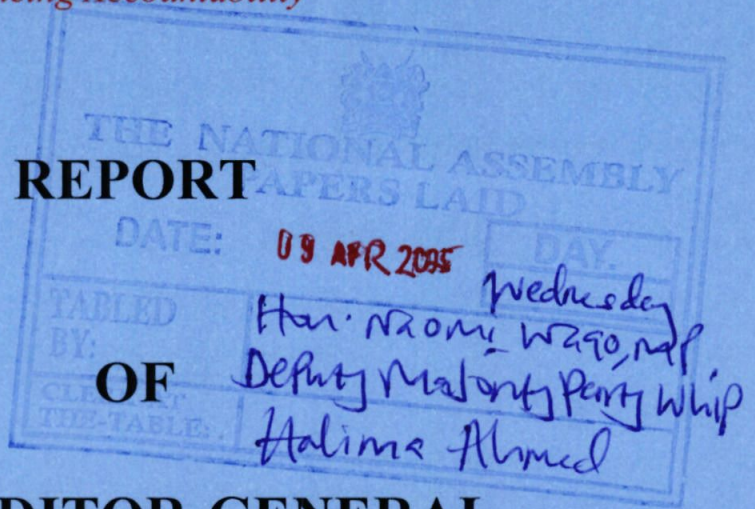


REPUBLIC OF KENYA



Enhancing Accountability



THE AUDITOR-GENERAL

ON

**LAKE VICTORIA NORTH WATER WORKS
DEVELOPMENT AGENCY**

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



LAKE VICTORIA NORTH WATER
WORKS DEVELOPMENT
AGENCY

LAKE VICTORIA NORTH WATER WORKS DEVELOPMENT AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
30TH JUNE 2024

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

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

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1. Acronyms and Definition of Key Terms

A: Acronyms

ACME	African Centre for Media Excellence
AfDB	African Development Bank
Ag.	Acting
ASALs	Arid and Semi-Arid Lands
BUWASCO	Busia County Water and Sanitation Company Limited
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CoK	Constitution of Kenya
CPA	Certified Public Accountant
CPS	Certified Public Secretary
CSR	Corporate Social Responsibility
DG	Director General
EMCA	Environmental Management and Coordination Act
Eng.	Engineer
ESCP	Environmental and Social Commitment Plan (ESCP)
ESMP	Environmental and Social Management Plan
GoK	Government of Kenya
GRM	Grievance Redress Mechanism
HSMP	Health and Safety Management Plan
ICPAK	Institute of Certified Public Accountants of Kenya
ICT	Information and Communication and Technology
IDA	International Development Association
IIA	Institute of Internal Auditors
IPC	Interim Payment Certificate
IPSAS	International Public Sector Accounting Standards
ISO	International Standards Organisation
KACWASCO	Kakamega County Water and Sanitation Company Limited

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KCB	Kenya Commercial Bank
KFW	Kreditanstalt für Wiederaufbau
KIDDP	Kenya Italy Debt for Development Programme
KISIP	Kenya Informal Settlements Improvement Project
KOICA	Korea International Corporation Agency
LVNWWDA	Lake Victoria North Water Works Development Agency
MV	Motor Vehicle
NEMA	National Environment Management Authority
NGO	Non-Governmental Organisation
NRVWWDA	North Rift Valley Water Works Development Agency
NT	National Treasury
OCOB	Office of the Controller of Budget
OSHA	Occupational Safety and Health Act of 2007
PFM Act	Public Finance Management Act
PIC	Public Investment Committee
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RAP	Resettlement Action Plan
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
SCAC	State Corporations Advisory Committee
SRC	Salaries and Remuneration Commission
TRAPCA	Trade Policy Centre for Africa
UNICEF	United Nations Children's Fund
VIWASCO	Vihiga Water and Sanitation Company Limited
WASREB	Water Services Regulatory Board
WaSSIP	Water Supply and Sanitation Improvement Project
WB	World Bank
WRA	Water Resources Authority
WSP	Water Service Provider

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B: Definition of Key Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the Agency during the financial year ended 30th June 2024

Comparative Year- Means the prior period

2. Key Entity Information and Management

(a) Background information

Lake Victoria North Water Works Development Agency (LVNWWDA) is one of the nine Agencies established through a gazette notice no. 28 dated 26th April 2019 under the Water Act 2016, as part of the reforms in the water sector. The repealed Water Act 2002 was replaced by the Water Act 2016, which in compliance with the Constitution, devolved Water Provision function to the County Governments.

Lake Victoria North Water Works Development Agency serves the counties of Bungoma, Kakamega, Vihiga, Busia, Trans-Nzoia, and Nandi. The total coverage area of the Agency's mandate is 12,754.8 sq. km, with an estimated population of about 7.5 million. Currently, about of 60.9% of this population has access to water while about 6.69% has access to sewerage services and 71.95% have access to sanitation services.

(b) Principal Activities

LVNWWDA draws its mandate from the Water Act of 2016. As per the Act, the Agency's mandate include:

- undertake the development, maintenance and management of the national public water works within its area of jurisdiction;
- operate the waterworks and provide water services as a water service provider, until such a time as responsibility for the operation and management of the water works are handed over to a county government, joint committee, authority of county governments or water services provider within whose area of jurisdiction or supply the waterworks is located;
- Provide reserve capacity for purposes of providing water services where pursuant to section 103 of the Act, the Regulatory Agency orders the transfer of water services functions from a defaulting water services provider to another licensee;
- Provide technical services and capacity building to such county governments and water services providers within its area as may be requested; and;
- Provide to the Cabinet Secretary technical support in the discharge of his or her functions under the Constitution and the Water Act 2016.

Vision

Water and Sanitation for All.

Mission

To develop, maintain and manage water and sanitation infrastructure to enable access to safe water and sanitation.

Core Values

- **Integrity:** The organization will endeavour to operate above board in all its operations

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

- **Quality Services:** The organization will endeavour to provide services that meet the expectations of its customers.
- **Good Governance:** The organization will conduct its affairs in a transparent and accountable manner; and seek stakeholder participation in decision-making process.
- **Team Work:** The organization will seek to have an organization built on teamwork and high level of discipline.

(c) Key Management

The LVNWWDA’S day-to-day management is under the following key organs:

No.	Designation	Name
1.	Board of Directors	Mr. John Otee Imoite Ms. Petronila Were Mr. Abraham Kipkogei Cheruiyot Eng. Butichi Khamisi Dr. Daniel Omoro Achach Eng. Simon Korir Mr. Samuel Kipkoech Kiptorus CPA Anthony Chebulobi Kisaka From 24 th April 2023 to 26 th November 2023 Mr. Joel M. Wamalwa From 27 th November 2023 Mrs Elizabeth Ngala
2.	Chief Executive Officer	Mr. Joel M. Wamalwa CPA Anthony Chebulobi Kisaka
3.	Chief Manager-Finance and Resource Mobilization	CPA Anthony Chebulobi Kisaka
4.	Chief Manager-Technical Services	Eng. George Odedeh
5.	Chief Manager-Internal Audit and Risk Management	CPA Michael Wasike
6.	Chief Manager-Corporate Services	Mr. Tom Musungu from 1 st July 2023 to 29 th February 2024/CPA Wesley Kiprono from 1 st March 2024 to 30 th June 2024.
7.	Corporation Secretary	CS Elizabeth Ngala

(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Executive Officer	CPA Anthony Kisaka from 1 st of July 2023 to 26 th November 2023/Mr. Joel Wamalwa 27 th November 2023 to 30 th June 2024.
2.	Chief Manager-Finance and Resource Mobilization	CPA Anthony Kisaka
3.	Chief Manager-Technical Services	Eng. George Odedeh
4.	Chief Manager-Internal Audit and Risk Management	CPA Michael Wasike
5.	Chief Manager-Corporate Services	Mr. Tom Musungu from 1 st July 2023 to 29 th February 2024/CPA Wesley Kiprono from 1 st March 2024 to 30 th June 2024.
6.	Corporation Secretary	CS Elizabeth Ngala

(e) Fiduciary Oversight Arrangements

Ministry of Water & Sanitation- Reviews the budget approved by the board in order to ensure that the Government strategic objectives and policies are incorporated.

Public Investment Committee - The Committee ensures that there is value for money for all projects undertaken by the Board.

State Corporations Advisory Committee (SCAC) - The Committee is mandated to advise the board on the general administration issues.

Inspectorate of State Corporations- Evaluates the results of the board based on the agreed performance targets.

Board of Directors; - Overall oversight and direction of all the board activities, the following are committees of the Board;

- i. Finance and Administration Committee, whose main duties are: - to review financial statements and annual budgets; Financial performance; Strategic planning, annual performance reviews, periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff; and general welfare of the Board's employees.
- ii. Governance, Risk & Audit Committee, whose main duty is to ensure that the systems of internal control are effected and complied to.
- iii. Technical and Environmental Committee, whose focus is on issues arising from LVNWWDA stewardship of essential water infrastructure and has a duty of

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reviewing the conditions and performance of technical assets including projects. The committee is also tasked with ensuring safeguarding the environment.

Development partner oversight activities

For projects funded by external development partners, quarterly reports are submitted. The funds are audited by external auditors appointed by the Development Partners on an annual basis.

(f) Agency Headquarters

Kenfinco Complex

Kakamega-Kisumu Road

P.O Box 673 - 50100

KAKAMEGA

Tel: 254- 56-30795

Fax: 254-056-31506

E-mail: info@lvnwwda.go.ke

Website: www.lvnwwda.go.ke

(g) Bankers

Kenya Commercial Bank

Kakamega Branch

P.O Box 152 - 50100

KAKAMEGA

Cooperative Bank

Kakamega Branch

P.O Box 595- 50100

KAKAMEGA

(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

Harambee Avenue

P.O. Box 40112

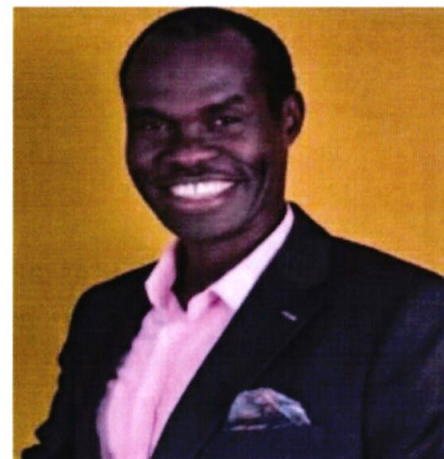
City Square 00200

Nairobi, Kenya

3. The Board of Directors

John Otee Imoite (Born 1971) Chairman of the Board

Appointed on 19th May 2023, as a non-executive director of Lake Victoria North Water Works Development Agency by the President of the Republic of Kenya with effect from 19th May 2023 up to 6th August 2023. Subsequently, the Cabinet Secretary for Water, Sanitation and Irrigation appointed him as the Board's Chairman from 7th August 2023. He is a civic education specialist with a BA in Literature and History. He is a managing partner at the Performance Training Centre and a board member of the ACME Development Organisation (NGO).



Petronila Were (Born 25.12.1975), Member of the Board of Directors

Appointed on 19th May 2023, as a non-executive director of Lake Victoria North Water Works Development Agency by the President of the Republic of Kenya. She holds a Master's Degree in Public Administration and Management (Public Policy and Administration- Major) Bachelor of Education (Arts) in English Language and Literature. She is the Chairperson of the Finance & Administration Committee of the Board. Previously, she served as a Senator representing special interests from August 2017 to August 2022.



Abraham Kipkogei Cheruiyot (Born 8.5.1982), Member of the Board of Directors

Appointed on 19th May 2023, as a non-executive director of Lake Victoria North Water Works Development Agency by the President of the Republic of Kenya. He holds a Bachelor of Arts degree in community development. He is the Chairperson of the Governance, Risk and Audit committee of the Board. He is also the Chief Executive Officer of Nandi Potato Cooperative Society.



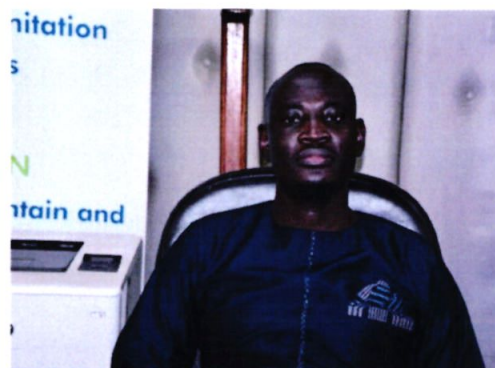
Eng. Butichi Khamisi (Born 6.11.1982), Member of the Board of Directors

Appointed on 19th May 2023, as a non-executive director of Lake Victoria North Water Works Development Agency by the President of the Republic of Kenya. Subsequently, the Cabinet Secretary for Water, Sanitation and Irrigation appointed him as the Board member from 21st July 2023. He holds a Bachelor of Science degree in Civil Engineering. He is the Chairman of the Technical and Environmental Committee of the Board. He is also the Managing Director of Butichi and Associates Engineering Consultants Ltd.



Dr. Daniel Omoro Achach (Born 28.2.1982), Member of the Board of Directors

Appointed on 19th May 2023, as a non-executive director of Lake Victoria North Water Works Development Agency by the President of the Republic of Kenya. Subsequently, the Cabinet Secretary for Water, Sanitation and Irrigation appointed him as the Board member from 21st July 2023. He holds a PhD in International Trade Law, Masters of Science in International Trade Policy and Trade Law and Bachelor of Laws. He is a trainer in international trade policy and trade law at Trade Policy Centre for Africa (TRAPCA).



Eng. Simon Korir (Born 28.2.1969), Member of the Board of Directors

Eng. Simon Korir is the Principal Secretary, Ministry of Water, Sanitation and Irrigation's representative to the Agency from 20th January 2023. He holds a Bachelors of Arts degree in Civil and Structural Engineering and the Acting Director Water and Infrastructure Development at the Ministry of Water, Sanitation and Irrigation.



Samuel Kipkoech Kiptorus (Born 18.2.1968) - Member of the Board of Directors and Chairman Finance & Administration Committee

He was appointed on 5th May 2021 to represent CS, National Treasury. Director Samuel Kiptorus is a Senior Deputy Director in National Treasury and Planning and an Alternate Director at Lake Victoria North Water Works Development Agency and Minerals Rights Board. Previously he was an alternate director at the ICT Authority and Maseno University Council. He holds a Master in Arts degree from the University of Dar-es-salaam and a Bachelor of Arts degree from the University of Nairobi.



Mr. Joel M. Wamalwa (Born 28.6.1982) - Chief Executive Officer

He was appointed the Chief Executive Officer of Lake Victoria North Water Works Development Agency with effect from 27th November 2023.

He holds a Bachelor of Arts Degree from Makerere University and a Master's Degree in Environmental Planning from the UoN. He is currently pursuing his PhD in Environmental Economics and Planning.

Mr. Wamalwa has extensive and vast experience in civil, research and implementation of multi-stakeholders' programmes, co-ordination and management of donor funded programmes, having worked with the Kenya Institute of Public Policy Research and Analysis(KIPPRA), the University of Nairobi (UoN) and the World Bank.



Prior to his appointment as the LVNWWDA CEO, he was the Acting CEO and Manager in charge of Licensing and Compliance at the Kenya Film Classification Board

He has also served as the Chief Officer in the County Government of Kakamega, where he managed various programmes such as the Urban Cleaning Programme, Urban Infrastructure Development Programme, World Bank Municipal Programme grant and the Kenya Urban Support Programme grant, among others

He has also attended an array of short professional courses and written various Research Papers and Manuscripts on Environmental Planning and Management





<p>CPA Anthony Chebulobi Kisaka (Born 26.1.1979) -Ag. Chief Executive Officer</p> <p>He was appointed the Acting Chief Executive Officer of Lake Victoria North Water Works Development Agency with effect from 24th April 2023 to 26th November 2023.</p> <p>He is a Certified Public Accountant and he holds a B.com and an MBA from University of Nairobi. He is a financial management and accounting professional with over 15 years of extensive experience in financial planning, analysis, reporting, resource mobilization and Strategic planning.</p>	
<p>Mrs Elizabeth Ngala (Born 27.8.1977) - Corporation Secretary</p> <p>She was appointed on 2nd May 2016 as the Corporation secretary. She holds a Bachelor of Laws (LLB) Hons. Degree, a Post Graduate Diploma in Law, CPA (K) and CPS (K). Elizabeth is an advocate of the High Court of Kenya. She is a member of Law Society of Kenya, a Certified Public Secretary registered with the Institute of Certified Public Secretaries of Kenya and a Certified Public Accountant registered with ICPAK. Elizabeth has wide experience in Legal, Board secretarial and corporate governance having served in both private and public sectors. She is responsible for providing guidance on statutory and regulatory compliance and support to the Board in driving the corporate governance agenda.</p>	

4. Key Management Team

Mr. Joel M. Wamalwa (Born 28.6.1982) - Chief Executive Officer

He was appointed the Chief Executive Officer of Lake Victoria North Water Works Development Agency with effect from 27th November 2023.

He holds a Bachelor of Arts Degree from Makerere University and a Master's Degree in Environmental Planning from the UoN. He is currently pursuing his PhD in Environmental Economics and Planning.


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	<p>CPA Anthony Chebulobi Kisaka (Born 26.1.1979) -Ag. Chief Executive Officer</p> <p>He was appointed the Acting Chief Executive Officer of Lake Victoria North Water Works Development Agency with effect from 24th April 2023 to 26th November 2023.</p> <p>He is a Certified Public Accountant and he holds a B.com and an MBA from University of Nairobi. He is a financial management and accounting professional with over 15 years of extensive experience in financial planning, analysis, reporting, resource mobilization and Strategic planning.</p>
	<p>Eng. George Odedeh - Born 1968 Chief Manager Technical Services</p> <p>He holds a Masters of Business Administration and BSc Civil Engineering from the University of Nairobi.</p> <p>Registered with Engineers Board of Kenya and Corporate member of the Institution of Engineers of Kenya.</p> <p>He has 26 years professional experience in designs, supervision and management of water and sanitation systems.</p> <p>He heads the Infrastructure Development Department.</p>

	<p>Mr. Tom Musungu- Born 25.10.1970 Ag. Chief Manager Corporate Services</p> <p>He served as the Ag. Chief Manager Corporate services from 02.05.2023 until 03.03.2024. He holds a Master of Business Administration(Marketing) from Kenya Methodist University and Bachelor of Arts from the University of Nairobi. He is a member of the Marketing Society of Kenya and a member of the Public Relations Society of Kenya.</p> <p>He has 23 years’ professional experience in Sales and Marketing, corporate communications, public relations and management.</p> <p>He heads the corporate services Department.</p>
	<p>Chief Manager Corporate Services</p> <p>He was appointed as the Chief Manager Corporate services on 04.03.2024.</p> <p>Mr. Kiprono holds a Masters of Business Administration (MBA-Financial Management), Bachelor of Commerce Degree (BCOM-Finance), Post Graduate Diploma in Project Management and is currently pursuing a PhD. course in Business Administration (Financial Management- Research stage) at the Jomo Kenyatta University of Science and Technology.</p> <p>He is a Certified Public Accountant of Kenya (CPA-K), Certified Public Secretary of Kenya (CPS-K), Certified Investment & Financial Analyst (CIFA- Intermediate level), Certified Professional Mediator (Eckerd College, Mediation Training</p>

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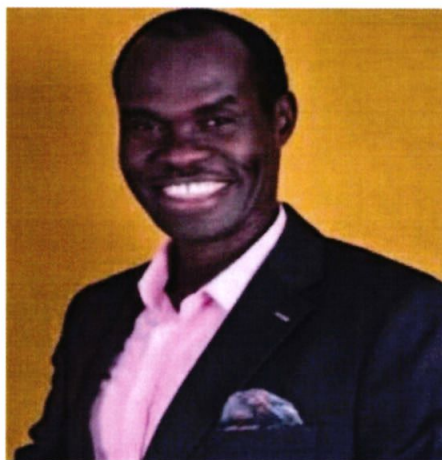
	<p>Institute) and also has Certifications in Strategic Leadership Development Program & Senior Management Course (Kenya School of Government).</p> <p>Actively engaged in professional associations, he is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK), the Institute of Internal Auditors of Kenya (IIAK), and the Kenya Institute of Management (KIM-Full member).</p> <p>He has extensive working experience in both the Private and Public sector in Management, Finance and Accounting and has also worked as a part time lecturer in several private and public universities at under graduate and postgraduate levels.</p>
	<p>CPA Michael Wasike - Born 18th June 1976 Ag. Chief Manager Internal Audit & Risk Management</p> <p>Joined LVNWWDA on July 2022 as Manager Internal Audit. He holds a master of Business Administration in Finance, Bachelor of Commerce in Finance from Masinde Muliro University of Science and Technology and a Diploma in Applied Statistics from Kenya Polytechnic. He is a Certified Public Accountant of Kenya and a member of ICPAK and Institute of Internal Auditors [IIA]</p>



CS Elizabeth Ngala - Born 1977
Corporation Secretary

She was appointed on 2nd May 2016 as the Corporation secretary. She holds a Bachelor of Laws (LLB) Hons. Degree, a Post Graduate Diploma in Law, CPA (K) and CPS (K). Elizabeth is an advocate of the High Court of Kenya. She is a member of Law Society of Kenya, a Certified Public Secretary registered with the Institute of Certified Public Secretaries of Kenya and a Certified Public Accountant registered with ICPAK. Elizabeth has wide experience in Legal, Board secretarial and corporate governance having served in both private and public sectors. She is responsible for providing guidance on statutory and regulatory compliance and support to the Board in driving the corporate governance agenda.

5. Chairman's Statement



I am delighted to present the Lake Victoria North Water Works Development Agency (LVNWWDA) Financial Report for the year ending 30th June 2024. This year has been marked by significant achievements, reflecting our ongoing commitment to infrastructural development and our progress in establishing LVNWWDA as a key player in the provision of water and sanitation services within our jurisdiction.

LVNWWDA, one of nine Water Works Development Agencies established under the Water Act 2016 and subsequently modified by Legal Notices No. 28 of 26th April 2019 and No. 5 of 4th February 2020, plays a crucial role in the national water sector reforms aimed at improving governance and service delivery. Our mandate involves the development, maintenance, and management of public water works across six counties: Bungoma, Kakamega, Vihiga, Busia, Trans-Nzoia, and Nandi.

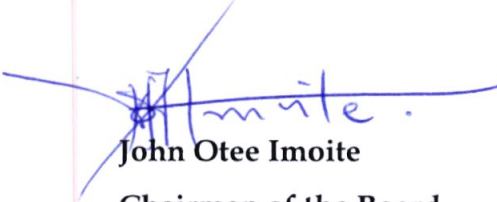
Guided by our five-year Strategic Plan (2023-2027), the Water Act 2016, and the Constitution of Kenya 2010, we have focused on aligning our efforts with both county and national government responsibilities. The Constitution allocates water service provision to county governments, while major infrastructural developments remain under national jurisdiction.

During the review period, our infrastructural investment programs have expanded to meet the growing demand for services. Notable achievements include the completion of the Sirisia-Chwele Water Supply Project in Bungoma County, and the commissioning of the Kiptogot-Kolongolo Water Supply Project, expected to serve 500,000 people; the Malaba Water Supply Project, for 125,000 people; and the Nandi Hills Water Supply Project, catering to 90,000 people. Additionally, the President presided over the ground-breaking ceremony for the Malaba Constituency Cluster Projects, which will serve 210,000 people upon completion. Several small-scale water supply projects and boreholes, funded by the national government, have also been operationalized, targeting rural areas that constitute a significant portion of our stakeholders.

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Our focus on flagship projects includes the Keben Dam Water Supply Project (407,000 people), Kapsabet Sewerage Project, Nandi Hills Last Mile Connectivity Project, Kiptogot-Kolongolo Last Mile Project, Malaba Town Last Mile Project, Kipkurere Dam Water Supply Project, Mosongo Water Supply Project, and Port Victoria-Sisenye Ruambwa Water Supply Project. We are actively mobilizing resources to realize these initiatives, which will greatly enhance access to safe water and sanitation services across our region.

The success we have achieved is a testament to our sound corporate governance and infrastructure management. I extend my gratitude to the Government of Kenya, the Ministry of Water, Sanitation, and Irrigation, our development partners, and all stakeholders for their unwavering support and cooperation. I also thank the Board of Directors for their steadfast commitment and oversight, and the Management and staff for their dedication and hard work, which have been pivotal in our exemplary performance. I look forward to your continued support as we strive to expand access to quality, affordable water and sanitation services in our service area.



John Otee Imoite

Chairman of the Board

Lake Victoria North Water Works Development Agency

6. Report of the Chief Executive Officer



It is my pleasure to present the Company's annual report and financial statements for the year ending 30th June 2024. This report reflects our activities and achievements over the past year and highlights our progress towards our strategic goals.

We have developed a comprehensive 5-year Strategic Plan (2023-2027), crafted through rigorous strategic management approaches including systems thinking, stakeholder consultations, and staff engagement. This plan represents a thorough review of our past performance, an in-depth analysis of our internal and external environments, and a clear understanding of the context in which we operate.

Our performance during the year was characterized by a steadfast commitment to operational efficiency, the adoption of new technologies, and the maintenance of robust corporate governance and control frameworks.

Significant milestones this year include the successful completion of major water supply projects, supported by our development partners such as KOICA (Korea), the African Development Bank (AfDB), and the Republic of Kenya through the Ministry of Water, Sanitation, and Irrigation. Our goal is to enhance water and sanitation coverage significantly by 2030—expanding access to potable water from 63% to 100% and increasing sanitation coverage from 23% to 80% in urban settlements. We will achieve this through the construction, expansion, and rehabilitation of various water supply and sewerage systems across six counties.

Among our completed projects, we have made notable progress in several categories:

- Water for Schools: Projects completed include Kwanza Girls and St. Francis Kolongolo Girls School in Trans Nzoia; Mukhalanya Primary and Mukumu Girls in Kakamega; St. Paul's Kamonjil Primary and Kamonjil Secondary in Nandi; and St. Augustine Lukhuna Girls and Kamukuywa Primary in Bungoma.

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- Universal Health Coverage (UHC): Completed projects include Kwanza Health Centre in Trans Nzoia, Mechimeru and Bumula Health Centres in Bungoma, Mbale Referral and Emusire Health Centres in Vihiga, and Nambuku Model Health Centre and Busia Referral in Busia.
- Sustainable Water and Sanitation Projects: The Kiptogot-Kolongolo and Nandi Hills water projects, completed and commissioned by H.E. the President, represent significant strides forward.
- Public Participation Projects: We completed various boreholes and water projects in Bungoma, Busia, and Kakamega counties, including the Lutacho Primary School borehole and the Khwisero TVC Project.

Our ongoing projects include the Kapsengere and Kimatkei Water Projects in Nandi County; the Kapkateny and Kimalewa Water Projects in Bungoma; and the Odiyoi Water Project in Busia. In Kakamega County, ongoing projects include the Bukaya Water Project and the Kakamega Last Mile Connectivity Project, supported by the African Development Bank and the Government of Kenya.

Looking ahead, we have proposed several ambitious projects across our coverage area, including the Keben Dam and Water Supply Project in Nandi Hills, the Kipkurere Dam and Water Supply Project, and various sewage and water supply projects in Kakamega, Bungoma, Vihiga, and Busia counties. These projects are designed to further enhance water and sanitation services across the region.

We remain committed to working closely with all our stakeholders to ensure that the goals outlined in our Strategic Plan are met efficiently and prudently.

Thank you for your continued support as we strive to improve access to quality water and sanitation services.



Mr. Wamalwa M. Joel
Chief Executive Officer

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

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

Lake Victoria North Water Works Development Agency had 3 strategic pillars/themes/issues and objectives within the current Strategic Plan for the FY 2023/2024. These strategic pillars/ themes/ issues were as follows:

- **Pillar /theme/issue 1:** To increase water coverage levels from 41.72% to 43.22% by June 2024
- **Pillar/theme/issue 2:** To increase sewerage coverage from 5.37% to 5.4% by June 2024.
- **Pillar/theme/issue 3:** To develop and rehabilitate low investment and high impact sanitation systems so as to increase sanitation coverage from 71.95% to 77.56 by June 2024

LVNWWDA developed its annual work plans 2023/2024 based on the above 3 pillars/Themes/Issues. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the financial year 2024 period for its 3 strategic pillars, as indicated in the table below:

Objective	Key Performance Indicators	Activities	Achievements
To increase water coverage levels from 41.72% to 43.22% by June 2024	Progress reports, quarterly monitoring reports, and completion certificates	Drilling and equipping of boreholes, construction of solar power systems, extension of pipelines and protection of springs.	35No. schools connected to water
	Progress reports, quarterly monitoring reports, and completion certificates	Drilling and equipping of boreholes, construction of solar power systems and extension of pipelines from existing water supplies.	9No. Health facilities connected to water
	Progress reports, quarterly monitoring reports, and completion certificates	Drilling and equipping of boreholes, construction of solar power systems and protection of springs.	8No. community water projects completed.

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Objective	Key Performance Indicators	Activities	Achievements
	Progress reports, quarterly monitoring reports, and completion certificates	Constructing of water supply systems	3No. Water Supply Systems completed and commissioned.
	Feasibility studies report, Design report, Tender documents, RAP and ESIA reports	Preparation for Construction of Water Supply Projects	7No. water supply projects prepared for construction.
To increase sewerage coverage from 5.37% to 5.4% by June 2024.	Progress reports, quarterly monitoring reports, and completion certificates	Constructing of Malaba Sewerage System Project	Malaba Sewerage System Project Constructed.
	Design review report, RAP and ESIA reports	Design review of Kapsabet Town Sanitation Project	Preparation for Kapsabet Town Sanitation Project for construction.
To develop and rehabilitate low investment and high impact sanitation systems so as to increase sanitation coverage from 71.95% to 77.56 by June 2024	Progress reports, quarterly monitoring reports, and completion certificates	Construction of Malaba Water and Sanitation Project	1No. ablution blocks constructed at the market place
	Progress reports, quarterly monitoring reports, and completion certificates	Construction of Malava Water and Sanitation Project upto 20% completion level	Construction of the ablution block to be done once the County Government of Kakamega allocates public land around market areas.
	Design review report for Last mile connectivity for Kiptogot - Kolongolo Water Supply Project & Sanitation	Construction of 5No. ablution blocks in public market, Construction of 10No. - 5 door VIP latrines in schools and supply and delivery of 1No. exhauster.	Final Design Report Prepared and submitted.

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Objective	Key Performance Indicators	Activities	Achievements
	Design review report, and tender documents	Preparation for construction of Chepterit Cluster Water and Sanitation Project	Contract awarded for consultancy services and preliminaries towards tender development ongoing.

8. Corporate Governance Statement

The Lake Victoria North Water Works Development Agency Board is committed to the values and principles of good corporate governance. The Board of Directors and Management of the Agency regard corporate governance as pivotal to the success of the Board and are committed to ensuring that the Board adheres to 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 corporation.

In the financial year under review, we continued to achieve high levels of corporate governance by focusing on the following areas:

- i. Continuing to implement our strategy for the long-term prosperity of the agency;
- ii. Timely and relevant disclosures and financial reporting to our stakeholder for a clear understanding of our operations and performance;
- iii. Ensuring execution of strong audit procedures, audit independence and continuously enforcing strong internationally recognised accounting principles;
- iv. Focus on clearly defined board and management duties and responsibilities;
- v. Enhancing directors' competencies through induction for directors and on-going trainings for all directors;
- vi. Focusing on compliance with relevant laws and upholding the highest levels of integrity in the organization's culture and practices.

Board charter

The Board has a Charter in place which is very critical to the Agency's governance framework. The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the Agency. It offers guidance on matters including but not limited to the following;

The separation of the roles, functions, responsibilities and powers of the Board and its individual members; Powers delegated to the Board committees; Matters reserved for final decision-making and approval by the Board;

Policies and practices of the Board on matters of corporate governance, directors' declarations and conflict of interest, conduct of Board and Board committee meetings; and induction, ongoing training and performance evaluation of the Board and its committees.

The role and responsibilities of the Board

The primary role of the Board as stipulated in Mwongozo, the Code of Governance for state corporations 2015 remains to guide the Agency towards sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the Agency, having the best team in place to execute that strategy, monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business.

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The Board of Directors collectively determine the Board's mission, vision, purpose, core values, set strategy, approve organization structure and policies, monitor the attainment of board's objectives to meet its obligations to stakeholders and enhance its corporate image.

Directors are also responsible for overseeing the Board's assets and ensure reliability of financial information, guarantee adequate internal control systems designed to safeguard the Board's assets, appointment of senior management and ensuring effective communication with stakeholders.

Separation of powers and duties of the Chairman and the Chief Executive Officer (CEO)

The separation of the functions of the Chairman (a non-executive director) and the Chief Executive Officer (executive director) supports and ensures the independence of the board and management as provided for in Mwongozo, the Code of Governance for state corporations 2015. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles. The chairman's responsibilities include the operation, leadership and governance of the Board. The chief executive officer's roles and responsibilities remain the day-to-day management of the Agency's business and overseeing the implementation of strategy and policies approved by the Board.

How the Board works

The Board is solely responsible for its agenda. However, it is the responsibility of the chairman and the corporation secretary, working closely with the Chief Executive Officer, to come up with the annual Board work plan and an agenda for the board meetings.

The Board meets at least four times a year and the meetings are structured in a way that allows for open discussions.

Comprehensive Board papers are prepared and circulated to all directors for all substantive agenda items at least ten days prior to the meeting. This allows time for the directors to undertake an appropriate review of the Board papers to facilitate full and effective discussions at the meetings. The submissions and notification period may be waived should any urgent and critical matters arise within the ten-day period to the date of the meeting.

Members of the senior management team may be invited to attend the Board meetings if deemed necessary to make presentations on their areas of responsibility. This serves as an opportunity to give the directors greater insights into their business areas.

The directors are responsible for ensuring that the business strategies proposed are fully discussed, and critically reviewed and appropriate directives given. This enables the directors to promote the success of the Agency for the benefit of its stakeholders, with consideration of, among other matters, the interests of employees, and the fostering of relationships with stakeholders.

Board Committees

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In line with the Mwongozo, the Code of Governance for state corporations 2015, the Board has delegated its authority to committees to deal with specific aspects of its responsibilities. These committees have specific terms of reference and reports to the full Board meeting. LVNWWDA has the following Board committees: -

- i. Finance and Administration Committee, whose main duties are: - To review financial statements, annual budgets, staff remuneration and terms of service; appointments and disciplinary actions for senior staff; general welfare of the Agency's employees, legal compliance, ICT and corporate affairs. The Committee held five (5) ordinary meetings and one (1) special meeting the attendance is summarised below;

	NAME OF DIRECTOR	ORDINARY	SPECIAL	ATTENDED	REMARKS
1.	Amb. Petronila Were	5	1	3	Member up to 6.10.2023
2.	Samuel Kiptorus	5	1	5	Replaced on 20.1.2023.
3.	CPA Anthony Kisaka	5	1	3	Was Acting CEO up to 26.11.2023
4.	Mr. Wamalwa M. Joel	5	1	3	Appointed CEO with effect from 27.11.2023
5.	Daniel O. Achach	5	1	3	Member from 6.10.2023
6.	Eng. Butichi Khamisi	5	1	2	Member from 6.10.2023
7.	Eng. Simon Korir	5	1	0	Didn't attend any meetings.

- ii. Governance, Risk and Audit Committee, whose main duty is, risk management and to ensure that the systems of internal control are effective and complied with. The Committee held four (4) ordinary meetings during the financial year. The attendance is summarised below;

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S/NO	NAME OF DIRECTOR	MEETINGS	ATTENDED	REMARKS
1.	Abraham Cheruiyot	4	4	Attended all meetings
2.	Daniel Achach	4	2	Member from 6.10.2023
3.	Samuel K. Kiptorus	4	4	Attended all meetings
4.	Amb. Petronila Were	4	2	Member from 6.10.2023

- iii. Technical and Environmental Committee, whose focus is on issues arising from the Agency's stewardship of essential water infrastructure and has a duty of reviewing the conditions and performance of technical assets including projects. The committee is also tasked with safeguarding the environment. The Committee held four (4) ordinary meetings during the financial year. The attendance is summarised below;

S/NO	NAME OF DIRECTOR	MEETINGS	ATTENDED	REMARKS
1.	Eng. Butichi Khamisi	4	2	Member up to 6.10.2023
2.	Amb. Petronila Were	4	2	Member from 6.10.2023
3.	CPA Anthony Kisaka	4	2	Was Acting CEO up to 26.11.2023
4.	Eng. Simon Korir	4	1	Appointed on 5.7.2022
5.	Samuel Kiptorus	4	1	Member upto 6.10.2023
6.	Daniel O. Achach	4	1	Member upto 6.10.2023
7.	Joel M. Wamalwa	4	2	Appointed CEO with effect from 27.11.2023
8.	Abraham Cheruiyot	4	2	Member from 6.10.2023

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Full Board

The Board of Directors held Six (6) ordinary meetings including board evaluation. The Board with approval from the Cabinet Secretary, Ministry of Water, Sanitation and Irrigation held thirteen (13) special meetings during the financial year in strict compliance with Mwongozo and applicable Laws. The attendance is summarised below;

S/NO	NAME OF DIRECTOR	ORDINARY	ATTENDED	SPECIAL	ATTENDED	REMARKS
1.	John Otee Imoiote	6	6	13	13	Attended all meetings
2.	Petronila Were	6	6	13	13	-
3.	Abraham Cheruiyot	6	6	13	13	-
4.	Eng. Butichi Khamisi	6	4	13	11	-
5.	Daniel Achach	6	6	13	13	-
6.	Samuel Kiptorus	6	6	13	11	-
7.	Eng. Simon Korir	6	0	13	1	-
8.	Joel M. Wamalwa	6	3	13	3	Appointed CEO with effect from 27.11.2023
9.	CPA Anthony Kisaka	6	3	13	2	Was Acting CEO up to 26.11.2023

Role of the Corporation Secretary

In line with Mwongozo, the Code of Governance for State Corporations 2015 the Agency has a Corporation Secretary whose role is;

- Providing a central source of guidance and advice to the Board, and the Agency, on matters of statutory and regulatory compliance and good governance;
- Providing the Board and the directors individually with guidance on how their responsibilities should be discharged in the best interests of the Agency;
- Facilitating the induction training of new directors and assisting with the directors' professional development as required. This includes identifying and facilitating continuous board education;
- In consultation with the CEO and the chairman, ensuring effective flow of information within the Board and its committees and between senior management and non-executive directors. This includes timely compilation and distribution of board papers and minutes.

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- Guiding the Agency in taking the initiative to not only disclose corporate governance matters as required by law but also information of material importance to decision-making by stakeholders;
- Keeping formal records of Board discussions and following up on the timely execution of agreed actions.

Conflict of Interest

The directors are obligated by Section 66 (1) read together with the first schedule (7) of the Water Act, 2016 and the Public Officers Ethics Act to fully disclose any real or potential conflict of interest, which comes to any director's attention, whether direct or indirect. The statutory duty to avoid situations in which the directors have or may have interests that conflict with those of the Agency has been observed by the Board in the financial year under review.

All business transactions with all parties, directors or their related parties are carried out at arm's length. An acknowledgement that should it come to the attention of a director that a matter concerning the Agency may result in a conflict of interest, obligates the director to declare the same and exclude himself / herself from any discussion or decision over the matter in question.

Appointment and removal of directors

The appointments of the Board members and removal are as provided for under Section 66 (1) read together with the first schedule of the Water Act, 2016.

The Corporation Secretary ensures that a record of the appointment letter, gazette notice and written acceptance by the Board member are kept in the personal file of the Board member

Ethics and Conduct

The Agency's directors and employees are expected to act with honesty, integrity and fairness in all their dealings with one another and with stakeholders and to respect the diverse cultures of the Kenyan people. The Agency has a code of conduct that binds both directors and employees. When joining the Agency, every employee is provided with a copy of the code and must commit to abide by its requirements as part of the employment contract.

Whistleblowing policy

The Agency has a whistle-blowing policy anchored under the Bribery Act, 2016 that provides for reporting of unethical practises without fear of retaliation from the suspected individuals.

The whistleblowing policy provides a platform for employees, suppliers, contractors and other stakeholders to raise concerns regarding any suspected wrongdoing, and the policy details how such concerns are addressed.

Board induction and training

Board members undergo regular training and education to enable them fulfil their responsibilities. All Board members receive an induction upon joining. This provides an overview of the Agency, new developments in the environment in which the Agency operates, accounting and financial reporting developments, as well as any regulatory changes.

Board Evaluation

The Board undertakes an annual evaluation of its performance as an entity, its committees, the chairman and each individual director. This is aimed at enabling the Board and its members and the committees to gauge their performance and identify areas of improvement. State Corporation Advisory Committee (SCAC) facilitates the process.

Board remuneration

Remuneration of Board members is guided by guidelines on terms and conditions of service for chairmen and board members, 2004 and SRC Circular on review of allowances in public sector of 10th December 2014 which recommend payment of allowances. The Board's chairman is paid monthly Honorarium.

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9. Management Discussion and Analysis

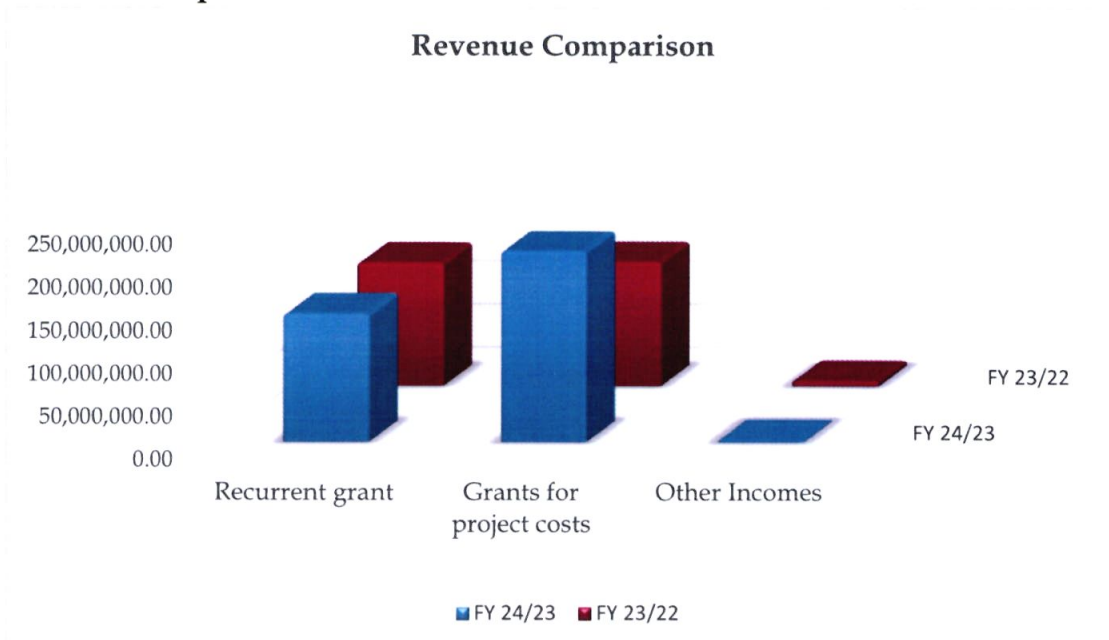
Financial Performance

During the 2023/24 FY, LVNWWDA received an allocation of Kshs 1,341 million from the Ministry of Water, Sanitation and Irrigation broken down into Kshs 149 million for salaries and administration purposes and Kshs 1,192 million for project costs.

The agency also earned Kshs 1.09 Million being miscellaneous income.

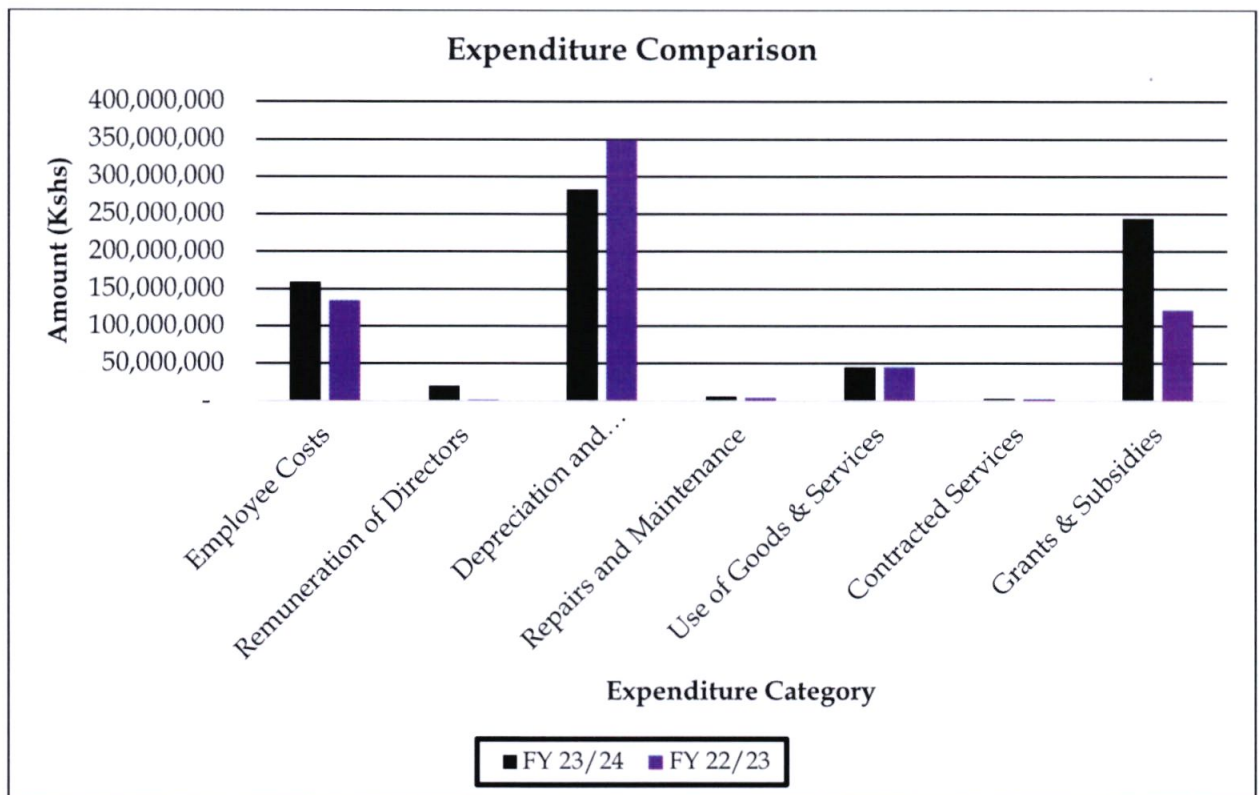
The total income for the year stood at Kshs 414,198,354 against an expenditure of Ksh 480,316,162 before depreciation. LVNWWDA transferred a total deficit of Kshs 349,041,480 after incorporating depreciation, interest due and provisions.

Revenue comparison



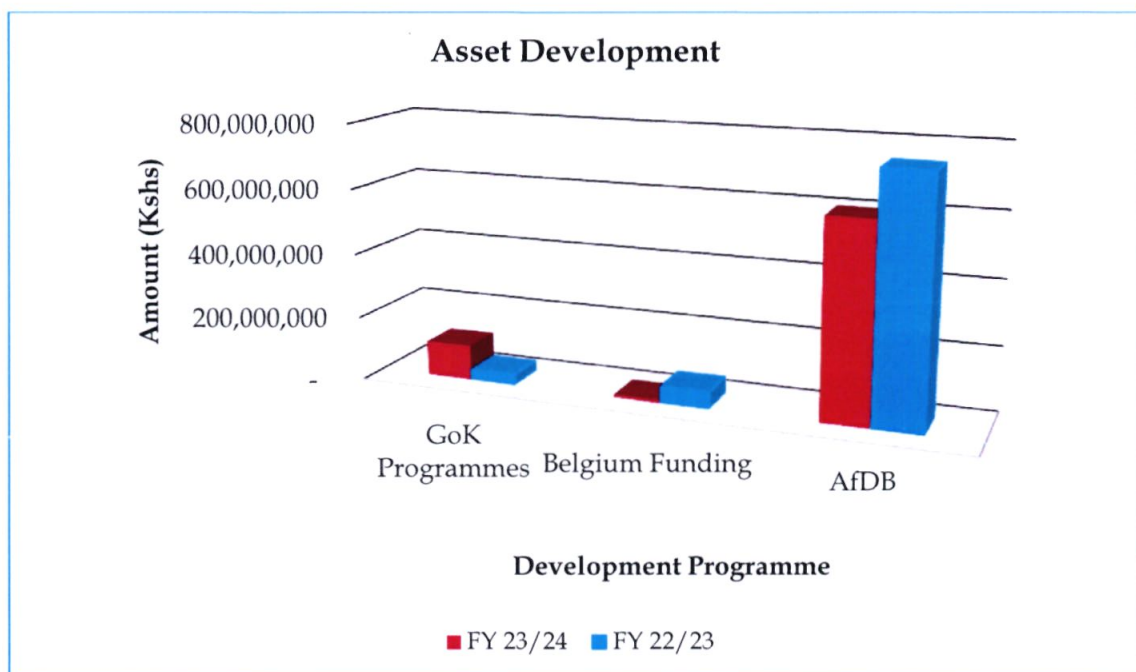
Expenditure comparison

The chart below gives a breakdown of the expenditure comparison for the years 2022/23 and 2023/24:



Asset development

LVNWWDA developed assets worth Kshs **719,834,478** in the 2023/24 FY most of which are in work in progress. The chart below gives a breakdown of capital works in progress during the year;



Major Risks

LVNWWDA is faced with the following risks:

- i) Liquidity risks due to non-repayments of loans by WSPs.
- ii) Delays in receipt of projected revenues
- iii) Delays in project execution

Projects implemented or were ongoing in the year

Developing innovative and sustainable water services solutions that transform life and inspire progress underpins our corporate mission. In the period under review, and as part of implementation of our strategic plan, LVNWWDA continued to implement the following key projects, during the 2023/2024 FY:

- i. Vihiga Cluster Water Project-Belgium Funding
- ii. Malava Water Supply projects
- iii. Mt Elgon-Busia Gravity Water project
- iv. AfDB-Malaba water & sewerage, Kiptogot Kolongolo

Compliance with statutory requirements

The regulatory environment remains an area of significance to our operations. LVNWWDA continued to ensure compliance with Constitution of Kenya 2010 (CoK 2010), the PFM Act, the State Corporations Act, the Water Act 2016 and all the relevant government circulars as issued from time to time. All the statutory deductions and other requirements were submitted to the relevant authorities in time.

Key challenges

LVNWWDA continued the implementation of its running projects amidst of several challenges including:

- i. Inadequate budgetary allocations and budget cuts without further reference to ourselves which resulted to low disbursement in the year
- ii. Cash flow challenges owing to delayed remittances from the Ministry of Water and Sanitation
- iii. Non-remittance by WSPs of the amounts owed by them
- iv. Acting appointments at various levels of the Agency
- v. Huge deficits and non-repayment of loans arising out of ownership of assets being vested with the Agency, while economic benefits of the assets accruing to Water service providers

10. Environmental and Sustainability Reporting

i) Sustainability strategy and profile

Sustainable development is all about ensuring a better quality of life for everyone, now and for generations to come. This can be achieved through the three strands of social equity which recognizes the needs of everyone, maintenance of stable levels of economic growth and employment, and using natural resources prudently, whilst protecting, and if possible enhancing, the environment. Sustainable or ecological development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with the future as well as present needs".

Sustainability requires continuous technological, economic and social progress of continuous improvement that respects the limits of the Earth's ecosystems, and meets the needs and aspirations of everyone for a better quality of life, now and for future generations to come. Lake Victoria North Water Works Development Agency commits to meeting our stakeholder's present and future requirements through a collaborative culture, which provides the capability to provide services and knowledge allowing systematic change to take place whilst reinforcing mutually desired social, economic and environmental outcomes. LVNWWDA recognizes the importance of conducting operations in a manner that meets existing needs without compromising the ability of the future generation to meet their needs; therefore, it carries out its operations in a manner that ensures the economic life of the community in which it operates. It is LVNWWDA's policy to ensure that all the activities undertaken meet and exceed the social, economic and environmental expectations of stakeholders. LVNWWDA believes that ethical leadership and corporate citizenship should direct the strategy and operations to build sustainable business.

LVNWWDA executes the objectives through the following:-

- (a) Our people, values and processes;
- (b) Stakeholder engagement;

Our People, Values and Processes

The staff of LVNWWDA are the most critical asset. The Agency recruits, retains and invests in the best talent in the market. Our success will continue to be highly dependent on the performance and accountability of our staff.

Diversity and Equal Opportunity

LVNWWDA endeavours to have gender and cultural diversity in our employee mix and for all qualified persons an equal opportunity employer. This has created an inclusive environment where individuals and teams harness strengths in diversity to maximize potential and excel in performance.

Stakeholder Engagement

LVNWWDA is cognizant that there are various people and groups who may be affected by the decisions it makes or can influence the implementation of its decisions and therefore we continued engaging different stakeholders in order to understand their concerns and to respond to them appropriately. These engagements have assisted by providing feedback on the policies, procedures and ways of working.

Reporting

LVNWWDA is committed to transparency in reporting of its activities to its stakeholders. This is done regularly through the print and electronic media, published annual reports and financial statements.

Customer Focus

LVNWWDA is committed to meeting stakeholder requirements to their satisfaction by ensuring effective and efficient use of resources. It encourages continual improvement of its services and processes.

A service charter was rolled out, and cascaded to all departments and staff and they are displayed at various strategic places in the organization. The compliance to the service charter is monitored on a regular basis, and

ii) Environmental performance

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of environment on a long term basis as well acceptable social norms over the long term. It involves making decisions and taking action that are in the interests of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life; and social wellbeing of communities.

LVNWWDA as a state corporation with key functions undertake the development, maintenance and management of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment.

As such, LVNWWDA is committed to environmental conservation and protection as well as safeguarding of health and safety of workers within the premises and projects through an integrated approach of Environmental and Social Commitment Plan (ESCP) that elaborates our ISO commitment. This incorporates Environment and Social Management Plan, Health and Safety Management Plans, Climate and disaster risk reduction strategies. Our policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within its area of jurisdiction.

Pollution prevention, regulatory compliance, stakeholder engagement, public consultation and continual improvement are the key elements, which underpins LVNWWDA environmental and social sustainability.

The objective of the LVNWWDA's environmental sustainability is therefore to promote sustainable development within our area of jurisdiction by ensuring environmental protection, social equity, and economic development.

Approach

LVNWWDA environmental sustainability is guided by the Constitution of Kenya, 2010, Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines. The Agency has developed Environmental and Social Commitment Plan (ESCP), which is in line with International Best Practices to enhance Performance Standards as outlined in the African Development Bank (AfDB) or World Bank Guidelines through

- Operational Environmental Policy
- Resettlement Action Policy
- Public Participation Policy
- Electronic Waste Policy

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ISO Certifications

Lake Victoria North Water Works Development Agency is certified in Quality Management Systems ISO 9001:2015 Environmental Management System 14001:2015 Environmental Management Systems 14001:2015 with objectives and policies that are relevant to its context, products, services and any interested parties for the development, maintenance and management of water and sanitation infrastructures.

Environmental Unit

The Agency has developed operational environmental policy, Resettlement Action Plan Policy, Public participation and E-Waste Policy to ensure strict adherence to the constitutional requirement and specifically Environmental Management and Coordination Act of 1999 with relevant regulations. The agency has adequately incorporated the international good practices as outlined in Environment and Social Safeguards requirement by World Bank and African Development Bank with respect to all relevant Safeguard Standards.

The Agency develops annual Quality and Environmental Objectives to ensure 100% compliance with Environment and Social Management Plans in the project cycle, and are realised through environmental objectives targets and programs.

LVNWWDA participatory approach has ensured best-delivered projects supported by International Financial partners. However, implementing international safeguards has exposed gaps in our local regulatory frameworks causing project delays, litigations and cost of claims. The Agency has now introduced Environmental and Social Commitment Plan as part of Environment and Social Safeguards requirements in the project cycle.

Pollution prevention and abatement

LVNWWDA Complies with various legislation related to prevention and abatement of pollution such as EMCA (waste management) regulations, EMCA (water quality) regulations) EMCA (noise reduction) regulations, Water Act (water rules).

Programmes are in place to ensure that all operations are in compliance with these regulations. For instance, water abstraction permitting, effluent discharge planning and licensing, and workplace certification among others.

The boreholes drilled within this reporting period were authorized and permitted by WRMA.

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.

- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.

Climate change mitigation and adaptation

LVNWWDA has identified variety of risks cutting across its operations, and has developed robust review and update program to ensure that it implements projects with measures to adapt and/or mitigate against effects of climate change. LVNWWDA is drilling and equipping boreholes to provide alternative water sources in ASALs to help communities in those areas adapt to water resources scarcity, which is associated with climate change.

LVNWWDA is also implementing medium and small dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change. Community projects focusing on rainwater harvesting and development of water pans also provide additional water storage to help communities and schools deal with water scarcity. The Agency also undertakes tree planting within the area of jurisdiction as a climate change adaptation measure to act as carbon sinks. The Agency adopts technologies that mitigate climate change like solar energies, gravity or non-motorized facilities as well as supporting research and development to reduce ozone depletion during the project cycles.

Promoting Environmental protection and conservation through renewal energy and recycling through innovative research with partnerships and stakeholders. LVNWWDA continually work together with partners such as County governments, community members, WRA, NEMA, Water Resource Users Associations, local administrations etc. within its area of jurisdiction to enhance participation of stakeholder and sustainability of projects.

Environmental education and awareness

LVNWWDA through its corporate communication section develop and disseminate information on water conservation and rain water harvesting through fliers, brochures, print media, radio and TV.

Social sustainability activities

Socio-economic impact assessment

Environment and Social safeguards framework is now conceived as being the tool for identifying and managing the social issues of project development, and includes the effective engagement of affected communities in participatory processes of identification, assessment and management of social impacts. Social Safeguards contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure. LVNWWDA focuses on social impact assessment to enhance the

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benefits of projects to impacted communities. This is necessary for the project to earn its social license to operate; Enhancing benefits covers a range of issues, including- modifying project infrastructure to ensure it can service local community needs; providing social investment funding to support local social sustainable development and community visioning processes to establish strategic community development plans; a genuine commitment to maximizing opportunities for local content (i.e. jobs for local people and local procurement) by removing barriers to entry to make it possible for local enterprises to supply goods and services; and by providing training and support to local people.

Where people's assets and properties are affected, the LVNWWDA ensures that appropriate Resettlement Action Policy (RAP) is applied hence, there is prior and informed consent from the project affected persons, there is prompt and adequate compensation for any loss; and where people are resettled to enable a project to proceed, the Agency ensures that their post-resettlement livelihoods are restored and enhanced.

Other Social sustainability activities include:

- i. Stakeholder engagement and public participation plan
- ii. Livelihood and restoration plans
- iii. Environmental Commitment Plan by the Contractor

Environment and social sustainability management systems

LVNWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans. The Unit conducts environment and social monitoring for both development projects and operation projects under the County governments.

Environmental and social Management Plans

An Environmental and Social Management Plan (ESMP) provides the remedial measures to be taken, the responsible person(s) for execution, and the monitoring activities to be undertaken during the construction, operational and decommissioning phases.

An indication of the timing for implementation and the cost involved is also provided. It is a practical and achievable plan of management to ensure that any environmental impacts during the design, planning and construction phase are minimized. All contractors working with LVNWWDA submits an ESMP for their respective projects to LVNWWDA for review and are taken through orientation on ESMP, Policies and regulatory requirements. LVNWWDA ensures that the ESMP is implemented at each phase of the project in order to minimize harmful occurrences to the environment, community members and the employees.

Health and safety management plans

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HSMP) is prepared for each project being

implemented by LVNWWDA. The objective of a HSMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

Grievance Redress Mechanism.

LVNWWDA recognizes the need for a Grievance Redress mechanism (GRM) throughout the project implementation period to identify disputes in good time and allow them to be resolved in a transparent and accountable manner. Compensation based disputes are issues likely to occur during and after project implementation period, hence the need for GRM system. Project financing institutions guidelines and policies also call for appropriate and accessible grievance handling mechanisms for project-affected persons. Appropriate Grievance Redress System is developed and maintained in the entire project cycle.

Conclusion

LVNWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities affected by the organizations operations. The organization continuously works towards compliance with the ISO and international good practices as well as achieving the environmental sustainability targets.

iii) Employee welfare

Our Culture and Values

The staff and directors are committed in upholding our core values in fulfilling our mandate. LVNWWDA's leadership has created an enabling environment where board of directors and staff are accountable for their actions based corporate culture of living our values. The LVNWWDA is an open and transparent community, striving for quality services that are environment friendly, embedded on good governance and has maintained an open and collaborative engagement.

All employees are inducted and sensitized on relevant laws and policies to enhance proper work ethics and adherence to code of conduct.

Employee Welfare

The Agency project implementation complies with Environment, Safety and Health as required by Occupational Safety and Health Act of 2007, (OSHA). The Agency has Management Committee that develop and implement health and Safety requirements in the workplace, and the workplace is registered as required by law.

LVNWWDA continued to ensure a healthy workforce through provision of medical care through a comprehensive health insurance/medical cover for all staff and their nuclear

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families through a competitively sourced medical cover. Further, wellness programmes are undertaken quarterly in order to enhance both physical and mental health of all employees. The Agency has also continually ensured timely remittance of statutory deductions including NHIF in order to ensure prompt access to all medical services by all staff.

Labour Relations

LVNWWDA continued to encourage open communications and frequent dissemination of information with an aim of fostering a positive work environment; all employees are encouraged to participate actively in the free flow of questions, answers and ideas. Monthly meetings are held for Senior Management Staff while quarterly meetings for all staff.

Staff Training and Development

To ensure that LVNWWDA not only attracts but also retains the best talent, the Agency aims to nurture employee's careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions or specialization.

Staff training needs are identified annually during performance appraisals and training needs assessments then they are factored in the training plan for implementation.

In its Annual Budget, LVNWWDA allocated a budget towards education, training and professional development. Individual staff budget allocation was equitably done based on their training needs and job level. LVNWWDA also supports membership to professional bodies by financing of continuous professional development (CPD) trainings to ensure staff are in good standing with their respective professional bodies. Additionally, LVNWWDA continued implementing on-the-job training through workplace projects and job enrichment. LVNWWDA supports staff furthering their academic growth through flexible working time and giving them study leave.

Employee Engagement

The staff are committed to the realization of the LVNWWDA's mandate. Focus is on delivering an employee experience where staff feel strongly connected to the realization of Agency's mandate. All employees are engaged through provision of clear roles and responsibilities, frequent feedback, proper coordination between departments and participation to various activities undertaken in the Agency.

Occupational Health and Safety

Good health and safety standards are ideal and remain an individual and corporate responsibility for the staff and the Agency. The Agency is committed to proactively managing all health and safety risks associated with its mandates.

During the year, the Agency organized several workshops to sensitize staff. Further, the Agency has ensured provision of safe work environment, working equipment and tools and other required facilitations in order to ensure employees are productive.

All employees are covered against Work Injuries and accidents through provision of Work Injury Benefit Act (WIBA)/Group Life covers.

iv) Market place practices

a) Responsible competition practice.

The Agency ensures responsible competition practices by strictly adhering to Article 227 of the constitution of Kenya which dictates that procurement of goods and services is done within the principles of fairness, equity, transparency, competitiveness and cost effectiveness

b) Responsible Supply chain and supplier relations

The Agency recognizes the value of every stake holder in the supply chain in the course of implementing its mandate .In order to accomplish better supplier management relationships, the Agency strives to implement best practice like clearly defining the Agency's expectations and spelling out the deliverables from Contractors and supplier, adherence to the terms of the contacts signed, proper and management of costs and time of the contracts among other practices. The agency engaged in sensitization and training of special groups (Youth, Women and Persons Living with Disabilities). All the agency stakeholders have been engaged in key Agency activities including strategic planning and climate change initiatives.

c) Responsible marketing and advertisement

Lake Victoria North Water Works Development Agency believes in Marketing and advertisement which plays a key role in any organisation set up. It plays a major role of ensuring that stakeholders across the globe gets an understanding of what the organisation does in specific area of interest or as per the core mandate for its formation.

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

In the year under review, the Agency came up with various ways of ensuring that whatever it does reaches a wide range of people in our area of coverage and beyond. Such efforts and strategies employed include; revamping of the Agency's Social media pages, that is, X formerly twitter and facebook pages by ensuring that all activities carried are uploaded on good time to reach our stakeholders who follows us; Revamping of the Agency's website by regularly updating news of what happens and branding of all completed projects as per our approved Branding strategy. The Agency however experienced challenges in its corporate branding strategies; lack of access to reliable web traffickers, lack linkage between the agency's website and social media pages and delayed disbursement of funds to facilitate corporate activities.

d) Product stewardship

The Agency ensures consumer rights are safeguarded by making it mandatory that any products or works adhere to the set standards in terms of quality.

As a means to safeguard consumer rights, the Agency normally constitutes adhoc inspection and acceptance committees to inspect and ensure that the supplied goods, services and works are as per the contract and the set national standards.

v) Corporate Social Responsibility / Community Engagements

The Agency gives much credit to Corporate Social Responsibility where it integrates social and environmental concerns in its business operations and interactions with their stakeholders.

In the year under review, the Agency engaged in a number of CSR activities in its area of jurisdiction. Such activities include; The Agency planted trees in various areas both as CSR and as adherence to presidential clarion call. Such areas include, Nandi Forest, Mt. Elgon Forest, Kakamega Forest and Maragoli Hills. At the end of Financial year, we planted 15,000 tree seedlings. As part of CSR, the Agency participated and celebrated Global Handwashing day where some goodies were donated to Shinamwenyuli Primary School in Kakamega County. We also participated in a number of regional events, that is, Kakamega Forest Marathon, Rediscover Nandi Road Race and Regional ASK show where we showcased to stakeholders present what we do as guided by our core mandate.

11. Report of the Directors

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

Principal activities

The principal activity of the Agency is to develop, manage and maintain water and sewerage infrastructure.

Results

The results of the Agency for the year ended 30th June, 2024 are set out on page 1-5.

	Kshs
Surplus/ (Deficit) before depreciation and finance costs	(66,117,807)
Less: Depreciation	<u>(282,923,672)</u>
Surplus/ (Deficit) before finance costs	<u>(349,041,480)</u>

Net deficit for the period

The Agency registered a Deficit of **Kshs. 349,041,480** during the year.

Directors

The members of the Board of Directors who served during the year are shown on page **x to xiii**.

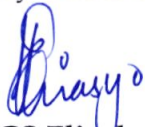
Surplus Remission

The Agency did not make any surplus during the period and hence no remittance to the Consolidated Fund.

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 Order of the Board



CS Elizabeth Ngala
Corporation Secretary

Date: 27.09.2024

12. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act 446, require the Directors to prepare financial statements in respect of the, which give a true and fair view of the state of affairs of the Agency at the end of the financial year/period and the operating results of the Agency for that year/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 (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (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), and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2024, and of the Agency's financial position as at that date. The Directors further confirm 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 26th September 2024 and signed on its behalf by:


John Otee Imoite

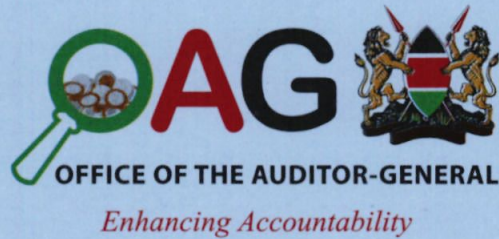
Chairman of the Board


Wamalwa M. Joel

Chief Executive Officer

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Victoria North Water Works Development Agency set out on pages 1 to 44, which comprise of the statement of

Report of the Auditor-General on Lake Victoria North Water Works Development Agency for the year ended 30 June, 2024

financial position as at 30 June, 2024 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 North Water Works Development Agency as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 17 to the financial statements reflects receivables from exchange transactions balance of Kshs.469,477,064, net of provision for bad and doubtful debts of Kshs.76,426,499. However, review of ageing analysis provided for audit revealed that the receivables have been outstanding for more than three (3) years as at 30 June, 2024. Further, the Agency did not have in place debtors' management policy.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.469,477,064 could not be confirmed.

2. Unsupported Long-Term Loan Repayments Due

As previously reported, the statement of financial position and Note 25 to the financial statements reflect long term loan repayments due balance of Kshs.2,922,990,155. The loans relate to KFW loan-Nzoia of Kshs.2,359,892,619 and Water Supply and Sanitation Improvement Project (WaSSIP) of Kshs.563,097,536. However, documents such as loan disbursement schedules, Board resolution, Treasury concurrence, bank statements and loans amortization schedule were not provided for audit review.

In the circumstances, the accuracy and completeness of the long-term loan repayments due balance of Kshs.2,922,990,155 could not be confirmed.

3. Unsupported Borrowings

The statement of financial position and Note 26 to the financial statements reflect borrowings balance of Kshs.12,992,347,019. The loans balance includes AFDB loan of Kshs.3,296,919,859, Belgium loan Kshs.1,721,054,595, IDA Loan of Kshs.4,376,785,682 and KFW loan of Kshs.3,597,586,883. However, supporting documents such as application for the loans, purpose of the loans, loan amortization schedule and repayment plan were not provided for audit verification.

In the circumstances, the accuracy and completeness of the borrowings balance of Kshs.12,992,347,019 could not be confirmed.

4. Material Uncertainty Relating to Sustainability of Services

The statement of financial performance reflects a deficit of Kshs.349,041,480 (2022/2023 deficit of Kshs.354,320,488). The accumulated deficit increased from Kshs.3,657,952,565 in 2022/2023 financial year to Kshs.4,006,818,909 during the year under review. In addition, current liabilities balance of Kshs.3,180,288,590 exceeded current assets balance of Kshs.1,018,669,929 by Kshs.2,161,618,661.

In the circumstances, the Agency is technically insolvent and its sustainability depends on the assumption that it will continue to receive financial support from the Government, bankers and creditors. This information has not been disclosed in the financial statements.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual amounting to Kshs.440,000,000 and Kshs.414,198,354 respectively an under collection of Kshs.25,801,646 or 6% of the budget. The Agency spent an amount of Kshs.1,483,074,312 against the actual receipts of Kshs.414,198,354 resulting in an over utilization of Kshs.1,068,875,958 or 258% of the actual receipts.

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

Other Matter

Unresolved Prior Year Matters

In the audit of the previous year, several issues were reported under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public

Report of the Auditor-General on Lake Victoria North Water Works Development Agency for the year ended 30 June, 2024

Resources. However, Management has not resolved the issues or given reasons for the delay in resolving the issues.

Other Information

Management is responsible for the other information set out on page vi to xlvii which comprise of Key Entity Information and Management, the Board of Directors, Key Management Team, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Directors and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

The statement of financial position and Note 18 to the financial statements reflect receivables from non-exchange transactions balance of Kshs.541,834,875. Included in the balance is Kshs.996,311 in respect of outstanding imprests. No explanation was provided on why the imprests were not accounted for or recovered from the salaries of the respective employees in accordance with Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which requires a holder of a temporary imprest to surrender or account for it within seven (7) days after returning to duty station.

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

2. Long Outstanding Trade and Other Payables

The statement of financial position and Note 21 to the financial statements reflect trade and other payables from exchange transactions balance of Kshs.208,680,541. Out of this amount, an amount of Kshs.203,111,791 was indicated to be above 1 to 2 years old. However, Management did not provide explanations for the non-settlement of the debts. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the Government does not default on debt obligations.

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

3. Staff in Acting Capacity for More than Six Months

Review of employee files revealed that four (4) members of staff had been in acting capacity for more than six months contrary to Section 34(3) of the Public Service Commission Act, 2017, which requires public officers to act in an acting capacity for a period of at least thirty days but not exceeding a period of six months.

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

4. Noncompliance with Law on Staff Ethnic Diversity

Review of records maintained by Management revealed that the Agency had sixty seven (67) employees as at 30 June, 2024. However, it was noted that thirty eight (38) members of staff or 57% were from one dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community.

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

5. Stalled Kingwal-Segut School Water Project

The Lake Victoria North Water Works Development Agency awarded a tender for drilling and capping of Kingwal-Segut School Water Project borehole to a local company through tender at a contract sum of Kshs.3,704,883. The contract start date was 9 June, 2023 and was expected to be completed by 9 August, 2023. The contractor had been paid a total of Kshs.2,461,420 which was equivalent to 66% of the contract sum. However, physical verification of the project conducted in November, 2024 revealed that, the project had stalled and solar installation, equipping of the borehole, electromechanical and civil works had not been done. Further, need assessment report was not provided for verification.

In the circumstances, value for money may not have been realized on the expenditure incurred on this project.

6. Sironoi Water Project

The Lake Victoria North Water Works Development Agency awarded a tender for drilling and capping of Sironoi Water Project borehole to a local company through tender at a contract sum of Kshs.4,084,500.

The contract was signed on 6 July, 2023. The contractor had been paid a total of Kshs.1,244,040 or 30% of the contract sum. Physical verification conducted on 14 November, 2024 revealed that, the borehole did not have water and the taps at the community water points were dry. Feasibility study report conducted to confirm the viability of the project was not provided for audit verification. Further, need assessment report was not provided for audit review.

In the circumstances, value for money was not realized in respect of the expenditure incurred on this project.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability 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 terminate the Agency or to cease its 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 are responsible for overseeing the Agency's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

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

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

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

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

		2023 - 2024	2022 - 2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other Governments-gifts and services-in-kind	6	371,000,000	287,250,000
		371,000,000	287,250,000
Revenue from exchange transactions			
Other Income	7	1,091,895	5,949,109
Loan Repayment Income	8	42,106,459	33,955,393
		43,198,354	39,904,502
Total revenue		414,198,354	327,154,502
Expenses			
Employee Costs	9	159,855,372	134,902,843
Board Expenses	10	20,358,816	20,441,990
Depreciation and Amortization Expense	11	282,923,672	349,095,908
Repairs and Maintenance	12	6,292,597	5,377,526
Use of Goods and Services	13	45,624,115	45,796,219
Contracted Services	14	3,730,859	3,703,064
Grants & Subsidies (Community Development)	15	244,454,404	122,157,441
Total Expenses		763,239,834	681,474,989
Other gains/(losses)			
Surplus/(Deficit) before tax		(349,041,480)	(354,320,488)
Taxation		-	-
Surplus/(Deficit) for the year		(349,041,480)	(354,320,488)

The notes set out on pages 7 to 54 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:



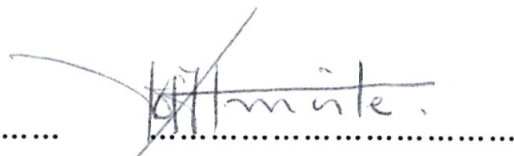
Mr. Wamalwa M. Joel
Accounting Officer

Date 27-09-2024



CPA Anthony Kisaka
Head of Finance
ICPAK M/No: 7014

Date 27-09-2024



John Otee Imoite
Chairman of the Board

Date 27-09-2024

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

15. Statement of Financial Position as at 30 June 2024

		2023 - 2024 Kshs	2022 - 2023 Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	4,938,051	12,309,922
Receivables from exchange transactions	17	469,477,064	485,587,401
Receivables from non-exchange transactions	18	541,834,875	274,242,924
Inventories	19	2,419,940	2,114,658
Total Current Assets		1,018,669,929	774,254,905
Non-Current Assets			
Property, plant and equipment	20	16,660,205,757	16,223,294,951
Total Non-Current Assets		16,660,205,757	16,223,294,951
Total Assets (A)		<u>17,678,875,686</u>	<u>16,997,549,856</u>
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	21	208,680,541	225,794,105
Provisions	22	3,960,000	5,512,802
Employee benefit obligation	23	30,302,524	13,227,370
Taxation	24	14,355,369	14,493,027
Long term loans due	25	2,922,990,155	2,479,299,559
Total Current Liabilities		3,180,288,590	2,738,326,863
Non-Current Liabilities			
Borrowings	26	12,992,347,019	12,832,116,573
Total Non-Current Liabilities		12,992,347,019	12,832,116,573
Total Liabilities (B)		<u>16,172,635,609</u>	<u>15,570,443,436</u>
Net Assets(A-B)		<u>1,506,240,077</u>	<u>1,427,106,420</u>
Represented by:			
Capital Fund		5,513,058,985	5,085,058,985
Accumulated Surplus/(Deficit)		(4,006,818,909)	(3,657,952,565)
Net Assets		<u>1,506,240,077</u>	<u>1,427,106,420</u>

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



Mr. Wamalwa M. Joel
Accounting Officer

Date 27.09.2024



CPA Anthony Kisaka
Head of Finance
ICPAK M/No: 7014

Date 27.09.2024



John Otee Imoite
Chairman of the Board

Date 27.09.2024

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

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

Description	CAPITAL FUND							Accumulated surplus/(Deficit)	Total
	Grants	Grants KIDDP	Grants KFW	Grants Worldbank	Grants - KOICA	Grants- MIC	Grants GoK		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
As at July 1,2022	25,924,938	361,956,401	221,783,948	1,267,995,799	0	0	2,674,781,802	(3,304,614,641)	1,247,828,247
Prior period adjustment	-	-	-	-	108,918,722	40,296,963	-	982,564	150,198,248
Capital/development grants received during the year	-	-	-	-	144,139,557	19,260,856	220,000,000	-	383,400,413
Surplus/ (deficit) for the year	-	-	-	-	-	-	-	(354,320,488)	(354,320,488)
Transfers to/from accumulated surplus	-	-	-	-	-	-	-	-	-
As at June 30, 2023	25,924,938	361,956,401	221,783,948	1,267,995,799	253,058,278	59,557,819	2,894,781,802	(3,657,952,565)	1,427,106,420
As at July 1,2023	25,924,938	361,956,401	221,783,948	1,267,995,799	253,058,278	59,557,819	2,894,781,802	(3,657,952,565)	1,427,106,420
Prior period adjustment	-	-	-	-	-	0	-	175,136	175,136
Capital/development grants received during the year	-	-	-	-	-	0	428,000,000	-	428,000,000
Surplus/ (deficit) for the year	-	-	-	-	-	0	-	(349,041,480)	(349,041,480)
Transfers to/from accumulated surplus	-	-	-	-	-	0	-	-	-
As at June 30, 2024	25,924,938	361,956,401	221,783,948	1,267,995,799	253,058,278	59,557,819	3,322,781,802	(4,006,818,909)	1,506,240,077

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

	Notes	2023 - 2024 Kshs	2022 - 2023 Kshs
Cash flows from operating activities			
Receipts			
Government grants	27	196,000,000	287,250,000
Other Income	27	2,858,395	5,949,109
Loan Repayment Income	27	42,106,459	33,955,393
Levy Arrears	27	10,690,073	-
Total Receipts		251,654,927	327,154,502
Payments			
Employee costs	27	141,256,751	134,902,843
Board Expenses	27	20,358,816	20,441,990
Repairs and maintenance	27	3,492,009	5,377,526
Use of Goods and Services	27	38,045,866	45,796,219
Contracted Services	27	3,761,411	3,703,064
Grants & Subsidies(Community Development)	27	364,198,511	122,157,441
Total Payments		571,113,363	332,379,081
Cash flows from/(used in) operating activities		(319,458,436)	(5,224,580)
Working capital changes			
(Increase)/Decrease in debtors		0	(220,006,044)
(Increase)/Decrease in stores		0	263,810
Increase/(Decrease) in Creditors		0	1,091,996,536
Prior year's adjustment		0	150,198,248
Net cash flows from operating activities	27	(319,458,436)	1,017,227,970
Cash flows from Investing Activities			
Purchase of property, plant & Equipment	20	(719,834,478)	(3,096,673,625)
Net cash flows from/(used in) Investing Activities		(719,834,478)	(3,096,673,625)
Cash flows from Financing Activities			
Proceeds from borrowings	26	603,921,043	2,692,998,817
Repayment of borrowings/transfer to current liabilities	26	0	(1,014,211,210)
Increase in funding		428,000,000	383,400,413
Net cash flows from/(used in) financing activities		1,031,921,043	2,062,188,020
Net increase/(decrease) in cash and cash equivalents		(7,371,871)	(17,257,634)
Cash and cash equivalents at 1 July	16	12,309,922	29,567,555
Cash and cash equivalents at 30 June	16	4,938,051	12,309,922

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

	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2023 - 2024	2023 - 2024	2023 - 2024	2023 - 2024	2023 - 2024	
	Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue						
Government Grants	163,000,000		163,000,000	149,000,000	(14,000,000)	91%
GOK Rural Development Grants	170,071,000	51,929,000	222,000,000	222,000,000	-	100%
Other Revenues	55,000,000		55,000,000	43,198,354	(11,801,646)	79%
Total Revenue	388,071,000	51,929,000	440,000,000	414,198,354	(25,801,646)	94%
Expenses						
Employee Costs	145,750,773	-	145,750,773	159,855,372	(14,104,599)	110%
Boards Expenses	18,987,600	-	18,987,600	20,358,816	(1,371,216)	107%
Repairs and Maintenance	5,800,000		5,800,000	6,292,597	(492,597)	108%
Use of Goods and Services	43,133,000	-	43,133,000	45,624,115	(2,491,115)	106%
Contracted Services	4,328,627		4,328,627	3,730,859	597,768	86%
Depreciation and Amortization Expense	0	282,923,672	282,923,672	282,923,672	-	100%
Grants & Subsidies(Community Development)	170,071,000	51,929,000	222,000,000	244,454,404	(22,454,404)	110%
Total Expenses	388,071,000	334,852,672	722,923,672	763,239,834	(40,316,162)	106%
Surplus/ (deficit) for the period	-	(282,923,672)	(282,923,672)	(349,041,480)	14,514,516	
Capital Expenditure	781,000,000	1,014,921,043	1,795,921,043	719,834,478	1,076,086,565	40%

Budget notes

Income: The WSPs did not pay loans as planned

Expenses: Employee Costs increased due to the implementation of the approved salary structure by SRC and the introduction of housing levy

Capital Expenditure: Under expenditure is a result of non-disbursement of Kshs 0.5 billion and late disbursement of funds.

19. Notes to the Financial Statements

1. General Information

The Agency 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 to develop, manage and maintain water and sewerage 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, Water Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

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

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

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

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>The standard has no impact to the Agency.</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>The standard has no impact to the Agency.</p>
IPSAS 45- Property	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets,</p>

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Standard	Effective date and impact:
Plant and Equipment	<p>infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The standard has no impact to the Agency.</p>
IPSAS 46 Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard has no impact to the Agency.</p>
IPSAS 47- Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the</p>

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Standard	Effective date and impact:
	<p>nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard has no impact to the Agency.</p>
<p>IPSAS 48- Transfer Expenses</p>	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard has no impact to the Agency.</p>
<p>IPSAS 49- Retirement Benefit Plans</p>	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard has no impact to the Agency.</p>

iii. Early adoption of standards

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

Notes to the financial statements (continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The Agency recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. 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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Agency's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for the Current FY was approved by the National Assembly on 26th June 2023. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Agency upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Agency recorded additional appropriations of Kshs 163 million on the 2024 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Agency's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable Entity and the same taxation authority.

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

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

e) Property, plant and equipment

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Agency. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Agency also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Agency will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Agency. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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.

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

Amortized cost

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

Fair value through net assets/ equity

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

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.

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

b) Financial liabilities

Classification

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

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

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

l) Social Benefits

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

m) Contingent liabilities

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

n) Contingent assets

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Nature and purpose of reserves

The Agency does not create and maintain reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

LVNWWDA provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an Agency 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.

r) Foreign currency transactions

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

t) Related parties

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

u) Service concession arrangements

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

v) Cash and cash equivalents

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

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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

w) Comparative figures

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

x) Subsequent events

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 17. 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.

**Lake Victoria North Water Works Development Agency
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Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Unconditional Grants		
Operational Grant	149,000,000	143,000,000
Unconditional development grants	222,000,000	144,250,000
Total Unconditional Grants	371,000,000	287,250,000
Conditional Grants amortised/ transferred to revenue		
Infrastructure Grant	0	144,139,557
Total Government Grants And Subsidies	0	144,139,557

The operational grant is to be utilized for recurrent activities

Unconditional development grants are for carrying out development activities that are expensed.

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

Name of The Entity Sending The Grant	Amount recognized to Statement of Financial performance. KShs	Amount recognised in capital fund. KShs	Total transfers 2023-2024 KShs	Total transfers- 2022-2023 KShs
Ministry of Water & Sanitation	371,000,000	428,000,000	799,000,000	507,250,000
KOICA	0	0	0	144,139,557
Total	371,000,000	428,000,000	799,000,000	651,389,557

The details of the reconciliation have been included under appendix iv

7. Other Income

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Sale of tenders, Water bowsers services & Other income	1,091,895	5,949,109
Total	1,091,895	5,949,109

8. Loan Repayment Income

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Loan Repayment Income	42,106,459	33,955,393
Total Loan Repayment Income	42,106,459	33,955,393

**Lake Victoria North Water Works Development Agency
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Notes to the Financial Statements (Continued)

9. Employee Costs

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Salaries and wages	97,159,553	71,512,713
Employer Contributions to Health Insurance Schemes	13,813,553	15,547,299
Employer Contributions to pension Schemes	11,463,299	8,547,185
Housing benefits and allowances	29,821,031	32,958,583
Gratuity	6,619,924	4,016,201
Other Employee Related Costs	978,013	2,320,861
Total Employee costs	159,855,372	134,902,843

10. Board Expenses

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Honoraria for chairman	960,000	1,009,032
Board committee & conference	19,398,816	19,432,957
Total Board Expenses	20,358,816	20,441,989

11. Depreciation and Amortization Expense

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Property, Plant and Equipment	282,923,672	349,095,908
Total Depreciation and Amortization	282,923,672	349,095,908

12. Repairs and Maintenance

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Laboratory/quality control expenses	985,402	4,386
Maintenance of equipments	350,980	74,145
Minor alteration to building	250,465	423,702
Maintenance of computers	572,802	1,162,521
Monitoring and evaluation	2,227,948	2,503,534
Support to water service providers	247,789	109,332
Transport operating costs-MV Maintenance	1,657,211	1,099,906
Total Repairs and Maintenance	6,292,597	5,377,526

**Lake Victoria North Water Works Development Agency
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Notes to the Financial Statements (Continued)

13. Use of Goods and Services

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Electricity&Water	1,593,064	1,085,128
Trade shows & exhibitions	1,731,393	1,057,896
Training expenses	4,608,977	9,135,343
Workshops and meeting expenses	4,219,243	2,426,189
Security Expenses	2,597,650	2,744,035
Corporate social responsinbilty,publicity	1,840,148	2,941,534
Board Capacity Development	181,250	521,034
ISO Preparation and acquisition expenses	722,952	364,768
Work environment survey/safety	138,810	1,297,195
Adjustment on provisions of debtors	3,867,462	4,485,399
Travel, accommodations, subsistence & Other allowances	11,852,864	9,294,943
Bank Charges	422,574	246,854
Fuels and oils for motor vehicle	2,869,956	1,186,911
Motor vehicle insurance	919,263	297,946
Advertisement and publicity	745,120	674,800
Computers stationery and accessories	42,500	1,030,190
Courier and postal services	410,711	381,590
Legal and professional services	1,481,016	1,641,731
General office supplies	1,155,867	2,213,723
Publishing & printing services	151,040	458,300
Professional subscriptions	574,470	339,615
Telephone, Fax and mobile phones	33,940	13,000
Tender/Seek quotations	1,587,907	1,164,891
Subscription to newspapers and periodicals	152,240	-
Hospitality supplies and services and national celebration	1,658,199	438,205
Purchase of Uniforms and Clothing	65,500	355,000
Total Use of Goods and Services	45,624,115	45,796,219

14. Contracted Services

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Internet connections/ICT Expenses	2,395,663	2,558,728
Sanitary and cleaning materials	1,335,196	1,144,336
Total Contracted Services	3,730,859	3,703,064

Lake Victoria North Water Works Development Agency
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Notes to the Financial Statements (Continued)

15. Grants and Subsidies

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Community Development	244,454,403	122,157,441
Total Grants & Subsidies	244,454,403	122,157,441

16. Cash and Cash Equivalents

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Current Account	4,938,051	12,309,922
Savings Account	0	0
Total Cash and Cash Equivalent	4,938,051	12,309,922

Detailed Analysis of the Cash and Cash
Equivalents

Financial Institution Number	Account	2023 - 2024 Kshs	2022 - 2023 Kshs
Current Account			
KCB Revenue account	1103686909	1,886,438	6,909,466
KCB Recurrent account	1103686550	713,087	2,180,998
KCB Development account	1103686313	530,810	5,217
KCB KISIP Account	1130930009	0	4,983
Cooperative bank Development	0113609835501	27,497	551
Cooperative bank Gratuity	01100098355500	1,700,919	3,208,706
Cooperative bank - Retention	01141098355500	79,299	0
Grand Total		4,938,051	12,309,922

The reduction in cash balances is due to enhanced absorption of funds

17. Receivables from Exchange Transactions

(a) Receivables from Exchange Transactions (Current)

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
WSP Debtors	545,903,563	558,146,438
Less: Provision for bad and doubtful debts	76,426,499	72,559,037
Total current receivables	469,477,064	485,587,401

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Notes to the Financial Statements (Continued)

(b) Ageing analysis for Receivables from exchange transactions

Description	2023 - 2024		2022 - 2023	
	Kshs	% of the total	Kshs	% of the total
Between 1- 2 years	0	0	0	0
Between 2-3 years	0	0	0	0
Over 3 years	545,903,563	100	558,146,438	100
Total	545,903,563	100	558,146,438	100

Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

18. Receivables from Non-Exchange Transactions

(a) Receivables from Non - Exchange Transactions

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Current receivables		
Outstanding Imprests	996,311	680,011
Salary Advances	1,120,024	1,521,129
Contractor Debtors	110,301,873	17,625,117
Grants from Government	429,416,667	254,416,667
Total current receivables	541,834,875	274,242,924

(b) Ageing analysis for Receivables from Non - exchange transactions

Description	2023 - 2024		2022 - 2023	
	Kshs	% of the total	Kshs	% of the total
Between 1- 2 years	541,834,875	100	274,242,924	100
Between 2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total	541,834,875	100	274,242,924	100

19. Inventories

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Consumable stores	2,419,940	2,114,658
Total inventories at the lower of cost and net realizable value	2,419,940	2,114,658

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Notes to the Financial Statements (Continued)

20. Property, Plant and Equipment

Cost or Valuation	Furniture office equipment fittings	Computers	Motor Vehicles	Plant, Machinery & Equipment	Water Supply Infrastructure	Land and Buildings	Capital Works in Progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost or Valuation								
As at 1st July 2022	18,637,568	60,963,937	97,677,641	161,135,116	11,254,576,495	255,699,114	4,884,473,843	16,733,163,714
Additions	-	3,282,700	-	-	4,142,244	1,500,000	3,087,748,681	3,096,673,625
Disposals	-	-	(8,405,688)	-	-	-	-	(8,405,688)
Transfers/ Adjustments	3,778,930	9,392,464	53,020,549	-	-	-	(66,191,943)	-
As at 30th June 2023	22,416,498	73,639,101	142,292,502	161,135,116	11,258,718,739	257,199,114	7,906,030,581	19,821,431,651
Additions	-	-	-	-	-	-	719,834,478	719,834,478
Disposals	-	-	-	-	-	-	-	-
Transfers/ Adjustments	0	-	(2,160,776)	-	-	-	-	(2,160,776)
As at 30th June 2024	22,416,498	73,639,101	140,131,726	161,135,116	11,258,718,739	257,199,114	8,625,865,059	20,539,105,353
Depreciation								
As at 1st July 2022	18,495,330	59,609,126	96,601,118	161,135,116	2,714,280,880	207,324,910	-	3,257,446,480
Depreciation	59,634	1,121,078	358,841	-	281,364,412	-	-	282,903,965
Disposals	-	-	(8,405,688)	-	-	-	-	(8,405,688)
Transfers/ Adjustments	3,778,930	9,392,464	53,020,549	-	-	-	-	66,191,943
As at 30th June 2023	22,333,894	70,122,668	141,574,820	161,135,116	2,995,645,292	207,324,910	-	3,598,136,700
Depreciation	59,634	1,037,228	358,841	-	281,467,968	-	-	282,923,672
Disposals	-	-	-	-	-	-	-	-
Transfers/ Adjustments	0	-	(2,160,776)	-	-	-	-	(2,160,776)
As at 30th June 2024	22,393,529	71,159,896	139,772,885	161,135,116	3,277,113,260	207,324,910	-	3,878,899,596
Net book Values								
As at 30th June 2023	82,604	3,516,433	717,682	-	8,263,073,447	49,874,204	7,906,030,581	16,223,294,951
As at 30th June 2024	22,970	2,479,205	358,841	-	7,981,605,479	49,874,204	8,625,865,059	16,660,205,757

**Lake Victoria North Water Works Development Agency
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Notes to the Financial Statements (Continued)

21. Trade and Other Payables

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
General Suppliers	203,111,791	221,347,717
Other payables	5,568,750	4,446,388
Total trade and other payables	208,680,541	225,794,105

Ageing analysis: (Trade and other payables)

	2023 - 2024		2022-2023	
		% of the Total		% of the Total
Under one year	5,568,750	3	4,446,388	2
1-2 years	203,111,791	97	221,347,717	98
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total	208,680,541	100	225,794,105	100

The amounts that have been outstanding between 1-2 years include contractors' retention money.

22. Current Provisions

Description	Leave provision Kshs	Bonus provision Kshs	Gratuity Provision Kshs	Other provision	Total
Balance b/f	0	0	0	5,512,802	5,512,802
Additional provisions	0	0	0	0	0
Provision utilised	0	0	0	(1,552,802)	(1,552,802)
Change due to discount and time value for money	0	0	0	0	0
Transfers from non-current provisions	0	0	0	0	0
Total provisions year end	-	0	0	3,960,000	3,960,000

23. Pensions and other post-employment benefit plans

Description	2023 - 2024	2022 - 2023
	Kshs	Kshs
Balance at the beginning of the year	13,227,370	9,468,244
Current benefit obligation	17,075,154	3,759,126
Gratuity released in the year	-	-
Total employee benefit liability	30,302,524	13,227,370

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Notes to the Financial Statements (Continued)

24. Taxation

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
VAT	7,820,324	7,394,599
WHT	6,535,045	7,098,428
Total	14,355,369	14,493,027

25. Long Term Loan Repayments Due

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
KFW Loan- Nzoia Phase I	1,148,738,084	1,005,241,437
KFW Loan- Nzoia Phase II	1,211,154,536	1,021,151,513
WaSSIP	563,097,536	452,906,610
Total Long Term Loan Repayments Due	2,922,990,155	2,479,299,559

26. Borrowings

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
KFW LOAN		
KFW Loan- Nzoia Phase I & II	3,931,086,553	4,797,889,697
KFW Loan- Nzoia Phase I & II	(333,499,670)	(866,803,144)
Total KFW Loan	3,597,586,883	3,931,086,553

IDA LOAN

Balance at the beginning of the year	4,486,976,608	4,634,384,674
During the year	-	-
Loan Repayments	-	-
Less: total current portion of bank loans	(110,190,926)	(147,408,066)
Total IDA Loan	4,376,785,682	4,486,976,608

Belgium Loan

Balance at the beginning of the year	1,721,054,595	1,721,054,595
During the year	-	-
Less: total current portion of bank loans	-	-
Total Belgium Loan	1,721,054,595	1,721,054,595

AfDB Loan

Balance at the beginning of the year	2,692,998,817	-
Prior year Adjustment	-	1,967,340,308
During the year	603,921,043	725,658,509
Less: total current portion of bank loans	-	-
Total AfDB Loan	3,296,919,860	2,692,998,817

Total Non-current Borrowings

12,992,347,019	12,832,116,573
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Notes to the Financial Statements (Continued)

27. Cash Generated from Operations

Description	2023 - 2024 Kshs	2022 - 2023 Kshs
Surplus/(deficit) for the year before tax	(348,930,468)	(354,320,488)
Adjusted for:		
Depreciation	282,923,672	349,095,908
Working capital adjustments		
(Increase)/Decrease in debtors	(252,817,023)	(220,006,044)
(Increase)/Decrease in stores	(416,294)	263,810
Increase/(Decrease) in Creditors	(176,068)	1,091,996,536
Prior year's adjustment	175,136	150,198,248
Net cash flow from operating activities	(319,241,044)	1,017,227,970

Figures on the Cash flows from operating activities are based on cash basis of accounting

Description	2023 - 2024 Kshs	2023 - 2024 Kshs
	Accrual basis	Cash basis
Government grants	371,000,000	196,000,000
Other Income	1,091,895	2,858,395.20
Loan Repayment Income	42,106,459	42,106,458.84
Levy Arrears	-	10,690,073.30
Total Receipts	414,198,354	251,654,927.34
Payments		
Employee costs	159,855,372	141,256,751.03
Board Expenses	20,358,816	20,358,815.50
Repairs and maintenance	6,292,597	3,492,008.89
Use of Goods and Services	45,624,115	38,045,865.87
Contracted Services	3,730,859	3,761,410.98
Grants & Subsidies(Community Development)	244,343,391.64	364,198,511.14
Total payments	480,205,149.98	571,113,363.41

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Notes to the Financial Statements (Continued)

28. RELATED PARTY DISCLOSURE

Companies and other parties related to the LVNWWDA 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.

The following have significant influence over the agency's operating and financial decisions

- i) County Governments within the agency's area of Jurisdiction
- ii) Water Sector Trust Fund
- iii) WASREB
- iv) WRA
- v) Water Service Providers
- vi) Development partners
- vii) Key management
- viii) Board of directors
- ix) PIC
- x) SCAC
- xi) Ministry of Water & Sanitation
- xii) Inspectorate of State Corporations

	2023-2024	2022-2023
	KES	KES
a) Related party transactions		
Grants received from related parties' GOK	799,000,000	507,250,000
Grants received from related parties' KOICA	0	144,139,557
Loans received from related parties' AfDB	<u>603,921,043</u>	<u>744,919,365</u>
	<u>1,402,921,043</u>	<u>1,396,308,922</u>
b) Key management remuneration		
Directors	20,358,816	20,441,989
Key management compensation	<u>25,898,673</u>	<u>20,327,010</u>
	<u>46,257,489</u>	<u>40,768,999</u>
c) Due from related parties		
Due from Water Services Companies	<u>469,477,064</u>	<u>485,587,401</u>
	<u>469,477,064</u>	<u>485,587,401</u>
d) Due to related parties		
Due to GOK		
Due to county Busia	<u>0</u>	<u>1,552,802</u>
	<u>0</u>	<u>1,552,802</u>

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Notes to the Financial Statements (Continued)

29. Financial Risk Management

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

The company's financial risk management objectives and policies are detailed below:

(j) Credit risk

The company 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.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

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

	Fully performing	Past due	Impaired
As at 30 June 2024	Ksh	Ksh	Ksh
Trade receivables	541,834,875	469,477,064	-
Bank balances	4,938,051		-
As at 30 June 2023	Ksh	Ksh	Ksh
Trade receivables	274,242,924	485,587,402	-
Bank balances	12,309,922		-

The customers under the fully performing category are paying their debts as they continue operating. The credit risk associated with past due receivables is minimal and the allowance for uncollectible amounts that the Agency has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The bank balance consists of funds held in savings and current accounts.

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The Agency has significant concentration of credit risk on amounts due from Water Service providers. The board of directors sets the Agency's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the Agency under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 90days equal their carrying balances, as the impact of discounting is not significant. The liability will however be disposed of when funding is received from WSPs, GOK or the defects liability period for projects is complete.

	Less than 30 days	Between 30- 90 days	Over 90days	Total
Trade Payables As At 30 June 2024	18,892,559	36,635,790	147,583,442	203,111,791
Trade Payables As At 30 June 2023	8,334,982	2,485,988	210,526,746	221,347,717

(iii) Market Risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the LVNWWDA 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 and foreign exchange rates which will affect the Agency'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 Agency's Finance and Strategy 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.

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There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

Notes to the Financial Statements (Continued)

(a) Foreign Currency Risk

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

As at the end of the reporting period the agency did not have any assets or liabilities denominated in foreign currency.

(b) Interest Rate Risk

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

Management of interest rate risk

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

(iv) Capital management

Capital managed by the Agency is the equity attributable to the equity holders (GOK). The primary objective of the Agency's capital management is to ensure that it maintains healthy capital ratio in order to support its business.

The Water business is currently in the growth phase driven by a rise in demand and Government policy. The funding of Water capacity is obtained from exchequer funding, donor funding from international institutions and cash generated from water asset lease fees. The adequacy of water tariffs allowed by the regulator and the level of Government support are key factors in the sustainability of the Agency.

30. Contingent Liabilities

	2024	2023
	Ksh	Ksh
Legal Contingent Liabilities	<u>70,000,000</u>	<u>23,000,000</u>

The likely outcome of these suits cannot be determined as at the date of signing these financial statements.

Based on the information currently available, the Directors believe that the ultimate resolution of these legal proceedings would most likely not have a material effect on the results of the Agency's operations, financial position or liquidity.

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Notes to the Financial Statements (Continued)

The following cases were outstanding at year end:

NATURE OF DISPUTE	CASE NUMBER	PLAINTIFF	DEFENDANT	QUANTUM
Land dispute (Civil) - Trespass	KIMILILI CMC ELC CASE NO. 47 OF 2018	Nancy Wanyonyi & Ano.	LVNWSB & 2 Others.	Unquantified
Civil Suit - Compensation of wrong party	VIHIGA CMC ELC CASE NO. 1 OF 2019	Joseph Sabwa & 2 others	LVNWSB & Ano.	Kshs.2,000,000/=
Civil Suit-Road Traffic Accident	BUNGOMA CMCC CASE NO. 138 OF 2017	Kennedy Wafula Nyongesa	LVNWSB & ANO.	Kshs.1,000,000/=
Land dispute (Civil) - Trespass	KAKAMEGA CMCC CAUSE NO. 212 OF 2022	Abdalla Kako Manani & Timothy Lisamula Butiya	LVNWWDA	Kshs.50,000,000/=
Civil Suit-Road Traffic Accident	BUSIA CMCC NO. 196/2020	Ernest Othieno Odour	LVNWSB & Ano	Kshs. 1, 127,500 plus costs and interest totalling to Kshs. 2, 036,633/=
Civil suit-Road Traffic Accident	KAKAMEGA SCCC. NO E098 OF 2024	Bramwel Atete	LVNWSB	Unquantified
Civil suit-Breach of contract	KAKAMEGA MCCC NO. E051 OF 2024	Density Tours & Travel Limited	LVNWSB	Ksh.3,500,000/=
Civil suit-Taxation	BUNGOMA CIVIL SUIT NO. E186 OF 2024	Zephania Amenity Areba t/a Remma Auctioneers	LVNWSB	Ksh.118,636/= plus costs and interest.
Civil suit- Road Traffic Accident	MUMIAS SPMCCC NO. E043 OF 2024	Michael Juma	LVNWSB	Unquantified general damages plus Ks. 13,750 in general damages.
Civil suit-Garnishee Proceedings	BUNGOMA CMCC NO. 348 OF 2022	Brimar Holdings Co. Limited	Simpur Limited	Ksh.7,682,113.60/=

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Notes to the Financial Statements (Continued)

31. Events after the reporting period

As at 30th June 2024, Kshs 429,416,666 (Four hundred and twenty nine million four hundred and sixteen thousand six hundred and sixty six shillings) was in transit from the Parent Ministry. These amounts were for recurrent expenses and development projects.

32. Dividends/surplus remission

LVNWWDA did not make any surplus during the year (FY 2023/2024) and hence no remittance to the Consolidated Fund.

33. Taxation

LVNWWDA is a government parastatal and as such is not expected to pay taxes.

34. Deferred tax liability

LVNWWDA is a government parastatal and as such is not expected to pay taxes.

35. Ultimate and holding entity

The agency is a State Corporation under the Ministry of Water & Sanitation and Irrigation. Its ultimate parent is the Government of Kenya.

36. Currency

The financial statements are presented in Kenya shillings (Kshs)

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20. APPENDICES

Appendix I: 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	<p>Material Uncertainty Relating to Going Concern</p> <p>The statement of financial performance reflects a deficit of Kshs.354,320,488 (2021/2022: deficit of Kshs.355,851,964). The accumulated deficit increased from Kshs.3,304,614,641 in 2021/2022 financial year to Kshs.3,657,952,565 during the year under review. In addition, current liabilities of Kshs.2,738,326,863 exceeded current assets of Kshs. 774,254,905 by Kshs.1,964,071,958.</p> <p>In the circumstances, the Agency is technically insolvent and its continued operation as a going concern depends on the assumption that it will continue to receive financial support from the government, bankers and creditors.</p>	<p>The Agency has accumulated deficits relating to provision for depreciation of assets held by the Agency (which is a non-cash item) that were handed over and are being utilized by Water Service Providers. These was expected to be covered in the financial statements by A-I-A (Revenue) collected from Water Service Providers for loan repayment.</p>	CMF&RM	Not Resolved	30 th June 2025

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2	<p>Unsupported Prior Year Adjustments</p> <p>The statement of changes in net assets reflects prior year adjustments of Kshs.108,918,722, Kshs.40,296,963 and Kshs.982,564 in respect of grants Korea International Corporation (KOICA), grants Medium Income Counties (MIC) and accumulated surplus respectively. In addition, Note 27 to the financial statements reflects prior year adjustment amount of Kshs.1,967,340,308 in relation to African Development Bank (AfDB) loan advanced during the year. However, the prior year adjustments have not been supported by any documentation.</p> <p>Further, the adjustments have not been effected in line with IPSAS 3, Paragraph 47(a) which states that Subject to paragraph 48, an entity shall correct material prior period errors retrospectively in the first set of financial statements authorized for issue after their discovery by Restating the comparative amounts for prior period(s) presented in which the error occurred.</p> <p>In the circumstances, the accuracy and completeness of the statement of changes in net assets and the loans advanced during the year could not be confirmed.</p>	Loan Agreements and disbursement schedules provided for review.		Resolved	
3	<p>Lack of Ownership Documents</p> <p>The statement of financial position and Note 20 to the financial statements reflects property, plant and equipment net book value of Kshs.16,223,294,951. The balance includes Kshs.49,874,204 and Kshs.717,682 relating to land and buildings and motorvehicles. However, title deeds and log books were not provided to confirm ownership of the assets.</p> <p>In the circumstances, the ownership and fair valuation of the land and buildings of Kshs.49,874,204 and motor vehicles of Kshs.717,682 could not be confirmed.</p>	Following up on ownership documents	CS	Not Resolved	30 th June 2025

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4.	<p>Unsupported African Development Bank Loan The statement of financial position and Note 27 to the financial statements reflects a balance of Kshs.12,832,116,573 in respect of borrowings. Included in the balance is a loan of Kshs.725,658,509 obtained during the year from AfDB. However, supporting documents such as Board resolution approving the loan, Treasury concurrence, bank statements and loan amortization schedule were not provided for audit review. In the circumstances, the accuracy and completeness of the loan balance of Kshs.725,658,509 from AfDB could not be confirmed.</p>	Provided loan disbursement schedule and loan agreements		Resolved	
5.	<p>Unsupported Long Term Loan Repayments Due The statement of financial position and Note 26 to the financial statements reflects long term loans due balance of Kshs.2,479,299,559. The loans relates to KFW loan-Nzoia phase I of Kshs.1,005,241,437, KFW loan-Nzoia phase II of Kshs.1,021,151,513 and Water Supply and Sanitation Improvement Project (WaSSIP) of Kshs.452,906,610. However, documents such as loan disbursement schedules, Board resolution, Treasury concurrence, bank statements and loans amortization schedule were not provided for audit review. In the circumstances, the accuracy and completeness of the loan repayments due balance of Kshs.2,479,299,559 could not be confirmed</p>	Provided loan agreements, loan disbursement schedule and amortization Schedule		Resolved	
	<p>Budgetary Control and Performance The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.916,519,123 and Kshs.327,154,502 respectively, resulting to under-funding of Kshs.589,364,621 or 67% of the budget. Similarly, the statement reflects actual expenditure of Kshs.681,474,989 against approved budget of Kshs.916,519,123 resulting to under-performance of Kshs.235,044,134 or 26% of the budget.</p>	Activated resource mobilization division is aiding in revenue collection efforts		Resolved	

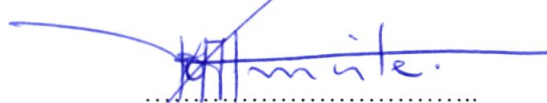
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	The under-funding and under-performance affected the planned activities and may have impacted negatively on service delivery to the public.				
	In the audit of the previous year, several issues were reported under the Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, Management has not resolved the issues or given reasons on the failure to resolve them in adherence with the Public Sector Accounting Standards Board templates	The management has resolved several issues raised save for lack of ownership documents of Land	CS	Not Resolved	30th June 2025
1	<p>Long Outstanding Trade and Other Payables</p> <p>The statement of financial position and Note 21 to the financial statements reflects trade and other payables balance of Kshs.225,794,105. Out of this amount, an amount of Kshs.221,347,717 was indicated to be above 1 to 2 years old. However, Management did not provide explanations for non-settlement of the debts. This was contrary to Regulation 42(1)(a) of the Public Finance Management (National Government) Regulations, 2015 which states debt service payments shall be a first charge on the Consolidated Fund and the Accounting Officer shall ensure this is done to the extent possible that the government does not default on debt obligations.</p> <p>In the circumstances, Management was in breach of the law.</p>	Delays in payments were occasioned by delays in disbursements. From receivable grants note no. 31 (FY 2022/2023), the development funds for 3 quarters were received in the month of July 2023 after the closure of the financial year. The Agency paid the creditors in July 2023.		Resolved	
2	<p>Unsurrendered Imprests</p> <p>The statement of financial position and Note 18 to the financial statements reflects receivables from non-exchange balance of Kshs.274,242,924.</p>	All outstanding imprests have been accounted for		Resolved	


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	<p>Included in the balance is Kshs.680,011 in respect of outstanding imprests. No explanation was provided on why the imprests were not accounted for or recovered from the salaries of the respective employees in accordance with Regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which requires a holder of a temporary imprest to surrender of account for it within seven (7) days after returning to duty station. In the circumstances, Management was in breach of the law.</p>				
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Chairman of the Board


.....
Date

Chief Executive Officer


.....
Date

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Appendix II: Projects implemented by Lake Victoria North Water Works Development Agency

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements. (Yes/No)
Sirisia - Chwele (Koica)- Phase 2	1109105400	KOICA	2years	Ksh 0.44B	No.	Yes
Vihiga Cluster Project- Belgium funding	1109105300	Belgium	3years	Ksh 1.9B	No	Yes
Malava Gravity Scheme Water Project	1109105600	GoK	3 years	Kshs 1B	No	Yes

Status of Projects completion

SN	Project	Total project Cost (Kshs)	Total expended to date (Kshs)	Completion % to date	Budget(Kshs)	Actual (Kshs)	Sources of funds
1	Sirisia - Chwele (Koica)- Phase 2	440,000,000	253,058,278	80%	210,000,000	210,000,000	KOICA
2	Vihiga Cluster Project- Belgium funding	1,900,000,000	1,827,688,712	100%	50,000,000	40,000,000	Belgium
3	Malava Gravity Scheme Water Project	1,000,000,000	143,803,071	15%	100,000,000	85,000,000	GoK

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Appendix III: Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Where Recorded/recognized					Total transfers during the year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Nzoia Water and Sanitation Company Ltd	07/03/2023	Recurrent	200,000				X		200,000
Kakamega County Water and Sanitation Company	27/7/2023	Recurrent	300,000				X		300,000
Amatsi Water and Sanitation Company Ltd	08/08/2023	Recurrent	50,000				X		50,000
Kakamega County Water and Sanitation Company	28/8/2023	Recurrent	300,000				X		300,000
Amatsi Water and Sanitation Company Ltd	29/9/2023	Recurrent	50,000				X		50,000
Kakamega County Water and Sanitation Company	27/9/2023	Recurrent	300,000				X		300,000

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Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Where Recorded/recognized					Total transfers during the year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Eldowas Water and Sanitation Company Limited	10/03/2023	Recurrent	2,357,364				X		2,357,364
Kakamega County Water and Sanitation Company	27/10/2023	Recurrent	300,000				X		300,000
Nzoia Water and Sanitation Company Ltd	30/10/2023	Recurrent	200,000				X		200,000
Kakamega County Water and Sanitation Company	28/11/2023	Recurrent	300,000				X		300,000
Eldowas Water and Sanitation Company Limited	21/11/2023	Recurrent	4,265,804.15	X					4,265,804
Eldowas Water and Sanitation Company Limited	21/12/2023	Recurrent	6,061,141.05	X					6,061,141

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Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Where Recorded/recognized					Total transfers during the year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Nzoia Water and Sanitation Company Ltd	21/1/2024	Recurrent	200,000				X		200,000
Amatsi Water and Sanitation Company Ltd	26/1/2024	Recurrent	50,000				X		50,000
Nzoia Water and Sanitation Company Ltd	29/1/2024	Recurrent	300,000				X		300,000
Eldowas Water and Sanitation Company Limited	02/05/2024	Recurrent	6,568,791.00	X					6,568,791
Nzoia Water and Sanitation Company Ltd	16/2/2024	Recurrent	300,000				X		300,000
Nzoia Water and Sanitation Company Ltd	23/2/2024	Recurrent	200,000				X		200,000
Kakamega County Water and Sanitation Company	26/2/2024	Recurrent	329,738				X		329,738

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Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Where Recorded/recognized					Total transfers during the year
	as per bank statement			Statement of Financial Perfomance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Kakamega County Water and Sanitation Company	26/2/2024	Recurrent	295,608				X		295,608
Kakamega County Water and Sanitation Company	27/2/2024	Recurrent	300,000				X		300,000
Amatsi Water and Sanitation Company Ltd	03/05/2024	Recurrent	50,000				X		50,000
Nzoia Water and Sanitation Company Ltd	22/3/2024	Recurrent	200,000				X		200,000
Kakamega County Water and Sanitation Company	27/3/2024	Recurrent	300,000				X		300,000
Eldowas Water and Sanitation Company Limited	24/4/2024	Recurrent	6,029,905.88	X					6,029,906

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Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Statement of Financial Performance	Where Recorded/recognized				Total transfers during the year
	as per bank statement				Capital Fund	Deferred Income	Receivables	Others - must be specific	
Eldowas Water and Sanitation Company Limited	24/4/2024	Recurrent	4,243,233.76	X					4,243,234
Kakamega County Water and Sanitation Company	29/4/2024	Recurrent	300,000				X		300,000
Nzoia Water and Sanitation Company Ltd	27/5/2024	Recurrent	500,000				X		500,000
Kakamega County Water and Sanitation Company	28/5/2024	Recurrent	300,000				X		300,000
Kakamega County Water and Sanitation Company	30/5/2024	Recurrent	1,800,000.00	X					1,800,000
Amatsi Water and Sanitation Company Ltd	25/6/2024	Recurrent	50,000				X		50,000

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Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/ Development	Total Amount - Kshs	Where Recorded/recognized					Total transfers during the year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Eldowas Water and Sanitation Company Limited	25/6/2024	Recurrent	13,137,583.00	X					13,137,583
Eldowas Water and Sanitation Company Limited	25/6/2024	Recurrent	2,357,364				X		2,357,364
Kakamega County Water and Sanitation Company	27/6/2024	Recurrent	300,000				X		300,000
Total			52,796,532						52,796,532

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Appendix IV- Inter-Entity Confirmation Letter

Confirmation of amounts received by Lake Victoria North Water Works Development Agency as at 30 th June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by Ministry of Water and Sanitation as at 30th June 2024				Amount Received by LVNWWDA (KShs) as at 30th June 2024 (E)	Differences (KShs)- F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
	15.8.2023	12,416,667.00		0	12,416,667	12,416,667	0
	18.9.2023	12,416,667.00		0	12,416,667	12,416,667	0
	24.10. 2023	12,416,666.00		0	12,416,666	12,416,666	0
	16.11. 2023	12,416,667.00		0	12,416,667	12,416,667	0
	6.12.2023	12,416,667.00		0	12,416,667	12,416,667	0
	17.01. 2024	12,416,666.00		0	12,416,666	12,416,666	0
	9.2. 2024	12,416,667.00		0	12,416,667	12,416,667	0
	13.03.2024	12,416,667.00		0	12,416,667	12,416,667	0
	10.04.2024	12,416,666.00		0	12,416,666	12,416,666	0
	8.5.2024	12,416,667.00		0	12,416,667	12,416,667	0
	13.6.2024	12,416,667.00		0	12,416,667	12,416,667	0
	1.7.2024	12,416,666.00		0	12,416,666	12,416,666	0
	28.2.2024		233,000,000	0	233,000,000	233,000,000	0
	10.7.2024		163,000,000	0	163,000,000	163,000,000	0
	10.7.2024		254,000,000	0	254,000,000	254,000,000	0
Total		149,000,000	650,000,000	0	799,000,000	799,000,000	
I confirm that the amounts shown above are correct as of the date indicated.							
Head of Accountants department of LVNWWDA:							
Name: CPA Anthony Kisaka		Sign		Date27.09.2024.....			

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