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REPORT

THE NATIONAL ASSEMBLY
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TABLED BY: Hon. Owen Bwalya, Deputy Leader of Majority

CLERK AT THE TABLE: Chebot Kareri

OF

THE AUDITOR-GENERAL

ON

**LAKE VICTORIA SOUTH WATER WORKS
DEVELOPMENT AGENCY**

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



LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2023

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, 2023

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DG	Director General
CBK	Central Bank of Kenya
LVSWWDA	Lake Victoria South Water Works Development Agency
KIWASCO	Kisumu Water Services Company
WWDA	Water Works Development Agencies
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
OCOB	Office of the Controller of Budget
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
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

B: Glossary of Terms

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

Comparative Year- Financial year preceding the current financial year

2. Key Entity Information and Management

(a) Background information

The Water Act 2016 provided for the establishment of Water Works Development Agencies (WWDA). This was realized through Legal Notice No. 27 of 26th April 2019, which assigned 3rd of May 2019 as the day on which section 152 of the Water Act 2016 in so far as it relates to the WWDA came into operation. Legal Notice No. 28 of 26th April 2019, led to the establishment of Lake Victoria South Water Works Development Agency (LVSWWDA) to cover a jurisdiction that includes; Bomet, Homa Bay, Kericho, Kisii, Kisumu, Migori, Nyamira and Siaya Counties. The

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Agency is governed by a board of directors which is responsible for its policy and strategic direction under the overall guidance of the Cabinet Secretary for Water, Sanitation and Irrigation.

(b) Principal Activities

Mission

To deliver water and sanitation infrastructure through efficient utilization of resources using appropriate technology and innovations for improved livelihoods and economic growth in the region”.

Vision

Sustainable, Safe Water and Sanitation for all

Core values

- Integrity; the staff are committed to acting in an honest, accountable and transparent manner in all our undertakings.
- Professionalism; the staff are committed to the highest level of competence and pertinent skills in all our endeavours.
- Respect; the staff are committed to providing service with compassion, courtesy and recognize the dignity of each individual person.
- Efficiency; the staff are committed to the achievement of the highest value of benefits from the employment of all resources within the region.
- Teamwork; the staff are committed to consult and pool their efforts in for enhanced service provision.

(c) Key Management

The Lake Victoria South Water Works Development Agency day-to-day management is under the following key organs: -

- Board of Directors;
- Chief Executive Officer
- Senior Managers; and
- Managers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No	Designation	Name
1.	Chief Executive Officer	Mr. Chrispine Omondi Juma, HSC
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

No	Designation	Name
5.	Senior Manager Corporate Services	Mr. Daniel Odoyo Owino
6.	Corporation Secretary & Manager Legal Services	Mr. Pamphil Matsekhe Oundo
7.	Manager, Supplies Chain Management	Mr. Martin Ochieng Mayi
8.	Manager Internal Audit	CPA. Grace A. Abuto

(e) Fiduciary Oversight Arrangements

Lake Victoria South Water Works Development Agency has three constituted committees out of which the key fiduciary oversight committees are:-

- i. Water and Sanitation Committee
- ii. Governance and Resources Committee
- iii. Risk and Audit Committee

(f) Entity Headquarters

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

(g) Entity Contacts

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

i. Entity Bankers

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

ii. Co-operative Bank of Kenya

Kisumu Branch
P.O. Box 157-40100
KISUMU.

iii. NCBA Kenya PLC

Kisumu Branch
P.O. Box 44599-00100
KISUMU


(h) Independent Auditors


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

(i) 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.	 <p data-bbox="272 898 679 969">Mr. Cavince Odoyo Owidi Chairman, Board of Directors</p>	<p data-bbox="767 439 1278 472">DATE OF BIRTH: 25TH APRIL, 1968</p> <p data-bbox="767 521 1046 555">QUALIFICATIONS</p> <p data-bbox="767 562 1428 887">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.</p> <p data-bbox="767 936 975 969">EXPERIENCE</p> <p data-bbox="767 976 1428 1379">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.</p> <p data-bbox="767 1429 1428 1585">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.</p> <p data-bbox="767 1635 1428 2000">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</p>


No	Directors	Details
		<p>from 2004-2006. He worked as the Principal, Horizon Academy from 1999-2004 where as the Head of 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.</p>
2.	 <p>Ms. Jeridah B. Mbaka</p>	<p>DATE OF BIRTH: 5TH MAY, 1960</p> <p>QUALIFICATION She holds a Masters’ degree in Business Administration from Maastricht School of Management/Eastern and Southern Africa Management Institute. She also holds a Bachelor of Arts from the University of Nairobi and a High Diploma in HR Management from Institute of Human Resource Management. She is a Professional member of the Institute of Human Resource Institute of Management.</p> <p>EXPERIENCE She was appointed on 5th July, 2022 as an independent Board Member. She was the Chairperson of the Governance and Resources Committee of the Board. Has a vast of experience spanning over 20 years in matters Human Resource and development.</p> <p>Prior to her appointment, she worked as an assistant Manager National Social Security Fund (NSSF) in charge of employee relations, training and development, strategy and change, Research and Development.</p> <p>She also worked as Chief Management Analyst: Directorate of Personnel Management at the Office of the President. She worked as Administration</p>



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No	Directors	Details
		<p>Manager at Plan International, Kiambu and Personnel Officer, Ministry of Finance.</p> <p>She is the immediate Board member on the Board of Kenya Airports Authority where she gained vast experience on matters of governance and human resource.</p>
3.	 <p>Ms. Joyce K. Mongare</p>	<p>DATE OF BIRTH: 25TH FEBRUARY, 1968</p> <p>QUALIFICATIONS</p> <p>She holds a Masters' degree in Arts: Gender & Development Studies from Egerton University and Bachelor's Degree in Social Sciences and Higher Diploma in Psychology Counseling. She holds a certificate in Computer Operations and Certificate in Corporate Governance from Institute of Directors – Kenya, (IoD- K), August, 2021.</p> <p>EXPERIENCE</p> <p>She was appointed on 4th June, 2020 as an independent Board Member for a period of three (3) years. She Chaired Water Works and Sanitation Committee of the Board until 3rd June, 2023 when her term lapsed.</p> <p>She was NEC Member, standing committee of programmes: Kenya Red Cross Society (KRCS) and former Chairperson KRCS parklands branch. Before her appointment, she was a lecturer at Egerton University majoring in Gender & development studies and trainer of Trainers (TOT) from 2015 to 2019.</p>
4.		<p>DATE OF BIRTH: 2ND OCTOBER, 1960</p> <p>QUALIFICATION</p> <p>He holds a Masters' degree in Business Administration – Moi University and Bachelor of Commerce (Accounting Option) from the University of Nairobi.</p> <p>He also holds a High Diploma in Human Resource Management - Institute of Human Resource Management Professional Membership - Association of Kenya Institute of Bankers (AKIB) and Certified Public Accountant of Kenya (CPA Part 2).</p>


No	Directors	Details
	<p>Mr. Joseph A. Okoto</p>	<p>He was a member of Kenya Institute of Management (MKIM) - Member of Information Technology Standards Association (MITSA) Employment and Leadership History.</p> <p>EXPERIENCE</p> <p>He was appointed on 5th July, 2022 as an independent Board Member for a period of three (3) years. He was the Chairperson of Audit and Risk Committee of the Board. He worked as an external member - Homa-Bay County Assembly prior to his appointment to the Board. He also worked as Chief Manager, Administration at KENGEN and Principal Consultant – Josef & Associates Business Advisory Services after serving as Manager – Barclays Bank (Now Absa).</p>
<p>5.</p>	 <p>Mr. Douglas M. Mutai</p>	<p>DATE OF BIRTH: 4TH JULY, 1966</p> <p>QUALIFICATION</p> <p>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.</p> <p>EXPERIENCE</p> <p>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 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</p>

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No	Directors	Details
		February, 2022. He is currently the Chairperson Ministerial Human Resource Advisory Committee at the MWSI.
6.	 <p data-bbox="272 976 584 1010">Mr. Joseph M. Mbatha</p>	<p data-bbox="767 472 1366 506">DATE OF BIRTH 29TH SEPTEMBER 1971.</p> <p data-bbox="767 517 1046 551">QUALIFICATIONS</p> <p data-bbox="767 555 1430 1126">He holds Masters 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.</p> <p data-bbox="767 1137 970 1171">EXPERIENCE</p> <p data-bbox="767 1176 1430 1738">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 County Treasurer, County Council of Meru, Bungoma, Isiolo and Ministry of Local Government and Town Treasurer, Municipal Council of Machakos.</p>

No	Directors	Details
7.	 <p data-bbox="276 898 475 927">Mr. Isaak Odek</p>	<p data-bbox="769 338 1326 367">DATE OF BIRTH: 29TH JANUARY, 1969</p> <p data-bbox="769 423 1023 452">QUALIFICATION</p> <p data-bbox="769 508 1417 618">He holds Masters in Business Finance from Kenya University, 2006 and Bachelors Education Arts from Kenyatta University, 1990.</p> <p data-bbox="769 674 970 703">EXPERIENCE</p> <p data-bbox="769 714 1423 1144">He was appointed on 22nd, December, 2022 as alternate Director representing Director General, Inspectorate of State Corporations on the Board of Lake Victoria South Water Works Development Agency. He currently serves as Deputy inspector, inspectorate of State Corporations. He also served as assistant Director of Youth Affairs for years. He 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 since 2014.</p>
8.	 <p data-bbox="276 1659 647 1733">Mr. Chrispine O. Juma Ag. Chief Executive Officer</p>	<p data-bbox="769 1160 1299 1189">DATE OF BIRTH: 15TH MARCH, 1964</p> <p data-bbox="769 1234 1043 1263">QUALIFICATIONS</p> <p data-bbox="769 1296 1423 1984">He holds a Masters of Science (M.Sc.) Degree and Bachelors of Science (B.Sc.) Degree in Geology from the University of Nairobi and BSc Honours Degree in Geohydrology. He holds a BSc Degree in Geohydrology from the Institute of Groundwater Studies, University of the Orange Free State - South Africa. He also holds Certificates in Groundwater Resources Management, Environmental Impact Assessment, Project Management and Waste Management for Groundwater Resources Protection from the Centre for Science and Industrial Research (CSIR), Stellenbosch, South Africa. He trained and was awarded a Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K) in August, 2021. He is a professional member of Geological Society of Kenya and International Association of Hydrological Sciences (IAHS). He</p>


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No	Directors	Details
		<p>also trained in preparation of the Hydrogeological Map of Africa from SEAMIC Centre in Dar-es-Salaam.</p> <p>EXPERIENCE</p> <p>He was the acting Chief Executive Officer having been appointed as such on 1st July, 2021. He is Director National Water Resources at the Ministry of Water, Sanitation and Irrigation. Possess over 34 years of experience as a Hydrogeologist and Water Resources Management.</p>
9	 <p>Mr. Pamphil M. Oundo, Esq Adv</p>	<p>DATE OF BIRTH: 10TH MAY, 1988</p> <p>QUALIFICATIONS</p> <p>He pursued Masters' Degree in Environmental Law from the University of Nairobi, 2020-2021 (Awaiting defence and graduation. He pursued a diploma in law from Kenya School of Law, 2013 and passed the Bar Examinations by Council of Legal Education. He was admitted to the Bar on 4th May, 2016. He holds Bachelors of Laws (LLB) from Moi University, 2012. He pursued Certified Public Secretary course, 2021-2023, awaits final results and conferment as Certified Public Secretary. He trained and was awarded a Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K) in August, 2021. He trained 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).</p> <p>EXPERIENCE</p>




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No	Directors	Details
		<p>He is currently the Corporation Secretary and Manager Legal Services having been competitively recruited as such on 10th May, 2021 and pursuant to the Public Secretaries Act, Cap 534, and Laws of Kenya. 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 and others. 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 secretariat and legal guidance to the Board and management. He has successfully handled several court matters in defence of 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 drastic reduction of legal costs. He also practised as an associate advocate in the firm of N.O Owino & Co. Advocates, 2013-2015, Ashioya & Co. Advocates, 2008-2009, and Naleep – Kenya, 2011 in matters resolution of family disputes.</p>

4. MANAGEMENT TEAM

	<p>He holds a Master of Science (M.Sc.) Degree and Bachelors of Science (B.Sc.) Degree in Geology from the University of Nairobi and BSc Honours Degree in Geohydrology. He holds a BSc Honours Degree in Geohydrology from the Institute of Groundwater Studies, University of the Orange Free State - South Africa. He also holds Certificates in Groundwater Resources Management, Environmental Impact Assessment, Project Management and Waste Management for Groundwater Resources Protection from the Centre for Science and Industrial Research (CSIR), Stellenbosch, South Africa. Mr. Juma is in charge of the day to day running of the Agency.</p>
<p>Mr. Chrispine O. Juma Ag. Chief Executive Officer</p>	
	<p>Eng. Paul Omondi Agwanda 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 was 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. Eng. Agwanda is in charge of the Water and Sanitation Infrastructure Development at the Agency.</p>
<p>Eng. Paul Omondi Agwanda Senior Manager, Water Works Services</p>	
	<p>Mr. Owino is Corporate Services Management guru with over 20 years' experience. Mr. Owino 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. Mr. Owino 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).</p>
<p>Mr. Daniel Odoyo Owino Senior Manager Corporate Services</p>	
	<p>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</p>

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	<p>University of Eastern Africa, CPA K, CPS K. He is a Member of the Institute of Certified Public Accountant of Kenya (ICPAK).</p>
<p>CPA John Francis Adongo Senior Manager, Finance, Resource Mobilization</p>	<p>Ms. Siwa 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.</p>
	<p>Ms. Siwa 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.</p>
<p>Ms. Miriam C. Siwa Senior Manager Research, Strategy and Performance Management</p>	<p>He has pursued Masters’ Degree in Environmental Law from the University of Nairobi, 2020-2021 (Awaiting defence and graduation. He pursued a diploma in law from Kenya School of Law, 2013 and passed the Bar Examination of the Council of Legal Education, leading to admission to the Bar on 4th May, 2016. He holds Bachelors of Laws (LLB) from Moi University, 2012. He is a Certified Public Secretary (CPS) finalist. He trained and was awarded a Certificate of Corporate Governance from Institute of Directors – Kenya (IoD- K) in August, 2021. He trained 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). Mr. Oundo has also undertaken the Senior Management Course (SMC) from Kenya School of Government.</p>
	<p>Mr. Oundo has also undertaken the Senior Management Course (SMC) from Kenya School of Government.</p>
<p>Mr. Pamphil M. Oundo, Esq Adv Corporation Secretary and Manager Legal Services</p>	<p>Martin Ochieng Mayi is a distinguished Supply Chain Management practitioner with tested experience in diverse sector. Mr. Mayi holds an MBA in Supply Chain Management from Maseno University, Bachelor of Arts - Degree from Egerton University, a Postgraduate Diploma in</p>

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**Martin Ochieng' Mayi
Manager Supply Chain
Management**

Purchasing and Supply Management (PIPS-UK) and Chartered Institute of Purchasing & Supply Management, UK. Mr. Mayi has also undertaken a Professional Course in Supplies Management PCISM (Foundation Stage) from the Kenya School of Government. He is registered with a Supplies Practitioner's Certificate, Member of Kenya Institute of Supplies Management (MKISM) and Chartered Institute of Supplies Management, UK (MCIPS)



**CPA. Grace Adhiambo Abuto
Manager Internal Audit**

CPA. Grace Adhiambo is an Internal Audit expert with expansive experience in Internal Audits across diverse sectors. Ms. Abuto 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 Statement



I am pleased to present Lake Victoria South Water Works Development Agency's Financial Report for the year ended 30th June 2023. Lake Victoria South Water Works Development Agency (LVSWWDA) is among the 9 Water Works Development Agencies established under the Water Act, 2016. The Agency is responsible for development of Water and Sanitation infrastructure within its area of jurisdiction to wit; Bomet, Homa Bay, Kericho, Kisii, Kisumu, Migori, Nyamira and Siaya Counties.

The Agency has set its targets on accelerating infrastructure development of water & Sanitation infrastructure 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% and the Agency intends to increase the average Water & Sanitation coverage to 80% and 43% in the next five years. The Board plays an active role in engaging key stakeholders in mainstream 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 by application of right technology, research, innovation, leadership and governance.

In the period under review, the Agency experienced unprecedented focus from the top leadership of the country on its infrastructure investment programmes. I am happy to note that the Agency was the first Water Works Development Agency in the Country to host The President of the Republic of Kenya His Excellency Hon. William Samoei Ruto, when he presided over the commissioning of the Kisii Water Supply Project in Kisii County and the Deputy President of the Republic of Kenya His Excellency Hon. Rigathi Gachagua during the Commissioning of Water Projects in Kericho County.

These visits from high profile dignitaries are a manifestation of the confidence in the leadership and governance structures at the Agency.

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 other many development partners which include AFD, AfDB, KFW, Kenya Italy (KIDDP), ORIO, Belgium and European Investment Bank. 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.

In undertaking our activities as per the Agency's mandate, the Agency is faced by a number of challenges. One of the biggest challenges the Agency encounters is low level of funding for implementation of Water and Sanitation Infrastructure projects. With only 58% of the population in our service area accessing clean portable water, a significant population - a whole 42% still needs the services. This calls for greater funding investment in the infrastructure development. In addition, the Agency still experiences challenges with maintenance of the completed projects especially in the rural areas. A number of projects in the rural areas are often abandoned by the communities for very minor issues. This therefore calls for a more encompassing arrangement towards ensuring projects are sustainable and continue to serve the intended people. The other challenge is the old and dilapidated infrastructure. A number water supply and distribution systems date back to pre-colonial times. These are often prone to bursts and breakages, interrupting water supply. Theft and vandalism of the water infrastructure is another major challenge encountered by the Agency. We have several cases of completed projects being vandalised mainly by scrap metal dealers. We are however appreciative of the Principal Secretary, Ministry of Water, Sanitation and Irrigation for the formation of a Water Police Unit. This will definitely help contain such vandalisms.

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.

CAVINCE ODOYO OWIDI (MR)
CHAIRMAN

6. Report of the Chief Executive Officer



I am honoured to present the Agency's performance on its mandate of water and sanitation infrastructure development for the provision of water and sanitation services in its area of jurisdiction during the 2022/2023 financial year. The Agency's strategic vision focuses on development of sustainable water and sanitation infrastructure, making the Agency customer focused.

Through support of the Ministry of Water, Sanitation and Irrigation and development partners (ADB, KFW, AFD, EIB, EU, Belgium among others) we 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 same 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 under the Water for Schools' program. 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. The Agency completed the Homa Bay Water Cluster Project that is wholly driven by solar power. 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 implementation of its last Strategic Plan 2019-2022 in which a number of planned projects were completed and access to water and sanitation services in our area of jurisdiction expanded as was envisaged in the strategic plan. In succession, the Agency has just completed 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 continued 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 2023 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.

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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 Government of Kenya's Performance Contract and was rated excellent in performance during the year. The performance contract was cascaded down to every system under performance management contracts.

On the overall, the Agency performed extremely well as it achieved most of its development objectives 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 2022/2023 financial year where we awarded *excellent* in performance and we were ranked the second best state corporation in the Ministry of Water, Sanitation and Irrigation and the best Water Works Development Agency in Kenya during the year

I take pride in our achievements, particularly the Agency's leadership headed by the Chairman 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 2022/23

Lake Victoria South Water Works Development Agency (LVSWWDA) has 5 No. Strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

Pillar 1: Water works development

Pillar 2: Sanitation works development

Pillar 3: Resource Mobilization

Pillar 4: Institutional capacity

Pillar 5: Technical assistance and capacity building

The **strategic objectives** of the Agency over the period 2019 to 2022 are the following:-

- Increase water services coverage from 53% to 80% by 2022.
- Increase sanitation coverage from 17% to 43 % by 2022.
- Enhance financial strength by realizing annual revenue of Kshs 9 Billion.
- Strengthen Institutional Capacity by 20% by 2022.
- Strengthen 8 Number Water Service Providers and respective Water.
- Departments of the 8 County governments by 2022.

Lake Victoria South Water Works Development Agency develops its annual work plans based on the above five pillars. 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 2022/2023 period for its strategic pillars, as indicated in the diagram below:

Performance against Predetermined Objectives for FY 2022/23

Focus Area	Objectives	Key Performance Indicators	Performance Activities	Achievements
Water Coverage	Strategic Objective 1: Increase water services coverage from 53% to 80% by 2022.	No of Plans	Develop the Water Resources and Water Supply and Waste Water Master Plan	Developed the Water Resources Master Plan and the Wastewater Management Master Plan for Kisumu County
		No of studies undertaken No of designs developed	Undertake feasibility and detailed design studies for prioritized investment in water resources and water supply in each of the 8no. counties	The Agency undertook 10 feasibility studies for various projects within the 8 counties
		Kms of networks expanded	Develop and expand water supply production and distribution networks in 8 no counties	33 projects developed/expanded to enhance production
		No of schemes/systems rehabilitated or augmented	Rehabilitate/Augment and Develop new water supply schemes/ systems to improve access to water supply in 8 counties	13 projects were rehabilitated/augmented to improve water supply
		No of infrastructure developed	Develop water supply infrastructure in learning institutions.	Supplied water through drilled and equipped boreholes and pipeline extensions in over 30 learning institutions
Sanitation Coverage	Strategic Objective 2: Increase sanitation coverage from 17% to 43 % by 2022.	No of studies undertaken No of designs developed	Undertake feasibility and detailed design studies for prioritized investment in sanitation in each of the 8no. counties	- Undertook 1 feasibility study and designs completed
			Rehabilitate/Repair, augment and develop new sanitation systems to improve access to sanitation in 8 counties.	- Constructed ablution 4 ablution blocks in market areas
			Develop/ augment sanitation infrastructure in learning institutions	- Constructed 2 blocks in two schools
Resource Mobilization	Strategic Objective3: Enhance financial strength by realizing annual revenue of Kshs 9 Billion.	KShs Mobilized	Upscale Donor Resource Mobilization for infrastructure development (Capital Expenditure (CAPEX))	- The Agency mobilized Kshs 3.179B during the FY
			Enhance Resource Mobilization for Recurrent Expenditure (Operational Expenditure (OPEX))	
			Upscaled GoK Resource Mobilization for infrastructure development	
		% level of reduction of	Ensured Compliance in Loans	- KIWASCO services the loan

Focus Area	Objectives	Key Performance Indicators	Activities	Achievements
		loans	Repayments/Servicing	
		No of revisions in Water Act 2016	Advocated for Policy Reforms and Water Act 2016.	Water Act 2016 is being reviewed
Institutional Capacity	Strategic Objective 4: Strengthen Institutional Capacity by 20% by 2022.	No of processes automated % level of compliance to automation	Enhanced Financial Management	- Two processes automated -50% level of compliance to automation
		No of appraisals undertaken No of TNA report No of staff registered with professional bodies	Enhanced Human Capacity through various trainings, up scaling of systems, among others	- Bi annual and Annual appraisals undertaken - TNA in place - 30 members of staff were registered with various professional bodies
		No of benchmarks undertaken No of MOUs signed with institutions of higher learning	Enhanced networking and learning with other institutions	- Benchmarking undertaken with FOUR institutions (Zambia, CPF, Insurance Regulatory Authority, etc) - Two MOUs signed
		% level of projects branding No of communication strategy No of CSR undertaken	Enhanced Corporate Image	- All completed projects were branded -Communication strategy operationalized at 75% - Undertook food distribution to five orphanages
		No of access controls % level of operation of fleet management system % level of interactive of the website No of teleconferencing facility	Up scaled Systems and Processes	- Access system in place and operational - Fleet management system fitted in all the Agency vehicles -100% level of website interactive - Teleconferencing facilities implemented and fully operational
		Strategic Objective 5: Strengthen 8 Number Water Service Providers and respective Water	No of support initiatives	Supported WSPs and Water Departments of County Governments

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Focus Area	Objectives	Key Performance Indicators	Activities	Achievements
Research and Innovation	Departments of the 8 County governments by 2022.		Promoted innovations and appropriate technologies in water supply and sanitation.	<ul style="list-style-type: none"> - Provided smart enabled meters - Solar boreholes

8. Corporate Governance Statement

The 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 to wit; 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 three (3) Board Committees pursuant to the law and regulations and with specific delegated roles and responsibilities set out in the Committee ToR's and subsequent government circulars issued from time to time. The three (3) Board Committees are;

- i. **Audit and Risk Committee-** Being the mandatory committee mandated to provide assurance to the Board and management.
- ii. **Water and Sanitation Committee** – Being a committee responsible for technical duties underpinning the mandate of the Agency.
- iii. **Governance and Resource Mobilization Committee-** Being a committee responsible for all aspects of governance including Human Resources and finance.

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, and Corporation Secretary. Board Self -Evaluation was done on 22nd September, 2022 and the report thereof submitted to the CS- MWSI and SCAC on even date.

Board Meetings and Attendance

Board and Committee meetings are held as per the law and regulations and in particular as per the approved Board Almanac. The Board held **Six (6)** statutory meetings; being **four (4)** regular and **two (2)** special meetings. Extra ordinary meetings are held with the authority of the Cabinet Secretary as determined from time to time. All meetings were attended by members as scheduled.

The attendance of the Board meetings was as indicated hereinafter;

Meetings	Dan Omino	Cavince Odoyo	Joyce Mongare	Joseph Mbatha	Douglas Mutai	Chris Makokha	Jeridah Mbaka	Joseph Okoto	Isaac Odek
Board Induction and trainings									
Board induction held from 3 rd to 7 th October, 2022	√	x	√	√	√	√	√	√	x
Institute of Internal Auditors held from 24 th to 28 th October, 2022	√	x	√	√	√	x	√	√	x
SCAC induction training held on 24 th to 26 th April, 2023	x	√	√	√	√	√	√	√	x
Full Board Meeting									
1 st Regular Full Board meeting held on 14 th July, 2022	√	x	√	√	√	√	x	x	x
1 st Special Full Board Meeting held on 23 rd September, 2022	√	x	√	√	√	√	√	√	x
2 nd Special Full Board Meeting held on 29 th September, 2022	√	x	√	√	√	√	√	√	x
2 nd Regular Full Board meeting held on 14 th October, 2022	√	x	√	√	√	√	√	√	x
3 rd Regular Full Board meeting held on 12 th January, 2023	√	x	√	√	√	x	√	√	x a
3 rd Special Full Board Meeting held on 9 th & 10 th February, 2023	√	x	xa	xa	√	x	√	√	√
4 th Special Full Board meeting held on 15 th & 16 th February.	√	x	√	√	√	x	√	√	√

Meetings	Dan Omino	Cavince Odoyo	Joyce Mongare	Joseph Mbatha	Douglas Mutai	Chris Makokha	Jeridah Mbaka	Joseph Okoto	Isaac Odek
2023									
4 th Regular Full Board meeting held on 12 th April, 2023	x	√	√	√	√	x	√	√	√
5 th Special Full Board Meeting held on 12 th June 2023	x	√	x	√	√	x	√	√	xo
Committee Meetings									
1 st Regular Governance & Resources Committee Meeting held on 13 th July, 2022	x	x	x	√	√	√	x	x	x
1 st Regular Audit & Risk Committee meeting held on 12 th July, 2022	x	x	√	√	√	√	x	x	x
1 st Regular Water Works & Sanitation Committee meeting held on 13 th July, 2022	x	x	√	√	√	√	x	x	x
1 st Special Governance & Resources Committee meeting held on 22 nd September, 2022	x	x	x	√	√	√	x	x	x
2 nd Regular Governance & Resources Committee meeting held on 11 th October, 2022	x	x	x	√	√	√	√	x	x
2 nd Regular Water & Sanitation Committee	x	x	√	√	√	√	x	√	x

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Meetings	Dan Omino	Cavince Odoyo	Joyce Mongare	Joseph Mbatha	Douglas Mutai	Chris Makokha	Jeridah Mbaka	Joseph Okoto	Isaac Odek
meeting held on 12 th October, 2022									
2 nd Regular Audit & Risk Committee meeting held on 13 th October, 2022	x	x	√	√	√	√	√	√	x
3 rd Governance & Resources Committee meeting held on 9 th January, 2023	x	x	x	√	√	x	√	x	√
3 rd Water Works & Sanitation Committee meeting held on 10 th January, 2023	x	x	√	√	√	x	x	x	√
3 rd Audit & Risk Committee meeting held on 11 th January, 2023	x	x	x	√	√	x	x	√	√
4 th Audit & Risk Committee meeting on 22 nd March, 2023	x	x	x	√	√	x	x	√	√
4 th Water Works & Sanitation Committee meeting held on 28 th March, 2023	x	x	√	√	√	x	x	x	√
4 th Governance & Resources Committee meeting held on 3 RD April, 2023	x	x	x	√	√	x	√	x	√

NOTE: √ - Indicates attendance/present

X - Indicates that a member was either;

- Non-member of the committee
- Had not been appointed/Appointment had been revoked.

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 2022/2023 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

The Agency continued to execute its mandate of providing water sewerage and sanitation infrastructure through various programmes including Kenya Towns programme through Agency arrangements with Rift Valley Water Works Development Agency. Other programmes like Water Sector Development Program, water harvesting program, water for schools, water conservation and cross county projects. On completion, 5% (approximately 400,000) of the people will be brought under water coverage and 0.3% coverage sanitation.

Key projects or investments decision

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

- Water and Sanitation Sector Development Programs in Kericho, Kisii, Nyamira and Litein Towns financed by KFW and GoK for expansion works of water supply and sanitation infrastructure. During the year Kisii and Nyamira works were complete and handing over certificate issued. The program will benefit 661,011 people.
- The Agency is implementing several Water boreholes whose drilling and equipping are on-going under Water Harvesting Program.
- Kisumu LVWATSAN Project commenced with all the Consultancies procured and on progress. The works packages have stated with the procurement process and it will be commencing works during the next year.
- Homa Bay Cluster Water Supply Improvement Project progressed with drilling of 2 boreholes and preparation of detailed design.
- Kenya Towns Water Supply and Sanitation Sustainable water supply project.
- Trilateral development Program for HomaBay - Kericho Towns.
- Several projects under new programmes financed by GOK under Water for Schools and Small Dams and Boreholes and Drought Mitigation Program.

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Commissioning of Kegati Water Supply Project 23rd March 2023



Commissioning of Chepsir and Kenya Forest college projects 18th February, 2023. Deputy President of the Republic of Kenya H. E Hon. Rigathi Gachagua, EGH

Commissioning of Rambara and Uradi Borehole Water Projects- Kisumu Women Representative Hon. Rozaah Buyu



Commissioning of Ramasha Water Project 2nd June, 2023

Entity'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

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all contractors are NCA registered. PAYE, NHIF, NSSF are up to date in terms of remittance and compliance.

The Agency Management has an established functional compliance unit. The Agency level of compliance with statutory requirements is monitored and documented regularly using 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. Delay in approval of tax exemption certificates and the master lists which affects project completion period.
2. Pending bills due to limited budgetary allocations which affects the leverage level of the institution.
3. Unpredictable exchequer releases which creates credit risk.
4. Inadequate funding of recurrent grants.
5. Inability to repay on lent loans due to lack of legal structure to enforce collection from the water service providers.
6. Exposure to foreign exchange losses.
7. Delay in development and implementation of Project Risk Assessment template for each project.
8. Inconsistency in release of funds for projects implementation and completion.
9. Inability to adherence to relevant Strategic Plan.
10. Unsustainable alternative sources of energy.
11. Inadequate technology to implement blue and green economy.
12. Non cooperating County Governments.
13. Inadequate budgetary allocation.
14. Skills gap in some key areas/ shortage of relevant skills.
15. Negative publicity

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

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

ii) Environmental performance

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

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

The Agency developed an environmental policy in line with EMCA 1999 and National Environment Policy 2013(attached). The Agency also uses the donor environmental and social safeguard requirements such as the Integrated safeguard systems requirements of the AfDB, World Bank, EIB. Afd etc. that are available online on the websites of the financiers.

The Agency has thrived to reduce environmental impacts of the waste treatment plants by rehabilitating dilapidated waste treatment plants to ensure that the waste water discharged from the treatment plants comply with NEMA standards of discharge to the environment. The Agency is also developing new waste treatment plants to improve coverage for wastewater connectivity in Kisumu to reduce pollution of the lake.



St. Patrick Secondary - Nyamira Police Commandant planting trees during the Agency Tree Planting day in Nyamira County in August 2022



Lambwe Tree Nursery established by the Agency. Seedlings from the nursery are distributed among the community members to enhance afforestation.

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 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:

1. The Agency donated tree seedlings planted at Kajulu water catchment area during world water day celebrations held on 22nd March, 2023.
2. LVSWWDA donated tree seedlings towards Kisumu Citywide Greening Initiative organized by the County Government of Kisumu on 10th February, 2023
3. LVSWWDA donated reflector jackets to Boda Boda riders within Nyalenda in Kisumu County as away of sensitization on road safety



The Agency donated tree seedlings towards Kisumu Citywide Greening Initiative



The Agency donated reflector jackets to Boda Boda riders within Nyalenda in Kisumu County

11. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Agency's affairs.

i) Principal activities

The principal activities of the entity 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 entity for the year ended June 30, 2023, are set out on page 1 to 6.

iii) Directors

The members of the Board of Directors who served during the year are shown on page vi. The Board Chairman was appointed on 5th June, 2023 following revocation of the appointment of his predecessor on 10th March, 2023. The term of one (1) member and the Chairperson Water and Sanitation Committee lapsed on 4th June, 2023 pending reappointment.

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 *Entity* for the year/period ended June 30, 2023.

By Order of the Board



.....
Name: 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 2023 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, 2023. 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, 2023, 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.

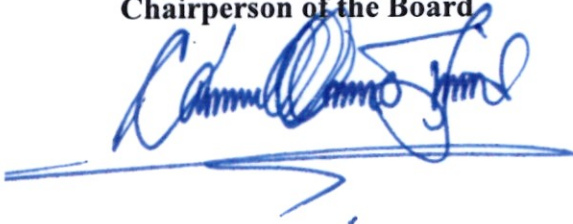
Nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Agency's financial statements were approved by the Board on 30th day of September 2023 and signed on its behalf by:

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

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



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Victoria South Water Works Development Agency set out on pages 44 to 85, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in 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, 2023, 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 Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

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.
- 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.
- 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 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 IPSAS 3 on Accounting Policies, Changes in Accounting Estimates and Errors, which requires an entity, to correct any material errors discovered in the subsequent period in the year the information was presented in the financial statements retrospectively.

In the circumstances, the accuracy of the financial statements not be confirmed.

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.

In the circumstances, the completeness and accuracy of an amount of Kshs.11,225,259,858 relating to borrowings from both external and internal borrowings could not be confirmed.

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.

In the circumstances, the accuracy of the proceeds from sale of property, plant and equipment of Kshs.1,623,720 as reflected statement of cash flows could not be confirmed.

4. Undisclosed Material Uncertainty Related to Going Concern

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.

Although the Agency is purely dependent on the Government for its financial survival, Management has not made specific disclosure in the financial statements in regard to these matters.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Lake Victoria South Water Works Development Agency's 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 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 under-expenditure reflected weak implementation of the budgetary mechanisms which may negatively impact 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 judgment, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resource. However, the Management has not resolved the issues and reasons have been provided to address all the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. 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 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.

In the circumstances, the recoverability of the current portion of receivables from exchange transactions of Kshs.164,508,109 could not be confirmed.

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 entity was expected to be total of Kshs.8,390,465.88. However, a 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.

In the circumstances, Management breached the law as open tender was the preferred method under the circumstances.

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 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.

In the circumstances, the Agency exceeded the number of statutory meetings required in the year and the money spent in the meetings amounting to Kshs.29,327,024 may not have been value for money for the public.

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 (I) which require that the accounting officer ensures that the resources of an entity are used in a way that is effective, efficient, economical and transparent.

In the circumstances, the underutilization of the new biometric system could be a waste of public resources.as the intended objective is not met.

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:

5.1. Construction of Otonglo Riat Water Supply Project

The contract was awarded to a company at a contract sum of Kshs.91,094,716.94 and project commenced on 25th July, 2022 and had a completion period of 12 months with expected completion date of 25th July, 2023 later revised to 07 November 2023. However, it was noted during the physical inspection on 12th December, 2023 that the project had not been completed and the contractor had abandoned site while the status report revealed that it was 92% complete and 97% time having elapsed.

Although the current contract expired on 7 November, 2023, the Contractor applied for a No Cost Extension of Time on 3 November 2023. The request was evaluated and the completion date extended to 8 March 2024. However, no justification was provided for such an extension given that the project was already substantially completed. Such action denies the community the use of the water.

In the circumstances, the unjustified extensions deny the community the benefit of using water which had cost the public substantial amount of money.

5.2. Kamiera Borehole Water Project Phase 2 – Homabay county

A company was contracted to carry out implementation of Kamiere Water Supply project phase II at a contract sum of Ksh.4,839,248 with a commencement date of 18 March, 2022 and completion date of 12 October, 2022.

Field inspection done on 13 December, 2023 revealed that the project has not been operational as the Solar Battery Inverter was stolen around July, 2023 according to the community members. Although the matter was reported to the police, but no further action has been taken including buying a new battery for use. As a result, the intended users have not benefited from the project despite spending substantial amount of money on the same.

In the circumstances, the value of money spent on the project has not been realized since the project has not benefitted the community.

5.3. Delay in Completion of Gulwe Water Project

A company was contracted for construction of rain water harvesting at Gulwe Primary and Secondary School, Mfangano Island Ward, Suba North Sub County, Homabay County at a contract sum of Kshs.4,921,140. During the year under review the company was paid Kshs.4,082,649 of the contract sum.

Site visit on 31 December, 2023 revealed that the project which involved water harvesting and storage for Gulwe Primary and Secondary Schools and which was expected to be completed in June, 2023 is only 81% complete and has therefore not been handed over for use. Management explained that the contractor abandoned the work citing difficult working conditions because of the poor terrain. It is therefore not clear if the project will be completed and put to use for the benefit of the community. Further, the action contravenes Sec 79 (2)(b) of Public Finance Management Act, 2012 which provides that a public officer employed in a national government state organ or public entity shall ensure that the resources within the officer's area of responsibility are used in a way which is lawful and authorized and is effective, efficient and economical.

In the circumstance, the public has not received the value of expenditure amounting to Kshs.4,082,649 as the local community has not benefited from the project.

5.4. Soklo Water Project

An amount of Kshs.2,140,558 was paid to a company for spring rehabilitation works for Soklo Community Water Supply project in Mfangano Ward, Suna North Sub County, Homabay County.

The project, which was designed to provide water to the local Primary School and local hospital has not successfully met the intended objective because part of the pipeline leading to the local primary school was damaged and no action was taken to repair the line. Further, no tank was installed to store water for use at the hospital. The standing pipe installed at one point in the hospital compound cannot effectively supply water to all the points water may be needed. The project design was therefore improper.

In the circumstance, the community has not benefitted from the rehabilitated spring water which has cost over Kshs.2,140,558.00 as no effort has been made to repair the damaged line and install a tank in the hospital so that the community can fully benefit from the project.

5.5. Construction of Oinga Dam and Aringo Pan and Associated Works in Suba North Sub -County Homabay County

A limited liability company was contracted by the Agency to carry out construction of Oinga Dam and Aringo Dam and associated works at a contract sum of Kshs.12,169,710. The work was to commence on 22 February, 2021 and expected completion date was 21 August, 2021. Audit review of inspection and Acceptance reports dated 15 March, 2022 indicated there were some works that were not implemented completely or were defective and required correction. The audit inspection carried out on 12th & 13th December, 2023 revealed that no action has been taken to address the defects since March, 2022. The defects are listed below:

- (i) Taps for water points yet to be installed in Aringo Water Pan.
- (ii) Grass and planting of trees was either not done or was planted during dry season and was not properly watered.
- (iii) Although it appears that the fencing was done, a section of the fence nearly 30% of it was vandalized.
- (iv) Paving slab around the pit latrine not cast as provided in the contract.
- (v) Training of the pan management committee yet to be undertaken.
- (vi) Fittings for the cattle trough including the ball valve, and the cattle trough washout fittings yet to be completed. Plastering work on the cattle trough floor slab and wall yet to be completed.
- (vii) Land scaping around the dam yet to be completed, there exists heaps of soil around the dam.

In the circumstances, the community may not fully benefit from the project and value for money incurred in the project may not be realized.

5.6. Construction of Rongo Water Supply Project

A contract was entered into between Agency and a company for the Construction of Rongo Water Supply Project-Lot 1 under contract No. LVSWWDA/T/1/2021-2022 with the objectives to Improved water Access and Supply for Rongo township area in Rongo Constituency, Migori County at a contract sum of Kshs.171,062,428.19.

The Contractor took site possession on 07 June, 2022 for the executions of works and a commencement date of 14 June, 2022, a performance period of 18 months with a completion date of 14 December, 2023. However, site visit in December, 2023 revealed slow progress of work as the project progress is estimated to be below 30% whereas 100% of the contract period has elapsed. Although the slow progress is attributed to cash flow challenges, it is not satisfactorily explained why the Management continues awarding contracts before confirming availability of funds.

In the circumstances, both the contractor and the procuring entity failed to comply with their contractual obligations.

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 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

Project	Original Budget	Adjustment	Final Budget	Actual	Comment
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	-	Budgeted for but no actual expenditure noted
Water pans Kuria West	-	10,000,000	10,000,000	-	Budgeted for but no actual expenditure noted
Boreholes in two schools in Kuria East	-	30,000,000	30,000,000	-	Budgeted for but no actual expenditure noted

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. XXVII/(235) dated 13 July, 2022 providing Guidelines for Budget Implementation of the Financial Year 2022/2023.

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 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 above action is in contravention of Section 68(1)(b) of the Public Finance Management Act, 2012 which provides that an accounting officer for a national government entity shall be accountable to the National Assembly for ensuring that the resources of the respective entity for which he or she is the accounting officer are used in a way that is effective, efficient, economical and transparent.

In the circumstances, the entity has not realized value for the expenditure amounting to Kshs.12,549,883 spent on acquiring the ERP System.

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 LVSWWSB 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 Court entered into judgment on 14 July 2022 in favor of the Plaintiff ordering LVSWWSB 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.

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

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 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 entity using an e-procurement system which is integrated to the State Portal.

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

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 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.

In the circumstances, possibility of loan default is very high resulting into further huge penalties and interest, which may be a burden to the National Treasury.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. 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.

In the absence of a financial management policy, staff are likely to operate under a set of assumptions that may or may not be accurate or productive.

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. No explanation was given for failure to have the dormant bank accounts closed or why the Management still find it necessary to maintain the seven bank accounts.

Account Name	Amount Kshs.
SIDA-DANIDA	2,677
KIDDP	3,550,646
UNICEF	165,760
Customer deposit	39,412
Kisumu LTAP 2	267,172
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.

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

Responsibilities of Management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Agency or cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

The Board of Directors is responsible for overseeing the 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Agency to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the Agency's financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

28 June, 2024

Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements for the year ended June 30, 2023

14. Statement of Financial Performance for the year ended 30 June 2023

Details	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	2,145,290,107	831,959,077
		2,145,290,107	831,959,077
Revenue from exchange transactions			
Rendering of services (Lab tests)	7	955,138	1,075,940
Finance income	8	243,690	253,698
Total revenue		1,198,828	1,329,638
Total Revenue from both non-exchange and exchange transactions		2,146,488,935	833,288,715
Expenses			
Use of goods and services	9	90,311,199	111,969,150
Employee costs	10	130,296,045	121,730,097
Remuneration of directors	11	29,327,024	25,898,199
Depreciation and amortization	12	80,646,619	79,787,725
Repairs and maintenance	13	9,174,299	9,446,212
Contracted services	14	32,726,705	30,893,113
Grants and subsidies- GOK Projects	15	245,423,330	543,389,081
Finance costs	16	220,114,176	0
Total expenses		838,019,397	923,113,577
Other gains/(losses)			
Gain on sale of assets	17	475,650	1,221,678
Surplus before tax		1,308,945,188	-88,603,184
Surplus/(deficit) for the period/year		1,308,945,188	-88,603,184
Net(Deficit)/ Surplus for the year		1,308,945,188	-88,603,184

The notes set out on pages 9 to 55 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 7 were signed on behalf of the Board of Directors by:

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

Date

30/09/23

.....
Name: CPA John F. Adongo
Senior Manager Finance

ICPAK M/No:11066

Date

30/9/2023

.....
Name: Mr. Odoyo Owidi
Chairman of the Board

Date

Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements for the year ended June 30, 2023

15 Statement of Financial Position as at 30 June 2023

Details	No	2022-2023	2021-2022
	tes	(KShs)	(KShs)
Assets			
Current Assets			
Cash and cash equivalents	18	1,018,330,959	425,910,794
Current portion of receivables from exchange transactions	19	164,844,765	166,025,900
Current portion of receivables from non exchange transactions	20	439,750,000	0
Inventories	21	0	1,822,352
Total Current Assets		1,622,925,724	593,759,046
Non-Current Assets			
Property, plant and equipment	22	19,927,586,391	19,196,642,774
Intangible assets	23	1,812,643	2,265,804
Total Non- Current Assets		19,929,399,035	19,198,908,578
Total Assets		21,552,324,759	19,792,667,624
Liabilities			
Current Liabilities			
Trade and other payables	24	201,887,378	455,752,909
Current Provision	25	2,455,200	2,232,000
Current portion of borrowings	28	3,571,203,354	2,824,672,804
Deferred income	26	0	266,047,454
Employee benefit obligation	27	10,997,321	6,061,967
Total Current Liabilities		3,786,543,253	3,554,767,134
Non-Current Liabilities			
Borrowings	28	7,654,056,504	8,180,472,878
Total Non- Current Liabilities		7,654,056,504	8,180,472,878
Total Liabilities		11,440,599,757	11,735,240,012
Net assets		10,111,725,002	8,057,427,612
Accumulated surplus		1,252,036,826	57,138,424
Capital Fund		8,859,688,175	8,000,289,188
Total Net Assets		10,111,725,002	8,057,427,612
Total Net Assets and Liabilities		10,111,725,002	8,057,427,612

The financial statements set out on pages 3 to 7 were signed on behalf of the Board of Directors by

Name: Ms Jackline Kemunto
Chief Executive Officer

Date 30/09/23

Name CPA John F. Adongo
Senior Manager Finance
ICPAK M/no.11066:

Date 30/9/2023

Name Mr. Odoyo Owidi
Chairman of the Board

Date

15. Statement of Changes in Net Assets for the year ended 30 June 2023

	notes	Retained Earnings	Deferred Income	Capital Grants	Donor Grants	Total
As at July 1, 2021		145,741,608	-	4,445,598,235	2,253,940,922	6,845,280,765
Issued new capital		-88,603,184				-88,603,184
Revaluation gain						0
Transfer to income/liabilities						0
Deferred tax on excess depreciation						0
Surplus/ Deficit for the year						
Capital/Development grants received during the year		-		474,763,159	825,986,872	1,300,750,031
Transfer of depr./amortisation from capital fund to RE		-				0
As at June 30, 2022		57,138,424	0	4,920,361,394	3,079,927,794	8,057,427,612

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		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	0	5,147,207,247	3,712,480,928	10,111,725,001

17. Statement of Cash Flows for the year ended 30 June 2023

Details	NOTES	2022-2023(Kshs)	2021-2022(Kshs)
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	1,705,540,107	831,959,077
Rendering of services (Lab tests)	7	955,138	1,075,940
Finance income	8	243,690	253,698
Receipts from WSPs	8b	2,370,000	0
Total Receipts		1,709,108,935	833,288,715
Payments			
Use of goods and services	9	90,311,199	103,812,080
Employee costs	10	130,296,045	121,730,097
Remuneration of directors	11	29,327,024	25,898,199
Repairs and maintenance	13	9,174,299	9,446,212
Contracted services	14	32,726,705	30,893,113
Grants and subsidies - GoK Projects	15	245,423,330	543,389,081
Cash flows with respect to WC	30	362,122,374	0
Total Payments		899,380,976	835,168,782
NET PROFIT/LOSS		809,727,959	-1,880,067
Decrease in trade and other payables	.	0	-138,798,623
Increase in inventory	.	0	-1,260,431
Decrease in current portion of receivables from exchange transactions	.	0	22,097,623
Net cash flows from/operating activities	.	809,727,959	-119,841,498
Purchase of property, plant, equipment and intangible assets	22	-812,283,047	-1,751,723,649
Proceeds from sale of property, plant and Equipment	17	1,623,719.76	1,222,600.00
proceeds from loan repayment	28	0.00	22,000,000.00
Net cash flows from/ investing activities		-810,659,327	-1,728,501,049
Proceeds from borrowings	28	0	1,076,146,848
Repayment of borrowings	28	0.00	-22,000,000.00
Decrease in deferred income	26	-266,047,453	370,753,081
Increase in capital funds	39	859,398,987	709,732,851
Net cash flows from /financing activities		593,351,534	2,134,632,780
Net increase/(decrease) in cash and cash equivalents			286,290,233
Cash and cash equivalents at 1 JULY	18	425,910,794	54,184,383
Cash and cash equivalents at 30 JUNE 23		1,018,330,959	425,910,794

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

	Original budget(KShs)	Adjustments	Final budget(KShs)	Actual on comparable basis(KShs)	Performance difference (KShs)	% of utilization
		(KShs)				
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities						
GoK recurrent grants	138,000,000	-	138,000,000	138,000,000	-	100%
Grants, Dev't for Recurrent Exp.	170,000,000	-	170,000,000	170,000,000	-	100%
Appropriation in Aid	13,400,000	10,000,000	3,400,000	4,086,278	686,278	120%
Development Grants	651,000,000	- 48,500,000	602,500,000	602,500,000	-	100%
Total income	972,400,000	-58,500,000	913,900,000	914,586,278	686,278	100%
Expenses		0				
Use of goods and services	90,350,000	-	90,350,000	87,869,897	2,480,103	97%
Employee costs	158,170,000	-	158,170,000	130,296,045	27,873,955	82%
Remuneration of directors	30,000,000	-	30,000,000	29,327,024	672,976	98%
Repairs and maintenance	10,130,000	-	10,130,000	9,174,299	955,701	91%
Contracted services	32,750,000	-	32,750,000	32,726,705	23,295	100%
Water sector development	100,000,000	(2,500,000)	97,500,000	93,679,349	3,820,651	96%
Lvwastan 11 keroka	100,000,000	(25,000,000)	75,000,000	35,755,426	39,244,574	48%
Kisumu water supply	90,000,000	(20,000,000)	70,000,000	70,000,000	-	0%
Migori-homabay	34,000,000	(8,500,000)	25,500,000	12,429,692	13,070,308	49%
Kisumu water supply-lvwatsan	100,000,000	(10,000,000)	90,000,000	62,842,584	27,157,416	70%
Water harvesting program	50,000,000	(12,500,000)	37,500,000	34,700,214	2,799,786	93%
West karachuonyo	60,000,000	-	60,000,000	33,321,335	26,678,665	56%
Homabay water supply impovement	97,000,000	(20,000,000)	77,000,000	959,050	76,040,950	1%
Omollo Primary sc borehole	10,000,000	10,000,000	10,000,000	-	10,000,000	0%
Aramo primary sch borehole	10,000,000	10,000,000	10,000,000	-	10,000,000	0%
Water Pan Awendo	-	10,000,000	10,000,000	-	10,000,000	0%
Water pans kuria west	-	10,000,000	10,000,000	-	10,000,000	0%
Boreholes in two schools in kuria east	-	30,000,000	30,000,000	-	30,000,000	0%
Total expenditure	972,400,000	-28,500,000	923,900,000	633,081,620		
Surplus/ deficit	0	-30,000,000	-10,000,000	281,504,658	686,278	

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 2023.*

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an agency's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management

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Standard	Effective date and impact:
	<p>strategies and the accounting treatment for instruments held as part of the risk management strategy.</p> <p><i>This standard does not have any impact in our financial reporting</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>This standard does not have any impact in our financial reporting</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>This changes in this standard will have impact on our reporting of the borrowings and associated costs.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> ● <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). ● <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. ● IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>This will have effect on our reporting on the government sector financial information</i></p>

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.*

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>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 leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>This standard does not have any impact in our financial reporting since we do not handle leases</i></p>
IPSAS 44: Non - Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>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:</p> <p>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.</p> <p><i>This standard does not have any impact in our financial reporting since we do not hold any non-current assets for sale.</i></p>

iii. **Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity’s financial statements.)*

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 Entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

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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 Entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. 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)

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 2022//2023 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations on the 2023 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

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

c) Taxes

Current income tax

The agency does not pay any tax on its revenue or surplus.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

- i) When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- ii) When receivables and payables are stated with the amount of sales tax included
The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property

The agency does not hold any investment property

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 Entity 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 rates for PPE is as below:

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

The agency does not operate leases, whether finance or operating lease.

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.

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.
- 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 entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity 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 entity 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 entity'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 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 entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity 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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The entity 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 entity 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) are set out in *Note 24*

b) Financial liabilities

Classification

The entity 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 *Entity*.

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 entity 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 entity will incur in fulfilling the present obligations represented by the liability.

m)Contingent liabilities

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

n) Contingent assets

The Entity 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 Entity 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.

o) Nature and purpose of reserves

The agency creates and maintains reserves in terms of specific requirements. The reserves from the previous periods are accumulated in to the following financial years.

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 Entity pays fixed contributions into a separate Entity (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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) 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.

s) Related parties

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

t) 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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

u) 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.

v) Comparative figures

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

w) 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, 20xx.

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 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 Entity 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 Entity. 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 Entity.
- b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed.
- d) Availability of funding to replace the 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	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
Operational grant	138,000,000	117,999,996
Deferred income	0	521,827,297
Other grants	0	170,570,000
Development	659,500,000	0
Total Unconditional Grants	797,500,000	831,959,077
Conditional grants		
Ministry of Water & Sanitation & National infrastructure grant		
Other Agency grants	1,347,790,107	
Licenses, Fees and Permits	955,138	
Finance income	243,690	
Total government grants and subsidies	2,145,290,107	831,959,077

The purpose of the funding is for building water and sanitation infrastructure across the 8 counties.

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

Details	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2022-23	2021-2022
	KShs	KShs	KShs	KShs	KShs
Ministry of Water Sanitation and Irrigation	797,500,000	0		357,750,000	831,959,077
Other funding agencies	1,347,790,107		859,398,987	1,347,790,107	0
Total	2,145,290,107		859,398,987	1,705,540,107	831,959,077

Details 2022-2023

Lake Victoria South Water Works Development Agency

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Revenue recognized in Performance	2,145,290,107
Actual Cash received during the year	1,705,540,107
Receivable at year end	439,750,000

7. Rendering of services

Description	2022-2023	2021-2022
	KShs	KShs
Service fees		
Water quality (Laboratory charges)	955,138	1,075,940
Quality assurance	0	0
Total revenue from the rendering of services	955,138	1,075,940

8a. Finance Income

Description	2022-2023	2021-2022
	Kshs	Kshs
Cash Investments and Fixed Deposits Interest	243,690	253,698
Total finance income	243,690	253,698

8b Receipts from WSPS

Receipts from WSPs	Amount
SIBOWASCO	20,000
KEWASCO	2,000,000
BOMET WASCO	350,000
Total	2,370,000

9. Use of Goods and Services

Description	2022-2023	2021-2022
	KShs	KShs
Reallocated project costs -Lwatsan	0	
Office hospitality	3,313,367	2,402,559
Project monitoring and Evaluation	2,530,700	2,964,660

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Environmental Impact Assessment	922,100	1,476,740
ISO, Strategic planning & Performance C.	5,352,615	7,097,310
Project feasibility study	3,094,600	2,711,000
Project Inspection and Acceptance	2,365,650	6,059,553
Resource Mobilization	1,585,900	2,912,064
Investment Planning	191,820	129,500
Publicity and Advertisement	3,445,650	3,345,962
Project Tender	3,451,670	6,852,137
Fuel and oil	8,945,536	6,813,000
Water quality surveillance & Hygiene promotion	367,400	763,000
Equipping of water testing laboratory	0	291,060
Covid-19 expenses	950,580	5,685,486
Electricity, Water & Conservancy Expense	1,074,724	1,043,401
Postage and Courier Services	646,621	677,600
Printing and stationery	8,546,862	5,943,520
Uniform / protective clothing		1,377,340
Accrued Audit fee	2,455,200	
Inventory / Stock taking/Tender expenses	1,612,700	116,800
Telephone & Internet	2,794,122	2,299,821
Office Security system	536,000	70,910
Corporate Social Responsibility	1,705,150	1,473,850
Office Equipment, furniture and Fittings	0	1,046,415
Professional Subscription	464,700	559,060
Training & Workshops	7,903,586	8,642,369
Travel, accommodation, subsistence and other allowances*	9,444,748	20,313,566
NSSF Penalties	3,600,000	3,600,000
Bank Charges	459,066	340,819
Workshop, Stakeholder forums, Shows & Conferences	4,461,400	9,054,770
Annual accounts and Audit fees	4,548,175	3,971,680
Computer Equipment, networking, software & Maintenance	400,832	252,540
Valuation Audits & performance Audits	1,784,725	1,851,565
Periodicals & Newspapers	296,700	179,173
Risk Management Costs	1,026,100	
Trilateral projects use of goods	32,200	
	90,311,199	111,969,150

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10. Employee Costs

	2022-2023(Kshs)	2021-2022(Kshs)
Salaries and wages	76,356,653	73,714,870
Employer contr. to pension schemes/ gratuity	12,749,121	12,909,113
Commuter allowance	5,623,488	5,694,058
Housing allowance	21,178,229	21,444,000
Telephone allowance	0	-
Other employee related costs *	4,273,280	4,326,906
NITA	40,640	41,150
NSSF		3,600,000
Receivables from Lwatsan	10,074,634	0
Employee costs	130,296,045	121,730,097

	2022-2023	2021-2022
b) Internal adjustments		
This relates to an amount of Ksh. 10,074,634 earlier paid as salaries on behalf of LVWATSAN project.		
Receivables LVWATSAN		10,074,634
Transfer to Expenses	10,074,634	
	10,074,634	10,074,634

11. Remuneration of Directors

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000	1,020,000
Directors Remuneration	28,307,024	24,878,199
Total	29,327,024	25,898,199

12. Depreciation and Amortization Expense

Description	2022-2023	2021-2022
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	Kshs	Kshs
Property, plant and equipment	80,193,458	79,221,274
Intangible assets	453,161	566,451
Investment property carried at cost		0
Total depreciation and amortization	80,646,619	79,787,725

13. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Building and compound	1,883,402	2,054,759
Electrical repairs	994,206	7,000
Vehicles	5,884,273	7,009,053
Computers and accessories	412,418	375,400
Total repairs and maintenance	9,174,299	9,446,212

14. Contracted Services

Description	2022-2023	2021-2022
	KSh.	KSh.
Security services	2,889,788	3,349,848
Cleaning services	1,577,220	1,822,551
Legal Services	6,666,847	5,662,770
Consultancies	4,156,591	4,085,800
Medical Insurance	15,534,683	13,541,400
Assets and Equipment Insurances	1,901,577	2,080,664
Total contracted services	32,726,705	30,893,113

15. Grants and Subsidies

	2022-2023	2021-2022
GOK PROJECTS	Kshs	Kshs
Wash Activities & B/Holes		
GOK/Projects, Drilling & Equipping of B/holes /Water for Schools	245,423,330	532,684,393
Retention payment	0	10,704,688
Kisumu LVWATSAN	-	0
Constituency water projects/Priority Project		
Subtotal	245,423,330	543,389,081

Social benefit schemes include benefits such as cash transfers for unemployment or elderly in line with IPSAS 42.

Lake Victoria South Water Works Development Agency
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16. Finance Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Interest charge on Development Partner Loans	220,114,176	0
Interest on loans from commercial banks		
Total finance costs	220,114,176	0

17. Gain on Sale of Assets

Description	2022-2023	2021-2022
	(Kshs)	(Kshs)
Wooden Cabinets		20,178
Sale KAV	455,000.00	500,000
Scrap metals	20,650.00	701,500
Total gain on sale of assets	475,650.00	1,221,678

An obsolete vehicle and scrap metals/cabinets were sold

18. Cash and Cash Equivalents

Financial institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current account			
Development	1104035464	77,475	308,287,520
Recurrent	1104034395	11,522,367	16,633,430
Retention	1211147312	19,698,354	23,634,209
SIDA – DANIDA	1104035197	2,677	2,678
KIDDP	1146676387	3,550,646	3,557,966
UNICEF	1116821648	165,760	165,760
CONSUMER DEPOSIT	1104036320	39,412	39,413
KISUMU LTAP 1	1211147177	12,999,343	8,000,408
KISUMU LTAP 2	1211147266	267,172	267,172
KWASCO/GSPECIAL ACCOUNT	1211147290	643,514	643,515
KISUMU LVWATSAN	1283193744	26,727,157	51,598,592
Sub- total		75,693,877	412,830,663
Cooperative Gratuity	1141295755601	10,997,321	6,061,967
LVWATSAN II	1141295755600	6,164	18,164
KISUMU LVWATSAN	1141871351900	59,604,429	-
NCBA LVWATSAN EIB	4734350017	872,027,070	
MIWASCO LOAN	1211147274	0	0
KEWASCO/GWASCO	1211147282	0	0
Sub- total		942,634,984	6,080,131
b) On - call deposits			

Lake Victoria South Water Works Development Agency

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KCB short term deposits	MM1803739642	0	7,000,000
Sub- total		0	7,000,000
Cash		2,098	
Grand total		1,018,330,959	425,910,794

Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank		75,693,877	412,830,663
Cooperative Bank		70,607,914	6,080,131
NCBA Bank		872,027,070	0
Cash		2,098	
Sub- Total		1,018,330,959	418,910,794
b) On - Call Deposits			
Kenya Commercial Bank		00	7,000,000
Sub- Total		00	7,000,000
Grand Total		1,018,330,959	425,910,794

19. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Name	2022-2023(Kshs)	2021-2022(Kshs)
Kisumu Water And Sewerage Co. Ltd	12,100,538.00	11,059,625.39
Kericho Water And Sanitation Co, Ltd	61,522,041.00	63,522,041.00
Gusii Water And Sanitation C, Ltd	19,658,050.00	19,658,050.00
Sibo Water And Sanitation Co. Ltd	34,021,613.00	34,041,613.00
Migori Water And Sanitation Co,	7,020,349.00	7,020,349.00
Homa Bay Water And Sanitation Co.	23,564,569.00	23,564,569.00
Bomet Water Company	6,620,949.00	6,970,949.00
Staff Advances	336,656.00	188,704.00
LVWATSAN Kisumu	0.00	10,074,634
	164,844,765	166,025,900
less Impairment Losses/ specific bad debt Provision		
Balances	164,844,765	166,025,900

Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements for the year ended June 30, 2023
The receivables relate to amounts owed by WSPs

(b) Ageing analysis for Receivables from exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	00	%	00	%
Between 1- 2 years	00	%	00	%
Between 2-3 years	00	%	00	%
Over 3 years	164,844,765	100%	166,025,900	100%
Total (a+b)	164,844,765	100%	166,025,900	100%

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

20. Receivables from Non-Exchange Transactions

Description	2022-2023	2021-2022		
	Kshs	Kshs		
Other debtors (non-exchange transactions)		439,750,000		00
Total receivables from non-exchange transactions		439,750,000		00
Ageing Analysis- Receivables from non-exchange transactions	2022-2023	% of the total	2021-2022	% of the total
Less than 1 year	439,750,000	00	00	%
Between 1-2 years	00	%	00	%
Over 3 years	00	%	00	%
Total	439,750,000	%	00	%

21. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	0	1,822,352
Total inventories at the lower of cost and net realizable value	0	1,822,352

There was no inventory held for trade purposes but consumables which have already been expensed

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22. 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
	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Asset Cost	0%	2.50%	25%	2.50%	20%	12.50%	20%	33.30%	0.00%	
Balance as at 01.07.2021	157,007,227	139,258,800	129,482,363	2,867,435,571	24,332,697	9,922,090	2,451,597	11,123,694	15,455,793,168	18,796,807,207
Additions	2,752,500	-	-		721,310.00	658,882		4,743,876.04	1,740,959,515	1,749,836,083
Disposals			-2,000,000			-10,391				-2,010,391
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		1,689,890		244,965	109,999	2,835,040	843,047,900	869,887,834
Disposals			-455,000			-20,650				-475,650
Adjustments			694,405						-57,604,787	-56,910,382
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
Depreciation and impairment										-
At 1st July 2021	-	29,000,326	127,148,151	1,075,288,338	20,333,017	8,742,266	2,451,597	9,693,645	0	1,272,657,340
Depreciation	-	3,481,470	778,071	71,685,889	944,198	228,539	-	2,055,917	-	79,174,084
Disposals			-2,000,000			-922				-2,000,922
As at 30.06.2022	0	32,481,796	125,926,222	1,146,974,227	21,277,215	8,969,883	2,451,597	11,749,562	0	1,349,830,502
Depreciation		3,481,470	778,071	71,728,137	1,144,182	182,354	22,000	2,857,245	0	80,193,458
Disposals			-455,000			-20,650				-475,650
As at 30.06.2023	0	35,963,266	126,249,293	1,218,702,364	22,421,397	9,131,587	2,473,597	14,606,807	0	1,429,548,310
Net book values										
At 30 th June 2022	159,759,727	108,617,381	1,556,142	1,720,461,343	3,776,792	1,600,698	-	4,118,008	17,196,752,683	19,196,642,774
At 30 th 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

The WIP relates to projects that have not been completed and or handed over to either County Governments or WSPs

Lake Victoria South Water Works Development Agency

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Notes to the Financial Statements (Continued)

Valuation

During the current year, there were no valuations

22 (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 2023	Accumulated Depreciation as at 30th June 2023	NBV as at 30th June 2023
	Kshs	Kshs	Kshs
Freehold Land	181,719,767	-	181,719,767
Building	139,258,800	35,963,266.00	103,295,534
M/Veh & Cycles	127,721,768	126,249,292.75	1,472,475
Water Supply Infr	2,869,125,461	1,218,702,363.53	1,650,423,097
Plant Machinery	25,054,007	22,421,397.00	2,632,610
Furniture Fit	10,794,896	9,131,586.63	1,663,309
Office Equip	2,561,596	2,473,596.80	87,999
Computers	18,702,610	14,606,807.24	4,095,803
Work In Progress	17,982,195,796	-	17,982,195,796
TOTAL	21,357,134,701	1,429,548,310	19,927,586,391

22c Property plant and Equipment includes the following assets that are fully depreciated:

Description	Cost or valuation	Normal annual depreciation charge
Plant and Machinery	19,333,097	3,866,619
Motor Vehicles including Motorcycles	124,371,080	31,092,770
Computers and Related Equipment	8,802,982	2,904,984
Office Equipment, Furniture and Fittings	8,561,347	1,070,168
Total	161,068,506	38,934,541

Notes to the Financial Statements (Continued)

23. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost		
At beginning of the year	25,408,831	24,432,718
Additions	00	976,113
At end of the year	25,408,831	25,408,831
Additions—internal development	00	00
At end of the year	25,408,831	25,408,831
Amortization and impairment		
At beginning of the year	23,143,027	22,576,576
Amortization	453,161	566,451
At end of the year	23,596,188	23,143,027
At end of the year	23,596,188	23,143,027
NBV	1,812,643	2,265,804

24. Trade and Other Payables

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Trade payables	166,987,213	433,232,170
Employee payables-Gratuity	0	0
Third-party payments-Retention	34,900,165	22,520,739
	201,887,378	455,752,909

Ageing analysis: (Trade and other payables)	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	56,528,466	28%	22,520,739	6.2%
1-2 years	58,547,340	29%	6,061,967	1.7%
2-3 years	86,811,573	43%	227,200,000	62.7%
Over 3 years	0	0	105,118,995	29.3%
Total (tie to above total)	201,887,378	100%	455,752,909	100%

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In the statement of Financial Position, Payables relating to employees of sh 10,997,321 has been shown in a different line as note 27

25. Provision for Audit fees

Description	2022-2023	2021-2022
	Kshs	Kshs
Current provision	2,455,200	2,232,000
Total Provision	2,455,200	2,232,000

The deferred income movement is as follows:

26. Deferred Income

Description	2022-2023	2021-2022
	Kshs	Kshs
National Government	0	266,047,454
Total Deferred Income	0	266,047,454

All income is recognized in the year of accounting

27. Employee Benefit Obligations

Description	Defined benefit plan	Other Benefits	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	4,935,354		4,935,354	
Non-current benefit obligation	6,061,967	0	6,061,967	6,061,967
Total employee benefits obligation	10,997,321	-	10,997,321	6,061,967

Retirement benefit Asset/ Liability

The Entity does not operate this kind of retirement scheme

The Agency also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Agency's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1,080 per employee per month. Other than NSSF the Entity also has a defined contribution scheme operated by APA Pension Fund. Employees contribute 7.5% while employers contribute 15% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

28. Borrowings

Description	2022-2023	2021-2022
	Kshs	Kshs
a) External Borrowings		
Balance at beginning of the year	11,005,145,682	9,077,960,528
Accrued interest & Penalties	220,114,176	873,038,306
External borrowings during the year		1,076,146,848
Repayments of during the year		-22,000,000
Balance at end of the year	11,225,259,858	11,005,145,682

The analyses of both external and domestic borrowings are as follows:

	2022-2023	2021-2022
External Borrowings	KShs	KShs
Dollar denominated loan		
Afdb	2,671,766,329	2,618,318,876
Euro denominated loan		
AFD	2,338,276,102	2,304,540,731
Afdb	1,898,449,742	1,866,370,889
Belgium	660,770,779	660,770,779
KFW	3,655,996,906	3,555,144,406
Total balance at end of the year	11,225,259,858	11,005,145,682

Description	2022-2023	2021-2022
	Kshs	Kshs
Short Term Borrowings (Current Portion)	3,571,203,354	2,824,672,804
Long Term Borrowings	7,654,056,504	8,180,472,878
Total	11,225,259,858	11,005,145,682

29. Cash Generated from Operations

Surplus for the year before tax	1,308,945,188.03
Adjusted for:	
Depreciation	80,646,618.78
Non-cash grants received	-
Finance costs	220,114,176.09
Finance income	
Gains and losses on disposal of assets	- 475,650.00
Reallocated project costs owed by LVWATSAN	10,074,634.00
Accrued provision for audit	2,455,200.00

Working capital adjustments	
Increase/Decrease in inventory	1,822,352.00
Increase/Decrease in receivables	- 547,490,571.97
Increase in deferred income	-
Increase/Decrease in payables	- 266,363,987.91
Increase/Decrease in payments received in advance	-
Net cash flow from operating activities	809,727,959.02

30. Changes with respect to Working Capital

	2022/2023	2021/2022	Change
Current portion of receivables from exchange transactions	164,844,765	176,100,534	11,255,769.00
Restatement of receivables from LVWATSAN project initially placed under exchange transactions			(10,074,634.00)
Change in inventory from the previous year			1,822,352.00
Changes in Trade and other payables	201,887,378	362,015,171	(160,127,792.91)
Current Provision relating to Audit fees	2,455,200	2,232,000	223,200.00
Change in Employee benefit obligation	10,997,321	6,061,967	4,935,354.00
Payables restatement as a result of inaccurate comparative figures			(93,737,738.00)
Receipts from WSPs during the year			(2,370,000.00)
Adjustment for Understated Retention Payable in the previous year accounts JV 5			(15,201,811.00)
Adjustment for over stated receivable in the previous year accounts JV 4			(98,847,073.00)
Total change in Working Capital items			(362,122,373.91)

31. Financial Risk Management

The Entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Entity'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 Entity 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 Entity's financial risk management objectives and policies are detailed below:

i) Credit risk

The Entity 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.

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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 Entity'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 Entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2023				
Receivables from exchange transactions				
Receivables from non-exchange transactions	439,750,000			
Bank balances	1,018,328,861			
Total	1,458,078,861			
As at 30 June 2022				
Receivables from exchange transactions	166,025,900	166,025,900	166,025,900	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	425,910,794	425,910,794	-	-
Total	591,936,694	591,936,694	166,025,900	-

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

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Agency's directors, who have built an appropriate liquidity risk management framework for the management of the Agency's

Lake Victoria South Water Works Development Agency

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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 (2022-2023)				
Trade payables	33,500,000	67,000,000	101,387,378	201,887,378
Current portion of borrowings	0	0	3,571,203,354	3,571,203,354
Employee benefit obligation	366,279	1,098,838	2,930,236	4,395,354
Total	33,866,279	68,098,838	3,675,520,968	3,777,486,086
As at 30th June 2021-2022				
Trade payables	253,741,228	19,712,206	182,299,475	455,752,909
Current portion of borrowings			2,824,672,804	2,824,672,804
Provisions			2,232,000	2,232,000
Deferred income			299,534,626	299,534,626
Employee benefit obligation			6,061,967	6,061,967
Total	253,741,228.00	19,712,206.50	3,232,395,337.50	3,505,848,772.00

Financial Risk Management

iii) Market risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the Entity 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 Entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee. The Entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Agency's 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 Entity manages foreign exchange risk from future commercial transactions and

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recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Notes to the Financial Statements (Continued)

Financial Risk Management

Financial Risk Management

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

2022-2023

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2023			
Financial Assets	00	00	00
Total Financial Assets	00	00	00
Financial Liabilities			
Borrowings	11,225,259,858	00	11,225,259,858
Total Financial Liabilities	11,225,259,858	00	11,225,259,858
Net Foreign Currency Asset/(Liability)	(11,225,259,858)	00	(11,225,259,858)

Foreign currency sensitivity analysis

2022-2023

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30th June 2023			
Financial Assets	00	00	00
Financial Liabilities			
Borrowings	11,225,259,858	00	11,225,259,858
Total Financial Liabilities	11,225,259,858	00	11,225,259,858
Net Foreign Currency Asset/(Liability)	(11,225,259,858)	00	(11,225,259,858)

Financial Risk Management

The following table demonstrates the effect on the Entity's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

Notes To the Financial Statements (Continued)

Description	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2022-2023			
Euro	24%	00	00
USD	19%	(309,337,153)	(309,337,153)
Previous FY			
Euro	11%	00	00
USD	9%	00	00

b) Interest rate risk

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

Sensitivity analysis

The Entity 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 Entity’s 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

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

Description	2022-2023	2021-2022
	Kshs	Kshs
Revaluation Reserve	00	00
Retained Earnings	1,252,036,826	66,177,276
Capital Reserve	8,859,688,175	8,000,289,188
Total Funds	10,111,725,001	8,066,466,464
Total Borrowings	11,225,259,858	11,005,145,682
Less: Cash and Bank Balances	(1,018,330,959)	425,910,794
Net Debt/(Excess Cash And Cash Equivalent)	10,206,930,907	10,579,234,888
Gearing	0.67	0.76

32. Related Party Disclosures

Nature of related party relationships

Entities and other parties related to the *Entity* 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 *Entity*, holding 100% of the *Entity's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *Entity*, both domestic and external.

Other related parties include:

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

33. Segment Information

No segmental information as the Agency does not have different segments

34. Contingent Assets and Contingent Liabilities

Contingent Liabilities

Description	2022-2023	2021-2022
	Kshs	Kshs
Contingent Liabilities	00	00
Various active court cases as annexed	64,800,000	00
Bank Guarantees in Favour of Subsidiary	00	00

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Contingent Liabilities arising from Contracts	00	00
Including PPPs		
Others (Specify)	00	00
Total	64,800,000	00

The court cases resulting in to the above contingency form Appendix VI

35. Capital Commitments

The agency does not have any capital commitments.

36. Events after the Reporting Period

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

37. Ultimate and Holding Entity

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

38. Currency

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

39. 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: (Resolved / Not Resolved)	Timeframe:
1.	Inaccuracies in the Financial statements	A careful review of the current year financial statements has been done to ensure this issue does not occur again. For the comparative year, the statement of Financial Performance and that of Financial Position have been restated as shown in Note 30 a & b. Adjusting journals were also prepared to support the corrections	Resolved	In June 2023
2	Unsupported revenue from non-exchange transactions	Revenue from non-exchange transactions have now been supported by retrieving the signed agreements, revisions and adjustments as well as acknowledgement of funds. For the current year, the same is in place to support these revenue.	Resolved	In June 2023
3	Unsupported BOD expenses and use of goods and services	Vouchers relating to Board expenses were retrieved and submitted to the auditors on 22 nd May, together with adjusted financial statements. However, this was past the deadline of 20 th May and so the submissions were not admitted. The same can still be availed if needed.	Resolved	In June 2023
4	Unsupported cash and cash equivalents	Bank certificates, cashbooks and bank reconciliation statements for the bank accounts were availed for audit verification. Where there were inconsistencies on the year end balances in the accounts, corrective adjustments were made in form of re statements, which are in note No 30	Resolved	In June 2023
5	Unsupported capital work in progress	Query not fully addressed. a) Capital work in progress has since been updated and the schedule tallies with the financial statements. b) Implementation status for Trilateral Development Cooperation in Kenya project was incorporated in the management response. c) The WIP relating to Homa Bay has now been prepared and ready for audits, showing the current and	Resolved	In June 2023

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No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		previous/comparative year.		
6	Unsupported trade payables	The revision was made in the notes to tie with the ledger balance and financial statements as submitted to the auditors on May 22 nd . All invoices and payment certificates were retrieved and ready for verification.	Resolved	In June 2023
7	Unsupported external borrowings	The Loans contract documents were availed for audit verification, and will still be submitted in the current year audits. The borrowings schedules have been prepared ready for audit verification as well. Supporting bank statements are also in place for any further verification LVSWWDA loans are not being serviced due to the inability to pay LVSWWDA loans owned by the WSP'S who are the final beneficiaries of the Projects, and the changes in the Water Act 2016.	Resolved	In June 2023
8	Budgetary control and performance	The necessary budgetary control and performance measures have been put in place. Furthermore, the query quotes figures which could not be traced to the audited financial	Resolved	In June 2023
9	Prior-year matters	The previous years audit matters have been resolved. Those carried forward to year 2021-2022 have been addressed herein.	Resolved	In June 2023
10	Failure to implement E-procurement system	The Agency has acquired an Enterprise Resource Planning (Business Central Dynamics 365) in preparation for undertaking procurement using e-procurement. The process of integration of Business Central with the Government e-procurement system is ongoing, expected to be completed by December 2023. Once complete, this will ensure adverts and awards are publicized on the agency's website.	Open	
11	Non-compliance with law on ethnic composition	This scenario is attributed to historical factors. Majority of the current staff were inherited from the Ministry of Water, Sanitation and Irrigation and National Conservation and Pipeline Corporation. In July 2005, the Ministry of Water and Irrigation vide Circular Ref. No.	Open	Open

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No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>MWR/005A/1/2/ (41) dated 30th June 2005 deployed all the Ministry of Water and Irrigation and National Water Conservation and Pipeline Corporation staff to the Board/Agency.</p> <p>The challenges faced by the Board/Agency in complying with the requirements of the National Cohesion and Integration Act,2008 regarding ethnic representation include the following: -</p> <p>a) The government policy which required the Agency/Board to recruit the staff from the water sector limited the chances for ethnic diversity.</p> <p>b) The water sector staff in the region during the inception were largely Dominated by one community, the Luo. This is mainly due to the District Focus for Rural Development policy the Government adopted in the early 1990s. The policy encouraged staff from various Ministries to move to their home Districts.</p> <p>c) The response to advertised post by the Board/Agency by members of other communities other than dominant community in the region has been very low and none competitive thus making it difficult for the Board/Agency to diversify on ethnic reinforcement.</p> <p>d) The Board/Agency has also not been able to significantly improve on the ethnic representation in its staff establishment due to low staff turnover.</p> <p>Action Plan to Address Diversity Problem Despite the above challenges, the Agency is determined to comply with section 7 (2) of the</p>		

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No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
		<p>National Cohesion and integration Act, 2008 and uphold the 1/3 rule in the Agency's employment by: -</p> <p>a) As per the Agency's new approved staff establishment, the Agency's optimum staff establishment is 153 verses an in post of 58, creating a deficit of 105 staff. This will provide an avenue for the Agency to address the ethnic diversity in its staff composition in filling vacant positions going forward by giving preference to other communities.</p> <p>b) Encouraging other communities to apply for advertised post by putting a rider that applicants from the minority groups are encouraged to apply. The Board/Agency has ensured this is done as can be demonstrated by the adverts put up since December 2020.</p> <p>c) By filling future vacancies with more persons from none dominant communities. The Board has ten (10) employees retiring in the next six (6) years and the Agency will use such opportunities to improve on its national diversity.</p>		
	Effectiveness of internal controls, Risk management and Governance			
	Levels of authority in the authorization process is not clearly defined leading to numerous journals passed and not supervised	This level of authorization are defined as one voucher currently gets review and approvals by not less than 5 officers in one cycle.	Resolved	
	Lack of segregation of duties as the financial accountants handle all the transactions of the agency thereby	The accounting duties are currently segregated amongst various accountants as a payment process is handled by several accountants. A	Resolved	

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No.	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
	leading to numerous errors that are not easily detected.	payment cycle currently involves not less than 5 officers (ie the person making requisition, to the head of department, to the vote book accountant to the head of finance and at least two bank signatories approving the payment)		
	Bank reconciliations are not regularly reviewed, and where reviewed, no action appears to have been taken. There is no recorded impact on the reconciliation	The internal control systems have been enhanced and the bank reconciliations are constantly reviewed accordingly by the Senior Manager, Finance and Resource Mobilization.	Resolved	
	Internal audit does not appear to be effective in identifying areas of improvement and reporting them to the management	The internal audit has been carries out reviews and report to the board, pointing out the gaps, on quarterly basis. Reports were submitted to the external auditors including the Audit Committee minutes for the period.	Resolved	

IBY

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Chief Executive Officer

Date: *30/9/2023*
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Lake Victoria South Water Works Development Agency
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Appendix II: Projects implemented by LVSWWDA

Projects implemented by the State Corporation/ SAGA 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	1,320,593,041	Yes	Yes
2. Trilateral Project	BMZ No.2013 65 352	KFW	5Yrs	76,600,000	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	7,011,432,000	Yes	Yes
5. Water Sector Development Programme	BMZ No.2010 65 861 And BMZ-No. 2010 70 457	KFW	8Years	3,958,420,000	Yes	Yes

Status of Projects completion

	Project	Total project Cost (Kshs)	Total expended to date (KShs)	Com p % to date	Budget (KShs)	Actual (KShs)	Sources of funds
1	LVWATSAN Phase II	1,878,380,719	1,878,380,719	100%	75,000,000	35,755,426	GoK
2	Trilateral Development Cooperation in Kenya, Water & Sanitation Sector	79,167,880	66,332,758	84%	25,500,000	12,397,492.00	KFW/GoK
3	Kisumu LVWATSAN	946,274,161	250,136,000	26%	2,090,000,000	608,650,832	AFD/EU/EIB/ GoK
4	Water Sector Development Programme Lake Victoria South	4,352,879,079	3,321,255,124	76%	847,500,000	118,222,601	KFW/GoK
5	Water Services Support Project(Migori Water & Sanitation Project)	1,651,544,022	1,651,544,022	100%	0	0	GoK
6	Siaya Bondo Water Supply and Sanitation Project	2,679,538,380	2,679,538,380	100%	0	0	GoK
7	Kisii Water Supply and Sanitation Project	100,534,656	100,534,656	100%	0	0	Orio(Netherlands)/GO K
8	Kisumu Short Term Action Plan	3,517,238,089	3,517,238,089	100%	0	0	AFD/ GoK
9	Kisumu LTAP 1	508,297,920	508,297,920	100%	0	0	AFD/ GoK
10	Kisumu LTAP 2	1,482,535,600	1,482,535,600	100%	0	0	AFD/ GoK
	Total	17,196,390,506	15,455,793,268		3,038,000,000	775,026,3 51	

Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/ Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Planning and Devolution	00	Recurrent	00	00	00	00	00	00	00
Ministry of Planning and Devolution	00	Development	00	00	00	00	00	00	00
USAID	00	Donor Fund	00	00	00	00	00	00	00
Ministry of Planning and Devolution	00	Direct Payment	00	00	00	00	00	00	00
Total	00		00	00	00	00	00	00	00

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Appendix IV- Inter-Entity Confirmation Letter

Lake Victoria South Water Works Development Agency

The Agency wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by LVSWWDA as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by MWSI (Kshs) as at 30th June (2023)				Amount Received by LVSWWDA (Kshs) as at 30 th June (2022) (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
N/A	7/13/2022	11,500,000			11,500,000	11,500,000	00
N/A	8/5/2022	11,500,000			11,500,000	11,500,000	00
N/A	09.09.2022	11,500,000			11,500,000	11,500,000	00
	29.09.2022		162,750,000		162,750,000	162,750,000	00
	29.09.2022		57,000,000		57,000,000	57,000,000	00
N/A	05.10.2022	11,500,000	0		11,500,000	11,500,000	00
	14.10.2022		475,763,037		475,763,037	475,763,037	00
N/A	15.11.2022	11,500,000	0		11,500,000	11,500,000	00
N/A	13.12.2022	11,500,000	0		11,500,000	11,500,000	00
N/A	05.01.2023	11,500,000	0		11,500,000	11,500,000	00
N/A	10.02.2023	11,500,000	0		11,500,000	11,500,000	00
N/A	23.03.2023	11,500,000	0		11,500,000	11,500,000	00
N/A	14.04.2023	11,500,000	0		11,500,000	11,500,000	00
N/A	06.06.2023	11,500,000	0		11,500,000	11,500,000	00
	08.06.2023		872,027,070		872,027,070	872,027,070	00
	06.07.2023	11,500,000	381,250,000	58,500,000	11,500,000	11,500,000.	
	11.07.2023		439,750,000		439,750,000	0	439,750,000
TOTAL		138,000,000	2,388,540,107	8,500,000	2,145,290,107	1,705,540,107	439,750,000

Appendix V: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities	Quarter				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Ugunja ukwala water supply project	Construction of water supply system (intake, treatment works, distribution pipeline and tanks) 8,400m ³ /day	<ul style="list-style-type: none"> Strengthening and sensitization of community knowledge on environmental conservation and climate change adaptation and resilience issues Identify and implement opportunities to conserve and sustainably use biodiversity and natural resources within the project area Promote women and youth employment through tree nurseries Undertake catchment management activities such as riverbank protection by planting trees such as casuarina, bamboo among others Engage interns in the program to enhance their knowledge of 	<ul style="list-style-type: none"> Trees planted at the intake site, water treatment plant, and the tank sites Provision of Information, Education, and Communication (IEC) materials for schools, women groups, and other youth groups Have economically empowered youth and women groups through sustainable tree nursery practices and tree planting in the project areas Restored landscapes that have been degraded by the project Improved catchment protection measures Build capacity of WRUAS 					AfDB/Gok	Lake Victoria south water works development Agency/Central Rift Valley water works development agency

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		Environmental Conservation and Climate Change Resilience	<ul style="list-style-type: none"> Establishment of Tree nurseries for schools e.g., Bamboo for riverbank protection 						
Oyugis water supply project	Construction of water supply system (intake, treatment works, distribution pipeline and tanks) 12,300m ³ /day	<p>Strengthening and sensitization of community knowledge on environmental conservation and climate change adaptation and resilience issues,</p> <ul style="list-style-type: none"> Identifying and implementation of opportunities to conserve and sustainably use biodiversity and natural resources within the Oyugis and Kendu Bay projects area, Endeavour to reinstate/ restore biodiversity including where some environmental impacts are unavoidable, Create beneficial opportunities for the local communities including women and youth employment through tree nurseries, 	<ul style="list-style-type: none"> Setting up tree nursery in oyugis and kendu bay in liason with KFS for about 5000 seedlings. Plant trees at the intake Plant trees at got wire Plant trees at the treatment plant in Oyugis and Kokwanyo treatment works Sensitization and Capacity building of the community members on maintenance of vegetation cover, intercropping, mulches, 					AfDB	Lake Victoria South Water Works Development Agency/Central Rift Valley water works development agency

		<ul style="list-style-type: none"> • Undertake catchment management activities such as riverbank protection by planting trees such as casuarina, bamboo, among others, • Develop soil erosion control measures including management of sand harvesting activities, • Promote adaptation of rainwater harvesting, spring protection and water resources pollution control within the Oyugis and Kendu Bay projects area, • Engage local residents in the program to enhance their knowledge on environmental conservation and climate change resilience, • Prepare Information Education and Communication (IEC) materials on environmental conservation and climate 	<p>under crops and additional practices</p> <ul style="list-style-type: none"> • Backfilling of the eroded sites and planting vegetation cover to compact on the restored sites to minimize on particle erosion • Planting of bamboo and mixed fruit trees along the riparian sections. At the exposed and eroded sections • away from riparian areas i.e., at Got Wire tank, Oyugis Intake Site, Kowuor market etc. plant pines, grevillea 							
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		change targeting immediate local communities, <ul style="list-style-type: none"> • Document the processes, activities and outcomes of the sub-program 	and acacia trees <ul style="list-style-type: none"> • Capacity building of Water Resources Users Associations (WRUAs) and empowering them with education • and tree nurseries 						
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

Appendix VI: 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

The Agency has developed a Business Continuity Management Policy, containing Disaster Recovery, which has just been approved by the Board and is being operationalized

Appendix VII: Status Report on Court Cases as at 31.06.2023

	Case Number	Parties	Facts of the case	Estimated Cost/Amount
1.	Kisumu CMCC 103 of 2017	Ticho Enterprises V LVSWSB	Ticho Enterprises Limited was the contractor of Ngochoni (Kiobo) Dam and Associated Works in Kuria West Sub County, Kuria West Constituency, Migori County. Ticho Enterprises sued the Agency for alleged outstanding debt of KShs. 874, 972.90 and due bank penalties. The court awarded KShs 753,782 in 2019. The Agency filed an application for stay, which was allowed, and the Honourable Court taxed the costs due to the Plaintiff at Kenya Shillings two hundred and two thousand, six hundred and sixty-four (Kshs. 202,664) which was deposited in a joint account. The matter is ongoing pending hearing and determination.	2,000,000/-
2.	Kisumu HC Misc. Civil Cause No. 102 of 2022	OWITI, OTIENO & RAGOT ADVOCATES – VS-	The Advocates who represented the Agency in KSM HCC Misc no. 235 of 2018 Staussi & Asunah Adv vs Lvswwda) where garnishee orders were issued freezing the Agency’s KCB Bank account. The Advocate demanded payment of final fees of Kshs. Kshs. 1,098, 627.62 by the Agency. The Agency filed grounds of opposition to the Bill of Costs and the court taxed the same to Kshs.	1,500,000/-

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		LVSWWDA	375,735.80. The Advocate filed a reference in the High Court and the same awaits hearing and determination.	
3.	KISUMU HC Misc No. 103 of 2022	Owiti, Otieno & Ragot VS LVSWWDA	The firm of Owiti, Otieno & Ragot raised a fee note of Kshs. 717,000.00 for payment by the Agency. The Advocate went ahead to sue the Agency in Misc No. 103 of 2022 for taxation of Advocate – Client Costs demanding about Kshs. Kshs. 1,246, 335. 80 . We defended the suit in court. The court delivered its ruling on 18.08.2022 where it agreed with us and reduced the Bill of costs to 375,735.80 . The Advocate appealed the decision where the award was reversed.	1,300,000/-
4.	Nyamira HCC Case No. 52 of 2021 formerly Kisii HCC 65 of 2017	Zachariah O. Mbogo Vs. Stephen Mabeya Oira Mogare James Ogata	This was matter involving Nyamecheo Community Water Project in Nyamira County. The Plaintiff sought to obtain orders against the defendants stopping the erecting of any structures, tilling, digging, cultivating or interfere with land Gesima Settlement Scheme /519 pending hearing and determination of the suit. The Plaintiff seeks compensation in the main suit. This is a project that was done by the Ministry of Water & Irrigation in 2007 and was later earmarked for commissioning by the MWSI in 2017 during the World Water Day celebrations.	4,000,000/-
5.	Kisumu ELC 198 Of 2017	Charko Varkey Vs. KENHA AG-KENYA LVSWSB	The Complainant Mr. Charko Varkey is the registered owner of Kisumu/Municipality/ Block 10/564 at Kachoka area Kisumu currently in use by Pinocchio School. The claim is emanating from reconstruction, expansion and redesign of Water and Sewerage infrastructure along Kisumu –Nairobi Road and Ring Road Nyalenda in which the claimant states that the sewer line has encroached into his parcel without any compensation and notice of acquisition of the said portion. The plaintiff prays for compensation to the extent of the encroached land.	4,000,000/-
6.	Kisii Const. Petition No. 8 of 2018	Simon Otwori & 7 others vs. LVSWSB & 6 others	On 12 th February 2018, 8 petitioners lodged a matter at Kisii High Court seeking temporary injunction restraining the Agency from commencing, surveying, mapping or dealing with all parcels of land constituting Bonyunyu, Bochura, Kanyimbo, Gechona, Nyamakairo ,Kerongeta ,Botabori and adjoining villages within Gachuba Ward pending hearing and determination of the petition. On 29th June 2018, Judgment was delivered in favor of LVSWSB in which the judge found no merit in the petitioners notice of Motion dated 8th February 2018.	2,000,000/-
7.	KISUMU ELC No. 2 of 2019:	Jackson Baburam and 2	Cause of action arose in 2013 when under the Kisumu Long Term Project where water pipes laid from Kajulu to Kibuye Water Reservoirs were laid on	10,000,000/-

		others Vs Suereca EA and LVSWB	suit property adjacent to Nyerere Highway and Indusi road Junction in Kisumu City; issue at hand is wayleave, trespass and compensation. Suereca E.A Limited was the consultant in the project. 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 Agency was never represented in the matter and by the time CS&MLS was entering appearing in the matter the same had been scheduled for judgment.	
8.	KISII CMC ELC SUIT NO. 01 OF 2019	Daniel F. Bundi Nyamorah –Vs- LVSWWDA & GWASCO	The Agency and Kisii County Government were sued by the Plaintiff on 7/01/2019 on allegations of trespass to land. The Plaintiff is the son of the deceased owner and seeks to stop the Agency and the County from accessing land parcel no. Nyaribari Chache/B/B/Boruria/2619 for construction of the Community water Project. He seeks among others general damages and costs of the suit. He has also raised the issue of public participation and particularly that he was not involved before commenced of the project. It emerges however that the land in question holds national government water tank that was done in 1976's by the Ministry of Water, Sanitation and Irrigation and the Agency is merely doing an additional tank thereon for purposes of meeting current demands for water.	3,000,000/-
9.	Homa Bay Petition No. 3 of 2021 formerly Migori ELC PET. NO. E004 OF 2020	Mathew Awuor Dimo & 5 Others VS CRVWWDA & LVSWWDA & 8 others	This petition was filed to contest and or stop the construction of Water Supply and Sanitation in the selected middle towns of Ndhiwa, Oyugis, Kendu Bay and Ugunja- Ukwala. Central Rift Water Works Development Agency has also been sued in the matter as the implementing Agency as well as the Consultant. The Petitioner alleges lack of public participation in the entire exercise. He alleges that the rightful land owners were never compensated before commencement of the project.	300,000/-
10.	Nyamira ELC Appeal No. A002 of 2023 arising from CMC ELC No. 24 of 2020	Yunes Boera Nyamwange & Ano. LVSWWDA & 2 others	The Plaintiff sued the Agency and project committee members for trespassing and or accessing private land to lay pipes and construct community water project. The Agency and Attorney General filed an application to struck out the suit for laches or having been filed late and outside statutory timelines. On 10/02/2023, the court agreed with the Agency application and dismissed the Plaintiff's case. On 20/04/2023, the Plaintiff appealed the decision and sought to have the matter reinstated.	6,000,000/-
11.	Nyamira ELC Appeal No.	Yunes Boera Nyamwange &	Plaintiff in the original suit sued the Agency and project committee members for trespassing and or accessing private land to lay pipes and construct	300,000/-

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	A011 of 2022 arising from Nyamira CMC ELC No. 24 of 2020	Ano. LVSWWDA & 2 others	community water project. 1 st and 2 nd Defendants (On behalf of the Community) filed an application to be struck out as necessary parties in the suit. The lower court agreed with them and were removed. The Plaintiff appealed the decision leading to reinstatement of project committee members reinstated via Nyamira HC ELC NO. A011 of 2022. The appellant sought to be paid Kshs. 182,000/- as costs in the appeal. He also filed execution proceedings to commit the CEO to Civil Jail for failure to make such payments. CS& MLS filed application seeking to set aside the orders for payment of costs or in default, committal of CEO to Civil Jail.	
12.	KISUMU ELC Petition No. E022 of 2021	Calvins O. Olang & 18 Others vs LVSWWDA & Others	The petitioners sued on 18.10.2021 the Agency and other Respondent seeking to stop implementation of LVWATSAM Program. The petitioners' contention is that they were not involved and that the project is likely to affect them adversely. The sought for court orders to stop the project.	10,000,000/-
13.	Kisumu CMC ELC No. 56 of 2022	Blueribbon Holdings Ltd vs BoD LVSWWDA, LVSWWDA and KIWASCO	The Plaintiff instituted this suit on 11.05.2022 alleging trespass on its land, LR No. KISUMU/KOGONY/1070. It was established by the Agency that the water project on the said land was constructed and completed in 2012 before the current owner registered its interest thereon. The project was subsequently handed over to KIWASCO in 2013.	4,000,000/-
14.	Migori ELC No. 01 of 2022	Paphael Onjako & Others vs LVSWWDA & Others	This is a petition filed by Residents of Oyani, seeking to stop Phase 2 of the project, being LMC. The petitioner's main contention is that were never compensated during implementation of Phase 1 of the project.	3,000,000/-
15.	Homa Bay ELC Petition No. E001 of 2023	Michael Kojo Otieno & Ano. Vs LVSWWDA & Others	The petitioners sued the Agency, Homawaco, Homa Bay County and County Director- NEMA on 02/05/2023 for discharging raw sewage in Aruja Estate within Homa Bay County. The Petitioner sought to injunct the Agency from undertaking water and sanitation services within the area particularly rehabilitation of the Water Treatment Plan pending hearing and determination of the suit. The Agency through CS & MLS filed grounds of opposition in the matter and persuaded the court not to grant stay orders.	500,000/-
16.	Homa Bay CMCC 103 of 2018	Barack Owuor Aboge V LVSWSB & Gilbert Onjiko Ongocho	The Plaintiff, Barack Aboge sued on behalf of Michael Aboge (Deceased) regarding fatal traffic accident that occurred on 1 st July 2018 involving KCA 037F a tanker handed over to HOMAWASCO by the Agency. The tanker had a valid Monarch Insurance Company Sticker KSM/0800/060315/16 whose expiry was 8 th November 2018.	4,000,000/-

			<p>Gilbert Onjiko Ongocho is an employee of HOMA WASCO and was the driver of the tanker. Matter being handled by the Insurer, Monarch Insurance Company. No anticipated legal fees from the case; however, Company is expected to cooperate with the insurer by ensuring witnesses attend court with relevant documents.</p> <p>HOMA WASCO took over the matter in the name of the Agency as registered owner without involving the Agency.</p>	
17.	Nanyuki CMCC 118 of 2020 Reagan Ojore	Republic Vs. Reagan Ojore	<p>This is a traffic road accident case that occurred along Nyeri – Nanyuki Road involving the Agency’s Motor Vehicle Reg. KBU 368T Nissan E-trail and Motor Cycle Reg. No. KMEN 492C. The Agency’s driver Mr. Reagan Ojore was charged with dangerous Driving Contrary to Section 46 of the Traffic Act, Cap 403 of Laws of Kenya. The matter was taken over by CS/MLS in place of an external Advocate.</p>	500,000/-
18.	Bomet CMC No. 9 of 2021	Sharon C. Langat vs BOMA WSCO & LVSWWDA	<p>The gist of this matter is that the Agency was sued in respect of fatal traffic road accident which occurred allegedly on 19.12.2019 between the plaintiff and the Agency’s M/v that was handed over to the Bomawasco. The matter was heard on 15/05/2023 and 12/06/2023 when defense closed its case.</p>	5,000,000/-
19.	Kisii CMC No. 957 of 2022	Agnes Nyakerario vs LVSWWDA	<p>This is a traffic road accident that occurred on or about 11/05/2022 in Kisii Town near Cooperative Bank involving the Agency’s Motor Vehicle Registration No. KCK 890U, Pick Up Double Cab. and Cycle Reg. No KMFV 365E Honda. The Plaintiff prays for general damages, special damages, costs of the suit and interest therein. It has emerged that the accident MV was at the time of the accident been handed over to GWASCO. This matter is being handled by the CS/MLS. The Agency has filed relevant defense documents among them, proof that at the time of the accident, the MV had been handed over to GWASCO</p>	1,000,000/-
20.	EACC. No. 61 of 2015.	Republic V Jared Okello and 2 others	<p>This case emanates from payroll variation amounting to approximately 14 million which former finance manager of LVSWSB is accused of stealing by servant and obtaining money by fraud. This is an EACC matter in which LVSWSB is an interested party. The former employee who had been sued by EACC for mishandling of payroll and LVSWWDA was an interested party and may institute recovery proceedings against the former employee upon establishing that he had assets, which can satisfy the amount lost.</p>	Nil

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21.	KERICHO ELC No. 81 of 2011.	CHEMOSIT v LVSWSB & KCB	The suit was filed contesting dismissal of the MD for Kewesco on account of gross misconduct. This matter was marked as settled by consent of parties. However, on 13th April 2018 the claimant sort to reinstate the matter on grounds that the consent was obtained without proper instructions.	800,000/-
22.	Kisumu ELRC Petition No. E002 of 2021	Javas Bigambo vs CS- Ministry of Water Sanitation and Irrigation	The Petitioner in this matter filed an application seeking to find the CS – MWSI in contempt of the Court Order in the KSM ELRC No. E012 OF 2020 in respect of appointment of the acting the CEO Mr. Chrispine O. Juma. The Agency through CS &MLS opposed the Petition	300,000/-
23.	Nairobi ELRC JR. No. E21 of 2021	Joseph Omondi vs LVSWWDA & 3 Others	This is a judicial review suit filed in Nairobi on 6 th August, 2021 suspending recruitment for the position of the CEO. Interim orders were issued suspending the Advertisement. The petition was granted 21 days leave to file the substantive suit in the matter. On 9 th September, 2021, the Petitioner filed the substantive suit in the matter.	300,000/-
24	Nairobi Constitutional and Human Rights Court Petition No. 277 of 2017:	Council of Governors V 15 Respondents. (NEMA, KFS, NDMA and all water sector institutions)	The Council of Governors (CoG) has moved to court through Lawyer Peter Wanyama to sue 15 Respondents (Agencies) on ground that water service provision was devolved as per the Constitution of Kenya, 2010 hence the mandate of the Agencies is a duplication of roles. The matter is currently inactive as parties led by the MWSI is pursuing an out of court settlement in matter.	1,000,000/-