShs	Total %	KShs	Total %
Under one year	18,309,644	8%	56,528,466	28%
1-2 years	17,439,689	8%	58,547,340	29%
2-3 years	9,611,431	4%	86,811,573	43%
Over 3 years	175,662,195	79%	0	%
Total (tie to above total)	**221,022,959**		**201,887,3798**	**100.00%**

(b) Other payables- Retention Amount

Description	2023-2024
	Kshs
Opening Balance	34,900,165
Additions during the year	26,927,337
Payments made during the year	(23,588,497)
Other payables- Retention Amount	-
Retention Amount Balance	**38,239,005**

24. Current Provisions

Description	Gratuity Provision	Other provision	Total
	Kshs	KShs	KShs
Balance b/d (1.07.2023)		**2,455,200**	**2,455,200**
Additional Provisions		2,232,000	-
Provision utilized		-	-
Change due to discount and time value for money			
Transfers from non -current provisions			
Total provisions as at 30.6.2024		**4,687,200**	**2,455,200**

25. Additional Assets

Description	2023-2024 (KShs)
Computer	
Laptops	3,991,372
Office Desktop	1,028,993
	5,020,365
Furniture	
Office executive Tables	1,757,048
Panel Coffee Stool	42,000
Orthopaedic chairs	160,990
3 NO Office Chairs	116,985
	2,077,023
Office Equipment	
Office Dispenser	39,990
	39,990
Water Supply infrastructure- WIP	
Kisumu LVWATSAN- External Resources	541,353,586
Kisumu LVWATSAN- GOK	43,606,856
Water Sector Programme-GOK	20,090,842
	605,051,284
Total Assets- Additions	**612,188,662**
Total WIP	**612,188,662**

26. Employee Benefit Obligations

Description	Defined benefit plan **Kshs**	Other Benefits **Kshs**	2023-2024 **Kshs**	2022-2023 **Kshs**
Current benefit obligation	4,419,280	0	4,118,829	4,935,354
Non-current benefit obligation	10,311,654	0	10,311,654	6,061,967
Total employee benefits obligation	**14,730,934**	-	**14,430,483**	**10,997,321**

Retirement benefit Asset/ Liability

The Agency operates a defined benefit scheme for all full-time employees from July 1, 2004. The scheme is administered by **Octogon Africa** while **APA Insurance Company** are the custodians of the scheme. The scheme is based on **22.5** percentage of salary of an employee at the time of retirement. An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 is carried out the basis the present value of the defined benefit obligation and the

related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are circulated to the scheme members.

27. Borrowings

Description	2023-2024	2022-2023
Summary	Kshs	KShs
a) External Borrowings		
Balance at beginning of the year	**11,225,259,858**	11,005,145,682
Accrued interest & Penalties	365,889,717	220,114,176
External borrowings during the year		0
Prior year Adjustments	153,564,172	
Repayments of during the year		
Balance at end of the year	**11,744,713,747**	**11,225,259,858**

	2023-2024	2022-2023
External Borrowings	Kshs	KShs
Dollar denominated loan		
Afdb	2,945,735,374	2,671,766,329
Euro denominated loan		
AFD	2,741,309,740	2,338,276,102
Afdb	2,378,572,571	2,559,220,521
KFW	3,679,096,062	3,655,996,906
Total balance at end of the year	**11,744,713,747**	**11,225,259,858**

Description	2023-2024	2022-2023
	Kshs	Kshs
Short Term Borrowings (Current Portion)	2,141,829,961	3,571,203,354
Long Term Borrowings	9,602,883,786	7,654,056,504
Total	**11,744,713,747**	**11,225,259,858**

Notes to the Financial Statements (Continued)

28. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	**(247,451,352)**	**1,308,945,188**
Adjusted for:		
Depreciation	47,588,633	80,646,619
Non-cash grants received		
Adjustment for sale of PPE	(41,161)	
Add back interest charged fy	365,889,717	220,114,176
Gains and losses on disposal of assets		(475,650)
Reallocated project costs		10,074,634
Accrued provision for audit		2,455,200
Inventories change		1,822,352
Working capital adjustments		(547,490,572)
Decrease in receivables	92,524,429	
Increase in Employee benefits	3,733,613	
Increase in payables	21,367,581	
Decrease/Increase in deferred income		(266,363,988)
Net cash flow from operating activities	**283,611,460**	**809,727,959**

29. Financial Risk Management

The Agency's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Agency's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Agency 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 Agency's financial risk management objectives and policies are detailed below:

Notes to the Financial Statements (Continued)

i) Credit risk

The Agency has exposure to credit risk, which is the risk that a counterparty 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 Agency's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

i. Financial Risk Management

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 Agency has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Agency has significant concentration of credit risk on amounts due from exchange transactions. The board of directors sets the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2024				
Receivables from exchange transactions	160,674,223	160,674,223		
Receivables from non-exchange transactions	351,333,913	351333913		
Bank balances	689,794,917	689,794,917		
Total	**1,201,803,053**	**1,201,803,053**		
As at 30 June 2023				
Receivables from non-exchange transactions	439,750,000			
Bank balances	1,018,328,861			
Total	**1,458,078,861**			

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Agency's directors, who have built an appropriate liquidity risk management framework for the management of the Agency's short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk through continuous monitoring of forecasts and actual cash flows. The table below represents cash flows payable by the Agency 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30th June 2023-2024				
Trade payables			221,022,959	221,022,959
Current portion of borrowings			2,141,829,961	2,141,829,961
Provisions			4,687,200	4,687,200
Employee benefit obligation			14,730,934	14,730,934
Total	**0.00**	**0.00**	**2,382,271,054**	**2,382,271,054**
As at 30th June (2022-2023)				
Trade payables			201,887,378	201,887,378
Current portion of borrowings			3,571,203,354	3,571,203,354
Provisions			2,455,200	2,455,200
Employee benefit obligation	366,279	1,098,838	9,532,204	10,997,321
Total	**3,866,279**	**1,098,838**	**3,785,078,136**	**3,786,583,253**

Notes to the Financial Statements (Continued)

Financial Risk Management/Market risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the Agency 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 the Agency 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 optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Agency 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 Agency exposure to market risks or the way it manages and measures the risk.

a) Foreign currency risk

The Agency 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. The Agency manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

Interest rate risk is the risk that the Agency's financial condition may be adversely affected as a result of changes in interest rate levels. The Agency's interest rate risk arises from bank deposits. This exposes the Agency to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Agency's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Financial Risk Management

Sensitivity analysis

The Agency analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Agency market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

iv) Capital Risk Management

The objective of the Agency's capital risk management is to safeguard the Agency's ability to continue as a going concern. The Agency capital structure comprises of the following funds:

Description	2023-2024	2022-2023
	Kshs	Kshs
Retained Earnings	238,832,640	1,252,036,826
Capital Reserve	9,471,876,837	8,859,688,175
Total Funds	**9,710,709,477**	**10,111,725,001**
Total Borrowings	11,744,713,747	11,225,259,858
Less: Cash and Bank Balances	(689,794,917)	- 1,018,330,959
Net Debt/(Excess Cash And Cash Equivalents)	11,054,918,830	10,206,928,899
Gearing	1.14	1.11

30. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the Agency include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

Other related parties include:

i) The Parent Ministry.
ii) County Governments
iii) Other SCs and SAGAs
iv) Key management.
v) Board of directors.

	2023-2024	2022-2023
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	621,599,996	797,500,000
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	149,158,483	130,296,045
Payments for goods and services	168,243,718	90,311,199
d) Key management compensation		
Directors' emoluments	30,094,414	29,327,024
Total	**969,096,611**	**1,047,434,268**

31. Segment Information

The Agency have no segments.

32. Contingent Assets and Contingent Liabilities

There was no Contingencies during the year.

33. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for	448,000,000	921,000,000
Authorised and contracted for	3,274,000,000	3,994,000,000
Total	**3,722,000,000**	**4,915,000,000**

34. Accumulated surplus

Revenue Reserve	2023-2024	2022-2023
Balance as at 1st JULY	**1,252,036,826**	**57,138,424**
Surplus/(deficit) for the period	(247,451,352)	1,308,945,188
Prior year & JV adjustments	(153,564,172)	(114,046,786)
Movement to capital funds	(612,188,662)	
Balance as at 30 JUNE	**238,832,640**	**1,252,036,826**

35. Capital Fund

Government Grants	2023-2024	2022-2023
	KShs	KShs
Government grant as at 1st July	**5,147,207,247**	**4,920,361,394**
Furniture & other office items	7,137,378	5,098,649
WSD		95,279,349
West Karachuonyo		33,321,335
Water Harvesting Program		34,700,214
Lvwatsan II project		35,755,426
WSBSP Project- SCC		314,200
Kisumu Lvwatsan		21,960,040
Kabianga water supply		416,640.0
Total for the period	**7,137,378**	**226,845,853**
Bal. C/f	**5,154,344,625**	**5,147,207,247**
Donor Grants	**2024**	**2023**
	KShs	**KShs**
Bal. b/f	**3,712,480,928**	**3,079,927,794**
Water Sector Development pro.	20,090,842	22,943,252
KISUMU LVWATSAN	584,960,442	608,650,832
Homabay Improvement Project		959,050
Total for the period	**605,051,284**	**632,553,134**
Bal. C/f	**4,317,532,212**	**3,712,480,928**
Total Capital	**9,471,876,837**	**8,859,688,175**

36. Events after the Reporting Period

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

37. Ultimate And Holding Agency

The Agency is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of Water & Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

38. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest KShs.

20. Appendices

Appendix 1: Implementation Status of Auditor-General's Recommendations

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

No	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1	**Inaccuracies in the Financial Statements**			
	i. The statement of financial performance reflects an amount of Kshs.2,145,290,107 in respect of transfers from other Government entities. Although disclosure Note 6 also reflects Kshs.2,145,290,107 the recasting of the Note resulted in an amount of Kshs.2,146,488,935 resulting in a variance of Kshs.1,198,828.	i.Other incomes were erroneously recorded under note 6. The Error was corrected and note 6 amended.	Resolved	30.06.2024
	ii. The statement of cashflows reflects an increase in capital funds amount of Kshs.859,398,987 under net cashflow from financing activities. However, the disclosure Note 39 detailing the workings for the capital funds is not included in the financial statements.	The note 39 was included.	Resolved	30.06.2023
	iii. The statement of cashflows reflects cashflow with respect to working capital changes of Kshs.362,122,374 as disclosed in Note 30 to the financial statements. However, included in the Note are prior adjustments relating to restatement of receivables from a project, restatement of	The supporting documents provided on the prior year adjustments asper IPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors, which requires an Agency, to correct any material errors discovered in the subsequent period in the	Resolved	30.06.2023

	inaccurate prior payable balances and adjustments for overstated previous year receivables of Kshs.10,074,634, Kshs.108,939,549 and Kshs.98,847,073 respectively. However, these prior year adjustments were not supported. Further, presentation of prior year adjustment in the current year statement of cashflows is contrary to	year the information was presented in the financial statements retrospectively.		
2	**Incompleteness of Records on Borrowings** The statement of financial position and as disclosed in Note 28 to the financial statements reflects an amount of Kshs.11,225,259,858 relating to borrowings from both external and internal borrowings. The amount comprises of Kshs.11,005,145,682 brought forward from the previous year, and accrued interest for the year of Kshs.220,114,176. Records from the National Treasury reflects an amount of Kshs.11,897,842,197 resulting to a variance of Kshs.672,582,339, which has not been reconciled or explained.	The recorded variance between the Agency's and the National Treasury on the outstanding borrowings is mainly caused by the computation and application of interests and penalties on individual loan component. The Loan reconciled	Resolved	30.06.2024
3	**Unsupported Gain on Sale of Assets** The statement of financial performance reflects an amount of Kshs.475,650 relating to gain on sale of assets, while the statement of cash flows reflects an amount of Kshs.1,623,720, being proceeds from sale of property, plant and equipment. However, Note 17 to the financial statements discloses disposal of non-current assets amounting to Kshs.475,650 only, which were fully depreciated.	The Financial Statement adjusted	Resolved	30.06.2023
4	**Undisclosed Material Uncertainty Related to Going Concern**			30.06.2023

	The statement of comprehensive income indicates that during the year under review, the Agency had an operating surplus of Kshs.1,308,945,188, which as disclosed in the statement of financial position reflects accumulated surplus of Kshs.1,252,036,826. Further, and as recorded in the statement of financial position, had current liabilities amounting to Kshs.3,786,543,253 compared to current assets of Kshs.1,622,925,724 resulting to a negative working capital of Kshs.2,163,617,529. The financial position of the Agency made it unable to service its current liabilities of Kshs.3,786,543,253 during the year.	Note No 12, the directors have exuded confidence that nothing has come to their attention to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement. By this statement, the directors have evaluated the working capital, current and liquidity situation of the agency and are convinced beyond any reasonable doubt that the agency is a going concern.	Resolved	
5	**Emphasis of Matter** **Budgetary Control and Performance** The statement of comparison of budget and actual amounts reflects final receipts budget of Kshs.913,900,000 and actual amounts on comparable basis of Kshs.914,586,278 respectively resulting to 100% funding. However, the Agency spent Kshs.633,081,620 against an approved budget of Kshs.923,900,000 resulting to under-expenditure of Kshs.290,818,380 or 31% of the budget. In addition, the statement reflects as total final income budget of Kshs.913,900,000 against total final total expenditure budget of Kshs.923,900,000 resulting to an unbalanced budget.	The mentioned low utilization of funds was caused by delays in the disbursement of funds from the ministry. As observed earlier in the audit findings, and reported in the statement of financial position, an amount of Ksh 439,750,000 was a receivable as at 30.06.2023. This amount was later received in July 2024, causing the low budget utilization outlined.	Resolved	30.06.2024
1	**Basis for Conclusion** **Long Outstanding Current Portion of Receivables from Exchange Transactions** The statement of financial position and as disclosed in Note 19(a) to the financial statements reflects an	The water service providers confirmed the outstanding debts with the signed debtor	Resolved	

	amount of Kshs.164,844,765 relating to current portion of receivables from exchange transactions. The amount includes an amount of Kshs.164,508,109 receivable from seven (7) water companies situated with the Counties where the Agency operates. Circularization of the debtors amounts to the water providers confirmed that the water companies owed the Agency an aggregate amount of Kshs.166,935,179, resulting to a variance of Kshs.2,427,070, which has not been reconciled. Review of records revealed that the debts indicated have been outstanding for more than two years. At least three (3) of the water provider's accounts have not had any movement for over four years.	circularization letters which is a proof of balance and commitment to pay the debts. The inaccuracy in the circularization letters that caused the difference of KShs. 2,427,070 were corrected. The debt came as a result of non performing County Agencies.		30.06. 2024
2	**Irregular Procurement of Fuel and Oil** The statement of finance performance and as disclosed in Note 9 to the financial statement reflects use of goods and services amount of Kshs.90,311,199 which includes fuel and oil of Kshs.8,945,536. Review of procurement records reveal that the Management awarded Rubis Energy Kenya Limited tender a contract at sum of Kshs.699,205.49 per month which translates to Kshs.8,390,465.88 per annum for supply of fuel and oil. However, the accounting officer awarded the tender through request for quotation which is against the maximum level Kshs.5,000,000 allowed for use in this method as provided under Regulation 85(i) of the Public Procurement and Asset Disposal Act, 2015. Further, the total expenditure as per the agreement between the supplier and procuring Agency was expected to be total of Kshs.8,390,465.88. However, a	Since 2015, the Agency had been procuring fuel from the National Oil in compliance with Office of the President circular n. OP/CAB.9/108A of 30th April, 2015. However, in 2022, National Oil started experiencing frequent stock out which threatened to ground the Agency Day to day operations necessitating the use of Request for Quotations. The Quotation No. LVSWWDA/QT//2021-2022 was used as a temporary measure to procure fuel between July, August and September 2022. Thereafter, prices of fuel started escalating on a monthly basis. This made it	Resolved	30.06. 2024

	total of Kshs.8,707,136 was spent as per the financial records resulting into an overpayment to the supplier by Kshs.316,670.61. No justification was provided for this over payment.	impractical to raise quotations on a monthly basis. The Agency therefore started preparation of tendering documents for procurement of fuel using the Framework Agreement procurement method. This was actualized by advertising the tenders on 14th April, 2023.		
3	**Excess Remuneration to Directors** The statement of financial performance reflects an amount of Kshs.29,327,024 relating to directors' remuneration. This amount comprises of the Chairman's monthly honorarium of Kshs.85,000 per month and other sitting allowances paid to directors. Review of records provided for audit indicated that the Board held a total of 26 meetings during the year under review. Three of the meetings related to board induction meetings. Ten of the meetings related to full board meetings, where there were five (5) regular Board Meetings and five (5) special Board Meetings. At the same time, the Committees of the Board held thirteen meetings. The meetings were held contrary to the requirements of the circular from Head of the Public Service No. OP/CAB.9/1A of 11 March, 2020 on Management of State Corporations, which provides for a maximum of six full board meetings, where four (4) are expected to be regular meetings, while the other two are expected to be special meetings. The circular was hinged on State Corporations Act, Mwongozo Guidelines and Leadership & Integrity Act, 2012. Any variation from this	The board, as observed, held more meetings in the year. This however was backed up by the board almanac as **Annex iv. (**approved Board almanac for FY 2022-2023**)** The recruitment of the new CEO and other senior staff also saw the board meet more often than usual. The Almanac and Evaluation are annexed as 2.1 and 2.2 respectively.	Resolved	30.06.2024

	should be approved by the Principal Secretary of the parent ministry and should have been approved before the meetings are held. There is no evidence provided to show that the Board sought permission from the parent ministry to call for the extra meetings.			
4	**Low Level of Usage for the new Biometric System** The statement of financial performance and as disclosed in Note 9 to financial statements reflects use of goods and services amount of Kshs.90,311,199. Included in the amount is office security system of Kshs.536,000 out of which Kshs.220,000 related to supply and delivery of staff access key cards and updating biometric access. However, it was noted that the level of usage of the new biometric system is low since the records obtained from daily time sheets confirmed that majority of staff do not clock in the system when reporting at work, while few who clock in fail to clock out while leaving work. The action is in contravention of Section 68 (l) which require that the accounting officer ensures that the resources of an Agency are used in a way that is effective, efficient, economical and transparent.	Given the nature of the Agency operations, there are a number of staff who visit project areas out of the headquarters. This informs the reason why there are some irregularities in the use of the system. However, reminders have been done to the staff for the use of the new biometric system. Refer to **Annex viii**.(Staff Memos on Biometric use).	Resolved	30.06.2023
5	**Grants and Subsidies - GOK Projects** The statement of financial performance and as disclosed in Note 15 to the financial statements reflects various GOK projects, drilling and equipping of boreholes and water for schools whose total expenditure during the year under review was Kshs.245,423,330. Site visits to some of the projects revealed the following irregularities:	1.The project is substantially complete, yet the contractor has only been paid 34%. Hence the pending certificates due to the delay in exchequer release once paid will enable the	Resolved	30.06.2023

	5.1. Construction of Otonglo Riat Water Supply Project 5.2. Kamiera Borehole Water Project Phase 2 – Homabay county 5.3. Delay in Completion of Gulwe Water Project 5.4. Soklo Water Project 5.5. Construction of Oinga Dam and Aringo Pan and Associated Works in SubaNorth Sub -County Homabay County 5.6. Construction of Rongo Water Supply Project	Contractor to complete any outstanding works. The project is substantially complete. Minor outstanding works to be completed once Contractor is paid pending certificates. 2. The project had been completed and handed over to the community. Hence when the inverter was stolen the Agency dispatched the water police who moved quickly with investigations. The matter was reported at Kosele police station on 3rd May 2023 through OB No 6A1/18/2023 as provided. The project is substantially complete. Minor outstanding works to be completed once Contractor is paid pending certificates. The matter of the stolen inverter is still being handled by the Kosele police station. 3. The Contract was terminated due to the Contractor's non- performance as provided in Annex 4.3.1 The Agency is planning to retender the remaining works. Outstanding works assessed and repackaged ready for tendering. 4. The Agency is planning to retender the outstanding works in order to restore the functionality of the project. Outstanding works		

		assessed and repackaged ready for tendering. 5. The contractor was terminated due non-performance towards completion of the outstanding works noted in the Audit Report. The Agency has planned to procure a new contractor to complete the outstanding works. Outstanding works assessed and repackaged ready for tendering. 6. The slow progress was due to cash flow challenges faced by the contractor due to delays in exchequer release which only came in 5th of July 2023 and immediately the contractor was paid on 13th July 2023. In addition, the contractor lost almost one month during the electioneering and post-election unrests around the August 2022 general election. The Project is closely monitor and supervise. Contract to be terminated due to non-performance of the Contractor and retendered afresh.		
6	**Low Utilization of Budgeted Funds** Review of the statement of comparison of budget and actual amounts gives an analysis of revenues and expenses for Agency. However, the audit revealed that various projects were budgeted, money received but no effort made to implement the projects except for Homabay Water Supply Improvement where	The projects were in the workplan but budget delayed for one year therefore the above-mentioned projects could not take off within the financial year. However, in the current year, the implementation status is as follows; **Project** | **Status**	Resolved	30.06.2023

Kshs.97,000,000 was available for use, however, only Kshs.959,050 (1%) was spent as detailed below:

Project	Original Budget	Adjustment	Final Budget	Actual	Comment
	Kshs.	Kshs.	Kshs.	Kshs.	
Kisumu Water Supply	90,000,000	(20,000,000)	70,000,000	-	Budgeted for but no actual expenditure noted
Homabay water supply improvement	97,000,000	(20,000,000)	77,000,000	959,050	1% Utilization which was very low
Aramo primary sch borehole	10,000,000	-	10,000,000	-	Budgeted for but no actual expenditure noted
Water pan Awendo	-	10,000,000	10,000,000	-	
Water pans Kuria West	-	10,000,000	10,000,000	-	
Boreholes in two schools in Kuria East	-	30,000,000	30,000,000	-	

In the circumstances, low or no utilization of funds budgeted for may affect project completion to benefit citizens which is in contravention of Ministry of Water, Sanitation and Irrigation Circular Ref MWSI/FIN/3/62/Vol. XXVI/(235) dated 13 July, 2022 providing Guidelines for Budget Implementation of the Financial Year 2022/2023.

		Kisumu Water Supply	Project is 99% complete.		
		Homabay water supply improvement	Project is 99% complete.		
		Omollo Primary School Borehole	Project is 100% complete.		
		Aramo primary sch borehole	Project is 100% complete.		
		Water pan Awendo	Procurement of works contractor ongoing.		
		Water pans Kuria West	Project completed and operational.		
		Boreholes in two schools in Kuria East	Contract for equipping awarded.		
7	**Failure to Implement Enterprise Resource Planning (ERP) System** The Agency acquired an Enterprise Resource Planning system at a total price of Kshs.12,549,883 comprising of Kshs.5,094,720 as the user license fee for thirty (30) users	The Project Management Module is being used but not optimally due to some emerging gaps on software and limited capacity experience by the staff.		Not resolved	30.06.2024

	and Kshs.7,455,163 as the implementation fee. The ERP Project Implementation Status Report indicated that the system was handed over to the users on 14 November, 2022. However, the following anomalies were identified; (i) Lake Victoria South Water Works Development Agency still uses manual payrolls and procurement process regardless of the significant investment in the Enterprise Resource Planning System. (ii) Only five (5) out of the initial thirty (30) user licenses are currently active making it difficult to achieve the objectives of the Enterprise Resource Planning system. **(iii)** Only few components of the Finance and Human Resource modules have been implemented. Enterprise Resource Planning system modules namely project management module, Procurement module, Workflow module, Asset Management module, Imprest management module and Bank Reconciliation modules are yet to be implemented.	The first phase contract for the implementation of the ERP was for installation and initial training of staff on all modules. A second maintenance phase contract is planned to be procured to address all emerging gaps on infrastructure, software and further on-job training of staff on the use of the Module is implemented		
8	**Court Penalty for Land Trespass** Review of legal cases revealed that the Agency was sued in the case number Kisumu ELC No.2 of 2019 Jackson Baburam and two (2) others Vs LVSWSB and Suereca E.A. The plaintiff sued for trespass by the agency contractor on private parcel of land within Tom Mboya Estate in Kisumu, without authority from owners.	The facts of the case by the Auditor are properly captured to the extent that the Agency and Suereca were sued on account of trespass to a private. However, the findings and in particular that the Agency stand to lose	Resolved	30.06.2024

	The Court entered into judgment on 14 July 2022 in favor of the Plaintiff ordering LVSWSB and Suereca E.A to pay for the general damages amounting to Kshs.3,262,500: Consequently, the Agency stands to lose Kshs.3,262,500 as a result of an illegal trespass on private land which could have been avoided. This is in contravention of section 202(2) of the PFM Act, 2012 which states that The National Treasury may, by civil proceedings brought in a court of competent jurisdiction, recover damages from a public officer for any loss for which the officer is liable.	Kshs. 15.5Million is incorrect and pre-mature. The correct position in the matter is that the Agency will compensate the plaintiff for the way leave acquisition as determined by a professional government valuer while Suereca Consultant's will pay general damages of Kshs. 6,000,000, cost and interest since they were project supervising agent at the time of project implementation. In fact, it was their duty to direct the contractor where to lay water pipelines as well as guide the Agency on how much to compensate the Plaintiff for way leave acquisition. 5. At worst and based on the above analogy, the Agency would incur Kshs. 3,000,000/- plus costs and interest and not 6,000,000/- if general damages are to be shared equally with the Suereca Consultants (1st Defendant) as decreed by the court. 6. Similarly, cost and interest will be Kshs. 262,500/- if the same is to be shared equally between the defendants. (See attached Annex XVII, court judgement dated 14th July, 2022)		
9	**Failure to Implement E-Procurement System** As noted in the prior year, the Agency did not implement e-procurement for the acquisition of goods, services and works contrary to Regulation 49(2) of the	The Agency should integrate its procurement to the e-procurement system especially the State Portal. We wish to clarify that there is no specific budget provision for the integration.	Resolved	30.06.2024

	Public Procurement and Assets Disposal Regulation, 2020 which requires that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring Agency using an e-procurement system which is integrated to the State Portal.	Once funding will be granted to the Agency, we will ensure that our E-procurement system is robustly integrated to State portal. However, currently our tenders are published in dedicated government portal' Public Procurement and Information Portal (PPIP). The Agency in the process of developing specs for a suitable e - procurement system that is capable of being integrated in to the state procurement portal. The specs will be used to obtain market survey on the estimated amounts and will be included in the next Agency's budget request.		
10	**Finance Cost** The statement of financial performance and as disclosed in Note 16 to the financial statements reflects an amount of Kshs.220,114,176 in respect of finance costs, being interest charge on development partner loans. It was explained that the interest amount and the principal loan amount payable to the development partners is based on the financing agreement, but it is not clear and not satisfactorily explained how the Agency will realize this amount since most of the completed water projects were handed over to various Water Service Providers (WSPs) who are responsible for collecting revenue and are therefore expected to remit part of this revenue to the Agency to help in offsetting part of the loan. It was however noted that the Water Service Providers do not remit part of the revenue collected to the Agency.as no enforceable law is in	On the payments to the development partners, the Agency can only raise funds for loan repayment from exchange service provision, or if there were collections from WSPs, something ruled out by the Water Act of 2026. As such, we wait to be guided by the Parent Ministry (which is directly responsible for the loans) on how to proceed with offsetting the growing liabilities.	Resolved	30.06, 2024

	place to regulate the intra transaction. The only amount realized during the year under review from various WSPs was Kshs.2,370,000 as reflected in Note 19 to the financial statements under statement of cash flows. The amount realized was insignificant compared to the amount due and payable to the development partners on the principal loan and accrued interest amounting to over Kshs.3,571,203,354 as reflected in Note 28 to the financial statements.			
1	**Basis for Conclusion** **Unapproved Finance Policy** During the year under review, the Agency was using a draft financial management manual 2021 which had not been presented to the Board for approval. The management did not provide explanations for failure to have the policy document presented to Board of Directors for approval before implementation.	The financial management Policy & Procedure manual was approved by the Board of Directors on third quarter of FY 2023-2024	Resolved	30.6.2024
2	**Cash and Cash Equivalent - Dormant Bank Accounts** The statement of financial position and as disclosed in Note 18 to the financial statements reflects cash and cash equivalent balance of Kshs.1,018,330,959, which includes seven (7) bank accounts which had no activity during the year under review apart from the bank charges. he seven bank accounts.	i. Bank accounts number 1104035197,1116821648 and 1104036320 relates to Projects that had been completed, the Agency wrote to the National Treasury to grant authority for their closure. The Agency is yet to receive a formal response from the National Treasury. ii. Bank Account number 1146676387 relates to Kenya Itally development donor projects which were go funded with GOK and the project is still running.	Resolved	30.06.2023

Account Name	Amount Kshs.
SIDA-DANIDA	2,677
KIDDP	3,550,646
UNICEF	165,760
Customer deposit	39,412

		Kisumu LTAP 2	267,172	iii. Bank account numbers 1211147266, 1141295755600 and 1211147290 relates to loan repayment from the Water Service providers who benefited from the National Treasury on lend water infrastructure development loan. It was a directive from the National Treasury to open the bank accounts to facilitate repayment of the Loan from the beneficiaries. The WSP are yet to remit funds for Loan repayment.		
		LVWATSAN II	6,164			
		KIWASCO Special Account	643,514			
		In the circumstances, the effectiveness of the controls on management of cash could not be confirmed.				

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Chief Executive officer

Date:

Appendix II: Projects implemented by Agency

Projects implemented by the Agency Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs)	Separate donor reporting per the donor agreement(Yes/No	Consolidated in these financial statements (Yes/No)
1. LVWATSAN II	2100155019967	AfDB	5 Yrs	1,505,593,041	Yes	Yes
2. Trilateral Project	BMZ No.2013 65 352	KFW	5Yrs	2,530,000,000	Yes	Yes
3. Bunyunyu Dam	ORIO11/KE/21	Orio	5Yrs	33,051,501	Yes	Yes
4. Kisumu LVWATSAN	CKE 1093 02 M	AFD/EU/ EIB	5Yrs	8,050,432,000	Yes	Yes
5. Water Sector Development Programme	BMZ No.2010 65 861 And BMZ-No. 2010 70 457	KFW	8Years	4,551,420,000	Yes	Yes

Status of Projects completion

Project	Total project Cost (Kshs) "Million"	Total expended to date (Kshs) "Million"	Comp % to date	Budget (Kshs) "Million"	Actual (Kshs) "Million"	Sources of funds
Water Sector Development (Lake Victoria South) (Kericho, Kisii, Nyamira, Litein)	4,551.00	4,080.90	95%	393	20	KFW/Gok
Lake Victoria Water and Sanitation Initiative -Phase II (Kericho, Keroka and Isebania)	1,505.00	1,345.00	100%	135	-	AfDB/Gok
Migori- Homa bay Wastewater (Trilateral Program)	2,530.00	145.50	10%	130	11	KFW/Gok
Kisumu Water Supply, LVWATSAN	8,050.00	2,048.00	15%	3,590	585	AFD/EIB/Gok
Water Harvesting Programme (LVSWSB)	600.00	319.50	57%	57	60	Gok
Homa-bay Water Supply Improvement project	1,312.00	1,192.00	98%	100	38	Belgium/Gok
West Karachuonyo water Supply project- Last Mile Connectivity	450.00	115.00	51%	100	13	Gok
Serorin Secondary School Borehole	20.00	-	0%	10	-	Gok
Kericho Water Project (Kabianga)	650.00	-	0%	100	0	Gok
Lake Victoria South WWDA Projects (Gok Projects)	600.00	-	0%	445	218	Gok
Kisumu water supply LTAP1.	250.00	70.00	60%	-	-	AFD/Gok
Construction of Water Pan, Awendo Sub-County	20.00	10.00	50%	-	-	Gok
Construction of Water Pan, Kuria West Sub-County	20.00	10.00	50%	-	-	Gok
Drilling Boreholes to two schools, Kuria-East Sub-County	60.00	30.00	50%	-	-	Gok
Rongo Town Water Supply	450.00	50.00	30%	-	-	Gok
Rehabilitation of Bomet Community Water Supplies	350.00	-	0%	-	-	Gok
Kabianga Water Supply Project	450.00	-	5%	-	-	Gok
Support to WasteWater Management of Lake Victoria South	2,440.00	-	0%	-	-	KFW/Gok
Londiani Dam Water Supply Project	15,000.00	-	0%	-	-	PPP/Gok
	39,308.00	**9,415.90**		**5,060.00**	**945.42**	

Appendix IV: Transfers from Other Government Entities

Name of the MDA/ Transferring the funds	Date received as per bank statement	Nature: Recurrent	Total Amount - KES	Statement of Financial Performance	Capital Fund	Receivables	Others must be specific	Total Transfers during the Year
Ministry of Water Sanitation & Irrigation	16/08/2023	Recurrent	11,833,333	11,833,333	-	-	-	11,833,333
	09/08/2023	Recurrent	11,833,333	11,833,333	-	-	-	11,833,333
	24/10/2023	Recurrent	11,833,333	11,833,333	-	-	-	11,833,333
	16/11/2023	Recurrent	11,833,333	11,833,333	-		-	11,833,333
	12/06/2023	Recurrent	11,833,333	11,833,333	-		-	11,833,333
	17/01/2024	Recurrent	11,833,333	11,833,333				11,833,333
	02/09/2024	Recurrent	11,833,333	11,833,333				11,833,333
	13/03/2024	Recurrent	11,833,333	11,833,333				11,833,333
	04/10/2024	Recurrent	11,833,333	11,833,333				11,833,333
	05/08/2024	Recurrent	11,833,333	11,833,333				11,833,333
	13/06/2024	Recurrent	11,833,333	11,833,333				11,833,333
	07/01/2024	Recurrent	11,833,333	11,833,333				11,833,333
	28/11/2023	Donor F	165,854,567		165,854,567			165,854,567
	28/02/2024	Dev'ment	230,250,000		230,250,000			230,250,000
	07/10/2024	Dev'ment	249,350,000		249,350,000			249,350,000
	07/10/2024	D. Fund	90,150,580		90,150,580			90,150,580
Total			**877,605,143**	**141,999,996**	**735,605,147**	**-**	**-**	**877,605,143**

Appendix V- Inter-Agency Confirmation Letter

Name of Transferring Agency...Ministry of Water and Sanitation & Irrigation
Name of Beneficiary Agency Lake Victoria South Water Works Development Agency.

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Reference Number	**Date Disbursed**	**Recurrent (A)**	**Date Disbursed**	**Development (B)**	
Bank Stt	16/08/2023	11,833,333	28/11/2023	165,854,567	Received
Bank Stt	09/08/2023	11,833,333	28/02/2024	230,250,000	Received
Bank Stt	24/10/2023	11,833,333	07/10/2024	249,350,000	Received
Bank Stt	16/11/2023	11,833,333	07/10/2024	90,150,580	Received
Bank Stt	12/06/2023	11,833,333			Received
Bank Stt	17/01/2024	11,833,333			Received
Bank Stt	02/09/2024	11,833,333			Received
Bank Stt	13/03/2024	11,833,333			Received
Bank Stt	04/10/2024	11,833,333			Received
Bank Stt	05/08/2024	11,833,333			Received
Bank Stt	13/06/2024	11,833,333			Received
Bank Stt	07/01/2024	11,833,333			Received
Total		**141,999,996**		**735,605,147**	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Agency:

Name ..... **Sign** ..... **Date** .....

Head of Accounts Department - Beneficiary Agency:

Name ROSEMARY CHEGE **Sign** ..... **Date** 30/09/2024

Appendix VII: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	**Sub-programme**	**Disaster Type**	**Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)**	**Expenditure item**	**Amount (Kshs.)**	**Comments**
		Flooding of Water Intake	**Mitigation** Sizing using floods of longer return period. Insuring of works during construction. Diversification of sources of water. Risk analysis to be undertaken. Undertaking of Environmental Social Impact Assessments before project implementation.	-	-	-
		Drought	**Mitigation** Climate proofing of water infrastructure Diversification of sources of water Risk analysis to be undertaken.	-	-	-
		Siltation of Water Intakes	**Response and Mitigation** Risk analysis to be undertaken. Sensitization of upstream community on best catchment management practices. Relocation of intake	-	-	-
		Contamination of treated water near consumer points	**Response and Mitigation** Risk analysis to be undertaken. Clear marking of water pipeline and sewer Observing clear spatial distance between water pipelines and other potential pollutants such as sewer and oils.	-	-	-

Appendix VI: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Water for schools	Drilling and equipping of solar driven boreholes for schools and roof water catchment	Provision of clean potable water to students in various schools	Hydrogeological survey, drilling, equipping and installation of solar panels and pump, storage tanks and kiosks	-	-	-	-	GoK	LVSWWDA/MWSI/County governments
Small Dams and Pans	Construction of small dams	Provision of water to various communities	Detailed design, construction of dam embankment and draw off system	-	-	-	-	Gok	LVSWWDA/MWSI/County governments

			Water quality monitoring. Provision of chorine disinfection tablets.			
		Contamination of raw water with heavy metals and ions	**Response and Mitigation** Risk analysis to be undertaken. Avoiding of highly polluted sources. Consultation with NEMA Sensitization of locals on need of using non pollutants in economic activities. Undertaking of risk analysis before commencement of projects.	-	-	-
		Breaching and sliding of dam embankment	**Mitigation** Risk analysis to be undertaken. Periodic technical monitoring of dams Proper sizing of spillways Proper construction of dam embankment	-	-	-
		Land Slides	**Mitigation and response-** Risk analysis to be undertaken. Use of HDPE pipes and steel pipes Proper supporting of deep trenches.	-	-	-
		Death and Injury during project implementation	**Mitigation and Response** Risk analysis to be undertaken. Provision of insurance Implementation of Environmental Safety Management Plan	-	-	-
		Drying of boreholes	**Mitigation and Response** Risk analysis to be undertaken. Diversification of sources of water. Recharge of ground aquifers			