

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 18 JUN 2025	DAY: WED.
TABLED BY:	HON. NAOMI WAQO MP, DEP. MAJORITY PARTY WHIP.
CLERK-AT THE TABLE:	Ms. MERCT CHUMU.

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**OF**

**THE AUDITOR-GENERAL**

**ON**

**NAMBALE-MJINI-MAYENJE  
WATER PROJECT GRANT/CREDIT  
NUMBER 08W/BUSIA/BUSIA/97**

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



**PROJECT NAME: NAMBALE-MJINI-MAYENJE WATER PROJECT**

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

**PROJECT GRANT/CREDIT NUMBER: 08W/BUSIA/BUSIA/97**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2024**

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

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<b>Table Contents</b>	<b>Page</b>
1. Acronyms and Glossary of Terms .....	ii
2. Project Information and Overall Performance .....	iii
3. Statement of Performance against Project's Predetermined Objectives .....	xi
4. Environmental and Sustainability reporting .....	xiii
5. Statement of Project Management responsibilities .....	xvi
6. Report of the Independent Auditor on Financial Statements for Nambale-Mjini-Mayenje Water Project.....	xviii
7. Statement of Receipts and Payments for the year ended 30th June 2024. ....	1
8. Statement of Financial Assets and Liabilities as at 30 <sup>th</sup> June 2024 .....	3
9. Statement of Cashflow for the year ended 30 <sup>th</sup> June 2024 .....	4
10. Statement of Comparison of Budget and Actual amounts for year ended 30 <sup>th</sup> June 2024 .....	6
11. Significant Accounting Policies .....	8
12. Notes to the Financial Statements .....	16
13. Annexes.....	40

**1. Acronyms and Glossary of Terms**

BUWASSCO	Busia Water and Sewerage Services Company Limited
WSTF	Water Sector Trust Fund
PFM	Public Finance Management
IPSAS	International Public Sector Accounting Standards
PSASB	Public Sector Accounting Standards Board
NRW	Non -Revenue Water
SMART	Specific, Measurable, Achievable, Realistic and Time bound
VAT	Value Added Tax
WASREB	Water Services Regulatory Board.
Comparative FY	Financial year preceding the current financial year.

## **2. Project Information and Overall Performance**

### **2.1 Name and registered office**

#### **Name**

The project official name is Nambale-Mjini-Mayenje Water Project

#### **Objective**

Provision of clean and safe water to the target urban poor population.

#### **Address**

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

The address of its registered office is:

P.O. Box 392-50400

Dept. Of Water, Irrigation, Environment, Natural Resources, Climate Change &

Energy compound

Equity Bank-Posta-Forest Road

Busia, Kenya.

**Contacts:** The following are the project contacts

P.O. Box: 392-50400

Telephone: (254) 796523854

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

Website: [www.buwasco.com](http://www.buwasco.com)

**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	06/04/2022
Project End Date:	28/02/2025
Project Manager:	Mr Stephen Onyango
Project Sponsor:	Water Sector Trust Fund (WSTF)

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Department of Water, Irrigation Environment, Natural Resources, Climate Change and Energy.
Project number	08W/BUSIA/BUSIA/97
Strategic goals of the project	The strategic goals of the project are as follows: <ul style="list-style-type: none"> <li>(i) Provision of clean and safe water to the target urban poor population.</li> <li>(ii) Improve metering ratio.</li> <li>(iii) Reduction of non-revenue water (NRW).</li> <li>(iv) Cost reduction strategy i.e., ensuring there is reduced electricity bills through solarization.</li> <li>(v) Increase revenue for the WSP.</li> <li>(vi) Increase hours of supply to the low-income areas.</li> <li>(vii) Reduce cases of waterborne diseases among people living in low-income areas.</li> </ul> <p>Increase water coverage</p>
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> <li>(i) Solarization of 11kW Showground borehole.</li> <li>(ii) 100% metering of all connections in the project area by installing 755no.cold water meters.</li> <li>(iii) 10km pipeline extension in the project area.</li> </ul>
Other important background information of the project	The project is expected to benefit 25,000 people/residents in the project area in Busia County

*Nambale-Mjini-Mayenje Water Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2024*

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Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: <ul style="list-style-type: none"><li>(i) Reduction of non-revenue water</li><li>(ii) Increase water supply hours</li><li>(iii) Improve reliability of water supply</li></ul>
Project duration	2 years, 10 months and 3 weeks

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the project:

- (i) Co-operative Bank of Kenya  
Busia Branch.

**2.5 Independent Auditor**

The project is audited by the Auditor General  
The Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084 GPO 00100  
Nairobi, Kenya

**2.6 Roles and Responsibilities**

List the different people who are working on the project. This list would include the project manager and all the key stakeholders who will be involved with the project. Also, record their role, their positions, and their contact information.

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Peter T. Ojwang	Managing Director	Masters' degree	Administration
Henry Oyugi	Technical Manager	Bachelors' degree	Project supervision, oversee implementation of the project
Stephen Onyango	Project manager	Bachelor's degree	Supervise and oversee execution of project works, prepare monthly project reports, budget

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

## **2.7 Funding summary**

The Project is for duration of 2 years, 10 months and 3 weeks from 6<sup>th</sup> April, 2022 to 28th February, 2025 with an approved budget of Kshs. 18,640,492.50 as highlighted in the table below:

**Project information and overall performance (continued)**

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June 2024)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
Water Sector Trust Fund	15,658,014	15,658,014	5,964,958	5,964,958	9,693,056	9,693,056
(ii)WSP (Busia Water and Sewerage Service Company Limited (VAT Contribution)	2,982,479	2,982,479	2,102,800	2,102,800	879,679	879,679
<b>(ii) Loan</b>						
Insert name of development partner						
Insert name of development partner						
<b>(iii) Counterpart funds</b>						
Government of Kenya						
<b>Total</b>	<b>18,640,493</b>	<b>18,640,493</b>	<b>8,067,758</b>	<b>8,067,758</b>	<b>10,572,735</b>	<b>10,572,735</b>

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2024)		Cumulative amount paid to date – (30 <sup>th</sup> June 2024)		Unutilised balance to date (30 <sup>th</sup> June 2024)	
	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>	<i>Donor currency</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
<b>(i) Grant</b>						
Water Sector Trust Fund	5,964,957	5,964,958	5,826,156	5,826,156	138,801	138,801
(ii)WSP (Busia Water and Sewerage Service Company Limited (VAT Contribution)	2,102,800	2,102,800	1,976,114	1,976,114	126,686	126,686
<b>(i) Loan</b>						
Insert name of development partner						
Insert name of development partner						
<b>(ii) Counterpart funds</b>						
Government of Kenya						
<b>Total</b>	<b>8,067,757</b>	<b>8,067,758</b>	<b>7,802,270</b>	<b>7,802,270</b>	<b>265,487</b>	<b>265,487</b>

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

- i) Budget performance against actual amounts for current year and for cumulative to-date,*
- ii) Physical progress based on outputs, outcomes, and impacts since project commencement,*
- iii) Indicate the absorption rate for each year since the commencement of the project.*
- iv) List the implementation challenges and recommended next steps*

**2.9 Summary of Project Compliance:**

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

### **3. Statement of Performance against Project's Predetermined Objectives**

#### **Introduction**

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

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

- a) Provision of clean and safe water to the target urban poor population
- b) Improve metering ratio.
- c) Reduction of non-revenue water (NRW).
- d) Cost reduction strategy i.e., ensuring there is reduced electricity bills through solarization.
- e) Increase revenue for the WSP.
- f) Increase hours of supply to the low-income areas.
- g) Reduce cases of waterborne diseases among people living in low-income areas.
- h) Increase water coverage

#### **Progress on attainment of strategic development objectives**

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

Below we provide the progress on attaining the stated objectives:

<b>Project</b>	<b>Objective</b>	<b>Outcome</b>	<b>Indicator</b>	<b>Performance</b>
<b>Nambale -Mjini- Mayenje Water Project</b>	Provision of clean and safe water to the target urban poor population	Supply of clean water to the target beneficiaries	Target population now have access to clean water	Improved access to clean water
	Improve metering ratio	Increase number of metered customers	Number of metred customers increased	Reduction of non-revenue water
	Reduction of non-revenue water	Reduced non-revenue water	Percentage of non-revenue reduced	Overall deduction in non-revenue water
	Reduce cases of water borne diseases among people living in low-income areas	Improved hygiene and importance of safe drinking water	Reduced incidences of water borne related diseases	Cases of water borne related diseases reduced.

#### **4. Environmental and Sustainability reporting**

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

##### **1. Sustainability strategy and profile**

The project articulates to sustain itself through operational sustainability in the following key areas of the project. First, Water Kiosk and Yard Taps. We ensure maintenance schedule of water kiosks are maintained, training the water kiosk operators to maintain quality service delivery, and monthly inspection of the water kiosks.

Line patrols, inspection and community sensitization and stakeholder involvement in water service delivery will be enhanced

Busia Water and Sewerage Service Company Limited will also work closely with the National and County Government administration structures in dealing with unauthorised water vendors.

##### **2. Environmental performance**

Through the project, the borehole has been solarised. Solar is a renewable source of energy with near zero carbon emission to the environment. This plays a key role towards environmental protection.

The Company also seek to participate and contribute to a cleaner environment as per The National Environment Act of 2019 and ensure strict adherence to affluent discharge standards as prescribed by WASREB. This has since increased the Company's involvement in community welfare which includes clean up exercises especially in towns within its areas of jurisdiction and by so doing reduces impact on the environmental pollution. The company also actively gets involved in tree planting in its various Stations

##### **3. Employee welfare**

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

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

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

#### **4. Market place practices-**

##### **a) Responsible Supply chain and supplier relations-**

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

##### **b) Responsible ethical practices**

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

##### **c) Regulatory impact assessment**

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

## **5. Community Engagements**

In this project, the target beneficiary and other stakeholder have effectively been engaged through the project launch and subsequent Community barazas have been organized to facilitate proper community engagement.

## **5. Statement of Project Management responsibilities**

*The Managing Director Busia Water and Sewerage Company Limited* and the *Project Coordinator* for Nambale-Mjini-Mayenje Water *project* are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year (period) ended on June 30, 2024.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

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

The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Nambale-Mjini-Mayenje Water project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year/period ended June 30, 2024, and of the Project's financial position as at that date. The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Nambale-Mjini-Mayenje Water project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Nambale-Mjini-Mayenje Water project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing

covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Approval of the Project Financial Statements**

The Project financial statements were approved by the Managing Director for Busia Water and Sewerage Company Limited and the *Project Coordinator* for Nambale-Mjini-Mayenje Water project.



.....  
**Name: Peter Ojwang**  
**Managing Director**



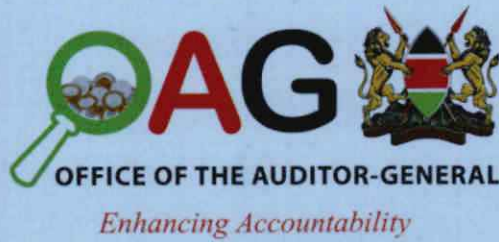
.....  
**Name: Stephen Onyango**  
**Project Coordinator**



.....  
**Name: Duncan Kwena**  
**Project Accountant**

# REPUBLIC OF KENYA

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



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

## REPORT OF THE AUDITOR-GENERAL ON NAMBALE-MJINI-MAYENJE WATER PROJECT GRANT/CREDIT NUMBER 08W/BUSIA/BUSIA/97 FOR THE YEAR ENDED 30 JUNE, 2024

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Opinion

I have audited the accompanying financial statements of Nambale-Mjini-Mayenje Water Project set out on pages 1 to 40, which comprise of the statement of financial assets and liabilities as at 30 June, 2024 and the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section

35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Nambale-Mjini-Mayenje Water Project as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Contract No. 08W/BUSIA/BUSIA/97 between Busia Water and Sewerage Services Company Limited and Water Sector Trust Fund dated 6 April 2022.

### **Basis for Opinion**

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects budgeted receipts of Kshs.18,640,493 against actual receipts of Kshs.8,067,758 resulting to an under-funding of Kshs.10,572,735 or 57% of the budget. The statement further reflects budgeted expenditure of Kshs.18,640,493 against actual expenditure of Kshs.7,802,271 resulting to an under-expenditure of Kshs.10,838,222 or 58% of the budget.

In the circumstances, the under-funding and under-expenditure may have affected implementation of planned activities and impacted negatively on service delivery to the public.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

In the audit report of the previous year, several matters were raised under the Report on Financial Statements, Other Matter and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the prior year audit issues remained unresolved as at 30 June, 2024 and Management has not provided reasons for the delay in resolving the prior year audit issues. Further, all the prior year issues have not been disclosed under

the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board template.

In the circumstances, the issues remain unresolved.

### **Other Information**

#### **Conclusion**

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

#### **Basis for Conclusion**

In connection with my audit on Nambale-Mjini-Mayenje Water Project 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 USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in use of Public Resources sector 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**

##### **Incomplete Project Implementation**

The statement of receipts and payments reflects acquisition of non-financial assets amounting to Kshs.1,793,340 and as disclosed in Note 8 to the financial statements. However, the physical verification of the project carried out in October 2024 revealed the following;

- i. The contractor supplied and delivered eight hundred (800) meter boxes and seven hundred and twenty (720) cold water meters which had not been installed.
- ii. The bills of quantities for solarization of 11KW showground borehole indicates that thirty-two (32) solar panels were to be installed but only thirty (30) solar panels had been installed and working.

- iii. Verification of the planned extension of the ten (10) Kilometers pipeline indicated that approximately seven (7) kilometers pipeline extension had been completed.

In the circumstances, the citizens may not have received value for money and effectiveness of the project could not be confirmed.

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

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

### **Conclusion**

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

### **Basis for Conclusion**

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

### **Responsibilities of the Management and those Charged with Governance**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as the 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, the Management is responsible for assessing the Project's ability to continue as going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to terminate the project or cease its operations.

The 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, the 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.

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

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

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I also 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**

**30 October, 2024**

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

	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	Cumulative to-date (From inception)
		<i>2023-2024</i>			<i>2022-2023</i>			
		<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>	<b>Kshs.</b>
<b>Receipts</b>								
Transfer from Government entities	1							
Proceeds from domestic and foreign grants(Grant from WSTF)	2				5,964,958		5,964,958	5,964,958
Loan from external development partners	3							
Miscellaneous receipts(VAT Contribution-BUWASSCO)	4				2102800		2,102,800	2,102,800
<b>Total receipts</b>					<b>8,067,758</b>		<b>8,067,758</b>	<b>8,067,758</b>
<b>Payments</b>								
Compensation to employees	5							
Purchase of goods and services	6	86,220		86,220	1096671		1,096,671	1,182,891
Social security benefits	7							
Acquisition of non-financial assets	8	1,793,340		1,793,340	4,826,040		4,826,040	6,619,380
Transfers to other government entities	9							
Other Grants, Transfers and Payments	10							
<b>Total payments</b>		<b>1,879,560</b>		<b>1,879,560</b>	<b>5,922,711</b>		<b>5,922,711</b>	<b>7,802,271</b>
<b>Surplus/ (deficit)</b>		<b>(1,879,560)</b>	<b>-</b>	<b>(1,879,560)</b>	<b>2,145,047</b>	<b>-</b>	<b>2,145,047</b>	<b>265,487</b>

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



.....  
**Name: Peter Ojwang**  
**Managing Director**



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

.....  
**Name: Duncan Kwena**  
**Project Accountant**

**8. Statement of Financial Assets and Liabilities as at 30<sup>th</sup> June 2024**

<b>Description</b>	<b>Note</b>	<b>2023-2024</b>	<b>2022-2023</b>
		<b>Kshs</b>	<b>Kshs</b>
<b>Financial Assets</b>			
<b>Cash and Cash equivalents</b>			
Bank Balances	11.A	265,487	2,145,047
Cash Balances	11. B		
Cash equivalents (Short-term deposits)	11.C		
<b>Total Cash and Cash equivalents</b>		<b>265,487</b>	<b>2,145,047</b>
Imprests and Advances	12		
<b>Total Financial Assets</b>		<b>265,487</b>	<b>2,145,047</b>
<b>Financial Liabilities</b>			
Third party Deposits and Retention	13		
<b>Net Assets</b>		<b>265,487</b>	<b>2,145,047</b>
<b>Represented By</b>			
Fund Balance B/fwd.	14	2,145,047	
Prior Year adjustments	15		
Surplus/(Deficit) for the Year		(1879,560)	2,145,047
<b>Net Financial Position</b>		<b>265,487</b>	<b>2,145,047</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 10/9/2024 and signed by:



.....  
**Name: Peter Ojwang**  
**Managing Director**



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

.....  
**Name: Duncan Kwena**  
**Project Accountant**

ICPAK Member No:

9. Statement of Cashflow for the year ended 30<sup>th</sup> June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
<b>Cashflow from operating activities</b>			
<b>Receipts</b>			
Transfer from government entities	1		
Proceeds from domestic and foreign grants	2		5,964,958
Miscellaneous receipts	4		2,102,800
<b>Total receipts</b>			<b>8,067,758</b>
<b>Payments</b>			
Compensation of employees	5		
Purchase of goods and services	6	85,500	1,094,498
Social security benefits	7		
Transfers to other government entities	9		
Other grants and transfers	10	720	2,173
<b>Total Payments</b>		<b>86,220</b>	<b>1,096,671</b>
<b>Net receipts/(payments)</b>		<b>(86,220)</b>	<b>6,971,087</b>
<b>Adjustments during the year</b>			
Prior year adjustments	15		
Decrease/(increase) in accounts receivable	16		
Increase/(decrease) in accounts payable:	17		
<b>Net cash flow from operating activities</b>		<b>(86,220)</b>	<b>6,971,087</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	8	(1793,340)	(4,826,040)
<b>Net cash flows from investing activities</b>		<b>(1,793,340)</b>	<b>(4,826,040)</b>
<b>Cash flow from financing activities</b>			

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Proceeds from foreign borrowings	3		
Net cash flow from financing activities			
Net increase in cash and cash equivalents		(1879,560)	2,145,047
<b>Cash and cash equivalent at beginning of the year</b>	<b>11</b>	<b>2,145,047</b>	
<b>Cash and cash equivalent at end of the year</b>	<b>11</b>	<b>265,487</b>	<b>2,145,047</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 10/9/2024 and signed by:



.....  
Name Peter Ojwang  
Managing Director



.....  
Name: Stephen Onyango  
Project Coordinator

.....  
Name: Duncan Kwena  
Project Accountant  
ICPAK Member No:

10. Statement of Comparison of Budget and Actual amounts for year ended 30<sup>th</sup> June 2024

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>						
WSTF	15,658,014		15,658,014	5,964,958	9,693,056	38%
BUWASSCO	2,982,479		2,982,479	2,102,800	879,679	71%
<b>Total Receipts</b>	<b>18,640,493</b>		<b>18,640,493</b>	<b>8,067,758</b>	<b>10,572,735</b>	
<b>Payments</b>						
Supervision Transport	195,000		195,000	295,000	-100,000	151%
Printing papers	3,000		3,000	3,000		100%
Toners/Cartridges	30,000		30,000	30,000		100%
Airtime-Project team	18,000		18,000	15,000	3,000	83%
Project task team allowance	120,000		120,000	87,000	33,000	73%
Branding	40,000		40,000	0	40,000	0%
ESIA Assessment	200,000		200,000	189,998	10,002	94%
Bank charges	0		0	2,893	-2,893	
Project Launch	80,000		80,000	80,000		100%
Flyers, poster and brochures	40,000		40,000	40,000		100%
Drama and performance	20,000		20,000	20,000		100%
Baraza	90,000		90,000	90,000		100%
Stakeholders workshop	200,000		200,000	200,000		100%
Mass media programme	50,000		50,000		50,000	0%
School/Public Clinic Hygiene	40,000		40,000	20,000	20,000	50%
Public notices using megaphones	10,000		10,000	10,000		0%
UPC Long banner	10,000		10,000	10,000		100%
PPEs	20,000		20,000	20,000	0	100%

*Annual Report and Financial Statements for the financial year ended June 30, 2024*

<b>Receipts/Payments Item</b>	<b>Original Budget</b>	<b>Adjustments</b>	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>
Training of Kiosks	70,000		70,000	70,000	0	100%
Project commissioning	100,000		100,000	0	100,000	0%
Metering-750-15mm	5,852,000		5,852,000	0	5,852,000	0%
Pipeline extension	4,272,100		4,272,100	4,099,377	172,723	96%
Storage tank	620,000		620,000	0	620,000	0%
Solarization	3,265,500		3,265,500	2,520,003	745,497	77%
Labour metering	307,250		307,250	0	307,250	0%
Labour pipeline	2,050,000		2,050,000	0	2,050,000	0%
Labour tank	50,000		50,000	0	50,000	0%
contingency	887,643		887,643	0	887,643	0%
<b>Total Payments</b>	<b>18,640,493</b>		<b>18,640,493</b>	<b>7,802,271</b>	<b>10,838,222</b>	<b>32%</b>
<b>Surplus or Deficit</b>	<b>0</b>		<b>0</b>	<b>265,487</b>		

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.



.....  
**Name: Peter Ojwang**  
**Managing Director**



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

.....  
**Name: Duncan Kwena**  
**Project Accountant**

## **11. Significant Accounting Policies**

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

### **a) Statement of compliance and basis of preparation**

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

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

### **b) Reporting entity**

The financial statements are for BUWASSCO (Nambale-Mjini-Mayenje Project) an entity of Busia County Under the ministry of Water, Irrigation, Environment. The financial statements are for the reporting entity BUWASSCO (Nambale-Mjini-Mayenje Project) as required by Section 81 of the PFM Act, 2012.

### **c) Reporting currency**

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

### **d) Recognition of receipts**

*The Nambale-Mjini-Mayenje Project* recognises all receipts from the various sources when the event occurs, and the related cash has been received.

#### **i) Transfers from the Exchequer**

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

**ii) External Assistance**

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

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing.**

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

**vi) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to

**Significant Accounting Policies (continued)**

continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

**e) Recognition of payments**

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

**i) Compensation to employees**

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

**ii) Use of goods and services**

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

**iii) Interest on borrowing**

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

**iv) Repayment of borrowing (principal amount)**

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

**Significant Accounting Policies (continued)**

**v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**f) In-kind donations**

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

**g) 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.

**Significant Accounting Policies (Continued)**

**h) Restriction on cash**

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

**i) Imprests and Advances**

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

**j) Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - ii) The amount of the obligation cannot be measured with sufficient reliability.

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

The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of

**Significant Accounting Policies (Continued)**

resources embodying economic benefits or service potential is remote. **Annex 6** of this financial statement is a register of the contingent liabilities in the year.

**k) Contingent Assets**

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

**l) Pending bills**

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

**m) Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive

**Significant Accounting Policies (Continued)**

budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of =

the Project's actual performance against the comparable budget for the financial year/period under review has been *included in an annex to these financial statements*.

**n) Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments. and are disclosed in the payment to third parties' column in the statement of receipts and payments.

**o) Exchange rate differences**

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

**p) Comparative figures**

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

**q) Subsequent events**

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

**r) Prior period adjustments**

There have been no Prior period adjustments noted this financial period



**12. Notes to the Financial Statements**

**1. Transfers from Government entities**

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

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>	<b>Cumulative to-date (from inception)</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b><i>Counterpart funding through Ministry xxx</i></b>			
Counterpart funds Quarter 1			
Counterpart funds Quarter 2			
Counterpart funds Quarter 3			
Counterpart funds Quarter 4			
<b>Total (See Annex 3)</b>			
<b><i>Other transfers from government entities</i></b>			
Total			
Appropriations-in-Aid			
<b>Total</b>			

Notes to the Financial Statements (Continued)

2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2024, we received grants from donors as detailed in the table below:

Name of Donor	2023-2024						2022-2023	Cumulative to date
	Date received	Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	Total Amount	
			Kshs	Kshs	Kshs	Kshs	Kshs	
Grants Received from Bilateral Donors (Foreign Governments)								
Insert name of foreign Government								
Grants Received from Multilateral Donors (International Organizations)								
Grants Received from WSTF							5,964,958	5,964,958
Total							5,964,958	5,964,958

**Notes to the Financial Statements (Continued)**

**3. Loan from External Development Partners**

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

Description Name of Donor	2023-2024					2022-2023	Cumulative to date
	Date received	Amount in loan currency (Insert currency)	Loans received in actual amount Kshs	Loans received as direct payment* Kshs	Total amount in Kshs Kshs	Total amount in Kshs Kshs	
Loans received from bilateral Donors (Foreign Governments)							
Insert name of foreign Government							
Insert name of foreign Government							
Loans received from Multilateral Donors (International Organizations)							
Insert name of international organization							
Insert name of international organization							
<b>Total</b>							

Notes to the Financial Statements (Continued)

4. Miscellaneous receipts

Description	2023-2024			2022-2023	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
VAT Contribution-BUWASSCO				2,102,800	2,102,800
Sales of goods and services					
Administrative fees and charges					
Fines, penalties, and forfeitures					
Voluntary transfers other than grants					
Other receipts not classified elsewhere*					
<b>Total</b>				<b>2,102,800</b>	<b>2,102,800</b>

Notes to the Financial Statements (Continued)

5. Compensation to Employees

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total payments	Total payments	
-	Kshs	Kshs	Kshs	Kshs	Kshs
Basic salaries of permanent employees					
Basic wages of temporary employees					
Personal allowances paid as part of salary					
Personal allowances paid as reimbursements					
Personal allowances provided in kind					
Pension and other social security contributions					
Compulsory national social security schemes					
Compulsory national health insurance schemes					
Social benefit schemes outside government					
Other personnel payments					
<b>Total</b>					

Notes to the Financial Statements (Continued)

6. Purchase of Goods and Services

	2023/2024			2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	
Supervision Transport				295,000	295,000
Printing papers				3000	3000
Tonnors/Cartridges				30000	30000
Airtime-Project team	6000		6000	9000	15000
Project task team allowance				87000	87000
ESIA Assessment	9500		9500	180498	189,998
Project Lauch				80000	80000
Flyers, poster and brochures				40000	40000
Drama and performance				20000	20000
Baraza				90000	90000
Stakeholders workshop				200000	200000
School/Public Clinic Hygiene				20000	20000
Public notices using megaphones				10000	10000
UPC Long banner				10000	10000
Training of kiosks	70,000		70,000		70,000
PPEs				20000	20,000

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

	2023/2024		2022/2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties		
Bank charges	720		2173	2893
<b>Total</b>	<b><u>86,220</u></b>		<b>1,096,671</b>	<b><u>1,182,891</u></b>

**Notes to the Financial Statements (Continued)**

**7. Social Security Benefits**

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	Kshs	Kshs	Kshs	Kshs	
Government pension and retirement benefits					
Social security benefits in cash and in kind					
Employer social benefits in cash and in kind					
<b>Total</b>					

**Notes to the Financial Statements (Continued)**

**8. Acquisition of Non-Financial Assets**

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs.	Kshs.	Kshs	Kshs	Kshs
Pipeline extension by 10km	1,769,201		1,769,201	2,330,176	4,099,377
Solarization 11 kw Borehole	24,139		24,139	2,495,864	2,520,003
Refurbishment of buildings					
Construction of roads					
Construction of civil works					
Overhaul & refurbishment of construction and civil works					
Purchase of vehicles & other transport equipment					
Overhaul of vehicles & other transport equipment					
Purchase of household furniture & institutional equipment					
Purchase of office furniture & general equipment					
Purchase of specialised plant, equipment and machinery					
Rehabilitation & renovation of plant, equipment & machinery					

*Nambale-Mjini-Mayenje Water Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2024*

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
Purchase of certified seeds, breeding stock and live animals					
Research, studies, project preparation, design & supervision					
Rehabilitation of civil works					
Acquisition of strategic stocks					
Acquisition of land					
Acquisition of other intangible assets					
<b>Total</b>	<b><u>1,793,340</u></b>		<b><u>1,793,340</u></b>	<b><u>4,826,040</u></b>	<b><u>6,619,380</u></b>

**Notes to the Financial Statements (Continued)**

**9. Transfers to other Government Entities**

During the financial period to 30 June 2024, we transferred funds to reporting government entities as shown below:

Description	2023-2024			2022-2023	Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	Total payments	
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers to National Government entities					
Transfers to County Governments					
<b>Total</b>					

**Notes to the Financial Statements (Continued)**

**10. Other Grants, Transfers and Payments**

<b>Description</b>	<b>2023-2024</b>			<b>2022-2023</b>	<b>Cumulative to-date</b>
	<b>Payments made in Cash</b>	<b>Payments made by third parties</b>	<b>Total payments</b>	<b>Total payments</b>	
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Grants for scholarships					
Transfers to lower levels of government e.g. schools					
Miscellaneous payments					
<b>Total</b>					

**Notes to the Financial Statements (Continued)**

**11. Cash And Cash equivalents**

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank accounts (Note 11A)	265,487	2,145,047
Cash in hand (Note 11B)		
Cash equivalents (short-term deposits) (Note 11C)		
<b>Total</b>	<u>265,487</u>	<u>2,145,047</u>

The Nambale-Mjini-Mayenje Water Project has one number of project accounts spread within the project implementation area and zero number of foreign currency designated accounts managed by the National Treasury as listed below:

**11. A Bank Accounts**

**Project Bank Accounts**

Details	2023-2024	2022-2023
	Kshs	Kshs
<u>Foreign Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.....]		
Others ( <i>specify</i> )		
Total Foreign Currency balances		
<u>Local Currency Accounts</u>		
Central Bank of Kenya [A/c No.....]		
Kenya Commercial Bank [A/c No.....]		
Co-operative Bank of Kenya [A/c No.01141242584501]	265,487	2,145,047
Others ( <i>specify</i> )		
Total local currency balances	<u>265,487</u>	<u>2,145,047</u>
Total bank account balances	<u>265,487</u>	<u>2,145,047</u>

**Notes to the Financial Statements (Continued)**

**Special Deposit Accounts**

The balances in the Project’s Special Deposit Account(s) as at 30<sup>th</sup> June 2024 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

Below is the Special Deposit Account (SDA) movement schedule which shows the flow of funds that were voted in the year. These funds have been reported as loans/grants received in the year under the Statement of Receipts and Payments.

**Special Deposit Accounts Movement Schedule**

Description	2023-2024	2022-2023
	Kshs	Kshs
<b>(i) A/c Name [A/c No.....]</b>		
Opening balance		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
<b>Closing balance (as per SDA bank account reconciliation attached)</b>		
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)		
Total amount deposited in the account		
Total amount withdrawn (as per Statement of Receipts & Payments)		
<b>Closing balance (as per SDA bank account reconciliation attached)</b>		

**Notes to the Financial Statements (Continued)**

**11 B Cash in hand**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>KShs</b>	<b>KShs</b>
Location 1		
Location 2		
Location 3		
Other locations ( <i>specify</i> )		
<b>Total cash in hand balances</b>		

**11 C Cash equivalents (short-term deposits)**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Kenya Commercial Bank [A/C No.....]		
Co-Operative Bank of Kenya [A/C No.....]		
Others ( <i>Specify</i> )		
<b>Total</b>		

**12. Imprests and Advances**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Government Imprests		
Salary advances		
<b>Total</b>		

Notes to the Financial Statements (Continued)

12A: Breakdown of Imprests and Advances

Name of Officer or Institution	Amount Taken	Due Date of Surrender	Amount Surrendered	Balance Current FY 2023-2024	Balance Comparative FY 2022-2023
	Kshs	Kshs	Kshs	Kshs	Kshs
<i>Officer 1</i>					
<i>Officer 2</i>					
<i>Officer 3</i>					
<i>Officer 4</i>					
<i>Officer 5</i>					
<i>Programme 1</i>					
Total					

13. Deposits and Retention Monies

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Retention				
Deposits				
<b>Total</b>				
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year		%		%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
<b>Total</b>		%		%

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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*(Provide detailed explanations)*

**14. Fund Balance Brought Forward**

<b>Description</b>	<b>2023-2024</b>	<b>2022-2023</b>
	<b>Kshs</b>	<b>Kshs</b>
Bank accounts	2,145,047	
Cash in hand		
Cash equivalents (short-term deposits)		
Outstanding imprests and advances		
Deposits and retention		
<b>Total</b>	<b>2,145,047</b>	

Notes to the Financial Statements (Continued)

15. Prior Year adjustment

	Balance b/f Previous FY (audited financial statements)	Adjustments	Adjusted balance b/f Previous FY
Description of the error	Kshs	Kshs	Kshs
Bank account Balances			
Cash in hand			
Imprests and advances			
Deposits and retentions			
Others ( <i>specify</i> )			
<b>Total</b>			

16. Changes in Imprests and Advances

Description	2023-2024	2022-2023
	Kshs	Kshs
Opening Receivables as at 1 <sup>st</sup> July 2023		
Closing account receivables as at 30 <sup>th</sup> June 2024		
<b>Change in Imprests and advances</b>		

17. Changes in Accounts Deposits and Retention

Description	2023-2024	2022-2023
	Kshs	Kshs
Deposit and Retentions as at 1 <sup>st</sup> July 2023		
Closing accounts payables as at 30 <sup>th</sup> June 2024		
<b>Changes in deposit and retention</b>		

*Nambale-Mjini-Mayenje Water Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 4a)**

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f For Current FY
Description	Kshs	Kshs	Kshs	Kshs
Construction of buildings				
Construction of civil works				
Supply of goods				
Supply of services				
<b>Total</b>				

**2. Pending Staff Payables (See Annex 4b)**

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f for Current FY
Description	Kshs	Kshs	Kshs	Kshs
Senior management				
Middle management				
Union employees				
Others				
<b>Total</b>				

**3. Other Pending Payables (See Annex 4c)**

	Balance b/f from Comparative FY	Additions for the year	Paid during the year	Balance c/f for Current FY
Description	Kshs	Kshs	Kshs	Kshs
Amounts due to National Government entities				
Amounts due to County Government entities				
Amounts due to third parties				
<b>Total</b>				

*Nambale-Mjini-Mayenje Water Project*

*Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Other Important Disclosures (Continued)**

**4. External Assistance**

	2023-2024	2022-2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as grants		
External assistance received as loans		
External assistance received in kind- as payment by third parties		
<b>Total</b>		

*a). External assistance relating loans and grants*

	2023-2024	2022-2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
External assistance received as loans		
External assistance received as grants		
<b>Total</b>		

*b) Undrawn external assistance*

	<b>Purpose for which the undrawn external assistance may be used</b>	2023-2024	2022-2023
<b>Description</b>		<b>Kshs</b>	<b>Kshs</b>
Undrawn external assistance - loans			
Undrawn external assistance - grants			
<b>Total</b>			

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Other Important Disclosures (Continued)**

*c) Classes of providers of external assistance*

	2023-2024	2022-2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

*d. Non-monetary external assistance*

	2023-2024	2022-2023
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Goods		
Services		
<b>Total</b>		

**Other Important Disclosures (Continued)**

*e Purpose and use of external assistance*

<b>Payments made by third parties</b>	<b>2023-2024</b>	<b>2022-2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
Compensation to employees		
Use of goods and services		
Subsidies		
Transfers to other Government entities		
Other grants and transfers		
Social Security benefits		
Acquisition of assets		
Finance Costs including loan interest		
Repayment of principal on domestic and foreign borrowing		
Other payments		
<b>Total</b>		

*f. External Assistance paid by third parties on behalf of (BUWASSCO) by Source*

*This relates to external assistance paid directly by third parties to settle obligations on behalf of (BUWASSCO This note should tie to line 3 of note 4 on external assistance).*

	<b>2023-2024</b>	<b>2022-2023</b>
<b>Description</b>	<b>Kshs</b>	<b>Kshs</b>
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

Other Important Disclosures (Continued)

5. Payments By Third Party on Behalf of The Project

This relates to payments done directly to supplier on behalf of the project such as; national government may fund the operation of health or education program; a donor may pay directly for construction of a given activity

5.1 Classification by Source

	2023-2024	2022-2023
Description	Kshs	Kshs
National government		
Multilateral donors		
Bilateral donors		
International assistance organization		
NGOs		
National Assistance Organization		
<b>Total</b>		

5.2 Classification of payments made by Third Parties by Nature of expenses

Payments made by third parties	2023-2024	2022-2023
Description	Kshs	Kshs
Compensation of employees		
Use of goods and services		
Subsidies		
Transfers to other government units		
Other grants and transfers		
Social security benefits		
Acquisition of assets		
Finance costs, including loan interest		
Other payments		
<b>Total</b>		

**Other Important Disclosures (Continued)**

**6. Related Party Disclosures**

Related party disclosure is encouraged under non-mandatory section of the Cash Basis IPSAS. The comprise of related parties to the Project

- i) Key management personnel including the program director/manager
- ii) The implementing entity/ministry/ department
- iii) Other Ministries and Departments.
- iv) The National Treasury

**Related party transactions:**

	2023-2024	2022-2023
	Kshs	Kshs
<b>Compensation to Key Management</b>		
Compensation to the program manager/ director		
Key Management Compensation others (specify)		
<b>Total Compensation to Key Management</b>		
<b>Transfers to related parties</b>		
Transfers to other government entities		
<b>Total Transfers to related parties</b>		
<b>Transfers from related parties</b>		
Transfers from the Ministry/ department		
Payments made on behalf of the project by other govt. entities		
(Insert any other transfers received)		
<b>Total Transfers from related parties</b>		

**7. Contingent Liabilities**

<b>Contingent liabilities</b>	2023-2024	2022-2023
	Kshs	Kshs
Court case against the project		
Bank guarantees in favour of other govt. entities		
Contingent liabilities arising from PPPs/ donor agreements		
<b>Total</b>		

**Annexes**

**Annex 1: Prior Year Auditor-General’s Recommendations**

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	Lack of internal Audit function	The company had 2 officers in the internal audit department. However, they exited. The board of directors has since given management authority to request for support from the department of water for secondment of an internal Auditor and upon financial stability the recruitment process will be initiated.	Not yet fully resolved	June 2025

**Guidance Notes:**

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....  
**Name: Peter Ojwang**  
**Managing Director**



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

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY**

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
	<b>a</b>	<b>b</b>	<b>c=a-b</b>	<b>d=b/a %</b>	
<b>Receipts</b>					
Transfer from Government entities					
Proceeds from domestic and foreign grants	15,658,014	5,964,958	9,693,056	38	Delay on VAT contribution as a result the donor funding release was delayed as per the agreement
Proceeds from borrowings					
Miscellaneous receipts	2,982,479	2,102,800	879,679	71	Financial constraints as a result could not raise the VAT contribution in time.
<b>Total Receipts</b>	<b>18,640,493</b>	<b>8,067,758</b>	<b>10,572,735</b>		
<b>Payments</b>					
Compensation of employees					
Purchase of goods and services	1,336,000	1,182,891	153,109	88	

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

	<b>Final Budget</b>	<b>Actual on Comparable Basis</b>	<b>Budget Utilization Difference</b>	<b>% of Utilization</b>	<b>Comments on Variance (below 90% and over 100%)</b>
Social security benefits					
Acquisition of non-financial assets	17,304,493	6,619,380	10,685,112.5	38	Delay in disbursement of funds .
Transfers to other government entities					
Other grants and transfers					
<b>Total payments</b>	<b>18,640,493</b>	<b>7,802,271</b>	<b>10,838,222</b>		

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 3: Reconciliation of inter-entity transfers**

<b>Project Name:</b>				
<b>Break down of transfers from the Water Sector Trust Fund</b>				
<b>a. Government Counterpart funding</b>				
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
<b>B. Direct payments</b>				
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
<b>C. Others</b>				
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		<b>Total</b>		
		<b>Total (A+B+C)</b>		

The above amounts have been communicated to and reconciled with the Parent Ministry/ State Department

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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Project Coordinator  
BUWASSCO



Sign

Head of Accounting Unit  
BUWASSCO



Sign-----

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 4a: Analysis of Pending Bills**

<b>Supplier of Goods or Services</b>	<b>Date Contracted/ invoiced.</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance Current FY</b>	<b>Outstanding Balance Previous FY</b>	<b>Comments</b>
		<b>a</b>	<b>b</b>	<b>c=a-b</b>		
Construction of buildings						
1.						
2.						
<b>Sub-Total</b>						
Construction of civil works						
3.						
4.						
<b>Sub-Total</b>						
Supply of goods						
5.						
6.						
<b>Sub-Total</b>						
Supply of services						
7.						
8.						
<b>Sub-Total</b>						
<b>Grand Total</b>						

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 4b: Analysis of Pending: Staff Bills**

<b>Name of Staff</b>	<b>Job Group</b>	<b>Date Payable Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance Current FY</b>	<b>Outstanding Balance Previous FY</b>	<b>Comments</b>
<b>Permanent Employees - Management</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Permanent Employees - Others</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Temporary employees</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 4c: Analysis of other Pending Payables**

<b>Name</b>	<b>Brief Description</b>	<b>Date Payable Contracted</b>	<b>Original Amount</b>	<b>Amount Paid To-Date</b>	<b>Outstanding Balance Current FY</b>	<b>Outstanding Balance Previous FY</b>	<b>Comments</b>
<b>Amounts due to National Govt Entities</b>							
1.							
2.							
<b>Sub-Total</b>							
<b>Amounts due to County Govt Entities</b>							
3.							
4.							
<b>Sub-Total</b>							
<b>Amounts due to Third Parties</b>							
5.							
6.							
<b>Sub-Total</b>							
<b>Others (specify)</b>							
7.							
8.							
<b>Sub-Total</b>							
<b>Grand Total</b>							

**Annex 5: Summary of Fixed Assets Register**

<b>Asset class</b>	<b>Opening Cost (KShs) 2023/24</b>	<b>Donations in form of assets (KShs) 2023/24</b>	<b>*Purchases/ Additions in the Year (KShs) 2023/24</b>	<b>**Disposals in the Year (KShs) 2023/24</b>	<b>Transfers in/(out) Kshs 2023/24</b>	<b>Closing Cost (KShs) 2024</b>
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c)- (d)+(-)d
Land						
Buildings and structures						
Transport equipment						
Office equipment, furniture and fittings						
ICT Equipment,						
Other Machinery and Equipment						
Heritage and cultural assets						
Biological assets						
Infrastructure assets roads, rails						
Intangible assets						
Work in Progress						
<b>Total</b>						

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

**Annex 6: Contingent Liabilities Register**

	<b>Nature of contingent liability</b>	<b>Remarks</b>
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

*Nambale-Mjini-Mayenje Water Project  
Annual Report and Financial Statements for the financial year ended June 30, 2024*

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**Annex 7: Reporting of Climate Relevant Expenditures**

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

**Annex 8: Reporting Disaster Management Expenditure**

<b>Column I</b>	<b>Column II</b>	<b>Column III</b>	<b>Column IV</b>	<b>Column V</b>	<b>Column VI</b>	<b>Column VII</b>
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments