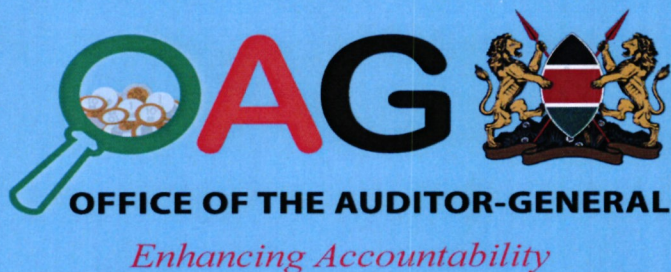
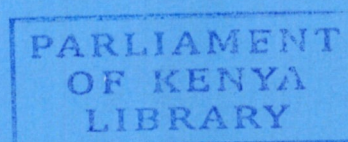


REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY PARLIAMENT BUILDING	
DATE: 05 JUL 2023	DAY: Wednesday
TABLED BY:	Hon. Kimani Ichung'u (Leader of the Majority Party)
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REPORT



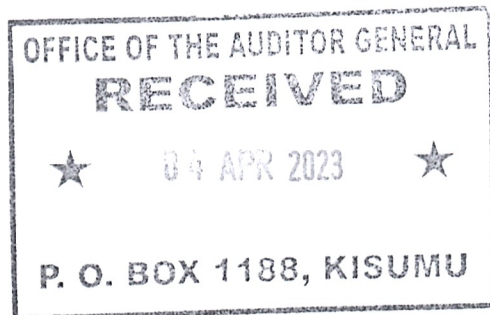
OF

THE AUDITOR-GENERAL

ON

**LAKE VICTORIA SOUTH WATER WORKS
DEVELOPMENT AGENCY**

**FOR THE YEAR ENDED
30 JUNE, 2022**



LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2022

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
For the year ended June 30, 2022.*

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
For the year ended June 30, 2022.*

Table of Contents

Page

1. Key Entity Information and Management	ii
2. The Board of Directors.....	vi
3. Management Team	xii
4. Chairman's Statement	xxii
5. Report Of the Chief Executive Officer	xxiv
6. Statement of Performance against Predetermined Objectives for FY 2021/22.....	xxvii
7. Corporate Governance Statement	xxx
8. Management Discussion and Analysis.....	xxxiii
9. Environmental and Sustainability Reporting	xxxv
10. Report of the Directors.....	xxxix
11. Statement of Directors Responsibilities.....	xl
12. Report of the Independent Auditor for Lake Victoria South Water Works Development Agency	xlii
13. Statement of Financial Performance for the year ended 30 June 2022.....	43
14 Statement of Financial Position as at 30 June 2022.....	44
15 Statement of Changes in Net Assets for the year ended 30 June 2022	45
16. Statement of Cash Flows for the year ended 30 June 2022	46
17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022.....	48
18. Notes to the Financial Statements	51
19. Appendix	101

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

1. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

Mission

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

Vision

Sustainable, Safe Water and Sanitation for all

Core values

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

(c) The strategic objectives of the Agency over the period 2019 to 2022 are the following;

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

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

(d) Key Management

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

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

(e) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

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

(f) Fiduciary Oversight Arrangements

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

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

(g) Entity Headquarters

Lake Victoria South Water Works Development Agency
Lavictors House, Ring road Milimani

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

P O Box 3325- 40100
KISUMU, KENYA

(h) Entity Contacts

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

(i) Entity Bankers

- i. Kenya Commercial Bank Limited
Kisumu Branch
P O Box 17-40100
KISUMU, KENYA
- ii. Co-operative Bank of Kenya
Kisumu Branch
P.O Box 157-40100
KISUMU
- iii. NCBA Kenya PLC

(j) Independent Auditors

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

(k) Principal Legal Adviser

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

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Nairobi, Kenya

2. The Board of Directors

 Mr. Dan Omino. OGW (Chairman of the Board)	Date of Birth: Born on 24th December, 1959 Qualification • PhD Student Kenyatta University • Masters of Business Administration, Strategic Management (Maastricht) • Bachelor of Science, Meteorology, University of Nairobi • Diploma in Performance Management • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K) Experience • Lead Consultant, Corplan • Consultant on Performance Contracting • Awarded with an OGW by the President. • Member/facilitator for State Corporation Advisory Committee (SCAC) • Former Vice Chairman of Council of Maseno University • Former Member of Council of University of Kabianga.
 Dr. Anne Michura (Director)	Date of Birth: 5th April 1968. Qualification • PhD and Master's Degree in Zoology (Entomology) • Bachelor Degree in Education Science. • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K). Experience • Lecturer and Researcher at Chuka University • Director of Betem Farm Supplies. • Consultant with Integrated Agro- Services Consultancy, Nakuru. • Former lecturer in Ayrshire, Scotland, • Researcher and manager at Pyrethrum Board of Kenya.
	Date of Birth; 23rd April 1967. Qualifications • Master of Arts in Anthropology, University of Nairobi, • Bachelor of Arts in Anthropology and Political Science • Post Graduate Diploma in Agency Leadership • World Bank certifications on Operational Core Curriculum, • World Bank Trained Task Team Leader on lending

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

**Ms. Rosemary Rop
(Director)**

- operations
- World Bank Trust Fund Accreditation (TFLAP)
- Certificate in Water and Electricity Regulation, Institute of Public Private Partnerships.
- Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K)
- Leadership training for Managers - June 2002 Dale Carnegie.

Experience

- Participatory Rural Appraisal Training of Trainers and Participatory Hygiene and Sanitation Transformation (PHAST) Trainer of Trainers.
- Lead / Lecturer, Course on Water and Sanitation in Low Income Communities, Milken School of Public Health, George Washington University,
- Director, Board of Ernestea Ltd,
- Water and Social Development Consultant World Bank
- Water and Gender Consultant, Caribbean Development Bank,
- Water and Sanitation Specialist World Bank Group,
- Program Director NGO, *Maji na Ufanisi* (Water and Development),
- Founding Team Leader, Sustainable Aid in Africa (SANA) International and Kenya Environmental Sanitation
- Advisor BKH Consulting Engineers.



**Mr. Victor O Omanwa
(Director)**

Date of Birth: 1st November 1978.

Qualifications

- Diploma in Project Management.
- Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K)

Experience

- Entrepreneur dealing in Supply of Petrol,
- Matatu Business and management of real estates
- Director Sylvo International Construction Company Ltd.



Date of Birth: 25th February, 1968

Qualifications

- Master of Arts: Gender & Development Studies.
- Bachelor's Degree in Social Sciences,
- Higher Diploma in Psychology Counseling
- Certificate in Computer Operations.

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Ms. Joyce K. Mongare	• NEC Member standing committee of programmes: Kenya Red Cross Society. • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K). Experience • Former Chairperson KRCS parklands branch, • Lecturer: Gender & development studies Egerton University, • Trainer of Trainers (TOT): Jubilee party • County Coordinator: TNA Nyamira County.
 Mr Alex Ouda Otieno (Director)	Date of Birth: 24th December 1958. Qualifications • Bachelor of Business Administration (procurement and supply chain management), • Diploma in purchasing and supply • Certificate in Purchasing and Supply (CIPS London). • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K). Experience • Certified Director. • Former Member of County Assembly (MCA) Nairobi City County. • Former Chairman Water and Sanitation, County Assembly • Former Councilor Nairobi City County, Chairman Finance • Internal Auditor (supply chain and logistic) Kenya Power and Lighting Company, • Stock controller Ministry of Public Works, Chief Mechanical and Transport Engineer.
 Mr. Chrisologus Makokha (Director representing Inspectorate of State Corporation).	Date of Birth: 10th November 1969. Qualification • PhD in Strategic Management, • MBA (Strategic Management) • Bachelor of Science in Statistics. • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K). Experience • Senior Deputy Inspector-General (Corporations). • Previous Economist/Statistician, in the Ministry of Finance and Planning for 8 years

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

	• Inspector of State Corporations at the Inspectorate of State Corporations and Executive Office of the President for 15 years
 Mr. Joseph M. Mbatha (Director, representing the Cabinet Secretary National Treasury).	Date of Birth 29th September 1971. Qualifications • Master of Business Administration • Bachelor of Commerce. • Certificate in Corporate Governance from Institute of Directors – Kenya (IoD- K). • Strategic Leadership Development Programme(S.L.D.P) No. 58/2012 • Senior Management (S.M.C) No. 171/2010 • Trained in Local Government settings and Management of Kenya Civil Servants from the Chinese Academy of Governance • Associate member of Kenya Institute of Management No.24519&Public Relations Society of Kenya No. 020-2972. Experience • Currently Senior Deputy Director, Intergovernmental Fiscal Relations Department. • Former Deputy Director, Intergovernmental Fiscal Relations Department, • Director of Administration, County Government of Machakos, • Town Clerk, Town Council of Kangundo, Rumuruti, Municipal Council of Homa Bay, • County Treasurer, County Council of Meru Central, Bungoma, Isiolo and Ministry of Local Government. • Town Treasurer, Municipal Council of Machakos,
 Mr. Crispine O. Juma (Acting Chief Executive Officer).	Date of Birth 15th March 1964 Qualifications • Bachelor of Science (B.Sc.) Degree in Geology. • BSc Honours Degree in Geohydrology • Certificates in: - Groundwater Resources Management, Environmental Impact Assessment, Project Management, Waste Management for Groundwater Resources Protection • Certificate Corporate Governance from Institute of Directors – Kenya (IoD- K). Experience • Director National Water Resources Ministry of Water,

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

	Sanitation and Irrigation. • Member No.84 (2001) Geologist Registration Board; • professional member of the Geological Society of Kenya since 1994. • Member, International Association of Hydrological Sciences (IAHS).
 Pamphil Matsekhe Oundo	Responsibilities and Duties 1. He is the Corporation Secretary and Manager Legal Services. 2. Provide guidance to the Board on their duties and responsibilities and on matters of governance. 3. Assist the Board in carrying out; Board induction and training, Updating the Board and Committee charters, Preparation of Board work plans, Board evaluation, Governance audit, Implementation of the Code of Conduct and Ethics. 4. Ensure the timely preparation and circulation of Board and Committee papers. 5. Take and keep committee minutes. 6. Maintain and update the register of conflicts of interest. 7. Ensure that Board members are aware of all relevant laws affecting the Agency. 8. Facilitate effective communication between the Agency and the stakeholders. 9. Ensure that annual returns are promptly filed with the relevant authorities. 10. Except in exceptional circumstances, ensure that Board and Committee papers are circulated in advance of any meeting. 11. Coordinate litigations for the Board. 12. Provide guidance on governance and adherence to statutory obligations. 13. Prepare and ensure appropriate execution of all contracts. 14. Negotiate land acquisitions on behalf of the Board. 15. Ensure registration of various legal instruments in favour of the Board. 16. Be the custodian of all contracts and ownership documents. 17. Advising on the fixing of common seal outside registration.

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

	18. Provide legal guidance on contractual and statutory obligations binding to the Agency and legal duties for the Board
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Qualifications and Experience:

- Holds over 10 years work experience.
- Pursuing Master of Laws degree at the University of Nairobi.
- Bachelors of Laws (LL. B) from Moi University,
- Diploma in Law (Dip- KSL) from the Kenya School of Law and
- Pursuing a course on Certified Public Secretary.

3. Management Team



Mr. Chrispine O. Juma, HSC

Responsibilities & Duties

- Acting Chief Executive Officer.
- Secretary to the Board of Directors
- Authorized and Accounting Officer of the Agency
- Providing strategic leadership to the staff of the Agency;
- Guide in the development and implementation of relevant policies and procedures that gives the Agency positive perception and competitive advantage;
- Being responsible for day-to-day operations of the Agency;
- Manage internal multidisciplinary teams to ensure set objectives are met;
- Facilitate the preparation and implementation of the Agency's strategic and annual work plans;
- Facilitate regular reporting on the status of performance of the Agency;
- Being responsible for the execution and communication of the Board's strategies, decisions and policies;
- Ensuring that the Agency has an effective management structure including succession plans;
- Coordinate resource mobilization to enhance realization of the strategic objectives;
- Foster relationship with the relevant Ministries, development partners and other stakeholders for the benefit of the Agency;
- Ensure prudent management of all available resources of the Agency;
- Ensure adherence to relevant national and international conventions and treaties;
- Foster conducive corporate culture that promotes ethical practices and good governance in line with the Constitution of Kenya 2010;
- Coordinate the preparation of the budget and financial reports for consideration and approval by the Board;
- Develop networks and partnerships with development partners and spearhead donor collaboration, fundraising and project development within the Agency's area of jurisdiction;
- Ensure compliance with any Government policies and

	regulatory guidelines and directives; • Serving as the link between the Board and the Management and other stakeholders; • Being responsible for stakeholder management and the enhancement of the corporate image of the Agency. Qualifications and Experience: • Director National Water Resources at the Ministry of Water, Sanitation and Irrigation. • Holdover 34 years of experience as a Hydrogeologist and Water Resources Management • Holds Master of Science (M.Sc.) Degree, • Bachelor of Science (B.Sc.) Degree in Geology from the University of Nairobi, • BSc Honours Degree in Geohydrology from the Institute of Groundwater Studies, University of the Orange Free State - South Africa. • Certificates in: Groundwater Resources Management, Environmental Impact Assessment, Project Management and Waste Management for Groundwater Resources Protection from the Center for Science and Industrial Research (CSIR), Stellenbosch, South Africa. • Trained in preparation of Hydrogeological Map of Africa from SEAMIC Center in Dar-es-Salaam. • Registered Member of the Geologist Registration Board, • professional member of the Geological Society of Kenya and a Member of the International Association of Hydrological Sciences (IAHS)
 Eng. Paul Omondi Agwanda	Responsibilities and Duties • He is the Senior Manager, Water Works Services. • Coordinating all technical aspects related to Planning, design and implementation of Water and Sanitation services. • Ensuring design, construction and maintenance standards are adhered to and maintained. • Coordination of strategic and business plan for development of Infrastructure. • Design and development of appropriate and cost effective models for water appropriation, storage purification and distribution.

	• Development of strategies to reduce unaccounted for water (UFW), to achieve desired operational efficiency and improvement • Promoting, developing and contracting sustainable and viable water service providers in urban and rural schemes. • Ensure effective supervision and monitoring of urban and rural water service providers • Preparing, executing and enforcing compliance to water and sanitation service agreements. • Preparation of the statutory and other reports required by Government or development partners. Qualifications and Experience: • Holds over 18 years' experience as a Civil Engineer. • Masters of Science Engineering in Water Resources Management from Sungkyunkwan University, South Korea, • Bachelors in Technology in Civil and Structural Engineering from Moi University • Pursuing a Master's degree in Project Planning and Management from University of Nairobi. • Registered Engineer with the Engineers Registration Board of Kenya, • Associate Expert with National Environment Management Authority; ESIA and • Associate Member Chartered Institute of Arbitrators, UK & Kenya
 Mr. Daniel Owino Odoyo	Responsibilities and Duties • He is Senior Manager, Corporate Services. • Coordinate Human Resource and Administration, Information Communication Technology and Corporate Communications activities; • Formulate appropriate policies, rules and regulations for effective performance of the divisions; • Coordinating matters of the Agency structures, appointments, performance appraisal and leave roster administration; ensuring alignment with the overall Strategic Plan of the Agency; • Designing and reviewing the basic administrative structure of the Agency, direction and control with a view to designing and developing Human Resource planning and development programs;

- Initiate the development of policies, plans and strategies in the functional areas of HR and Administration, Information Communications Technology and Corporate Technology services;
- Foster a culture that promotes team capability and reflects the values which facilitate performance, professionalism and innovation by staff throughout the Agency;
- Overall accountability for planning, directing and executing all human resources, Administration, Information Communication Technology and, Corporate Communications strategies, policies and plans;
- Ensure effective implementation and compliance with all legislative requirements relating to corporate services;
- Coordinate the Agency's Management Information Systems and security;
- Coordinate technology infrastructure in line with the Agency's goals and changing technologies;
- Provide technical, strategic and policy advice on ICT matters and implementation of various ICT work processes, procedures and other administrative related matters.

Qualifications and Experience:

- He holds over 20 years of work experience in Corporate Communications.
- Master's Degree in Media, Communication and Public Relations from Leicester University, UK,
- Masters in Linguistics from Maseno University,
- Postgraduate Diploma in Human Resources Management from University of Nairobi,
- Postgraduate Diploma in Public Relations from Kenyatta University and
- Bachelors of Education – Arts from Kenyatta University.
- Strategic Leadership Development Programme (SLDP) and Senior Management Course (SMC) both from Kenya School of Government



CPA John Francis Adongo

Responsibilities and Duties

- He is the Senior Manager, Finance, Resource Mobilization and Investment.
- Oversight role to the Board on financial affairs and advise on financial planning strategies and policies;
- Coordinate the consolidated Agency's budget and continuously monitor and evaluate its implementation;
- Ensure effective and efficient management of the Agency's resources including Finances and Assets;
- Ensure the provision of meaningful, accurate and prompt management accounts and reports to the CEO and the relevant Board Committee;
- Negotiate with banks and donors for appropriate support;
- Provide oversight for effective records management operations;
- Participate in the development and review of the Institution's strategic plan;
- Ensuring compliance with labor laws, public, Public Financial Management Act, IPSAS and ISO Standards;
- Networking with development partners;
- Carry out donor mapping and identify resource partners;
- Developing bankable project concept notes and proposals;
- Developing concept papers for resource mobilization;
- Reviewing the Agency business plans in line with the overall strategic objectives and government performance contract;
- Overseeing operations of Finance & Accounting and Resource Mobilization divisions.

Qualifications and Experience:

- Holds over 16 years of experience.
- Bachelor of Commerce (Finance Option) from the Catholic University of Eastern Africa.
- CPA K, CPS K, Accounting Technician certificate (ATC I & II)



Ms. Miriam C. Siwa

Responsibilities and Duties

- She is the Senior Manager, Research, Strategy and Performance Management.
- Responsible for formulation of policies, strategies, procedures and systems for identifying alternative sources of revenue in the Agency's;
- Coordinate review of potential business proposals and making recommendations for investment;
- Coordinate economic studies as part of the road design and tender documentation process;
- Coordinate the development of the Agency's Strategic Plan and monitor its implementation.
- Coordinate the preparation and implementation of the Agency's annual GOK performance contract.
- Monitor and evaluate the Agency's performance.
- Coordinate the preparation and implementation of the Agency's quality management system through quality assurance programs.
- viii. Coordinate the development and formulation of policies, strategies and programs;
- Coordinate identification and mitigation of risk and business continuity management in the Agency.
- Coordinate the implementation of business process re-engineering initiatives.
- Initiate development of policies, strategies and guidelines for carrying out research
- Coordinate research activities on relevant thematic areas
- Translate research findings to policy briefs to inform improvement of services
- Coordinate environmental, health and safety, social, resettlement, valuation and acquisition of assets for the works.
- Prepare Terms of Reference for Economic Surveys and facilitating implementation of related recommendations;
- Establish and maintain linkages with Consultants and other Stakeholders on economic matters;
- Coordinate the preparation of annual work plans for the Agency's and realigning it to the budget;
- Coordinate economic analysis of investments, programs and projects;

	Qualifications and Experience: • Holds over 28 years of work experience. • Pursuing PhD in Entrepreneurship at the Jomo Kenyatta University of Science and Technology. • Master's degree in Entrepreneurship from Jomo Kenyatta University of Science and Technology, • Bachelor of Education (Economics & Business) from the University of Nairobi; • Post Graduate Diploma in Planning and Management of Development Projects from Catholic University of Eastern Africa, • Postgraduate Diploma in Human Resources Management from the Institute of Human Resources Management, • Diploma in Management from the Institute of Leadership and Management – London. • Professional member of the Kenya Institute of Management, Evaluation Society of Kenya, Professional Trainers Association of Kenya and Institute of Human Resources Management
 Pamphil Matsekhe Oundo	Responsibilities and Duties 19. He is the Corporation Secretary and Manager Legal Services. 20. Provide guidance to the Board on their duties and responsibilities and on matters of governance. 21. Assist the Board in carrying out; Board induction and training, Updating the Board and Committee charters, Preparation of Board work plans, Board evaluation, Governance audit, Implementation of the Code of Conduct and Ethics. 22. Ensure the timely preparation and circulation of Board and Committee papers. 23. Take and keep committee minutes. 24. Maintain and update the register of conflicts of interest. 25. Ensure that Board members are aware of all relevant laws affecting the Agency. 26. Facilitate effective communication between the Agency and the stakeholders. 27. Ensure that annual returns are promptly filed with the relevant authorities.

	28. Except in exceptional circumstances, ensure that Board and Committee papers are circulated in advance of any meeting. 29. Coordinate litigations for the Board. 30. Provide guidance on governance and adherence to statutory obligations. 31. Prepare and ensure appropriate execution of all contracts. 32. Negotiate land acquisitions on behalf of the Board. 33. Ensure registration of various legal instruments in favour of the Board. 34. Be the custodian of all contracts and ownership documents. 35. Advising on the fixing of common seal outside registration. 36. Provide legal guidance on contractual and statutory obligations binding to the Agency and legal duties for the Board Qualifications and Experience: • Holds over 10 years work experience. • Pursuing Master of Laws degree at the University of Nairobi. • Bachelors of Laws (LL. B) from Moi University, • Diploma in Law (Dip- KSL) from the Kenya School of Law and • Pursuing a course on Certified Public Secretary.
 Martin Ochieng' Mayi	Responsibilities and Duties • He is the Manager, Supply Chain Management • Developing and coordinating the preparation of annual procurement and disposal plans and their implementation; i. Coordinating procurement and disposal activities in the Agency; ii. Preparing contract documents for goods, works and services; iii. Custodian of contract documents; iv. Liaising with the user department to ensure effective implementation of contracts for goods, works and services; v. Providing secretariat to committees' incidental to procurement of goods and services, and disposal of

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

	assets; vi. Coordinating disposal of assets activities; vii. Providing professional advice on procurement of goods, works and services and disposal of assets; viii. Preparing statutory reports to PPRA; and ix. Reviewing procurement needs of the Commission. Qualifications and Experience: • Has over 29 years of experience in Procurement and Supply Chain Management. • MBA supply Chain Management Maseno University • Bachelor of Arts - Degree from Egerton University. • Chartered Institute of Purchasing & Supply Management, UK, • Postgraduate Diploma in Purchasing and Supply Management (PIPS-UK) • Professional Course in Supplies Management PCISM (Foundation Stage) from the Kenya School of Government. • Registered with a Supplies Practitioner's Certificate, Member of Kenya Institute of Supplies Management (MKISM) and Chartered Institute of Supplies Management, UK (MCIPS)
 CPA. Grace Adhiambo Abuto	Responsibilities and Duties • She is the Manager, Internal Audits. • Provide secretariat to the Board Audit Committee; • Formulate and coordinate the implementation of internal audit policies, strategies and plans; i. Compile and issue internal audit reports; ii. Conduct special audits and investigations; iii. Set up and implement systems in accordance with auditing standards; iv. Test the efficacy of the risk assessment systems; v. Monitor and report on the Agency overall risk profile; vi. Support various directorates/departments in risk profiling; vii. Review for correctness and accuracy of accounting reports; viii. Provision of independent assurance on risk management process on both design and operation; and ix. Assurance of risk control effectiveness, efficiency and

	adequate and risk management processes. Qualifications and Experience: • Has over 20 years of work experience. • Bachelor of Commerce (Finance Option) from Catholic University of Eastern Africa, • Certified Public Secretaries (CPS(K)), Certified Public Accountants (CPA(K). • Member of the Institute of Certified Public Accountant of Kenya (ICPAK), • Institute of Certified Public Secretaries (ISC) and Institute of Internal Auditors (IIA)
--	--

4. Chairman's Statement



I am pleased to present Lake Victoria South Water Works Development Agency's Financial Report for the year ended 30th June 2022. Lake Victoria South Water Works Development Agency (LVSWWDA) is among the 9 Water Works Development Agencies established under the Water Act 2016. The Agency is responsible for development of water and sewerage infrastructure within its area of jurisdiction which covers Kisumu, Siaya, Migori, Homa Bay, Bomet, Kericho, Nyamira, Kisii and parts of Nandi and Narok

Counties; approximately 21,720 Sq. Km².

The Agency has set its targets on accelerating access to water & Sanitation services so as to conform to the demands and provisions of the Sustainable Development Goals (SDGs), Kenya's Vision 2030 and the country's Big Four Agenda. Water and Sanitation coverage in the Agency's area of jurisdiction currently stands at approximately 58% and the Agency intends to increase the average Water & Sanitation coverage to 80% and 43% in the next five years.

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

During the financial year 2021/2022, The Agency continued to implement a number of water and sanitation infrastructure comprising of development of new water sources to increase production, development of water transmission infrastructure, water treatment plants and distribution networks all over its coverage area. On sanitation, the Agency undertook rehabilitation and expansion of its sewerage infrastructure, construction of reticulation sewers and household connections.

In the period under review, the Agency experienced unprecedented focus from the top leadership of the country on its infrastructure investment programmes. I am happy to note that the Agency was the first Water Works Development Agency in the Country to host The

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

President of the Republic of Kenya His Excellency Hon. Uhuru Muigai Kenyatta, when he presided over the commissioning of the Siaya Bondo Water Supply project in Siaya County in the company of the former Prime Minister Rt. Hon. Raila Amollo Odinga. We also had The Ministry of Water, Sanitation and Irrigation Cabinet Secretary Sicily K. Kariuki (Mrs.), EGH inspect a number of projects within the Agency's areas of coverage including the Kisii-Nyamira Water Supply and Sanitation Projects. The Principal Secretary(PS) Mr. Joseph W. Irungu also inspected the Homa Bay Cluster, Kendu Bay and Oyugis Water Supply projects in Homa Bay County. The PS also commissioned Kuoyo Kotieno and Rodi Primary School Water Supply Projects in Homa Bay County. This close collaboration and partnership has ensured timely delivery of the projects. These visits from high profile dignitaries is a manifestation of the confidence in the leadership and governance structures at the Agency.

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

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

**MR. DAN OMINO, OGW
CHAIRMAN.**

5. Report Of the Chief Executive Officer



I am honoured to present to you the Agency's performance on its mandate of water and sanitation infrastructure development for the provision of water and sanitation services in its area of jurisdiction. The Agency's strategic vision has moved from being the most efficient and effective water services Board in Kenya to sustainable water and sanitation infrastructure for all, making the Agency customer focused.

Through the support of the Ministry of Water, Sanitation and Irrigation, and development partners (ADB, KFW, AFD, EIB, EU, Belgium among others) a successful year was realized. Key achievements during the year include completion of rehabilitation of water supply systems in the four towns of Kisii, Nyamira, Sotik and Kericho under the Water Sector Development Program resulting to an increase in the water supply coverage in Kisii and Nyamira Counties; career development of interns and institutional capacity building. The Board also strengthened the capacity of Water Services Providers through provision of mobile workshops, vehicles, motorcycles, exhausters and water meters. In the same Financial Year under review, the National Government provided budgetary allocation to support drilling and equipping of several boreholes and construction of small water supplies and water for Schools' program. Although the budgetary allocation slowed down in the second half of the year, the Agency engaged with our service providers who implemented the projects despite low payment periods, and this has greatly improved service provision by providing potable water.

The Agency continues to apply various innovative ways in technical assistance and capacity building of our key stakeholders, particularly the County Governments and Water Service Providers within our area of jurisdiction. We have launched technical improvements such as solar driven pumping water schemes for rural communities' thus ensuring sustainability of the water services. The Agency completed Homa Bay Water Cluster Project that is wholly driven by solar power. I commend the County

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Governments and Water Service Providers in our region for their collaboration and support which has enabled seamless development and implementation of infrastructure.

The financial statements for the year ending 30th June 2022 highlights the Agency's continued growth in operations and financial performance. The financial statements have been prepared in accordance with the International Public Sector Accounting Standards (IPSAS) and in the manner required by the Public Finance Management Act which requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The Key drivers of our expenditure were capital intensive construction of water and sanitation infrastructure projects.

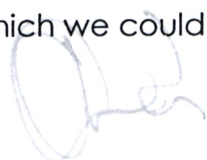
With the new strategic plan complemented with internal quality systems, the Agency has set a stronger foundation for its current and future development. The Agency implemented the Performance Contract and was rated as very good performance during the year. The performance contract was cascaded down to every system under performance management contracts.

During the year under review, the Agency undertook Corporate Social Responsibility activities which included supplying some schools with water storage tanks to harvest rain water, with a focus of fighting COVID-19 that threatened to slow our operations. The Agency also empowered communities through awareness campaigns and public consultation aimed at enhancing community participation in development programs. Through competitive bidding for works, goods and services the Youth, Women and People with Disabilities also contributed to the success of the institution through implementation of projects and provision of goods and services.

On the overall the Agency performed well as it achieved its development objectives and met targets during the year despite institutional and economic challenges experienced. We therefore look forward for continued and strengthened partnership with Development Partners and all stakeholders in our service delivery.

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

I feel incredibly proud of Lake Victoria South Water Works Development Agency and take pride in our achievements. I am particularly impressed by the Agency's leadership headed by the Chairman of the Board who continues to provide guidance, good customer service culture and the dedication of its staff in infrastructure development which assures great achievements now and in the future. My sincere thanks goes to our parent Ministry of Water, Sanitation and Irrigation, the National Treasury, Development Partners, water sector institutions, water service providers, County Governments in our region and other stakeholders for their immense support, without which we could not have made these achievements.



MR. CHRISPINE O. JUMA, HSC
Ag. CHIEF EXECUTIVE OFFICER

6. Statement of Performance against Predetermined Objectives for FY 2021/22

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

Pillar 1: Water works development

Pillar 2: Sanitation works development

Pillar 3: Resource Mobilization

Pillar 4: Institutional capacity

Pillar 5: Technical assistance and capacity building

Lake Victoria South Water Works Development Agency develops its annual work plans based on the above five pillars. Assessment of the Agency's performance against its annual work plan is done on a quarterly basis. The Agency achieved its performance targets set for the FY 2021/2022 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Water works development	Increase water services coverage from 53% to 80% by 2022.	No.	Develop and expand water supply production and distribution networks in 8no. Counties.	Developed and expanded the following water projects: - Kisii -Nyamira Water Supply Project 95% - Homa Bay Water Supply Improvement project implemented to 40% progress - Kisumu Water supply LVWATSAN project implemented to 20% progress - Water Sector Development Program (Kericho) to 65% progress - Kendu Bay-Oyugis Water Supply and Sanitation Project to 20% progress - Ugunja Segu-Ukwala Water Supply and Sanitation Project to 20%

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

				progress
			Rehabilitate/augment/repair existing water supply schemes in each of the 8no. Counties to improve access to water supply.	- Implemented Siaya-Bondo, Keroka Town, Migori and Isebania Town last miles connection project (ADB). - Implemented Water Sector Development Program (Kisii Rehabilitation works)
			Develop and augment water supply infrastructure in learning institutions in each of the 8 counties.	Developed 11No. boreholes in learning institutions namely: - Raduodi Primary school - Riamosorori Youth Group - Nyankono Pri. School - Kiromwok Secondary school - Pedo Primary - Moi Gesusu High School - Kapkisiara Girls High school - St Elizabeth Ulaga School - Ngege Primary School - Mur Malanga Primary School - Mbani Primary School
Pillar 2: Sanitation works development	Increase sanitation coverage from 17% to 43% by 2022.	No.	Rehabilitate/Repair , augment and develop new sanitation systems to improve access to sanitation in each of the counties.	- Expanded Suneka treatment plant under water sector development - Expanded Kericho waste water treatment plant in under LVWATSAN Phase II
			Promote School WASH Programs	- Built 5No. ablution blocks in learning institutions in Kisii - Built 4No. ablution blocks in learning institutions in Nyamira under water sector development
Pillar 3:	Enhance	No.	Develop proposals and concept	- Developed 5No concept notes for project funding

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Resource Mobilization	financial strength by realizing annual revenue of Kshs. 9 Billion.		Papers	
			Develop, implement and review a debt recovery and loan repayment plan	- Formed a committee on debt and loan recovery - Payment plan signed by the water service providers on loan repayment
Pillar 4: Institutional capacity	Strengthen Institutional Capacity by 20% by 2022.	No.	Enhance Corporate Image	- Branded projects - Rebranded office - Improved and created an interactive website - Reviewed service charter
			Enhance Human Capacity	- Trained 20 staff in different field of their profession - Developed individual performance contracts for the staff and signed
			Enhance Level of Legitimacy	- Developed Strategic Plan 2019-2022 - Prepared, signed and implemented annual GOK performance contracts
Pillar 5: Technical assistance and capacity building	Strengthen 8 Number Water Service Providers and respective Water Departments of the 8 County governments by 2022.	No.	Support WSPs and Water Departments of CGs	- Provided performance enhancement tools and equipment to WSPs offered capacity training and technical assistance to 7 No. Water Service Providers
			Promote Innovations and Appropriate Technologies in Water Supply and Sanitation	- Promoted the use of alternative sources of energy such as solar in borehole projects - Supplied Homa Bay water company with smart-meters for water management

7. Corporate Governance Statement

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

The Role of the Board of Directors

The Board of Directors provides leadership through oversight, review and guidance whilst setting the strategic direction for the Agency. It is the primary decision-making body for all matters considered as material to the Agency. The Board has a formal schedule of matters reserved for it. The Directors receive appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters. Ultimately, the Board determines the Agency's strategic objectives, values, key policies and procedures in accordance with best practice. The Board has delegated the authority for day-to-day management of the Agency to the Chief Executive Officer. However, it maintains overall responsibility for the Agency's performance, compliance functions as well as monitoring of its operations and ensuring competent management of the business.

Composition of the Board of Directors

The Board of Directors comprised of nine (9) non-executive members; the Chairman, five independent directors and three directors from government representing the Principal Secretary for Ministry of Water, Sanitation and Irrigation, Inspector general of State Corporations and National Treasury and Planning. The Board has an appropriate balance of skills, knowledge and experience to perform its role effectively. All directors are subject to periodic re-appointment in

accordance with the Water Act, 2016, State Corporations Act Cap 446, the Office of the President and the Ministry of Water, Sanitation and Irrigation.

Induction and on-going development

On appointment, the directors receive induction training covering the Agency's programme and operations and an appreciation of the key risk areas. The programme includes specific sessions with the management across the units for clarity and better understanding of the Agency's functions, roles and accountabilities, business model and operations.

The directors are advised of the legal, regulatory and other obligations of a director of a State Corporation. The directors also receive both internal and external training on corporate governance. The Board annually undertakes an evaluation of its effectiveness.

Board Committees

In line with law and guidelines issued by the Government, 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. LVSWDA has the following Board committees: -

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

Meetings of the Board

The Board of Directors met at least four times during the year. The Board committees also met at least every quarter in the year, during all the meetings of Board of Directors attended.

Agency Structure

The Agency has a clearly defined Agency structure within which individual responsibilities are identified in relation to internal financial controls. The structure is complimented by policies and management operates in compliance with these policies. There is a clear division of responsibilities between the Board and Management.

Management Team

The Chief Executive Officer leads the Management team which comprises heads of department and other senior staff. The team deals with operation matters and coordinates activities across the board, various departments/divisions, water schemes and water services providers.

8. Management Discussion and Analysis

Operational and Financial Performance

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

Key projects or investments decision

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

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

Entity's compliance with statutory requirements,

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

Major risks facing the organisation,

The Agency is faced with the following risks;

1. Delay in approval of tax exemption certificates and the master lists which affects project completion period.
2. Pending bills due to limited budgetary allocations which affects the leverage level of the institution.
3. Unpredictable exchequer releases which creates credit risk.
4. Inadequate funding of recurrent grants.
5. Inability to repay on lent loans due to lack of legal structure to enforce collection from the water service providers.
6. Exposure to foreign exchange losses.

Material arrears in statutory and other financial obligations,

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

9. Environmental and Sustainability Reporting

Lake Victoria South Water Works Development Agency exist to transform lives by ensuring the provision of sufficient, hygienic, economically viable and affordable Water and Sanitation Services for the population within the area of its jurisdiction, thus contributing to the overall development goal of improving the health of the urban and rural population by reducing waterborne diseases and favouring economic development. Other main purpose was to support enhancement of water supply and sanitation service delivery and sustainability through improved commercialization, pro-poor orientation and clustering of schemes. Below is a brief highlight of our achievements in each pillar.

i) Sustainability strategy and profile

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

ii) Environmental performance

The Agency is operating as per the NEMA provisions of the EMCA 1999, and Environmental (Impact Assessment and Audit) Regulations 2003 as well as other environmental regulations (statutory requirements). The Agency therefore conducts environmental and social impact assessment for all its projects to ensure compliance with the regulations. All the Agency's Projects were licenced by NEMA before constructions commences and regular monitoring is done during construction to ensure compliance and protection of the environment. Catchment management activities are incorporated in all the projects. The Agency has an environmentalist who is a Project Implementation Team member for all the projects.

iii) Employee welfare

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

It generally guides the implementation of the policies and decision making at various levels within the Agency on matters human capital. The policy provision covers the entire recruitment process, pay and benefits, employee relations, performance management, training & development and the health and safety issues. In consideration of the affirmative actions, the policy addresses issues related to gender balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

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

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

iv) Market place practices-

The organisation should outline its efforts to:

a) Responsible competition practice.

The Agency ensures incorporation of competitive market practices through, encouraging competitive bidding by placing advertisements for all tenders in our local dailies, our website and The Govt. of Kenya Treasury portal.

b) Responsible Supply chain and supplier relations

LVSWWDA has always maintained an effective feedback mechanism by holding an annual supplier meeting to get feedback from suppliers and contractors. Any concerns raised during the forum are adequately addressed.

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

During the year, LVSWWDA engaged in community social responsibility which impacted on the lives. The organisation carried out several which included.

- Presentation on support of wheel chair donation to Kisumu County.
- Engaged in Tree planting Scholarships
- Distribution of Tanks to Communities and Schools



*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

10. Report of the Directors

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the LVSWWDA's affairs.

i) Principal activities

The principal activities of the entity are;

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

vii) Results

The results of the Entity for the year ended June 30, 2022, are set out on page 1 to 6.

viii) Directors

The members of the Board of Directors who served during the year are shown on page

vi. During the year four directors retired, one resigned and one was appointed.

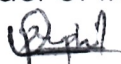
ix) Surplus remission

The Entity did not make any surplus during the year FY 2021-2022 and hence no remittance to the Consolidated Fund.

x) Auditors

The Auditor-General is responsible for the statutory audit of the *Entity* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 by the Auditor General to carry out the audit of the *Entity* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board


Pamphil Matsekhe Oundo

Date...13/03/2023

Corporate Secretary/Secretary to the Board

11. Statement of Directors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, require the Directors to prepare financial statement, which give a true and fair view of the state of affairs of the Agency at the end of the financial year ending 30th June 2022 and the operating results of the Agency for the period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency's for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii).Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Agency; (iii)Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv)Safeguarding the assets of the Agency; (v)Selecting and applying appropriate accounting policies; and (vi)Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 14 of the State Corporations. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Agency's transactions during the financial year ended June 30, 2022, and of the Agency's financial position as at that date.

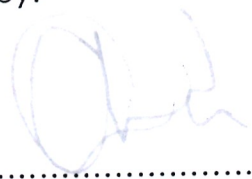
The Directors further confirms the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

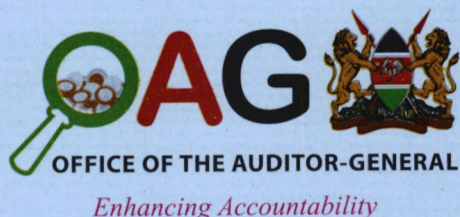
The Agency's financial statements were approved by the Board on _____ 2022 and signed on its behalf by:

.....
Mr. Dan Omino, OGW
Chairperson of the Board

.....

Mr. Chrispine O. Juma, HSC
Ag. Chief Executive Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Lake Victoria South Water Works Development Agency set out on pages 43 to 102, which comprise of the statement of financial position as at 30 June, 2022, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of

Report of the Auditor-General on Lake Victoria South Water Works Development Agency for the year ended 30 June, 2022

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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Lake Victoria South Water Works Development Agency as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Public Finance Management Act, 2012 and the Water Act, 2016.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

The annual report and financial statements submitted for audit had various errors and inconsistencies as detailed below;

- (i) The statement of financial performance indicates use of goods and services amounting to Kshs.111,969,150 while the explanatory Note 12 to the financial statements reflects a balance of Kshs.112,319,230 resulting to an unreconciled variance of Kshs.350,080.
- (ii) The statement of financial performance reflects contracted services expenditure totalling to Kshs.30,893,113 while the disclosure Note 17 to the financial statements reflects Kshs.30,543,033 thus resulting to an unreconciled variance of Kshs.350,080.
- (iii) The statement of financial performance reflects repairs and maintenance expenses of Kshs.9,446,212 as disclosed in Note 16 to the financial statements while the audited expenditure amounted to Kshs.11,334,778 thus resulting to an unreconciled variance of Kshs.1,888,566.
- (iv) The statement of financial performance reflects grants and subsidies expenses amounting to Kshs.543,389,081 as disclosed in Note 18 to the financial statements which varies with the audited ledger balance of Kshs.521,827,297.
- (v) The statement of financial position reflects Kshs.166,025,900 in respect of current portion of receivables from exchange transactions as disclosed in Note 27 to the financial statements which varies with the audited ledger balance of Kshs.176,100,534.
- (vi) The statement of financial position reflects deferred income balance of Kshs.266,047,454 as disclosed in Note 34 to the financial statements which is at variance with the amount as disclosed in Note 6 to the financial statements of Kshs.521,827,297.

- (vii) Note 40(i) to the financial statements in respect to credit risk reflects a bank balance of Kshs.340,474,616 which differs with the statement of financial position bank balance of Kshs.425,910,794.
- (viii) Note 40(ii) to the financial statements in respect to liquidity risk management reflects trade payables balance of Kshs.373,347,375 and deferred income of Kshs.299,534,626, which differs with the statement of financial position balances of Kshs.455,752,909 and Kshs.266,047,454 respectively.
- (ix) Note 40(iv) to the financial statements in respect to capital risk management reflects capital reserves and cash and cash equivalents balance of Kshs.8,000,289,188 and Kshs.340,474,616 respectively which differs with the balances reflected in the statement of changes in net assets, and the statement of financial position balances of Kshs.7,402,480,928 and Kshs.425,910,794 respectively.
- (x) The statement of cash flows reflects an unsupported and a non cash item in respect of decrease in deferred income and proceeds of loan repayment amounting to Kshs.370,753,081 and Kshs.22,000,000 respectively. Further, the statement of cash flows reflects increase in capital funds of Kshs.709,732,851, which is inaccurate since the acquisition and disposal of non-current assets and borrowings have been recognised separately.
- (xi) The statement of financial performance and as disclosed in Note 13 to the financial statements reflects employee costs amounting to Kshs.121,730,097 which varies with the ledger balances of Kshs.124,917,069 thus resulting to an unreconciled variance of Kshs.3,186,972.
- (xii) The statement of financial performance and as disclosed in Note 15 to the financial statements reflects Kshs.79,787,725 in respect to depreciation and amortization expenses which varies with the re-calculated balance of Kshs.84,596,905 resulting to a variance of Kshs.4,866,370.
- (xiii) The statement of comparison of budget and actual amounts reflects an original revenue budget of Kshs.305,070,000 which varies from the Agency's original budget of Kshs.388,500,000 provided for audit. In addition, use of goods and services and depreciation and amortization expense reflects actual on comparable basis of Kshs.102,589,480 and Nil balances respectively instead of Kshs.111,969,150 and Kshs.79,787,725 respectively reflected in the statement of financial performance.
- (xiv) The statement of financial position reflects a balance of Kshs.425,910,794 in respect of cash and cash equivalents and refers to disclosure Note 25 instead of Note 24 to the financial statements.
- (xv) The statement of financial position reflects trade and other payables balance of Kshs.455,752,909 which, as disclosed in Note 32 to the financial statements includes other payables-retention balance of Kshs.22,520,739 which is at variance with the supporting ledger balance of Kshs.10,704,688 thus resulting in an unreconciled variance of Kshs.11,816,051. Further, comparative balance of Kshs.469,427,909 is reflected as Kshs.1,383,960 in the payable's ledgers hence an unexplained variance of Kshs.468,043,949.

In the circumstances, the accuracy of the financial statements for the year ended 30 June, 2023 could not be confirmed.

2. Unsupported Revenue from Non-Exchange Transactions

The statement of financial performance reflects an amount of Kshs.831,959,077 in respect of transfers from other Government entities, which as disclosed in Note 6 to the financial statements includes an amount of Kshs.521,827,297 relating to deferred income. However, the amount of deferred income differs with the supporting ledgers balance of Kshs.543,389,080 and the amount reflected in Note 34 to the financial statements of Kshs.266,047,454.

In the circumstances, the accuracy and completeness of the deferred income amount of Kshs.521,827,297 could not be confirmed.

3. Unsupported Board Expenses and Use of Goods and Services

The statement of financial performance reflects an amount of Kshs.25,898,199 in respect of remuneration of directors and Kshs.111,969,150 relating to use of goods and services as disclosed in Notes 14 and 12 to the financial statements respectively. However, payments amounting to Kshs.1,305,665 and Kshs.1,406,400 in respect of Board expenses and use of goods and services all totalling to Kshs.2,712,065 were not provided for audit.

In the circumstances, the accuracy of Board remuneration and use of goods and services expenses of Kshs.25,898,199 and Kshs.112,319,230 respectfully could not be confirmed.

4. Failure to Provide GoK Grants and Subsidies Budget

The statement of financial performance and as disclosed in Note 18 to the financial statements reflects an amount of Kshs.543,389,081 in respect grants and subsidies. However, the amount was not supported by an approved budget for the expenditure.

In the circumstances, it could not be confirmed whether the expenditure was utilised for the approved projects.

5. Unsupported Cash and Cash Equivalents

The statement of financial position reflects Kshs.425,910,794 in respect of cash and cash equivalents and as disclosed in Note 24 to the financial statements. However, the bank reconciliation statements included reconciling amounts of Kshs.29,229,919, Kshs.1,113,470 and Kshs.12,374,700 relating to the development, recurrent and retention accounts respectively in respect of unpresented cheques which were stale and hence understating the reported cash and cash equivalents. Further, included in these stale cheques for the retention account was a transfer of Kshs.10,000,000 dated 6 April, 2021 to an undisclosed payee and which was not recorded in the cashbook. In addition, the cheque dispatch register was not provided for audit review and the Agency has not demonstrated that the unpresented cheques were dispatched to the respective payees.

In the circumstances, the accuracy of cash and cash equivalents balance of Kshs.425,910,794 could not be confirmed.

6. Unsupported Capital Work-in-Progress

The statement of financial position reflects property, plant and equipment balance of Kshs.19,196,642,774 which, as disclosed in Note 30 to the financial statements includes unsupported capital work-in-progress balance of Kshs.17,196,752,683 and which has never had any transfers for completed projects over the last six years. Further the capital work-in-progress reflects a balance of Kshs.42,575,453 relating to Homabay Water Improvement Project and whose financial statements have not been submitted for audit. In addition, the implementation status for Trilateral Development Cooperation in Kenya Project has not been reflected in the financial statements.

In the circumstances, the accuracy of the capital work-in-progress balance of Kshs.17,196,752,683 could not be confirmed.

7. Unsupported Trade Payables

The statement of financial position reflects trade and other payables balance of Kshs.455,752,909 which differs with the disclosed amount in Note 32 to the financial statements of Kshs.360,901,701 and ledger balances of Kshs.330,629,285. Review of the ledger balance revealed transactions amounting to Kshs.210,168,575 which were only supported by local service orders without the invoices and payment certificates raised.

In the circumstances, the completeness and accuracy of the reported trade and other payables balance of Kshs.455,752,909 could not be confirmed.

8. Unsupported External Borrowings

The statement of financial position reflects current portion of borrowings amounting to Kshs.2,824,672,804 and a non-current portion of borrowings amounting to Kshs.8,180,472,878 all totalling to Kshs.11,005,145,682 which, as disclosed in Note 36 to the financial statements includes external borrowings during the year of Kshs.1,076,146,848. However, the supporting documents for the external borrowings were not provided for audit review. In addition, Note 36 to the financial statements reflects an opening loan balance of Kshs.9,077,960,528, which differs with the previous year's closing balance of Kshs.9,778,927,691 resulting to unreconciled and unexplained variance of Kshs.700,967,161.

In addition, the failure by the lender to repay the loans as agreed has resulted in accrued interests and penalties amounting to Kshs.873,038,306 which have not been recognized in the statement of financial performance as required by paragraph 14 of IPSAS 5 which requires that borrowing costs be recognized as an expense in the period in which they are incurred.

In the circumstances, the accuracy and completeness of the borrowings and borrowing costs of Kshs.11,005,145,682 reflected in the financial statements could not be confirmed. The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lake Victoria South Water Works Development Agency Management in accordance with ISSAI 130 on 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 adverse opinion.

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects budgeted receipts totalling to Kshs.332,700,000 and actual on comparable basis totalling to Kshs.884,392,839 resulting to excess funding of Kshs.551,692,839 or 166% of the budgeted revenue. Similarly, the Agency had an approved expenditure budget amounting to Kshs.332,700,000 and actual expenditure Kshs.884,343,477 resulting to an over-expenditure of Kshs.551,643,477 or 166% of the budgeted expenditure.

The surplus funding and over-expenditure reflected weak budgetary mechanisms which may negatively impact on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues nor given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Implement E-Procurement System

During the year under review, the Agency did not implement e-procurement for the acquisition of goods, services and works contrary to Regulation 49(2) of the Public Procurement and Assets Disposal Regulation, 2020 which requires that the conduct of e-procurement procedures for the supply of goods, works and services shall be carried out by a procuring entity using an e-procurement system which is integrated to the State Portal.

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

2. Non-Compliance With Law on Ethnic Composition

During the year under review, the payroll for the Agency for the month of June, 2022 revealed that out of the seventy-three (73) employees, forty-seven (47) or approximately sixty-four percent (64%) were from the dominant community in the region contrary to Section 7(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 the 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.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matter discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weak Accounting System

A review of the Agency's accounting system revealed the following weaknesses:

- i. The levels of authority in the authorization process is not clearly defined leading to numerous journal entries passed without supervision,
- ii. Lack of segregation of duties in the finance department with the financial accountants handling all the transactions of the Agency thereby leading to numerous errors that are not easily identified,
- iii. Bank reconciliations are not regularly reviewed, and where reviewed no action appears to have been taken. There is no recorded impact on the reconciliations,
- iv. The internal audit is not effective in identifying areas of improvement and reporting them to Management.

In the circumstances, the Agency's internal controls systems may be weak to detect possible fraud related and other risks.

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

Responsibilities of Management and Board of Directors

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

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

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

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

The Board of Directors 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Agency to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

15 June, 2023

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

13. Statement of Financial Performance for the year ended 30 June 2022

	No	2021-2022	2020-2021
	tes	Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments entities	6	831,959,077	869,577,704
Levies, Fines, and penalties	7	-	3,000,000
		831,959,077	872,577,704
Revenue from exchange transactions			
Licenses, Fees and Permits	8	1,075,940	1,265,730
Finance income	10	253,698	556,405
Other income	11	0	12,993,000
Total revenue		1,329,638	14,815,135
Total Revenue from both non-exchange and exchange transactions		833,288,715	887,392,839
Expenses			
Use of goods and services	12	111,969,150	57,059,929
Employee costs	13	121,730,097	119,724,469
Remuneration of directors	14	25,898,199	21,834,362
Depreciation and amortization exp	15	79,787,725	78,291,884
Repairs and maintenance	16	9,446,212	13,402,489
Contracted services	17	30,893,113	44,441,768
Grants and subsidies- GOK Projects	18	543,389,081	549,377,708
Finance costs	19	0	210,867
Total expenses		923,113,577	884,343,476
Other gains/(losses)			
Gain on sale of assets	21	1,221,678	1,475,900
Gain on foreign exchange transactions	22		-
Impairment loss	23		-
Surplus before tax		-88,603,184	4,525,263
Taxation	24		-
Surplus/(deficit) for the period/year		-88,603,184	4,525,263
Remission to National Treasury		-	-
Net(Deficit)/ Surplus for the year		-88,603,184	4,525,263

The notes set out on pages 34 to 39 form an integral part of these Financial Statements.
The Financial Statements set out on pages 1 to 8 were signed on behalf of the Board of Directors by:

Ag. Chief Executive Officer
Chrispine O. Juma, HSC

Senior Manager Finance
John F. Adongo

Chairman of the Board
Dan Omino, OGW

Date

13.03.2023

Date

13.03.2023

Date

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

14 Statement of Financial Position as at 30 June 2022

	No tes	2021-2022 (KShs)	2020-2021 (KShs)
Assets			
Current Assets			
Cash and cash equivalents	25	425,910,794	54,184,381
Current portion of receivables from exchange transactions	27	166,025,900	188,123,524
Inventories	28	1,822,352	1,161,856
Total Current Assets		593,759,046	243,469,761
Non-Current Assets			
Property, plant and equipment	30	19,196,642,774	17,524,149,867
Intangible assets	31	2,265,804	1,856,142
Total Non- Current Assets		19,198,908,578	17,526,006,009
Total Assets		19,792,667,624	17,769,475,770
Liabilities			
Current Liabilities			
Trade and other payables	32	455,752,909	469,427,909
Current Provision	33	2,232,000	1,116,000
Current portion of borrowings	36	2,824,672,804	2,100,637,021
Deferred income	34	266,047,454	670,287,706
Employee benefit obligation	35	6,061,967	4,435,700
Total Current Liabilities		3,554,767,134	3,245,904,337
Non-Current Liabilities			
Borrowings	36	8,180,472,878	7,678,290,668
Total Non- Current Liabilities		8,180,472,878	7,678,290,668
Total Liabilities		11,735,240,012	10,924,195,005
Net assets		8,057,427,612	6,845,280,765
Accumulated surplus	38	57,138,424	145,741,608
Capital Fund	39	8,000,289,188	6,699,539,157
Total Net Assets		8,057,427,612	6,845,280,765
Total Net Assets and Liabilities		8,057,427,612	6,845,280,765

The financial statements set out on pages 39 to 43 were signed on behalf of the Board of Directors by:

Ag.Chief Executive Officer
Chrispine O. Juma, HSC

Date

13.03.2023

Senior Manager Finance
John F. Adongo

ICPAK M/No: 11066

Date

13.03.2023

Chairman of the Board
Dan Omino

Date

15 Statement of Changes in Net Assets for the year ended 30 June 2022

	not es	Reval uatio n Reser ve	Fair Valu e reser ve	Retained Earnings	Deferred Income	Capital Grants	Donor Grants	Total
As at July 1, 2021		-	-	141,216,345	1,052,665,415	4,177,642,089	2,146,395,486	7,517,919,335
Issued new capital								
Revaluation gain								
Transfer to income/liabilities	40				(1,052,665,415)			(1,052,665,415)
Deferred tax on excess depreciation								
Fair value adjustment on quoted investments								
Surplus/ Deficit for the year				4,525,263				4,525,263
Capital/Development grants received				-		267,956,147	107,545,436	375,501,582
As at June 30, 2022				145,741,608	-	4,445,598,236	2,253,940,922	6,845,280,765

As at July 1, 2021		-	-	145,741,608	-	4,445,598,236	2,253,940,922	6,845,280,765
Issued new capital								
Revaluation gain								
Transfer to income/liabilities	40							
Deferred tax on excess depreciation								
Surplus/ Deficit for the year				(79,564,332)				(79,564,332)
Capital/Development grants received during the year				-		474,306,082	165,216,093	639,522,175
Transfer of depr./amortisation from capital fund to RE				-				-
As at June 30, 2022				66,177,276	-	4,917,146,638	2,419,157,015	7,402,480,928

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

16. Statement of Cash Flows for the year ended 30 June 2022

	NS	2021 - 2022(Kshs)	2020-2021(Kshs)
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	831,959,077	869,577,704
Levies, Fines, and penalties	7	0	3,000,000
Licenses, Fees and Permits	8	1,075,940	1,265,730
Finance income	10	253,698	556,405
Other income	11	0	12,993,000
Total Receipts		833,288,715	887,392,839
Payments			
Use of goods and services	12	103,812,080	57,059,929
Employee costs	13	121,730,097	119,724,469
Remuneration of directors	14	25,898,199	21,834,362
Depreciation and amortization	15	-	-
Repairs and maintenance	16	9,446,212	13,402,489
Contracted services	17	30,893,113	44,441,768
Grants and subsidies	18	543,389,081	549,377,708
Total Payments		835,168,782	805,840,725
NET PROFIT/LOSS		-1,880,067	81,552,114
Decrease in trade and other payables	32	-138,798,623	-21,306,570
Increase in inventory	28	-1,260,431	-3,263,207
Decrease in current portion of receivables from exchange transactions	27	22,097,623	-15,589,346
Net cash flows from/operating activities		-119,841,498	41,392,991
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	30	-1,751,723,649	-3,004,224,524
Proceeds from sale of property, plant and Equipment		1,222,600.00	-
proceeds from loan repayment		22,000,000.00	
Net cash flows from/ investing activities		-1,728,501,049	-3,044,383,647
Cash flows from financing activities			
Proceeds from borrowings	36	1,076,146,848	1,947,492,979
Repayment of borrowings		(22,000,000.00)	-22,000,000
Decrease in deferred income	34	370,753,081	382,377,708

*Lake Victoria South Water Works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Increase in capital funds	39	709,732,851	378,035,142
Net cash flows from /financing activities		2,134,632,780	2,685,905,829
Net increase/(decrease) in cash and cash equivalents		286,290,233	-276,925,703
Cash and cash equivalents at 1 JULY	25	54,184,383	331,110,086
Cash and cash equivalents at 30 JUNE	25	340,474,616	54,184,383

The financial statements set out on pages 39 to 48 were signed on behalf of the Board of Directors by:

.....
Ag. Chief Executive Officer
Chrispine O. Juma, HSC

Date

13.03.2023

.....
Senior Manager Finance
John F. Adongo

ICPAK M/No: 11066

Date 13.03.2023

.....
Chairman of the Board
Dan Omino

Date

17. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2022

	Original budget(KShs)	Adjustments (KShs)	Final budget(KShs)	Actual on comparable basis(KShs)	Performance difference (KShs)	% of utilization
	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities						
GoK recurrent grants	118,000,000	-	118,000,000	117,999,996	4	100%
Deferred income	-		-	543,389,081	(543,389,081)	
Grants, Dev't for Recurrent Exp.	170,570,000	-	170,570,000	170,570,000	0	100%
Appropriation in Aid	16,500,000	-	16,500,000	17,274,638	(774,638)	105%
Water sector development	150,000,000		150,000,000	150,000,000		
Lwastan 11 keroka	100,000,000		100,000,000	100,000,000		
Siaya bondo water supply and sanitation	20,000,000		20,000,000	20,000,000		
Migori water and sanitation	20,000,000		20,000,000	20,000,000		
Migori-homabay	90,000,000		90,000,000	90,000,000		
Kisumu water supply-lwatsan	140,000,000		140,000,000	140,000,000		
Water harvesting program	50,000,000		50,000,000	50,000,000		
West karachuonyo	55,000,000		55,000,000	55,000,000		
Homabay water supply improvement	100,000,000		100,000,000	100,000,000		
Total income	305,070,000	-	305,070,000	849,233,715	(544,163,715)	
Expenses						
Use of goods and services	73,700,000	34,263,000	107,963,000	102,589,480	5,373,520	95%
Employee costs	158,170,000	(36,500,000)	121,670,000	121,730,097	(60,097)	100%
Remuneration of directors	28,000,000	-	28,000,000	25,898,199	2,101,801	92%
Repairs and maintenance	12,500,000	2,500,000	15,000,000	9,446,212	5,553,788	63%
Contracted services	31,800,000	137,000	31,937,000	30,893,113	1,043,887	97%
Depreciation and amortization	-		-	0	-	

*Lake Victoria South water works Development Agency
Annual Report and Financial Statements
for the year ended June 30, 2022.*

Grants and subsidies- GOK	-	-	-	-	543,389,081	(543,389,081)	
Finance Cost	900,000	(400,000)	500,000		340,819	159,181	68%
Water sector development	150,000,000		150,000,000		229,122,817		
Lwastan 11 keroka	100,000,000		100,000,000		133,734,544		
Siaya bondo water supply and sanitation	20,000,000		20,000,000		2,709,718		
Migori water and sanitation	20,000,000		20,000,000		44,685,497		
Migori-homabay	90,000,000		90,000,000		94,656		
Kisumu water supply-lwatsan	140,000,000		140,000,000		19,320,519		
Water harvesting program	50,000,000		50,000,000		42,645,981		
West karachuonyo	55,000,000		55,000,000		691,000		
Homabay water supply improvement	100,000,000		100,000,000		22,264,315		
Total expenditure	305,070,000	-	305,070,000	-	834,287,001	(529,217,000)	
Surplus/ deficit	-	-	-	-	14,946,715	(14,946,715)	

Budget notes

1. Appropriation in Aid

The appropriation in Aid was received more than the budgeted because part of the revenue were collection from the old debts who can pay more than what was budgeted.

2. Finance Cost

The difference on finance cost is due to bank charges which are dependent on the account transactions and could not be controlled. The Agency's accounts were active throughout the year ends minimal cost.

3. Budget Adjustment.

The budget adjustment was due to approved reallocation which emanated from the operations. The reallocation was recommended by the management and approved by the Board of directors during the third quarter.

4. Differences in accounting basis.

The differences between the statement of financial performance and the actuals on comparable basis is due to the depreciation cost which was not budgeted for.

5. Repairs and maintenance

Building repair for disability accessibility budget had been included for procurement though the commitment requisition delayed and hence underutilization of the budget. The amount for the repair had been reserved at an estimate cost of KShs.1.2Million.

Under this vote also, the repair and maintenance of the building was capitalised to the tune of KShs. 1,887,566 as additional for the current year FY 2021-2022.

18. Notes to the Financial Statements

1. General Information

Lake Victoria South Water Works Development Agency is established by and derives its authority and accountability from Water Act 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is responsible for efficient and economical provision of Water and sanitation services within its area of jurisdiction as authorized by the Water Services Provision License and mandated by Section 68 of the Water Act 2016.

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 *Entity'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 Lake Victoria South Water Works Development Agency.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

- ii. ***New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.***

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Standard	Effective date and impact:
	risk management strategy. <i>(State the impact of the standard to the Entity if relevant)</i>
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <i>(State the impact of the standard to the Entity if relevant)</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Standard	Effective date and impact:
	<i>(State the impact of the standard to the Entity if relevant)</i>
Other improvements to IPSAS	<i>Applicable 1st January 2023</i> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 43	<i>Applicable 1st January 2025</i> 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non-Current Assets	<i>Applicable 1st January 2025</i> The Standard requires,

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Standard	Effective date and impact:
Held for Sale and Discontinued Operations	Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the impact of the standard to the Entity if relevant</i>

iii. Early adoption of standards

The Entity did not early – adopt any new or amended standards in year 2021/2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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 Entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 Entity.

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 Entity'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 FY 2021-2022 was approved by the National Assembly on June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Entity recorded additional appropriations of Kshs. 16,500,000 on the 2021-2022 budget following the governing body's approval.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Budget information (continued)

The Entity'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.

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.

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax relating to items 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.

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. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of time. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. The depreciation rates for building, motor vehicle, water supply infrastructure, plant machinery, furniture fit, office equipment, computers and capital work in progress are. **2.5%, 25%, 2.5%, 20%, 12.5%, 20% 33.3% and 0%** respectively. The Assets have the useful lives as follows; building, motor vehicle, water supply infrastructure, plant machinery, furniture fit, office equipment, computers 40 Years, 4 years, 40 Years, 5 years, 8 years, 5 years, 3 years respectively.

f) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 Entity 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Depreciation rate for intangible assets is 20%

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity.

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is

calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an Entity of financial assets is impaired. A financial asset or an Entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- i) The debtors or an Entity of debtors are experiencing significant financial difficulty.
- ii) Default or delinquency in interest or principal payments
- iii) The probability that debtors will enter bankruptcy or other financial reAgency.
- iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

j) Inventories

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

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

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

k) Provisions

Provisions are recognized when the Entity 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 Entity 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

LVSWWDA provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the Agency pays fixed contributions into a separate fund Management, 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.

q) 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.

r) Borrowing costs

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

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

t) Service concession arrangements

LVSWWDA has no service concession arrangements.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Entity'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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. State all judgements, estimates and assumptions made:

Estimates and assumptions

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

Useful lives and residual value

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 40.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. *(include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).*

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

6. Transfers from Other Government entities

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Operational grant	117,999,996	117,999,996
Deferred income	521,827,297	549,377,708
Other grants	170,570,000	202,200,000
Total Unconditional Grants	831,959,077	869,577,704
Conditional grants		-
Ministry of Water & Sanitation & I		
National infrastructure grant		-
Other Agency grants		-
Total government grants and subsidies	831,959,077	869,577,704

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

Name Of The Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2021-22	Prior year 2020-2021
	KShs	KShs	KShs	KShs	KShs
Ministry of Water Sanitation and Irrigation	831,959,077	-	-	831,959,077	869,577,704
Total	831,959,077	-	-	831,959,077	869,577,704

7. Levies, Fines and Penalties

Description	2021-2022	2020-2021
	Kshs	Kshs
Other public donations (specify)	0	3,000,000
Total transfers and sponsorships	0	3,000,000
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year		-
Current year receipts	0	3,000,000
Conditions met - transferred to revenue	0	3,000,000
Conditions to be met - remain liabilities		-

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

8. Licenses, Fees and Permits

Description	2021-2022	2020-2021
	KShs	KShs
Service fees		-
Water quality(Laboratory charges)	1,075,940	1,265,730
Quality assurance	0	0
Total revenue from the rendering of services	1,075,940	1,265,730

9. Loan repayment receipts

Description	2021-2022	2020-2021
	Kshs	Kshs
Loan Repayment-Kiwasco Water	0	
Other (Salary Advance recovery))		-
Total revenue from the sale of goods	0	-

10. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash Investments and Fixed Deposits Interest	253,698	556,405
Total finance income	253,698	556,405

11. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Income from sale of tender	0	3,000
Agency fee	0	12,990,000
Total other income	0	12,993,000

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

12. Use of Goods and Services

Description	2021-2022	2020-2021
	KShs	KShs
Office hospitality	2,402,559/	862,586
Project monitoring and Evaluation	2,964,660/	8,376,545
Environmental Impact Assessment	1,476,740/	245,000
ISO, Strategic planning & Performance C.	7,097,310/	706,100
Project feasibility study	2,711,000/	4,930,024
Project Inspection and Acceptance	6,059,553/	4,445,410
Resource Mobilization	2,912,064/	2,913,900
Investment Planning	129,500/	
Publicity and Advertisement	3,345,962/	201,230
Project Tender	6,852,137/	-
Fuel and oil	6,813,000/	6,466,926
Water quality surveillance & Hygiene promotion	763,000/	43,400
Equipping of water testing laboratory	291,060/	
Covid-19 expenses	5,685,486/	
Electricity, Water & Conservancy Expense	1,043,401/	-
Postage and Courier Services	677,600/	658,190
Printing and stationery	5,943,520	3,757,600
Uniform / protective clothing	1,377,340/	345,000
Inventory / Stock taking/Tender expenses	116,800/	3,624,300
Telephone & Internet	2,299,821/	785,150
Office Security system	70,910/	
Corporate Social Responsibility	1,473,850/	6,650,100
Office Equipment, furniture and Fittings	1,046,415/	
Professional Subscription	559,060/	
Training & Workshops	8,642,369/	3,489,845
Travel, accommodation, subsistence and other allowances*	20,313,566	7,442,623
NSSF Penalties	3,600,000/	-
Bank Charges	340,819/	
Workshop, Stakeholder forums, Shows & Conferences	9,054,770/	-
Annual accounts and Audit fees	3,971,680/	1,116,000

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Computer Equipment, networking, software & Maintenance	252,540	-
Valuation Audits & performance Audits	1,851,565	-
Periodicals & Newspapers	179,173	-
	112,319,230	57,059,929

13. Employee Costs

	2021-2022(Kshs)	2020-2021 (Kshs)
Salaries and wages	73,714,870	68,043,814
Employer contr. to pension schemes/ gratuity	12,909,113	21,178,168
Commuter allowance	5,694,058	4,848,255
Housing allowance	21,444,000	18,048,236
Telephone allowance	-	1,105,164
Other employee related costs *	4,326,906	6,500,832
NITA	41,150	
NSSF	3,600,000	
Employee costs	121,730,097	119,724,469

14. Board Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman/Directors' Honoraria	1,020,000	1,020,000
Directors Remuneration	24,878,199	20,814,362
Total	25,898,199	21,834,362

15. Depreciation and Amortization Expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment	79,221,274	77,827,849
Intangible assets	566,451	464,036
Investment property carried at cost	0	-
Total depreciation and amortization	79,787,725	78,291,885

16. Repairs and Maintenance

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Description	2021-2022	2020-2021
	Kshs	Kshs
Building and compound	2,054,759	2,791,616
Electrical repairs	7,000	688,038
Vehicles	7,009,053	9,318,761
Computers and accessories	375,400	604,074
Total repairs and maintenance	9,446,212	13,402,489

17. Contracted Services

Description	2021-2022	2020-2021
	KShs	KShs
Security services	3,349,848	2,104,765
Cleaning services	1,822,551	1,522,512
Legal Services	5,662,770	28,852,807
Consultancies	4,085,800	
Medical Insurance	13,541,400	11,961,684
Assets and Equipment Insurances	2,080,664	-
Total contracted services	30,543,033	44,441,768

18. Grants and Subsidies

	2021-2022	2020-2021
GOK PROJECTS	Kshs	Kshs
Wash Activities & B/Holes		76,987,911
GOK/Projects, Drilling & Equipping of B/holes /Water for Schools	532,684,392	236,240,348
Retention payment	10,704,688	
Small Dams Pans and Boreholes		9,730,221
Drought Mitigation Projects		196,172,703
Constituency water projects/Priority Project		30,246,525
Subtotal	543,389,081	549,377,708

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

19. Finance Costs

Description	2021-2022	2020-2021
	KShs	KShs
Interest charge on Bank account	0	210,867
Interest on loans from commercial banks		-
Total finance costs	0	210,867

20. Gain on Sale of Assets

Description	2021-2022 (Kshs)	2020-2021 (Kshs)
Wooden Cabinets	20,178	
Dnax Doule Cab- KBN 703 E	500,000	
Dnax Doule Cab- KBW 716 V	701,500	
Other assets not capitalised		1,475,900
Total gain on sale of assets	1,221,678	1,475,900

Details					
Disposal Account	Cost	Depreciation	NBV	Sale Value	Gain/Loss
Wooden Cabinets	10,391	9,468	922	21,100	20,178
Dnax Doule Cab- KBN 703 E	2,000,000	2,000,000	-	500,000	500,000
Dnax Doule Cab- KBW 716 V	2,000,000	2,000,000	-	701,500	701,500
Total	4,010,391	4,009,468	922	1,222,600	1,221,678

21. Gain on forex exchange

There was no gain on foreign exchange from transaction.

22. Impairment loss

The entity did not incur any impairment losses

23. Taxation.

The Agency did not incur any tax liability

24. Cash and Cash Equivalents

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Financial institution	Account number	2021-2022	2020-2021
a) Current account		KShs	KShs
Development	1104035464	308,287,520	2,959,225
Recurrent	1104034395	16,633,430	6,252,256
Retention	1211147312	23,634,209	9,698,853
SIDA - DANIDA	1104035197	2,678	2,678
KIDDP	1146676387	3,557,966	3,562,286
UNICEF	1116821648	165,760	165,760
CONSUMER DEPOSIT	1104036320	39,413	39,413
KISUMU LTAP 1	1211147177	8,000,408	18,995,723
KISUMU LTAP 2	1211147266	267,172	267,172
	1211147290	643,515	643,515
MIWASCO LOAN	1211147274	0	0
KEWASCO/GWASCO	1211147282	0	0
KISUMU LVWATSAN	1283193744	51,598,592	0
Sub- total		412,830,663	42,586,880
Cooperative Gratuity	1141295755601	6,061,967	4,435,700
LVWATSAN II	1141295755600	18,164	18,164
KISUMU LVWATSAN	1141871351900	-	0
Sub- total		6,080,131	4,453,864
b) On - call deposits			
KCB short term deposits	MM1803739642	7,000,000	7,143,638
Sub- total		7,000,000	7,143,638
Grand total		425,910,794	54,184,381

25. Bank Overdraft

There was no overdraft as per the bank reconciliation report

27 Receivables from Exchange Transactions

Name	2022(Kshs)	2021(Kshs)
Kisumu Water And Sewerage Co. Ltd	11,059,625.39	27,100,538
Kericho Water And Sanitation Co. Ltd	63,522,041.00	66,147,041
Gusii Water And Sanitation Co. Ltd	19,658,050.00	21,858,050
Sibo Water And Sanitation Co. Ltd	34,041,613.00	34,516,613
Migori Water And Sanitation Co.	7,020,349.00	7,050,349
Homa Bay Water And Sanitation Co.	23,564,569.00	23,664,569
Bomet Water Company	6,970,949.00	7,485,949
Staff Advances	188,704.00	300,415
LVWATSAN Kisumu	10,074,634	0
	166,025,900	188,123,524
less Impairment Losses/ specific bad debt Provision		0
Balances	166,025,900	188,123,524

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

28. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	1,822,352	1,161,856
Total inventories at the lower of cost and net realizable value	1,822,352	1,161,856

29 Investments

There was investment during the year.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

30 Property, Plant and Equipment

COST	FREHOLD LAND	BUILDING	M/VEH & CYCLES	WATER SUPPLY INFR	PLANT MACHINERY	FURNITURE FIT	OFFICE EQUIP	COMPUTERS	CAPITAL WORK IN PROGRESS	TOTAL
	Kshs		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
Asset Cost	0%	2.50%	25%	2.50%	20%	12.50%	20%	33.30%	0.00%	
Balance as at 01.07.2020	157,007,227	139,258,800	127,064,485	2,867,435,571	19,333,097	9,367,108	2,451,597	10,122,294	12,462,862,682	15,794,902,861
Additions			2,417,878		4,999,600	554,982		1,001,400	2,992,930,486	3,001,904,346
Disposals										
Transfer/adjustments										
Balance as at 30.06.2021	157,007,227	139,258,800	129,482,363	2,867,435,571	24,332,697	9,922,090	2,451,597	11,123,694	15,455,793,168	18,796,807,207
Additions	2,752,500	-	-		721,310.00	658,882		4,743,876.04	1,740,959,515	1,749,836,083
Disposals			-2,000,000			-10,391				-2,010,391
Transfer/adjustments										-
As at 30.06.2022	159,759,727	139,258,800	127,482,363	2,867,435,571	25,054,007	10,570,581	2,451,597	15,867,570	17,196,752,683	20,544,632,899
Depreciation and impairment										-
At 1st July 2020		25,518,856	126,370,080	1,003,602,449	19,333,097	8,573,720	2,451,597	8,979,692	0	1194829491
Depreciation		3,481,470	778,071	71,685,889	999,920	168,546	0	713,953	0	77,827,849
Disposals										
Impairment										
Transfer/adjustment										
At 1st July 2021	-	29,000,326	127,148,151	1,075,288,338	20,333,017	8,742,266	2,451,597	9,693,645	-	1,272,657,340
Depreciation	-	3,481,470	778,071	71,685,889	944,198	228,539	-	2,055,917	-	79,221,274
Disposals			-2,000,000			-922				-2,000,922
Impairment										-
Transfer/adjustment										-

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

As at 30.06.2022	-	32,528,985	125,926,222	1,146,974,228	21,277,215	8,969,883	2,451,597	11,749,562	-	1,349,877,691
Net book values										
At 30th June 2021	157,007,227	110,258,474	2,334,212	1,792,147,233	3,999,680	1,179,824	-	1,430,049	15,455,793,168	17,524,149,867
At 30th June 2022	159,759,727	108,617,381	1,556,142	1,720,461,343	3,776,792	1,600,698	-	4,118,008	17,196,752,683	19,196,642,774

NB: Capital work in progress includes the project under implementation by Agency, see also Appendix 11 for status of projects completion.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

Valuation

The Agency is in the process of valuing Land and buildings/ Equipment (be specific) in line with the National Assets and Liabilities Management Policy and Guidelines (Issued 30th June 2020).

30 (b) Property, Plant and Equipment at Cost

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

	Cost as at 30th June 2022	Accumulated Depreciation as at 30th June 2022	NBV as at 30th June 2022
	Kshs	Kshs	Kshs
Freehold Land	159,759,727	-	159,759,727
Building	141,146,366	32,528,985	108,617,381
M/Veh & Cycles	127,482,363	125,926,222	1,556,142
Water Supply Infr	2,867,435,571	1,146,974,228	1,720,461,343
Plant Machinery	25,054,007	21,277,215	3,776,792
Furniture Fit	10,570,581	8,969,883	1,600,698
Office Equip	2,451,597	2,451,597	-
Computers	15,867,570	11,749,562	4,118,008
Work In Progress	17,196,752,683	-	16,535,981,904
TOTAL	20,546,520,465	1,349,877,691	19,196,642,774

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

	Cost or valuation	Normal annual depreciation charge
Office Equip	2,451,597	490,319
Total	2,451,597	490,319

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

31 Intangible Assets

COST	2021-2022	2020-2021
	KShs	KShs
Computer Software		
Asset Cost	20%	20%
Balance at the beginning of the year	24,432,718	22,112,540
Additions	976,113	2,320,178
Disposals		
Transfer/adjustments		
As at 30th June	25,408,831	24,432,718
Depreciation and impairment		
At 1st July	22,576,576	22,112,540
Depreciation @ 20 %	566,451	464,036
Disposals		
Impairment		
Transfer/adjustment		
At 30th June	23,143,027	22,576,576
Net book values		
At 30th June	2,265,804	1,856,142

32 Trade and Other Payables

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	338,380,962	459,729,056
Payments received in advance		0
Employee payables		0
Third-party payments		0
Other payables- Retention Amount	22,520,739	9,698,853
Total trade and other payables	360,901,701	469,427,909

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

33 Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	KShs	KShs	Kshs	KShs	KShs
Balance b/d (1.07.2021)	-	-	-	1,116,000	1,116,000
Additional Provisions	-	-	-	1,116,000	1,116,000
Provision utilized	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Transfers from non -current provisions	-	-	-	-	-
Total provisions as at 30.6.2022	-	-	-	2,232,000	2,232,000

34 Deferred Income

Deferred Income Transfer	2020-2021	2020-2021
	Kshs	Kshs
As at 1 July	670,287,706	1,052,665,415
Ministerial Grant	172,636,000	167,000,000
Total	842,923,706	1,219,665,415
Less : Transfer to income		
Constituency & Priority Projects		30,246,525
Drought Mitigation Projects		196,172,703
Small Dams Pans and Boreholes		9,730,221
GOK Projects	566,171,564	236,240,348
Retention of project funds	10,704,688	
Water Projects Pans & Dams/ wash activities		76,987,911
	576,876,252	313,228,259
As at 30th June	266,047,454	670,287,706

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

The deferred income movement is as follows:

	National government	Public contributions and donations	Total
Balance brought forward	670,287,706	-	670,287,706
Additions	172,636,000	-	172,636,000
Less: Transfers to income statement		-	-
GOK Projects	576,876,252		576,876,252
Other transfers	-	-	-
	576,876,252		576,876,272
Balance c/forward	266,047,454	-	266,047,454

35 Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation					
Non-current benefit obligation	6,061,967			6,061,967	4,435,700
Total employee benefits obligation	6,061,967	-	-	6,061,967	4,435,700

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 2004. The scheme is administered by APA Insurance who are the custodians of the scheme. The scheme is based on 7.5% of salary of an employee and employers contribute 15% at the time of retirement. The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. 1,080 per employee per month.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

36 Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
a) External Borrowings		
Balance at beginning of the year	9,077,960,528	7,130,467,551
Accrued interest & Penalties	873,038,306	1,947,492,979
External borrowings during the year	1,076,146,848	722,967,161
Repayments of during the year	(22,000,000)	(22,000,000)
Balance at end of the year	11,005,145,682	9,778,927,691

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

	2021-2022	2020-2021
	KShs	KShs
External Borrowings		
Dollar denominated loan		
Afdb	2,618,318,876	2,524,795,840
Euro denominated loan		
AFD	2,304,540,731	2,282,615,988
Afdb	1,866,370,889	1,831,747,523
Belgium	660,770,779	
KFW	3,555,144,406	3,139,768,338
Total balance at end of the year	11,005,145,682	9,778,927,690

Total Borrowings for short term and long term

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings (Current Portion)	2,824,672,804	2,100,637,021
Long Term Borrowings	8,180,472,878	7,678,290,668
Total	11,005,145,682	9,778,927,689

(NB: the total of this statement should tie to note 39 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

37 Deferred tax liabilities

The Agency did not had a tax obligation during the year

38 Accumulated Surplus

Revenue Reserve	2021-2022	2020-2021
Balance as at 1st JULY 2021	145,741,608	141,216,345
Surplus/(deficit) for the period	(88,603,184)	4,525,263
Prior year		-
Balance as at 30 JUNE 2022	57,138,424	145,741,608

39 Capital Fund

Government Grants	2021-2022	2020-2021
	Kshs	Kshs
Government grant as at 1st July	4,445,598,235	4,177,642,089
Furniture		11,294,038
Rongo project	5,921,663	
Small Towns project	2,709,718	
WSD	201,053,126	81,654,996
West Karachuonyo	691,000	
Kisumu Ltap		
Water Harvesting Program	13,706,804	
Bunyonyu Dam		
Homabay Improvemet Project	42,575,453	
Lwatsan II project	133,734,544	161,026,424
WSBSP Project- SCC	44,685,497	
Kisumu Lwatsan	29,685,354	13,980,689
Retention Current	-	
Total for the period	474,763,159	267,956,147
Bal. C/f	4,920,361,394	4,445,598,235
Donor Grants	2022	2021
	Kshs	Kshs

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Bal. b/f	2,253,940,922	2,146,395,486
WSD	42,272,622	
KISUMU LVWATSAN	122,943,471	107,545,436
Homabay Improvement Project	660,770,779	
Total for the period	825,986,872	107,545,436
Bal. C/f	3,079,927,794	2,253,940,922
Total Capital	8,000,289,188	6,699,539,157

40 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.

i) Credit risk

The Entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Agency's management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

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:

	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Receivables from exchange transactions	166,025,900	166,025,900	166,025,900	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	340,474,616	340,474,616	-	-
Total	506,500,516	506,500,516	166,025,900	-
As at 30 June 2021				
Receivables from exchange transactions	188,025,900	188,025,900	188,025,900	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	54,182,382	54,182,382	54,182,382	-
Total	242,208,282	242,208,282	242,208,282	-

Financial Risk Management

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Agency has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Agency has significant concentration of credit risk on amounts due from budgeting. 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.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

ii) Liquidity risk management

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

The table below represents cash flows payable by the Agency under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2022				
Trade payables	253,741,228	19,712,206.5	99,893,940.5	373,347,375
Current portion of borrowings			2,824,672,804	2,824,672,804
Provisions			2,232,000	2,232,000
Deferred income			299,534,626	299,534,626
Employee benefit obligation			6,061,967	6,061,967
Total			3,232,395,337.50	3,505,848,772.00
As at 30 June 2021				
Trade payables			469,427,909	469,427,909
Current portion of borrowings			2,100,637,021	2,100,637,021
Provisions			1,116,000	1,116,000
Deferred income			670,287,706	670,287,706
Employee benefit obligation			4,435,700	4,435,700

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Total			3,245,904,337	3,245,904,337
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Notes to the Financial Statements (Continued)

Financial Risk Management

iii) Market risk

The Agency has put in place an internal audit function to assist it in assessing the risk faced by the Agency on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Agency'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 Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The *Entity* has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The *Entity* manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

Financial Risk Management

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

FY 2022

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2022			
Financial Assets			
Investments			
Cash			
Debtors			
Total Financial Assets			
Financial Liabilities			
Trade And Other Payables			
Borrowings			
Total Financial Liabilities			
Net Foreign Currency Asset/(Liability)			

Foreign currency sensitivity analysis

FY 2022

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As At 30 June 2022			
Financial Assets			
Investments			
Cash			
Debtors			
Total Financial Assets			
Financial Liabilities			
Trade And Other Payables			
Borrowings			
Total Financial Liabilities			
Net Foreign Currency Asset/(Liability)			

Notes To The Financial Statements (Continued)

Financial Risk Management

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

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

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs
2022			
Euro	10%		
USD	10%		
2021			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

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

Notes to the Financial Statements (Continued)

Financial Risk Management

prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2022: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2022 – KShs xxx)

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

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

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

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

Financial Risk Management

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	Kshs	Kshs	Kshs	Kshs
As At 30 June 2022				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				
As At 30 June 2022				
Financial Assets				
Quoted Equity Investments				
Non- Financial Assets				
Investment Property				
Land And Buildings				

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve		-
Retained earnings	66,177,276	145,741,608
Capital reserve	8,000,289,188	6,699,539,157
Total funds	8,066,466,464	6,845,280,765
Total borrowings	11,005,145,682	9,778,927,689
Less: cash and bank balances	340,474,616	(54,184,381)
Net debt/(excess cash and cash equivalents)	10,664,671,066	9,724,743,308
Gearing	0.75	0.70

Notes to the Financial Statements (Continued)

41 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Key management.
- iv) Board of directors.

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	831,959,077	869,577,704
Grants from County Government		0
Donations in kind		0
Total		0
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees		0
Payments for goods and services for xxx		0
Total		
d) Key management compensation		
Directors' emoluments	25,898,199	21,834,362
Compensation to key management		0
Total	857,857,275	891,412,066

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes to the Financial Statements (Continued)

42 Segment Information

The Agency does not have segment entities/operations.

43 Contingent Assets and Contingent Liabilities

Contingent Assets

	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements		
Assets Arising from Determination Of Court Cases		
Reimbursable Indemnities and Guarantees		
Receivables From Other Government Entities		
Others (Specify)		
Total		

Contingent Liabilities

	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities		
Court Case xx against the Entity		
Bank Guarantees in Favour of Subsidiary		
Contingent Liabilities arising from Contracts Including PPPs		
Others (Specify)		
Total		

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Notes To The Financial Statements (Continued)

44 Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	1,960,000,000	2,650,008,296
Authorised and contracted for	1,960,000,000	2,650,008,296
Total	1,960,000,000	2,650,008,296

45 Surplus Remission

The Entity did not make any surplus during the year 2021-2022 and hence no remittance to the Consolidated Fund.

46 Taxation

	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year		
Income tax charge for the year (note 27)		
Under/(over) provision in prior year/s (note 27)		
Income tax paid during the year		
At end of the year		

47 Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances		
Unrealised exchange gains/(losses)		
Revaluation surplus		
Tax losses carried forward		
Provisions for liabilities and charges		
Net deferred tax liability/(asset)		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year		

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Credit to revaluation reserve		
Under provision in prior year		
Income statement charge/(credit)		
Balance at end of the year		

48 Events after the Reporting Period

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

49 Ultimate And Holding Entity

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

50 Currency

The financial statements are presented in Kenya Shillings (Kshs).

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

19. Appendix

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

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Inaccuracies in comparative figures	The comparative figures were correctly captured in the amended financial statements.	Resolved	30.06.2021
2	Understatement of deferred income	The figure was correctly amended.	Resolved	30.06.2021
3	Unsupported procurement of fuel	The procurement of fuel was guided by the circular directing government entities to buy fuel from National Oil corporation.	Resolved	30.06.2021
4	Administrative and Establishment expenses	The financial statements were amended accordingly.	Resolved	30.06.2021
5	Unsupported inventory	The supporting documents were availed for verification.	Resolved	30.06.2021
6.	Unsupported cash and cash equivalents	The bank reconciliations are done on monthly basis. The Board resolved to close the dormant accounts as per section 28 of the PFMA, 2012.	Resolved	30.06.2021
7.	Receivables from exchange transactions	The reconciliation done and debtor circularization letters obtained to confirm the balances.	Resolved	30.06.2021
8.	Unsupported Property, Plant and Equipments	The assets register is up to date.	Resolved	30.06.2021th
9.	Unsupported counterpart funding liabilities	The supporting documents were availed for auditing.	Resolved	30.06.2021
10.	Non-disclosure of interest on long term loans.	The interest has been disclosed in the financial statements.	Resolved	30.06.2021
11.	Non-compliance with law on ethnic composition.	This ethnic balancing is ongoing process through new recruitments.	In progress	
12.	Unauthorized acting allowance	The employees were fully authorized.	Resolved	1.07.2021
13.	Failure to remit	Reconciliation with National Water	In progress	

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	pension deductions.	Pension scheme in progress.		
14.	Project verification	Piping works for Gwasi rectified. Leaking tanks for Rangwe project repaired. Komune pan fencing was completed.	Resolved	30.06.2021
15.	Long outstanding receivables.	The two water companies of Nyanas and Gulf are technically insolvent and are being managed by County Government of Kisumu.	In progress	
16.	Lack of legal officer	The legal officer was employed	Resolved	30.03.2021



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Chrispine O. Juma, HSC
Chief Executive Officer
Date

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

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

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

Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs)	Separate donor reporting per the donor agreement(Yes/No	Consolidate d in these financial statements(Y es/No)
1. LVWATSAN II	2100155019967	AfDB	5 Yrs	1,320,593,041	Yes	Yes
2. Trilateral Project	BMZ No.2013 65 352	KFW	5Yrs	76,600,000	Yes	Yes
3. Bunyunyu Dam	ORIO11/KE/21	Orio	5Yrs	33,051,501	Yes	Yes
4. Kisumu LVWATSAN	CKE 1093 02 M	AFD/EU /EIB	5Yrs	7,011,432,000	Yes	Yes
5. Water Sector Development Programme	BMZ No.2010 65 861 And BMZ-No. 2010 70 457	KFW	8Year s	3,958,420,000	Yes	Yes

Status of Projects completion

	Project	Total project Cost (Kshs)	Total expended to date (Kshs)	Com p % to date	Budget (Kshs)	Actual (Kshs)	Sources of funds
1	LVWATSAN Phase II	2,012,115,263	2,012,115,263	100	174,000,000	133,734,544	GoK
2	Homabay Water Improvement Project	79,167,880	115,768,088	146	35,000,000	42,575,453	KFW/Go K
3	Kisumu LVWATSAN	946,274,161	392,690,190	41	530,000,000	142,554,190	AFD/EU/ EIB / GoK
4	Water Sector Development Programme Lake Victoria South	4,352,879,079	4,008,005,112	92	1,286,008,296	686,749,988	KFW/Go K
5	Water Services Support Project (Migori Water & Sanitation Project)	1,696,229,519	1,696,229,519	100	22,500,000	44,685,497	GoK
6	Siaya Bondo Water Supply and Sanitation Project	2,682,248,088	2,682,248,088	100	80,000,000	2,709,708	GoK
7	Kisii Water Supply and Sanitation Project	100,534,656	100,534,656	100	0		Orio(Net herlands) /GOK
8	Kisumu Short Term	3,517,238,089	3,517,238,089	100	0		AFD/

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

	Action Plan						GoK
	Water Harvesting Program	50,000,000	14,397,804	29		14,397,804	Gok
9	Kisumu LTAP 1	508,297,920	508,297,920	100	0		AFD/ GoK
10	Kisumu LTAP 2	1,482,535,600	1,482,535,600	100	0		AFD/ GoK
11	Rongo Water Supply Project	220,000,000	5,921,663	3		5,921,663	Gok
	Total	17,196,390,506	16,535,981,992		2,650,008,296	1,080,188,724	

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Appendix IV: Transfers from Other Government Entities

Name of Entity Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Where Recorded/recognized					
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Borrowings	Total Transfers during the Year
Ministry of Water and Sanitation & Irrigation	2021-2022	Recurrent	117,999,996	117,999,996	-	-	-	-	117,999,996
		Grants, Dev't for Recurrent Exp.	170,570,000	170,570,000	-	-	-	-	170,570,000
		Ministry Grants	172,636,000			172,636,000			172,636,000
		Development	674,430,000	-	674,430,000		-	-	674,430,000
		Direct Payment	580,592,161	-	165,216,093		-	415,376,069	580,592,161
Total			1,716,228,157	288,569,996	839,646,093	172,636,000	-	415,376,069	1,716,228,157

*Lake Victoria South Water Works Development Agency
Annual Reports and Financial Statements
for the year ended June 30, 2022.*

Appendix V- Inter-Entity Confirmation Letter*

Confirmation of amounts received by Lake Victoria South Water Works Dev' Agency as at 30th June 2022

Amounts Disbursed by Ministry of Water, S & I (Kshs) as at 30 th June 2022				Amount Received by LVSWWDA (Kshs) as at 30 th June 2022(E)		Diff. KShs) (F)=(D-E)
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Inter-Ministerial ©	Total (D)=(A+B+C)	
Bank Stt	9/8/2021	9,833,333			9,833,333	9,833,333
Bank Stt	7/9/21	9,833,333			9,833,333	9,833,333
Bank Stt	17/9/21		181,250,000		181,250,000	181,250,000
Bank Stt	29/9/21	9,833,333			9,833,333	9,833,333
Bank Stt	29/10/21		181,250,000		181,250,000	181,250,000
Bank Stt	1/11/21			72,500,000	72,500,000	72,500,000
Bank Stt	4/11/21	9,833,333			9,833,333	9,833,333
Bank Stt	25/11/21			58,615,000	58,615,000	58,615,000
Bank Stt	2/12/21	9,833,333			9,833,333	9,833,333
Bank Stt	10/1/22	9,833,333			9,833,333	9,833,333
Bank Stt	7/2/22	9,833,333			9,833,333	9,833,333
Bank Stt	2/3/22	9,833,333			9,833,333	9,833,333
Bank Stt	4/4/21	9,833,333			9,833,333	9,833,333
Bank Stt	9/5/22			25,000,000	25,000,000	25,000,000
Bank Stt	16/05/22		241,250,000		241,250,000	241,250,000
Bank Stt	9/5/22	9,833,333			9,833,333	9,833,333
Bank Stt	7/6/22	9,833,333			9,833,333	9,833,333
Bank Stt	23/06/22			16,521,000	16,521,000	16,521,000
Bank Stt	28/06/22	9,833,333			9,833,333	9,833,333
Bank Stt	7/7/22		236,250,000		236,250,000	236,250,000
Bank Stt	7/7/22		5,000,000		5,000,000	5,000,000
Total		117,999,996	845,000,000	172,636,000	1,135,635,996	1,135,635,996

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

Head of Accountants department of beneficiary Entity:

Name Sign Date