

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 24 FEB 2021	DAY: Thurs
REPORT	
TABLED BY: LOM	CLERK-AT THE-TABLE: Mainah Wanjiku

OF

THE AUDITOR-GENERAL

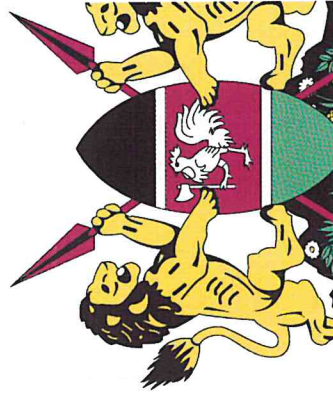
ON

**LAKE VICTORIA NORTH WATER WORKS
DEVELOPMENT AGENCY**

**FOR THE YEAR ENDED
30 JUNE, 2019**



Annual Report & Financial Statements 2018-2019



LAKE VICTORIA NORTH WATER
WORKS DEVELOPMENT
AGENCY



LAKE VICTORIA NORTH WATER WORKS DEVELOPMENT AGENCY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2019

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

Annual Report & Financial Statements 2018-2019

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KEY BOARD INFORMATION AND MANAGEMENT

(a) Background information

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 The repealed Water Act 2002 was replaced by the Water Act 2016, which in compliance with the Constitution, devolved Water Provision function to the County Governments.

Lake Victoria North Water Works Development Agency serves the counties of Bungoma, Kakamega, Vihiga, Busia, Uasin Gishu, Trans-Nzoia, and Nandi. The total coverage area of the Agency's mandate is 15,356 sq. km, with an estimated population of about 7.5 million. Currently, the Agency serves an average of 57% of this population.

(b) Principal Activities

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

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

Vision

"To be an Agency of excellence in provision of water and sanitation services for all in our area of jurisdiction"

Mission

"To develop, maintain and manage Water and Sanitation Infrastructure for increased provision of adequate, safe, affordable and accessible services in our area of jurisdiction".

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Core Values

- **Integrity:** The organization will endeavour to operate above board in all its operations
- **Quality Services:** The organization will endeavour to provide services that meet the expectations of its customers.
- **Good Governance:** The organization will conduct its affairs in a transparent and accountable manner; and seek stakeholder participation in decision-making process.
- **Team Spirit:** The organization will seek to have an organization built on teamwork and high level of discipline.
- **Environmental Protection:** The organization will remain a committed advocate of sustainable environment in all its dealings

(c) Key Management

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

- Chief Executive Officer
- Chief Manager-Finance and Strategy
- Chief Manager-Technical Services
- Chief Manager-Internal Audit and Risk Management
- Chief Manager Human Capital & Administration
- Corporation Secretary

(d) Fiduciary Management

The key management team who held office during the financial year ended 30th June 2019 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Ag CEO	Eng. Boniface L. Mulama
2.	Chief Manager Technical Services	Eng. George Odedeh
3.	Corporation Secretary	Elizabeth Ngala
4.	Chief Manager Finance Strategy	CPA Anthony Kisaka
5.	Chief Manager Internal Audit & Risk Management	CPA Charles Tung'a
6.	Chief Manager Human Capital & Administration	Naomi Jelimo
7.	Manager Procurement	Mark Kanda

(e) Fiduciary Oversight Arrangements

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

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

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

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

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

- i. Finance and Strategy Committee, whose main duties are: - to review financial statements and annual budgets; Financial performance; Strategic planning and annual performance reviews
- ii. Human resources and General Purpose committee, whose main duties are: periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff; and general welfare of the Board's employees.
- iii. Governance, Risk & Audit Committee, whose main duty is to ensure that the systems of internal control are effected and complied to.
- iv. Technical and Environmental Committee, whose focus is on issues arising from LVNWWDA stewardship of essential water infrastructure and has a duty of reviewing the conditions and performance of technical assets including projects. The committee is also tasked with ensuring safeguarding the environment.

Development partner oversight activities

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

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(f) Board Headquarters

Kenfinco Complex
Kakamega-Kisumu Road
P.O Box 673 + 50100

KAKAMEGA

Tel: 254- 56-30795

Fax: 254-056-31506

E-mail: info@LVNWWDA.go.ke

Website: www.LVNWWDA.go.ke

(g) Bankers

Kenya Commercial Bank

Kakamega Branch

P.O Box 152 + 50100

KAKAMEGA

Cooperative Bank

Kakamega Branch

P.O Box 595- 50100

KAKAMEGA

Standard chartered bank

Kakamega Branch

PO BOX 292-50100

KAKAMEGA

(h) Independent Auditors

Auditor General

Office of the Auditor-General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

(i) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

THE BOARD OF DIRECTORS FROM APRIL 2019 TO JUNE 2019

1. Hon. Dr. Julius Kones- (Born 1972) -Chairman, LVNWWDA. The Cabinet Secretary appointed him as the Board's Chairman for Water and Sanitation on 8th February 2019 as Non- Executive Board Chair of Lake Victoria North Water Works Development Agency. He holds a PhD in Statistics from the Netherlands institute of Ecology and a Master and Bachelor of Science degrees in Mathematics and Statistics from Moi University. He is served as a MP Konoin Constituency, Bomet County between 2008 to 2013 and a Chairman of National Water Conservation and Pipeline Corporation between 2014 to 2019.	
2. Ms. Rose A. O. Nyakwana (Born 1970) - Alt. member of the Board of Directors. She was appointed on 28th June 2018 as a Non-Executive director to represent Principal Secretary, Ministry of Water and Sanitation. She is a Senior Principal State Counsel and holds LLB degree and Currently pursuing LLM, at the University of Nairobi. She was a member of Audit and Risk Committee as well as Technical and Environmental Committee before inauguration of Lake Victoria North Water Works Development Agency. She now sits in the Technical and Environmental committee, Human Resource and General Purposes Committee and Finance and Strategy Committee.	
3. David Mbugua Gichuhi (Born 1960) - Rep, Inspectorate of State Corporations He was appointed on 8th February 2017 as a Non-Executive Director to represent Inspector General, Inspectorate of State Corporations. He holds a BEd (Business Studies/Mathematics) from the University of Nairobi and an Executive MBA from Kenyatta University. He has undertaken courses in corporate governance and Strategic Leadership Development Program, KSG.	

4. Daniel Mutua (Born 1967)- Alt. member of the Board of Directors. He was appointed on 23rd February 2016 as a Non-Executive director to represent PS, National Treasury. He is an economist and holds B. Ed. (Eco/Buss) from Kenyatta University and MBA-ESAMI from Maastricht. He was a member of Audit and Risk Committee, Technical and Environmental Committee and Finance and Administration committee before inauguration of Lake Victoria North Water Works Development Agency. He now sits in Governance and Audit Committee and Finance and Strategy committee.	
5. Hon. Manyala Keya (Born 15.12.1952) Appointed on 8th February 2019, as a Non- Executive director of Lake Victoria North Water Works Development Agency by the Cabinet Secretary for Water and Sanitation. He served as a MP Lurambi Constituency, Kakamega County with an accounting background. He sits in Governance and Audit Committee, Technical and Environmental Committee, Finance and Strategy committee and Human Resources and General Purpose Committee.	
6. Hon. Alfred Khangati (Born 17.12.1954) He was appointed on 8th February 2019, as a Non-Executive director of Lake Victoria North Water Works Development Agency by the Cabinet Secretary for Water and Sanitation. He holds a Masters in Building (Project) Management, BA degree in Land Economics and a diploma in sports mangament. He is a former MP Kanduyi Constituency, Bungoma County and former Assistant Minister in the office of Prime Minister and Office of the President. He is the Chairman of Technical and Environmental Committee and also sits in the Finance and Strategy committee.	

7. Mediatrice Wangira (Born 23.11.1971) The Cabinet Secretary appointed her on 8th February 2019 as a Non- Executive director of Lake Victoria North Water Works Development Agency for Water and Sanitation. She holds an MBA in Human Resources Management and Industrial Relations and BA degree in Administration, post graduate diploma in human resource management, post graduate diploma in project management and chartered diploma in personnel skills development. She is the Chairperson of Human Resources and General Purpose Committee and also sits in the Governance and Audit committee.	
8. Joan Maiyo (Born 21.11.1975) The Cabinet Secretary appointed her on 8th February 2019 as a Non- Executive director of Lake Victoria North Water Works Development Agency for Water and Sanitation. She holds a Bachelor's Degree in Business Administration (Marketing Major) and a diploma in business administration (marketing major). She is the Chairperson of Finance and Strategy Committee and also sits in the Technical and Environmental committee.	
9. Douglas Kiplimo Tanui (Born 31.01.1982) The Cabinet Secretary appointed him on 8th February 2019 as a Non- Executive director of Lake Victoria North Water Works Development Agency for Water and Sanitation. He holds a diploma in Cargo handling. He is a former MCA Ravine Ward and Deputy speaker Baringo county assembly. He is the Chairperson of Governance and Audit committee and also sits in the Human Resource and General Purposes committee.	

10. Eng Boniface Mulama (Born 1969)-Ag. Chief Executive Officer.

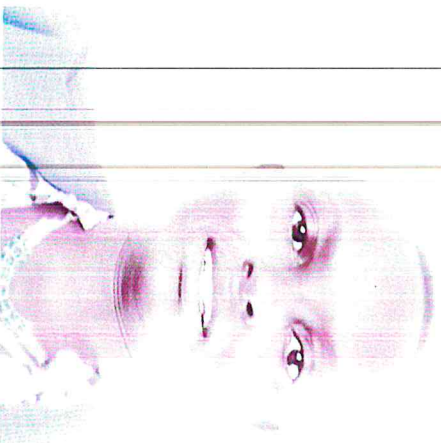
The Board of Directors appointed him as the acting Chief Executive officer on 19th April 2018. He holds a BSc degree in Civil Engineering from the University of Nairobi and he was previously an Engineer at the Ministry of Water and Sanitation.



11. Ms Elizabeth Ngala - Born 1977-Corporation Secretary

She was appointed on 2nd May 2016 as the Corporation secretary. She holds a Bachelor's of Laws (LLB) Hons. Degree, a Post Graduate Diploma in Law, and CPA Graduate. Elizabeth is an advocate of the High Court of Kenya. She is a Certified Public Secretary registered with the Institute of Certified Public Secretaries of Kenya. She is a Member of Kenya Institute of Management. Elizabeth has wide experience in Legal, company secretarial and corporate governance having served in both private and public sectors.

She is responsible for providing guidance and support to the Board and driving the corporate governance agenda.



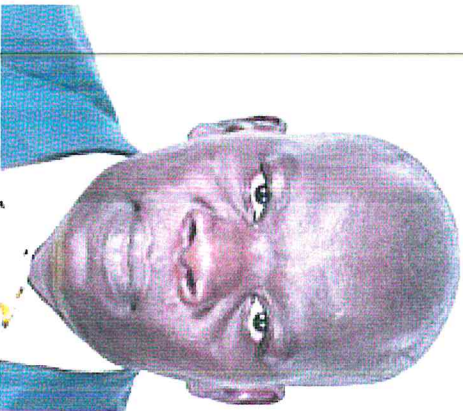
The board of directors from July 2018 to February 2019 financial year.

1. Peter Kitelo Chongeywo (Born 1973) -Chairman, Technical & Environmental Committee and a member of Finance & Administration Committee. The Cabinet Secretary Water & Irrigation appointed him as a Non- Executive Board member on 14th June 2016. He is an Electrical Engineer and a holder of Bachelor of Science in Electrical/Electronic Engineering. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	
2. Isaac Kipyego Maiyo (Born 1962)- Member of the Board. The Cabinet Secretary Water & Irrigation appointed him as a Non- Executive director on 14th June 2016. He sits in Finance and Administration Committee as well as Technical and Environmental Committee. He served previously as a director at National Irrigation Board. He is an administrator being a holder of Bachelor's degree in Public Administration and Diploma in Public Administration. He has Certificate in County Governance. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	
3. Robert Namunyu Wawire (Born 1965) - Chairman, Audit & Risk Committee Chairman and also a member of Finance & Administration Committee. The Cabinet Secretary Water & Irrigation appointed him as a Non- Executive Board member on 14th June 2016. He is a social worker and a holder of MA, Rural Sociology and Community Development from University of Nairobi and Postgraduate Diploma in Education from Kenyatta University. He also holds Bachelor of Science in Agriculture from University of Eastern Africa. He has worked as a lecturer at Kibabii University. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	

4. Jacinta Aluoch Odhiambo (Born 1969) - A member of the Board of Directors. She was appointed on 14th June 2016 by the Cabinet Secretary Water & Irrigation as a Non-Executive director. She sits in Audit and Risk Committee as well as Technical and Environmental Committee. She is a development practitioner. A graduate of Brandeis University in Massachusetts USA (MA-Sustainable International Development), Kenyatta University in Nairobi Kenya (BA-Ed. French and Business Studies and active alumni of the Ford Foundation International Fellowship Program. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	
5. Abdi Sheikh Mohamed (Born 1950) - A member of the Board of Directors. Cabinet Secretary Water & Irrigation appointed him as a Non-Executive director on 14th June 2016. He sits in Audit and Risk Committee as well as Finance and Administration Committee. He is a politician/HR/Peace Advocate. He holds Bachelor of Arts, Political Science - International Relations and Diploma in Human Resource Management. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	
6. Robert Masika Watangwa (Born 1962) - A member of the Board of Directors. The Cabinet Secretary Water & Irrigation appointed him as a Non-Executive director on 22nd January 2016. He sits in Audit and Risk Committee as well as Technical and Environmental Committee. He holds a BA in Government/Literature, Diploma in Personnel Management, Diploma in Business Administration, an advanced Certificate in Education and a holder of Certificate in Business Management. The term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019.	

SENIOR MANAGEMENT TEAM

1. Eng Boniface Mulama - Born 1969 	Ag. Chief Executive Officer He has over 20 years' professional experience in designs, supervision and management of water and sanitation systems. He has handled large donor funded projects as well as mobilization of funds through bankable proposals. BSc Civil Engineering from the University of Nairobi. Registered with Engineers Board of Kenya and Corporate member of the Institution of Engineers of Kenya. Appointed on 19th April 2018 as the Acting Chief Executive Officer.
2. CPA Anthony Kisaka - Born 1979 	Chief Manager Finance and Strategy He is a Certified Public accountant and he holds a B.com and an MBA from University of Nairobi. He is a financial management and accounting professional with over 15 years extensive experience in financial planning, analysis, reporting, resource mobilization and Strategic planning. He was the Acting Chief Executive officer up to 18th April 2018. He heads the Finance and strategy department.
3. Eng. George Odedeh – Born 1968 	Chief Manager Technical Services He holds a Masters of Business Administration and BSc Civil Engineering from the University of Nairobi. Registered with Engineers Board of Kenya and Corporate member of the Institution of Engineers of Kenya. He has 26 years professional experience in designs, supervision and management of water and sanitation systems. He heads the Infrastructure Development Department.

4. Ms Naomi Jelimo – Born 1976 	Chief Manager Human Capital, and Administration She holds Masters in Business Administration, Bachelors in Agribusiness and a postgraduate diploma in human resource management. She is a member of Institute of Human Resource Management (IHRM). Naomi Jelimo has 14 years of extensive experience in public sector and 10 years' experience in management and human resource practise. She is the head of Human capital and administration Department.
5. CPA Charles Tung'a – Born 1979 	Chief Manager Internal Audit & Risk Management He heads the Internal audit and Risk Management Department having joined the Agency on 01/10/2018. He holds an MBA & B-com in Finance from The University of Nairobi and is a CPA(K) and an active member of ICPAK, IIA& KIM. He has over five years' experience from the Public Sector and over fourteen years from the Private sector. He has is a trainer with a bias in governance, internal audit, risk management and public finance management.
6. Mr Mark Kanda 	Manager Procurement He holds a Masters of science in procurement and logistics ,Bachelor of business management –purchasing and supplies' and a in Diploma business management. He has over 15 years working experience in procurement and administration. He joined the team during the financial year. He heads the procurement section.

7. **Ms Elizabeth Ngala - Born 1977**



Corporation Secretary

Elizabeth Kiasyo holds a Bachelor's of Laws (LLB) Hons. Degree, a Post Graduate Diploma in Law, and CPA Graduate. Elizabeth is an advocate of the High Court of Kenya. She is a Certified Public Secretary registered with the Institute of Certified Public Secretaries of Kenya.

She is a Member of Kenya Institute of Management. Elizabeth has wide experience in Legal, company secretarial and corporate governance having served in both private and public sectors. She is responsible for providing guidance and support to the Board and driving the corporate governance agenda.

CHAIRMAN'S STATEMENT



Lake Victoria North Water Works Development Agency (LVNWWDA) continues to demonstrate a positive progress on investments undertaken in an effort to increase access to clean water and sanitation services in its area of jurisdiction.

The gazette notice no. 28 dated 26th April, 2019 transformed the Lake Victoria North Water Services Board (LVNWSB) into Lake Victoria North Water Works Development Agency (LVNWWDA) in line with the provision of Water Act, 2016 to serve Kakamega, Bungoma, Vihiga, Busia, Uasin Gishu, parts of Nandi and Parts of Elgeyo Marakwet Counties.

A new team of Board of Directors was appointed in the year; it composed of persons with diverse backgrounds each bringing in unique skills and experience to help in providing leadership to the Agency. In ensuring that the LVNWWDA Board aligns itself with the tools to ensure proper oversight and leadership requirement of an effective board, the Board formed four committees of Technical and Environmental Committee, Governance, Risk and Audit Committee, Human Resources and General Purposes Committee and Finance and Strategy Committee

LVNWWDA has set it targets on accelerating access to water and sanitation 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 is approximately 57% and 33% respectively. The Agency intends to increase the average water coverage to 80% and sanitation coverage to 60% in the next 5 years.

During the year 2018/2019, we continued to implement water and sanitation works comprising of development of new water sources to increase production, development of water transmission infrastructure, water treatment plants and distribution network all over our coverage area. The Agency also mobilized resources from the development partners for the implementation of last mile connectivity to utilize the already laid trunk mains and optimize the rehabilitated wastewater treatment plants

In order to fill the water and sanitation coverage gaps, there is need to mobilize adequate financial and human resources. The Agency shall mobilize resources from internal financing, government grants, development partner grants and loans.

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Research and Development in Water and Sanitation infrastructure development, management and maintenance continues to be an integral role in achieving the Agency's goals. Innovation in sanitation will be emphasized to bring in new technologies that are safe, efficient and cost effective in managing faecal sludge across the sanitation service chain bringing commercial by-products such as clean water, heating materials, fertilizer etc. The Agency shall also collaborate with stakeholders, Institutions of Higher Learning, Research Institutions, County and National Governments will be encouraged to lay a solid foundation to combat special challenges in informal settlement.

We recognize our stakeholders as integral participants in the long-term planning and implementation of solution-oriented initiatives. We commit to continue with rigorous stakeholder engagement processes based on principles of inclusivity, accessibility, transparency and positive contribution. I believe that each interaction is an opportunity to rebuild trust, improve business results, and transform people's lives. We strive to be a positive corporate partner to the communities and the stakeholders we serve.

On behalf of the Board of Directors, I wish to acknowledge the priceless support in policy guidance and resources by the National Government through the Ministry of Water, Sanitation and Irrigation and other government Agencies, the County Governments for their cooperation as we work towards serving people in the region.

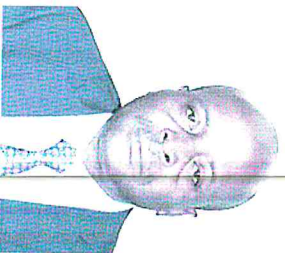
I wish also to sincerely thank our development partners for their continued support and confidence in us, and to our various water services providers for embracing our values and understanding the immense responsibility bestowed on us to have value for money for our undertakings, and to the management and the staff of LVNWWDA; through whom we continue to achieve new targets and hope to grow to be the epitome of integrity, efficiency and dedication to public service

Thank You



Hon. Dr. Julius Kones
Chairman of the Board of Directors
Lake Victoria North Water Works Development Agency

REPORT OF THE CHIEF EXECUTIVE OFFICER



Introduction

The financial year ending 30th June 2019 is a very significant period for the Lake Victoria North Water Works Development Agency. This is the year the Lake Victoria North Water Works Development Agency was established. The main mandate of the Agency is the development of water and sanitation infrastructure projects within our area of jurisdiction on behalf of the national government.

The government has highlighted the need to fast track economic recovery by identifying four key priorities of manufacturing, affordable housing, affordable healthcare and food security under the “Big Four” banner. As an important enabler, investment in water and sanitation infrastructure will significantly contribute towards the achievement of this government agenda. In order to address the national development agenda, such as the constitutional requirement, the Kenya’s Vision 2030, MTP III, the “Big Four” Agenda, SDGs, Agenda 2063 as well as other national and international priorities, LVNWWDA will institutionalize its new roles and accelerate the development, maintenance and management of the National Public Waterworks in line with national and international priorities and the Water Act 2016.

The Portfolio of the projects under implementation increased in the financial year 2018/19. The year saw the completion of a number of major water supply projects in various locations within the Agency’s area with financial support from our various development partners including the KIDDP (Italy), World Bank, KOICA (Korea), Belgium Government, African Development Bank (AFDB) and the Republic of Kenya through the Ministry of Water and Sanitation. Under the World Bank funded WASSIP Additional Financing, the Agency undertook Expansion of Kapsoya Treatment Works and Ellegerini pipeline, Improvement of Water and Sanitation Services in informal settlements of Eldoret, Construction of Upstream Water Supply for Kapcherop and the Rehabilitation of Kwanza Water Supply System in addition to construction of several Drought Mitigation boreholes.

During the period, the Agency made significant progress in the implementation of the Greater Vihiga Gravity Water Supply Project being financed with by the Belgium Government through Commercial Contract with the CMI Industry Baileau. This programme aims to at rehabilitate and expand Kaimosi, Mbale and Maseno Water Supply systems.

In the coming financial period, the Agency has in place four major projects for roll out to be financed by the African Development Bank (AFDB) under the Kenya Small Towns Water and Sanitation Programme-Phase II. The Projects proposed for implementation under the programme include Malaba Water and Sanitation Project (Bungoma and Busia Counties) estimated to cost KShs. 1.1 Billion, Kiptogot-Kolongolo Water Supply Project estimated to cost KShs 1.2 Billion and the Kipkarren Dam Treatment Works and Associated Pipelines estimated to cost KShs 1.3 Billion.

In order to fast track expansion of the infrastructural investments and increase water and sanitation coverage, the Agency has recently adopted a novel approach for sourcing for project financing

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under the Funding, Design and Build model. The two major projects earmarked to be financed under this arrangement in the near future include Keben Dam Water Supply Project, the Proposed Nzoia Multipurpose Water Project (Kakamega-Bungoma Bulk Water Supply Project) and the Kitale Cluster Water and Sanitation Project.

In order to address the gap of inequality, LVNWWDA has ensured increased allocation of procurement of goods and services to Kenyan residents and giving more emphasis to gender mainstreaming and marginalized groups. Our direct contribution to the latter is through the rollout of GoK Policy of allocating 30% of tenders to the youth, women and persons with disability. LVNWWDA continues to undertake Strategic Environmental Assessments (SEA) to protect the environment and promote sustainable development. The agency has a zero tolerance to unethical behaviour, we provide equal opportunities to all, encourage diversity and an inclusive culture in our operations.

We recognize that talent, commitment and hard work of our people is the foundation of our success. As a responsible employer, we are focused on employee wellbeing, retention, training and development, productivity and, above all, an unwavering commitment to health and safety. I would like to personally thank all the staff of the LVNWWDA for their enthusiasm and commitment to deliver on the Agency's mandate.

Looking ahead and in laying the foundation for greater water and sanitation infrastructural developments, the Agency has planned to undertake designs and feasibility studies for a number of projects in the coming financial year. Some of the projects earmarked for this include the Mt-Elgon - Bungoma-Busia Gravity Water Project, Moi's Bridge-Matunda Water and Sewerage Works and Malava Gravity Scheme. Others are The Two Rivers Dam Water Supply project in Uasin Gishu County, Studies for Keben Dam and Water Supply in Nandi County, Studies for Kitale Sewerage for Kitale Sewerage Project in Trans Nzoia County, Studies for Kapsabet, Busia, Nambale and Webuye Towns Sewerage Projects and Studies for Mumias and Kimilili Sewerage Project.

Finally, I want to say thank the Board of Directors, the Management and Staff of the LVNWWDA, the Ministry of Water & Sanitation and Irrigation, the National Treasury, Development Partners, County Governments, our contracted Water Service Providers (WSPs) and all our stakeholders for their good work and support in the 2018/2019FY. I very much look forward to working with you all in 2019/2020FY and beyond in the delivery of LVNWWDA's long-term priorities.



Eng. Boniface L. Mulama

Ag. Chief Executive Officer

Lake Victoria North Water Works Development Agency

CORPORATE GOVERNANCE STATEMENT

The Lake Victoria North Water Works Development Agency Board is committed to the values and principles of good corporate governance. The Board of Directors and Management of the Agency regard corporate governance as pivotal to the success of the Board and are committed to ensuring that the Board adheres to the highest standards of conduct and accountability in accordance with the best practice and principles of corporate governance. These principles are applied throughout all levels of the corporation.

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

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

Board charter

The Board Charter is critical to the agency's governance framework, and offers guidance on matters including but not limited to the following;

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

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

The Charter is not a substitute or a replacement of any laws and regulations that govern the running of the company.

The role and responsibilities of the board

The primary role of the board remains to guide the agency towards sustainable long-term success through the exercise of objective and informed judgement in determining the strategy of the company, having the best team in place to execute that strategy, monitoring business performance and maintaining an effective framework of controls to mitigate risks facing the business.

The Board of Directors collectively determine the Board's mission, vision, purpose, core values, set strategy, approve organization structure and policies, monitor the attainment of board's objectives to meet its obligations to stakeholders, enhance its corporate image. Directors are also responsible for overseeing the Board's assets and ensure reliability of financial information, guarantee adequate internal control systems designed to safeguard the Board's assets, appointment of senior management and ensure effective communication with stakeholders.

Separation of powers and duties of the chairman and the chief executive officer (CEO)

The separation of the functions of the chairman (a non-executive director) and the CEO (executive director) supports and ensures the independence of the board and management. The balance of power, increased accountability, clear definition of responsibilities and improved decision-making are attained through a clear distinction between the non-executive and executive roles. The chairman's responsibilities include the operation, leadership and governance of the board. The chief executive officer's roles and responsibilities remains the day-to-day management of the company's business and overseeing the implementation of strategy and policies approved by the board.

How the board works

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

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

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

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

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

Board Committees

In line with 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. LVNWWDA has the following Board committees: -

1. Finance and Administration Committee, whose main duties are: - to review financial statements and annual budgets; periodic review of staff remuneration and terms of service; appointments and disciplinary actions for senior staff; and general welfare of the Board's employees.

S/NO	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	Robert N. Wawire	3	3
2.	Daniel M. Mutua	3	3
3.	David M. Gichuhi	3	3
4.	Peter Kitelo	3	3
5.	Isaac K. Maiyo	3	3
6.	Rose Nyakwana	3	2
7.	Abdi Sheikh	3	3

2. Audit and Risk Management Committee, whose main duty is, risk management and to ensure that the systems of internal control are effective and complied with.

S/NO	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	Robert N. Wawire	4	4
2.	Daniel M. Mutua	4	4
3.	David M. Gichuhi	4	3
4.	Jacinta Odhiambo	4	-

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5.	Robert Watang'wa	4	4
6.	Rose Nyakwana	4	1
7.	Abdi Sheikh	4	4

3. Technical and Environmental Committee, whose focus is on issues arising from the Agency's stewardship of essential water infrastructure and has a duty of reviewing the conditions and performance of technical assets including projects. The committee is also tasked with ensuring safeguarding the environment.

S/NO	NAME OF DIRECTOR	TOTAL NUMBER OF MEETINGS	MEETINGS ATTENDED
1.	David M. Gichuhi	3	3
2.	Jacinta Odhiambo	3	-
3.	Daniel Mutua	3	3
4.	Robert Watang'wa	3	3
5.	Isaac Maiyo	3	3
6.	Peter Kitelo	3	3

Meetings of the Board

The Board of Directors and Board committees held Four (4) statutory meetings attended by the directors in strict compliance with Mwongozo and applicable Laws. The meetings of the Board are tabulated in the tables below.

S/NO	NAME OF DIRECTOR	NO. OF FULL BOARD MEETINGS	FULL BOARD MEETINGS ATTENDED	NO. OF SPECIAL FULL BOARD MEETINGS	SPECIAL FULL BOARD MEETINGS ATTENDED
1.	Robert N. Wawire	4	4	6	5
2.	Daniel M. Mutua	4	3	6	5
3.	David M. Gichuhi	4	3	6	6
4.	Jacinta Odhiambo	4	-	6	-
5.	Robert Watang'wa	4	4	6	5
6.	Abdi Sheikh	4	4	6	5
7.	Rose Nyakwana	4	4	6	6
8.	Peter Kitelo	4	4	6	5

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9.	Isaac Maiyo	4	4			6	6
10.	Hon. Dr. Julius Kones	4	0			6	1
11.	Hon. Alfred Khangati	4	0			6	1
12.	Joan Maiyo	4	0			6	1
13.	Mediatrice Wangira	4	0			6	1
14.	Hon. Manyala Keya	4	0			6	1
15.	Douglas Kiplimo	4	0			6	1

Special committees

The Board is authorized by Mwongozo, code of governance to form ad hoc or special committees to deal with specific matters for a defined term period. The Board retains oversight authority over such committees. The Board during the period constituted two adhoc committee to deal with staff recruitment and disciplinary.

Role of the Corporation Secretary

Providing a central source of guidance and advice to the board, and the agency, on matters of statutory and regulatory compliance and good governance;

Providing the board and the directors individually with guidance on how their responsibilities should be discharged in the best interests of the company;

Facilitating the induction training of new directors and assisting with the directors' professional development as required. This includes identifying and facilitating continuous board education;

In consultation with the CEO and the chairman, ensuring effective flow of information within the board and its committees and between senior management and non-executive directors. This includes timely compilation and distribution of board papers and minutes.

Guiding the agency in taking the initiative to not only disclose corporate governance matters as required by law, but also information of material importance to decision-making by stakeholders;

Keeping formal records of board discussions and following up on the timely execution of agreed actions.

Conflict of Interest

The directors are obligated to fully disclose to the board any real or potential conflict of interest, which comes to any director's attention, whether direct or indirect. The statutory duty to avoid situations in which the directors have or may have interests that conflict with those of the Agency has been observed by the board in the financial year under review.

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

Appointment and removal of directors

The appointments of the Board members and removal are as provided for under the Water Act, 2016 Section 66(1) and the First Schedule.

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

Ethics and conduct

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

Succession plan

The Cabinet Secretary, Ministry of Water and Sanitation following the advice from State Corporation Advisory Committee (SCAC) is responsible for ensuring there is a succession plan in appointment and renewal of term of members of the Board. An update on the composition of the Board of Directors, expiry of their respective terms appointments is send to the Ministry of Water and Sanitation and SCAC periodically to ensure timely replacement of Board members.

Whistle blowing policy

The Agency has a whistle blowing policy that provides for reporting of unethical practises without fear of retaliation from the suspected individuals.

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

Board induction and training

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

During the last financial year Board members were inducted and trained as follows;

1. Training of Finance and Administration Committee
2. Induction of all directors by the Ministry of Water and Sanitation
3. Mwongozo induction of Board members by State Corporation Advisory Committee (SCAC)

Board Evaluation

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

Board remuneration

Remuneration of Board members is guided by relevant government circulars which recommend payment of allowances. The Board's chairman is paid monthly Honorarium.

MANAGEMENT DISCUSSION AND ANALYSIS

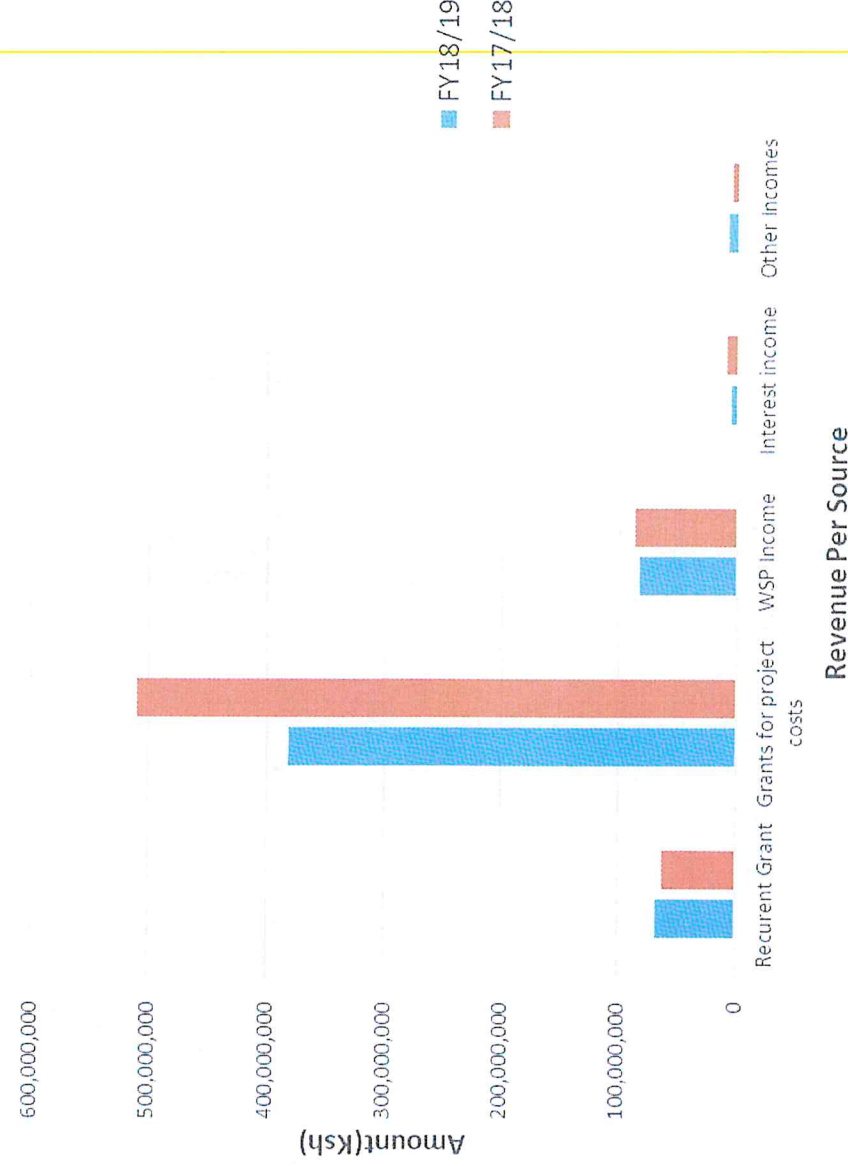
Financial Performance

During the 2018/19FY, LVNWWDA received an allocation of Kshs 449,185,076 from the ministry of water and Sanitation broken down into Kshs 67,900,000 for salaries and administration purposes and Kshs 381,285,076 project costs which are recurrent in nature. The entity also earned Kshs 81,870,319 billings to Water service providers and 13,721,305 being interest on deposit and miscellaneous income.

The total income for the year was Kshs 544,776,700 against an expenditure of Ksh 679,546,632 before depreciation, interest and provisions. LVNWWDA transferred a total deficit of Kshs 337,047,848 after incorporating depreciation, interest due and provisions.

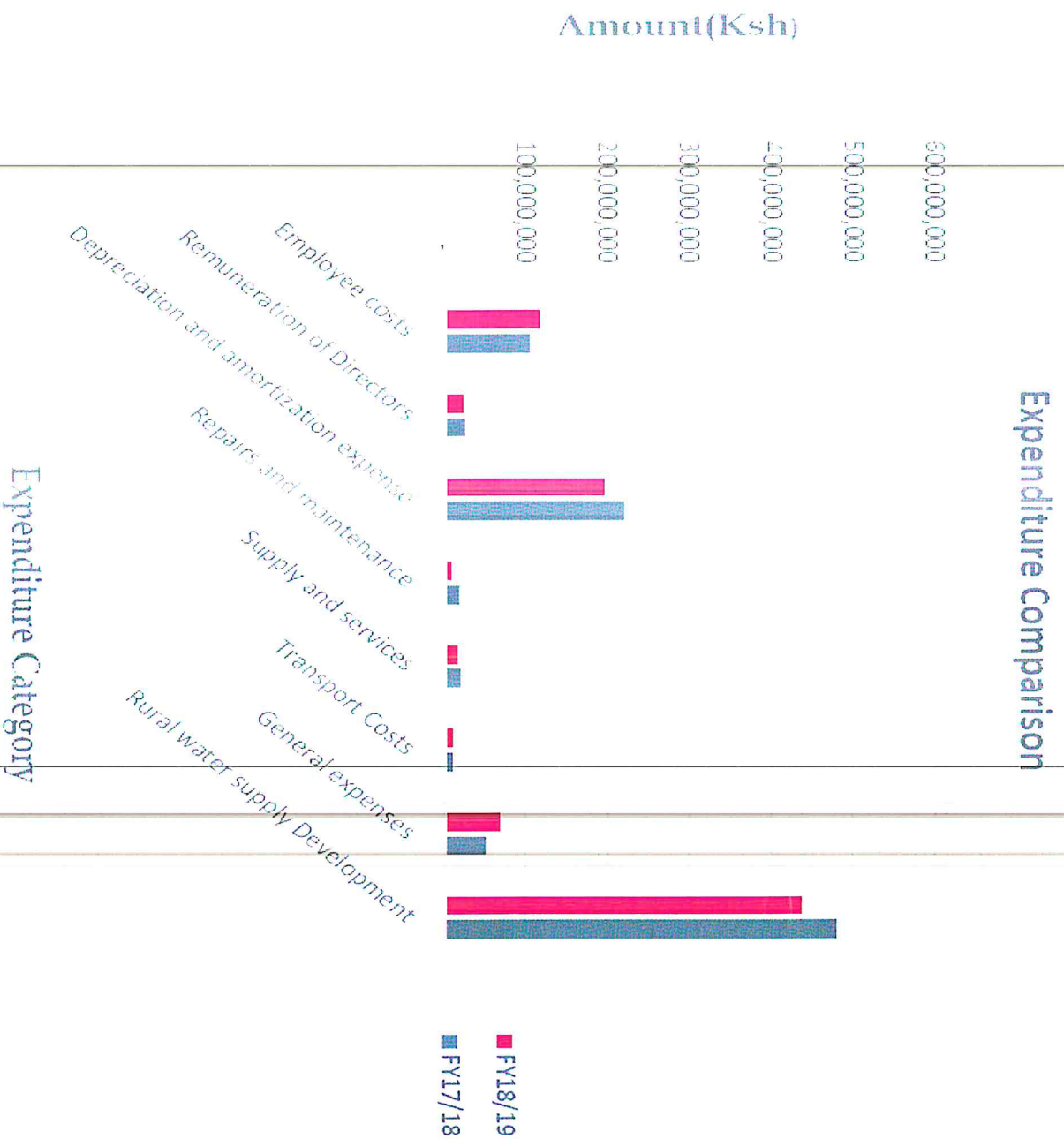
Revenue comparison

Revenue Comparison



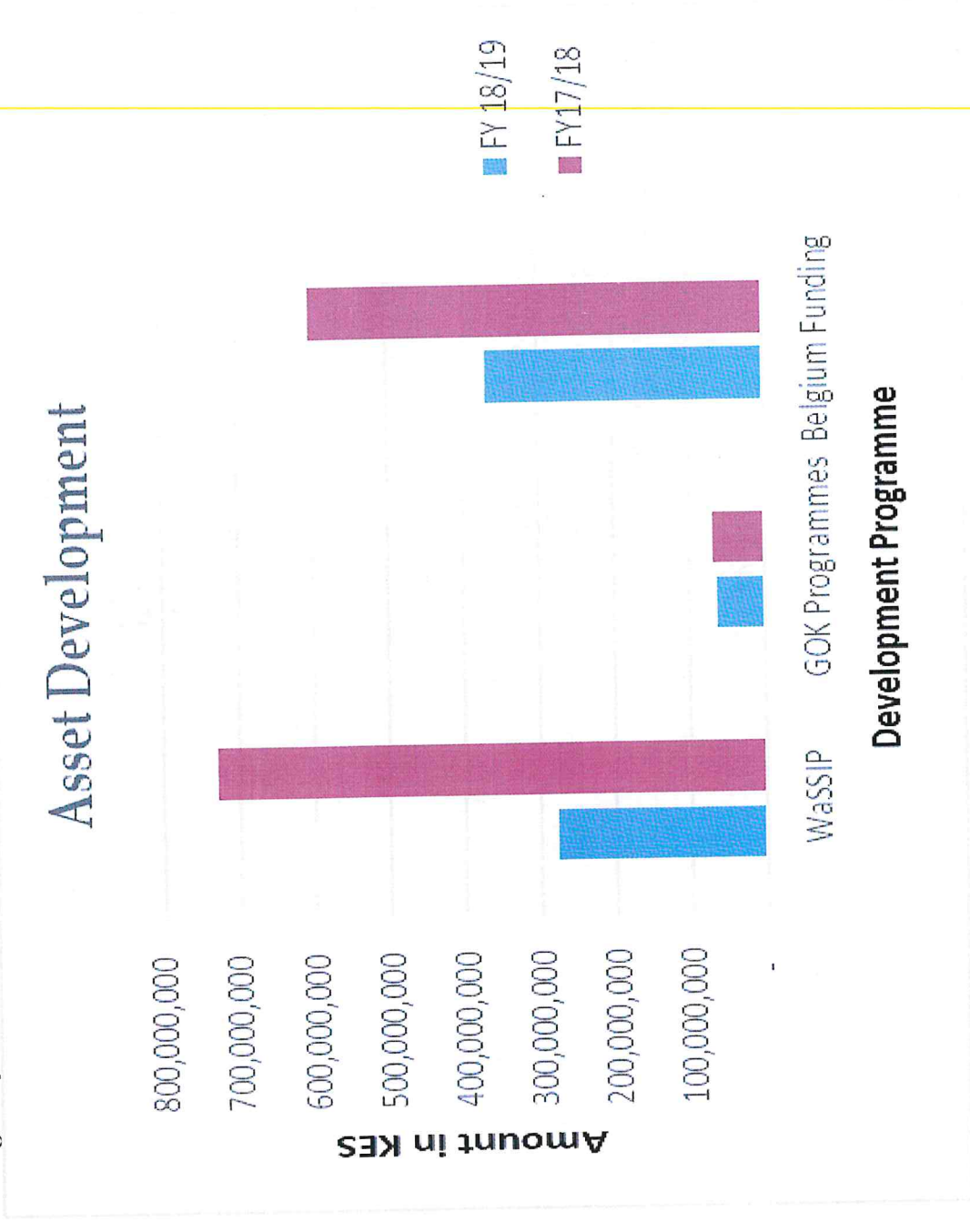
Expenditure comparison

The chart below gives a breakdown of the expenditure comparison for the years 2017/18 and 2018/19:



Asset development

LVNWWDA developed assets worth Kshs 713,136,377 in the 2018/19FY most of which are in work in progress. The chart below gives a breakdown of capital works in progress during the year;



Development Programme

Major Risks

LVNWWDA is faced with liquidity risks due to delayed release of WaSSIP funds. This has impacted negatively on the project progress, raised complains from contractors and consultants due to our inability to pay within the set thirty day's credit period and if this continues it may lead to stoppage of works in the future. May lead to litigation, Contractors charging interest and penalties on delayed payment.

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Projects implemented or were ongoing in the year

Developing innovative and sustainable water services solutions that transform life and inspire progress underpins our corporate mission. In the period under review, and as part of implementation of our strategic plan, LVNWWDA continued to implement the following key projects, during the 2018/19FY:

No.	Project Name	Project status	Projected Timelines		Estimated Cost of Projects	Expected Output
			Start Date	End Date		
1	Water Sanitation & Services Improvement Project	90 % of the program works have been done	14 th December 2012	31 st December 2019	KES 3.4 Billion	Additional Water Supply of 30,000 m ³ /day injected into the systems to serve approximately 300,000 people
2	Vihiga Cluster Water Project	The progress of works was at 53 % by the end of 2018/19FY	August 2018	Dec 2020	KES 1.7 Billion	Additional Water Supply of 12,500 m ³ /day injected into the system
3	Kenya Sustainable Water and Sanitation Program	Design Reviews and Preparation of Tender Documents and Procurement of Works Contractor was ongoing	Dec 2018	Dec 2021	KES 3.3 Billion	New Water Supply system of 8,000m ³ /day for Kiptogot-Kolongo, 6,000m ³ /day for Malaba and 24,500m ³ /day for Kipkarren Dam Water Supply System
	TOTAL					

Compliance with statutory requirements

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

Key challenges

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

1. In adequate budgetary allocations and budget cuts without further reference to ourselves which resulted to low disbursement in the year
2. Cash flow challenges owing to delayed remittances from the Ministry of Water and Sanitation
3. Delayed specific tax exemptions by KRA
4. Non-remittance by WSPs of the amounts owed by them

SUSTAINABILITY REPORTING

Introduction

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

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

LVNWWDA executes the objectives through the following:-

- (a) Our people, values and processes;
- (b) Stakeholder engagement;
- (c) Protecting the environment

(a) Our People, Values and Processes

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

Diversity and Equal Opportunity

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

Our Culture and Values

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

services that are environment friendly, embedded on good governance and has maintained an open and collaborative engagement.

Employee Welfare

At LVNWWDA, staff and directors are a family and each member's welfare is our collective responsibility. LVNWWDA takes every effort to ensure that employees' well-being (physical, emotional and financial) is considered as this affects them both at home and at work. During the year, LVNWWDA undertook a team building exercise, year-end party and paid club membership fees for senior management team. Membership fees and annual subscription for staff members who belong to professional bodies was paid. We continued to implement cross cutting issues during the year with a particular focus on: HIV/AIDs, Persons with Disability and Gender

Health Care

LVNWWDA continued to finance staff with medical care through a comprehensive medical cover for all staff and their nuclear families through a competitively sourced medical cover. Annual health talks and health tests were undertaken in the year. The Agency continued to deduct, and submit National Hospital Insurance Fund dues for staff during the year and therefore they utilized the services entitled therein.

Labour Relations

LVNWWDA continued to encourage open communications with an aim of fostering a positive work environment; all employees were encouraged to participate actively in the free flow of questions, answers and ideas. There are meetings held every Monday for all staff, as well as quarterly meetings for all staff, Appraisal and Counselling interviews and Attitude surveys.

Staff Training and Development

To ensure that LVNWWDA not only attracts but also retains the best talent, the Agency aims to nurture employee's careers by making relevant opportunities accessible and helping them to develop skills, knowledge and experience in different functions or specialization. Through the appraisal, system staff training and development needs were identified and the same formed part of the staff training needs assessment report, which was implemented within the year.

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

Employee Engagement

The staff are committed to the realization of the LVNWWDA's mandate. Focus is on delivering an employee experience where staff feel strongly connected to the realization of Agency's mandate.

Occupational Health and Safety

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

During the year, the Board organized several workshops to sensitize staff and evaluated the work environment to ensure it meets the set standards. An annual health and safety audit was conducted at the Agency's premises. The audit was carried out with the view of evaluating compliance of the work place and the associated operations with the provisions of the Occupational Safety and Health Act, 2007.

Specifically, the following areas were assessed:-

- Information security management
- Work place information;
- Management of Occupational Safety and Health policies;
- Work place safety, Health and Welfare conditions including safety, occupational hygiene conditions as well as general conditions; and
- Emergency response plan.

Zero Tolerance to Corruption

LVNWWDA has a zero tolerance policy towards corruption. During the year LVNWWDA carried out corruption perception risk assessment and mitigation measures. In order to enhance integrity in public procurement, LVNWWDA posted all advertisements and awards to the agencies website and advertised open tenders in the papers for everybody to participate and invited all interested parties to come and witness the opening.

To promote high standards of ethical culture, LVNWWDA continued to have centralised tea breaks to foster teamwork, unity and continuous engagement. Carried out a sensitization to all staff on national values and corporate governance. The Board of Directors were inducted in the year, trained on Mwongozo, and each signed Code of Conduct.

Ethics and Integrity

The Agency has in place Code of Conduct and Ethics and Corruption Prevention Policies. This policy requires employees and members of the Board to conduct business with integrity, in accordance with the Public Officers Ethics Act and ensure the enforcement of corruption prevention plans. Accordingly, corruption prevention, training, risk assessments and surveys form part of the Performance Contract between the Government of the Republic of Kenya (through Ministry of Water & Irrigation, state department for Water) and the Board of Directors.

The Board is cognizant of the financial crime risks that arise from internal and external sources. LVNWWDA conducts business in compliance with high ethical standards of business practice. To this end, LVNWWDA conducted various training courses on anticorruption and financial fraud practices. The agency also has in place various systems and procedures, which are implemented and monitored on regular basis.

(b) Stakeholder Engagement

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

Reporting

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

Customer Focus

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

A service charter was rolled out, and cascaded to all departments and staff and they are displayed at various strategic places in the organization. The compliance to the service charter is monitored on a regular basis, and plans are made on how to reduce or eliminate the non-compliances.

Grievance Mechanisms and Procedures

The Agency has put in place a grievance handling mechanisms for both the directors and employees. The employees' issues are dealt with by the Human Resources and Administration Committee of the Board. The Agency has set up a complaints handling mechanism which is handled by the management. The Agency submits quarterly reports on complaints to the Commissioner of Administrative Justice who evaluates the extent of compliance with the procedures and issues a certificate. During FY 2018/19, the Agency achieved 98% compared to an achievement of 92% previous year in the performance contract evaluation on resolution of public complaints.

(c) Protecting our environment

Environmental and social sustainability

Introduction

Background

Environmental and Social Sustainability refers to concerted efforts to mitigate against environmental degradation and social impacts. It is the maintenance of the factors and practices that contribute to the quality of environment on a long term basis as well acceptable social norms over the long term.

It involves making decisions and taking action that are in the interests of protecting the natural and social environment, with particular emphasis on preserving the capability of the environment to support human life; and social wellbeing of communities.

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LVNWWDA as a state corporation with key functions of Planning, development, rehabilitation and expansion of water and sanitation services infrastructure is cognizant of the possible impacts (both positive and negative) resulting from interaction of the organization's activities with both physical and social environment. As such, LVNWWDA is committed to environmental conservation and protection as well as safeguarding of health and safety of workers within the premises and projects. Through the integrated Environment, Health and Safety policy statement, the organization commits to protecting the environment, preserving the health and safety of employees and communities, and ensuring safe development of water and sanitation infrastructure within the its area of jurisdiction. Pollution prevention, regulatory compliance, stakeholder engagement, public consultation and continual improvement are the key elements, which underpins LVNWWDA environmental sustainability. The objective of the LVNWWDA's environmental sustainability is therefore to promote sustainable development within our area of jurisdiction by ensuring environmental protection, social equity, and economic development.

Approach

LVNWWDA environmental sustainability is guided by the Environmental Management and Coordination (Amendment) Act of 2015 which is the principal legislation governing the conduct of environmental management in Kenya; and the Constitution of Kenya, 2010. Other legislation related to natural resources such as Water Act, forest Act, Land planning Act, National land policy etc. as well as the Occupational Health and Safety Act, 2010 are also used as guidelines.

LVNWWDA also complies with the other environmental requirements of International Development Funding agencies such as World Bank among others.

Table 1: Environmental and Social Safeguards IDF	Environment Safeguards Instruments	Description of safeguards
World Bank	Environmental and Social operational policies (OP)	OP4.01: Environmental Assessment OP4.36: Forestry OP 4.04: Natural Habitats OP4.12: Involuntary Resettlement OP 4.11: Physical Cultural Resources OP 4.10: Indigenous Peoples Policy OP 4.09: Pests Control Management

Environmental sustainability activities

Environmental sustainability planning

LVNWWDA developed and operationalized the integrated workplace environment health and safety policy statement. This policy statement provides a framework for developing environmental objectives, targets and programs.

The organizational service charter also include the environmental considerations such as the enforcement of water quality monitoring.

LVNWWDA subjects all the new water and sanitation infrastructure projects to environmental and social impact assessment process in line with the Environmental Management and Coordination Act, (EMCA), 1999. In order to identify both potential positive and negative impacts. This process allows for provision of enhancement, mitigation, restoration and compensation measures to ensure that the projects are environmentally and socially sustainable. The reports are submitted to NEMA for review and licensing and to funding agencies (where applicable) for approval based on international standards.

Some of the environmental and social impact assessment reports licensed by NEMA within the financial year include:

1. Updated EIA License for Kipkarren Dam Water Supply Project
2. EIA License for Kiptogot-Kolongolo Water Supply Project

LVNWWDA has in place an Environmental and social safeguards unit within the technical department responsible for Environmental compliance and management.

Pollution prevention and abatement

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

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

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

- All sewerage treatment plants are designed to improve quality of final discharge into the receiving surface waters. These facilities are issued with effluent discharge permits based on effluent discharge and control plan.
- All ongoing construction projects are supervised and monitored to ensure proper implementation of project specific environmental management plans and environmental conservation.
- All motor vehicles are being regularly serviced as per manufacturer's recommendations.

Climate change mitigation and adaptation

LVNWWDA implements projects with measures to adapt and/or mitigate against effects of climate change. LVNWWDA is drilling and equipping boreholes to provide alternative water sources in ASALs to help communities in those areas adapt to water scarcity which is associated with climate change.

LVNWWDA is also implementing medium and small dams to provide water storage thereby providing adaptation measures to water scarcity resulting from climate change.

Community projects focusing on rain water harvesting and development of water pans also provide additional water storage to help communities and schools deal with water scarcity. The Agency also undertakes tree planting within the area of jurisdiction as a climate change adaption measure to act as carbon sinks.

Promoting Environmental protection and conservation through partnerships with stakeholders

LVNWWDA continually work together with partners such as County governments, community members, WRA, NEMA, Water Resource Users Associations, local administrations etc. within its area of jurisdiction to enhance participation of stakeholder and sustainability of projects.

Environmental education and awareness

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

Social sustainability activities

Socio-economic impact assessment

Social Impact Assessment (SIA) is now conceived as being the process of identifying and managing the social issues of project development, and includes the effective engagement of affected communities in participatory processes of identification, assessment and management of social impacts. SIA also contributes to the ongoing management of social issues throughout the whole project development cycle, from conception to post-closure.

LVNWWDA focuses on social impact assessment to enhance the benefits of projects to impacted communities. This is also necessary for the project to earn its 'social license to operate.

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

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

Other Social sustainability activities include:

- i. Stakeholder engagement and public participation
- ii. Livelihood restoration
- iii. Community benefits/ projects

Environment and social sustainability management systems

LVNWWDA aims at managing the various environmental and social aspects associated with different projects under implementation by developing and implementing project specific management and monitoring plans.

Environmental and social Management Plans

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

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

Health and safety management plans

In accordance with the requirements of the Occupational Safety and Health Act 2007, a Health and Safety Management Plan (HESMP) is prepared for each project being implemented by LVNWWDA. The objective of a HESMP is to establish safe working practices and standards, which are employed on site and to detail the organizational requirements and obligations of the contractor.

Grievance Redress Mechanism.

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

Conclusion

LVNWWDA is committed to Environmental Conservation and safeguard of the Health and Safety of employees as well as communities affected by the organizations operations. The organization continuously works towards compliance with the Environmental Management Act 1999 (Amendments 2015), Occupational Health and Safety Act 2007 as well as achieving the environmental sustainability targets.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 30th June, 2019, shows the state of affairs of the Board.

Principal activities

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

Results

The results of the Board for the year ended 30th June, 2019 are set out on page 1.

Surplus/(Deficit) before depreciation and finance costs (134,769,932)

Less: Depreciation	(202,277,916)
Surplus / (Deficit) before finance costs	(337,047,848)

Net deficit for the period

The Board registered a Deficit of Ksh. 337,047,848 during the year.

Directors

The members of the Board of Directors who served during the year are shown on page Vi to XI.

During the year the following directors' term expired upon inauguration of Lake Victoria North Water Works Development Agency on 10th May 2019;

- | | | | |
|----|---------------------|---|----------------------|
| 1. | Robert N. Wawire | - | Independent Director |
| 2. | Jacinta Odhiambo | - | Independent Director |
| 3. | Robert W'atangwa | - | Independent Director |
| 4. | Peter Kirelo | - | Independent Director |
| 5. | Isaac Maiyo | - | Independent Director |
| 6. | Abdi Sheikh Mohamed | - | Independent Director |

Surplus Remission

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

Auditors

The Auditor General is responsible for the statutory audit of the *Agency* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board

Ms Elizabeth Ngala
Corporation Secretary

Date: _____

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act 446, require the Directors to prepare financial statements in respect of the, which give a true and fair view of the state of affairs of the Agency at the end of the financial year/period and the operating results of the Agency for that year/period. The Directors are also required to ensure that the Agency keeps proper accounting records which disclose with reasonable accuracy the financial position of the Agency. The Directors are also responsible for safeguarding the assets of the Agency.

The Directors are responsible for the preparation and presentation of the Agency's financial statements, which give a true and fair view of the state of affairs of the Agency for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Board; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Agency; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the Agency's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act 2012 and the State Corporations Act. The Directors are of the opinion that the Agency's financial statements give a true and fair view of the state of Agency's transactions during the financial year ended June 30, 2019, and of the Agency's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Agency, which have been relied upon in the preparation of the Agency's financial statements as well as the adequacy of the systems of internal financial control.

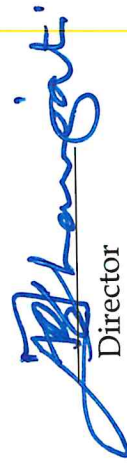
Nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Agency's financial statements were approved by the Board on 17th August, 2019 and signed on its behalf by:



Chairman of the Board



Director

*Lake Victoria North Water Works Development Agency
Annual Report & Financial Statements 2018-2019*

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA NORTH WATER WORKS DEVELOPMENT AGENCY FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lake Victoria North Water Works Development Agency set out on pages 1 to 38, which comprise the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lake Victoria North Water Works Development Agency as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Water Act, 2016.

Basis for Qualified Opinion

1.0 Property, Plant and Equipment

As similarly reported in the previous year, the property, plant and equipment balance totalling of Kshs.5,813,842,024 as at 30 June, 2019 excludes the value of land and buildings in Kakamega Municipality where the head offices of the Agency are located. No explanation has been provided for the omission of these assets from the financial statements.

Further, the assets movement schedule at Note 19 to the financial statements indicates that motor vehicles and plant, machinery and equipment had nil book balances as at 30 June, 2019. However, records provided for audit, and physical verification of fixed assets indicated that the Agency had seventy-eight (78) motor vehicles and sixty-four (64) motor cycles some of which were in use, or had broken down, or been boarded as at 30 June, 2019, as listed below:

Report of the Auditor-General on Lake Victoria North Water Works Development Agency for the year ended 30 June, 2019

Status	Motor Vehicles	Motor Cycles	Total
1. Boarded	12	2	14
2. Broken Down	9	-	9
3. In Use	57	62	119
Total	78	64	142

Management indicated, but did not provide any evidence that the motor vehicles and motor cycles were about to be revalued and incorporated in the books of account. In view of these issues, it was not possible to confirm whether the property, plant and equipment balance totalling Kshs.5,813,842,024 as at 30 June, 2019 was fairly stated.

2.0 Capital Works in Progress

The statement of financial position reflects capital works in progress balance totalling Kshs.7,873,776,604 as at 30 June, 2019 as analysed in Note 20 to the financial statements. However, information on the project works that constituted the balance was not provided for audit review.

Consequently, the valuation and completeness of the capital works in progress balance totalling Kshs.7,873,776,604 as at 30 June, 2019 could not be confirmed.

3.0 Long-Term Repayments Due

The statement of financial position reflects a borrowings balance totalling Kshs.11,239,977,050 as at 30 June, 2019. The balance is comprised of an outstanding loan balance totalling Kshs.5,521,798,724 owed to Kreditanstalt Für Wiederaufbau (KfW) – the German Development Bank and Kshs.4,774,509,907 owed to the International Development Association (IDA) of the World Bank for Nzoia Phase I and Phase II Water and Sanitation Services Improvement Project and Kshs.943,668418 for Vihiga Cluster Projects.

However, as similarly reported in the previous year, there was no evidence that any repayment was made in respect of these loans. Consequently, the Agency may be penalized and its credit rating lowered for failure to adhere to the terms of the loans. In view of the default, the loans, the outstanding balance totalling as at 30 June, 2019 may not be fairly stated.

4.0 Undisclosed Funding Balance

Records provided for audit indicated that Lake Victoria North Water Services Board (LVNWSB), the ancestor to the Agency, received funding totalling Kshs.77,500,000 from the Ministry of Water and Irrigation to complete the stalled Chebara Institutions projects during the 2015/16 financial year. The Ministry in its letter Ref No. WD/3/3/1294/VOL.IV (18) dated 25 January, 2017, instructed the Board to

retain the sum in a bank account until all pending issues on the beneficiaries and stakeholders to the projects were resolved. However, no bank records were provided for audit in respect of the advance there was no evidence that the Agency had retained the funds as instructed.

Although Management indicated that the funds were utilized on the Water Supply and Sanitation Project (WaSSIP) activities, no documentary evidence was provided to confirm whether the reallocation was authorized by the Ministry. In addition, there was no disclosure in the financial statements that the Agency reallocated the funds, or used them for purposes other than those they were earmarked for.

Consequently, the funds may not be available to complete the Chebara Institutions project when the pending issues are resolved. In addition, the financial position of the Agency as at 30 June, 2019 may not be fairly stated.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Lake Victoria North 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 qualified 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Budgetary control and Performance

Examination of expenditure records indicated that during the year under review, the Agency had an approved budget of Kshs.1,024,013,045 and incurred expenditure totalling Kshs.881,824,548 or 86.1% of the approved budget resulting to under-expenditure of Kshs.142,188,497 equivalent or 13.9%. Consequently, some activities and development projects in the annual plan were not implemented and as a result, delivery of clean drinking water to consumers may have been constrained.

2.0 Delay in Disbursement of Funds to the Water and Sanitation Services Improvement Program by The National Treasury

A loan agreement dated December, 2012 indicates that the Agency was to receive a total of USD.32,204,214 from IDA by the end of the Project on 31 December, 2019 equivalent to Kshs.3,291,215,923 at the close of the year under review on 30 June,

2019. However, records provided for audit indicated that as at 17 August, 2018, USD.8,436,782.13 had not been disbursed by IDA to the Project's bank account. A disbursement of USD.5,000,000 (Kshs.510,991,500) was thereafter made to the Board on 6 September, 2018 which left USD.3,436,782.13 or Kshs.351,233,291 undisbursed.

In addition, the Government of Kenya had committed USD.2,785,970 to the project which translated to Kshs.285,000,000, out of which USD.2,199,450 equivalent to Kshs.225,000,000 representing 78.95% of the commitment had been disbursed to the Agency by as at 30 June, 2019 leaving a balance of Kshs.60,000,000 undisbursed.

With only a few months left to the end of the Project due on 1 December, 2019, there was risk that the Project would not receive all the outstanding funds, which could in turn delay execution of the project's activities.

3.0 Prior Year Issues

The audit report for the previous year highlighted numerous discrepancies in the financial statements as well as several irregularities and instances of ineffective use of funds, and weak internal controls, risk management and governance. The report of Management on progress made in resolving the issues in Appendix I to the financial statements for the year under review indicates that most of the issues had been resolved as at 30 June, 2019.

The actual status of the issues shall be confirmed after they are deliberated upon by the Legislature.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Unsatisfactory Implementation of Projects

1.1 Rural Water Supply and Development - Embobut Community Water Project

Records on the Agency's activities indicated that a tender for equipping Embobut Community Water Project in Marakwet East was awarded to a company at a contract

sum of Kshs.13,335,765 with the project set to commence on 10 December, 2018 and completed after twelve months on 10 October, 2019.

However, a site visit conducted in January, 2020, revealed the following unsatisfactory issues:

- (i) The contractor used 63 mm GI pipes instead of the 75 mm GI pipes specified in the Bills of Quantities. The variation appeared not to have been authorized as it was not documented in site instructions provided for audit.
- (ii) At the time of audit, the contractor had left the site having substantially completed the project. However, there was no water supply which Management explained resulted from lack of an electricity meter. Nonetheless, the control panel installed by the contractor was faulty.
- (iii) The report of the project's Inspection and Acceptance Committee was not provided for audit review.

In view of these issues, the project may not have been executed in an effective way and as a result, Embobut Community may not obtain value for money on the expenditure totalling Kshs.13,335,765 incurred thereof.

2.0 Capital Works in Progress

2.1 Namwela Water Project – Sirisia, Bungoma County

The contract for Namwela Water Project was awarded on 10 January, 2017 to a local contractor at a contract sum of Kshs.45,228,215. The works were to commence on 22 March, 2017 and completed after eight (8) months on 21 November, 2017 but the completion date was put forward to 30 April, 2018.

The works entailed the rehabilitation of Kimama Water Treatment Works site by replacing water valves and valve chambers and repairing seven (7) existing masonry tanks. In addition, an augmentation component entailed construction of a new 19.7 kilometres of water supply pipelines and building of one 100 cubic meter and two 225 cubic meter capacity masonry water storage tanks.

However, at the time of the audit in January, 2020, the project had stalled and the contractor was not on site. Unconfirmed information indicated that the contract was terminated at 80% level of completion and the work done valued at Kshs.34,566,190. The contract report provided for audit indicated that the outstanding works included the following:

- (i) Water treatment works and associated buildings and other structures were left incomplete. The old pipelines were leaking and spilling water and the valve chambers were not replaced.

- (ii) Replacement of valves and repair of valve chambers for the seven (7) masonry tanks at Kimabole, Cheptais, Sirisia, Chief's Area, Kapkoto, Machakha and Namwela had not been done.
 - (iii) Pipeline connections, testing of Kimama Tank and replacement of valve chambers had not been completed.
 - (iv) Two tanks measuring 225 cubic meters at Sirisia and Cheptais Markets had not been tested. No valves and valve chambers were installed on all the new lines.
 - (v) Water pressure testing for the Namwela pipeline was not done.
 - (vi) Pipe laying for Cheptais Hospital – Cheptais High School PVC DN 110 line including valves and valve chambers and pressure testing was not completed
 - (vii) The Namwela – Makhonge pipeline measuring one kilometre (1km) was not laid; and five Water kiosks were not built and connected to the mains.
- Failure by the contractor to complete the project resulted to loss of treated water due for distribution by Nzoia Water and Sanitation Company.

In the circumstances, the Agency may not have obtained value for money on the expenditure totalling Kshs.34,566,190 incurred on the project. Further, there was risk that the cost of completing the project would exceed the initial contract sum of Kshs.45,228,215.

2.2 Rehabilitation of Asega Dam in Kwanza, Trans- Nzoia County

Records provided for audit indicated that in the year under review, the Agency procured a contractor to rehabilitate Asega Dam at a cost of Kshs.31,792,200. The contract followed a consultants' dam survey report which recommended building of a new 1,400 meters long embankment; a new spillway; a fence all-round the reservoir and provision of a minimum environmental flow. The following unsatisfactory matters were noted in regard to implementation of the project:

- (i) At the time of audit in January, 2020, Kshs.8,401,400 had been paid to the contractor to the project even though the works had not commenced. The records indicated that an advance payment of Kshs.5,501,400 was paid to the contractor in August, 2018 for mobilization of equipment. The guarantee for the advance payment expired on 27 November, 2018. However, on 10 January, 2019 Kshs.2,900,000 was paid to the contractor being the value of preliminary items under Bill No. 1 of the Bills of Quantities despite the expiry of the bank guarantee. No explanation was provided for the payment which was made in spite of the contractor not being on site and not having done any work.

(ii) Because of heavy rainfall experienced in September, 2017, the dam's waters rose and reached the embankment crest leading to dam failure. Records provided for audit indicated that the spillway's and downstream channel's limited capacity to allow overflow had been the main reason for the dam's failure and eventual collapse. Therefore, reconstruction of the spillway was proposed as a matter of high priority. Available information indicated that the Trans Nzoia County Security Committee visited the dam on 23 October, 2018 and cited the works as a security threat to the neighbourhood. This resulted in the National Environmental Management Authority and the Water Resources Authority issuing stop orders for the construction of the dam.

(iii) The Agency did not provide evidence of ownership of the land on which the dam is located. Unconfirmed reports indicated that the land was registered to a private party.

In view of the delay in executing the project, the residents of Trans Nzoia may not have obtained value for money on Kshs.8,401,400 incurred on the dam. Further, with the works still pending, the dangers posed to the residents by the dam remain.

2.3 Improvement of Water Supply in Chwele Area - KOICA Funded

Records provided for audit indicated that a Korean Company was awarded a contract to build Teremi-Chwele-Nalondo Water Project - Phase 1 at a cost of USD.2,931,571.82 or Kshs.299,575,272 at the exchange rate prevailing on 30 June, 2019. The objective of the project was to improve water supply in Chwele area of Bungoma County through gravity. The works involved an intake of 5,000 cubic meters per day and; a 2000 cubic meters per day water treatment plant. The intake comprised a reinforced concrete weir with an intake chamber, coarse and fine screens and associated works.

In addition, the company was to lay a new treated water gravity main pipe, build a distribution system with a total length 22.20 km; build nine (9) water kiosks, rehabilitate the existing masonry tanks pave the access road to treatment works, and build office laboratory and staff houses among other auxiliary works.

An audit inspection at the project in January, 2020 revealed that the water supply was frequently interrupted by a private hydro power-generating company stationed at the water abstraction points. The company had also interfered with three other public water supply schemes of Kibichori – Bokoli, Old Kibichori and Nakayonjo water supply schemes. During periods of low rainfall, the hydro power plant diverted all the available water and there was practically no flow to the water supply intakes. As a result, there were frequent water supply interruptions.

Further, the water treatment works infrastructure including the staff houses and the water-testing laboratory had been destroyed by rolling stone boulders which rendered the treatment works insecure for use. The sedimentation tanks and the main tank

also faced a similar threat. The Water Company's offices were also threatened by the boulders.

It was not clear why the risks were not addressed at the project's design stage, or why remedial measures had not been taken to protect the site. In view of the issues, the residents of Chwele may not obtain value for money on the funds incurred on the project.

2.4 Vihiga Cluster Water Project

During the year under review, the financier for Vihiga Cluster Water projects made direct payments to the contractor totalling 482,439 EUR, or Kshs.56,050,052 at the exchange rate prevailing on 30 June, 2019, under Interim Certificate No.4 without the Agency's verification and approval.

Management in a letter addressed to the Principal Secretary, Ministry of Water and Sanitation in January, 2020 raised concern on the risk of the contractor being paid for works not done to the satisfaction of the Agency. The risk was exemplified by lack of provision for defects liability in the contract agreement.

The Agency's Site Engineer estimated the works to be at 78% level of completion while the payments made to the contractor by the financing institution were equivalent to 84.2% of the contract sum.

Several payments totalling 2,348,979.75 EUR or Kshs.272,905,874 were made in the month of February, 2019 for procurement of equipment which, however, was not provided for audit verification in February, 2020:

No.	Site	Particulars	Amount (EUR)
1.	Maseno WTP	Invoice No. NR.3111034753	624,147.75
2.	Mbale WTP	Invoice No. NR.3111034754	456,973.00
3.	Kaim si PNS	Invoice NR.3111034755	289,232.25
4.	Mbale PNS	Invoice NR.3111034756	45,812.50
5.	Maseno PNS	Invoice NR.3111034758	885,733.25
6.	Kaimosi PNS	Invoice NR. 3111034759	46,899.00
Total			2,348,979.75

In addition, payments for project management expenses and logistics totalling 151,825.64EUR(Kshs.17,642,330) and 132,723.40EUR (Kshs.15,419,884) respectively, were made without any supporting documentation.

Consequently, the it was not possible to confirm that the Agency obtained value for money on the expenditures incurred on the projects.

3.0 Water and Sanitation Services Improvement Program

3.1 Kapindaram Water Supply Project

The contract for the Kapindaram Water Supply works awarded to a local firm at a contract sum of Kshs.64,789,977 commenced on 18 December, 2016 and was scheduled for completion on 17 December, 2017.

However, as at 11 November 2019, about twenty-three (23) months after the expiry of the projected completion date, the works were still ongoing. Physical verification conducted in January, 2020 revealed that two projects had been completed and were in use by residents whereas several others were at various levels of completion. Among the incomplete projects were the following:

- (i) Construction of Kapindaram Water Project. Expenditure incurred on the project was equivalent to 60% of the contract price.
- (ii) Construction of an office block was ongoing with the completed works estimated at 90% level of completion.
- (iii) A rehabilitated 150m³ masonry tank at Kokonde had no water connection as repairs for the two-and-a-half kilometre long gravity main pipeline was ongoing.

Consequently, the completed water project costing Kshs.64,789,977 did not benefit the residents of Kapindaram as intended.

3.2 Equipping of Drought Boreholes in Kisumu and Siaya Counties

Records on the capital works in progress as at 30 June 2019 reflected Works valued at Kshs.37,396,235 incurred on equipping of boreholes and civil works for Lake Victoria South Water Services Board. Lot 1 of the works at Papal, Mulambo and Kandege was awarded to a local firm at a contract sum of Kshs.29,328,177 but the contract was terminated in March, 2017 with the firm having executed works valued at Kshs.20,647,762. A contract to complete the project was thereafter awarded to a new contractor at Kshs.6,786,492.93. The works were to be completed in four months between 11 September, 2018 and 11 January, 2019. However, at the of the audit in January, 2020, twelve (12) months after the expected completion date, the works were still outstanding and had therefore not benefited their intended users.

Failure to complete the works in time may cause them to stall should the term of the IDA financing agreement expire before they are completed.

3.3 Drought Mitigation Boreholes in West Pokot

Review of records on Drought Mitigation projects indicated that a sum of Kshs.683,098 was paid to a contractor in July, 2018 being retention monies under two paid works

certificates. The payment was made notwithstanding several issues that should have been addressed before the contractor was discharged, as detailed below:

3.4 Orturn Community Borehole

The boreholes were completed and handed over on 18 September, 2017, about three (3) years after they were sank. Further, the following unsatisfactory issues were noted in regard to the works:

- (i) One of the two 10 cubic meter tanks supplied was leaking. The tank was to be replaced by the contractor under Bill 5.7.1 at a cost of Kshs.250,000 but this was not done.
- (ii) Further, Bill 5.7.2 included an item for the supply of a galvanized supporting tower at a provisional contract sum of Kshs.1,980,000. However, no evidence was provided to indicate how the balance was expended.
- (iii) The gate valves provided for in the project design were not sufficient. As a result, there was high risk of losing much water in the event the pipeline suffered damage.
- (iv) Although three years had lapsed since the borehole was handed over to the local community, the community had, contrary to the provisions of the contract, not been trained on managing the borehole. As a result, the project's envisaged 'operate and maintain' model did not function as intended.

3.5 Kasepa /Kases Community Borehole

The borehole was contracted to be sunk to a depth of 120 meters and was expected return a tested yield of three (3) cubic meters per hour. However, records provided for audit indicated that the actual depth of the borehole was 98 metres instead of the contracted 120 metres. Therefore, the work done was 22 meters short of the what was paid for. Further the water yield rate was 0.29 cubic meters per hour instead of the three (3) cubic meters that would allow motorized pumping of the water.

Consequently, the local residents did not obtain sufficient water and therefore value for money was not obtained on the funds invested in drilling and equipping the borehole.

3.6 Rehabilitation and Expansion of Suswa Water Supply Project

During the year under review, Kshs.21,880,773 was incurred on rehabilitation and expansion of Suswa Water Supply Project. The contract agreement dated 31 January, 2017 indicated that the works were awarded at a contract sum of Kshs.104,850,931 to be completed in 12 months on 31 January, 2018.

At the time of audit in November, 2019, construction work was still on. There was no date set for completion of the project even though the closure date for the Project Grant was set for 31 December, 2019.

In addition, the Bills of Quantities indicated that the contractor had not completed building four water kiosks costed at Kshs.3,994,080. The completed works were valued at Kshs.1,735,563 with one kiosk at 95% and the other three at 75% levels of completion. No date had been set for completion of the kiosks.

In view of the delay in completing the project, the residents targeted by the project were yet to access the improved water supplies expected from its execution.

3.7 Equipping of Drought Boreholes and Civil Works in Baringo and Narok Counties

Contracts for equipping of Lot III and IV boreholes in Baringo and Narok Counties were awarded on 7 October, 2016 at a contract price of Kshs.43,487,644 and Kshs.33,925,903 respectively. The scope of works included installation of borehole pump sets, construction of boreholes civil works and laying of water distribution pipelines, in a contract duration lasting six (6) months. Lot III entailed the equipping of six (6) boreholes in Baringo County at Mugurin, Kapteno, Kichingiri, Ndambul, Kokore and Moron, while Lot IV had three (3) boreholes in Narok County located at Eor Emayian, Kishermuriok and Eor Ekule.

The projects were to be completed and handed over to the community in April 2017. However, at the time of audit in January 2020, thirty-three (33) months after the expiry of the contract period, the projects were still incomplete, notwithstanding that funding for the works was provided for under the Emergency Drought Mitigation Programme.

Records provided for audit indicated that Lot III boreholes were assessed as being at 49% level of completion with a total of Kshs.21,140,097 paid, whereas Lot IV boreholes were certified at 63% with Kshs.24,458,689 paid.

In view of the delay in completing the projects, the residents of Baringo and Narok Counties had not obtained the improved water supplies that the projects were intended to provide to them. Further, there was no indication when their expectations would be met.

3.8 Equipping of Drought Boreholes and Civil Works in Turkana County

The contract was awarded on 29 April, 2016 at a contract sum of Kshs.57,474,176. The contract agreement signed on 28 July, 2016 provided that construction work was to last for six (6) months from 1 August, 2016 to 1 February, 2017. These were inspected and accepted as substantially completed in December, 2017 which was ten (10) months behind schedule.

However, audit verification in January, 2019 revealed that only six (6) out of twelve (12) boreholes were equipped with submersible solar energy pumps. These were Nawaitorong, Lokalele Akwan, Nandwat/Nakalela, Namuruputh, Lobei and Lokipotet Akwan/ Ekoroput. The remainder six (6) boreholes were either dry, saline or yielded too little water that could not be economically extracted.

For example, the borehole for Lokalele Akwan Water Supply Project was sunk to a depth of 140 meters and recorded a yield of two cubic meters (2m³) per hour. However, the water was saline and as a result, the community rejected the project. Although Management indicated that they had carried out water quality tests in October, 2018 and found the parameters to be within the limits set by the Kenya Bureau of Standards, records on the test results were not provided for audit review.

Further, physical verification conducted in January, 2020 revealed that there were several disused boreholes within very short distances in the area, and all were said to have yielded saline water. No reason was provided by Management for continued drilling and equipping of boreholes in an area known to yield saline water instead of exploring alternative means for providing water to the community.

In view of these issues, value for money was not obtained from the drilling of the twelve boreholes. Further, water scarcity for targeted communities continues.

3.9 Kapcherop II Upstream Water Treatment Works and Distribution Lines

Review of projects records indicated that Kshs.5,037,024 retention money was paid to a contractor in the year under review for construction of upstream water treatment works and distribution lines at Kapcheropin in Elgeyo Marakwet County. The project was meant to benefit 15,000 residents by providing them with 600m³ of water daily. It was handed over to Cherangani - Marakwet Water and Sanitation Company (CHEMAWASCO) on 14 March, 2017 who were to operate and maintain it on behalf of the County Government of Elgeyo-Marakwet.

However, audit verification of the project works in January, 2020 indicated that the backwash tank supported by Tembu Water spring tank located upstream did not have enough pressure to clear any accumulated silt in the collection tank at River Kiptaragon intake. Further, the sedimentation tank was not properly raised and, as a result, it was run over and soiled by raw drainage water. The filters were blocked by mud and could therefore not allow free flow of clean water.

In addition, the raw water gravity main line measuring 1,468m in length was dry as the water tanks at the raw water intake tank did not have water.

Although Management has in the project information and overall performance segment of this annual report indicated that the project was complete and had benefited 15,000 people, the audit inspection revealed that it was not operational. A

total of thirteen (13) 20m³ masonry water tanks and ten (10) water kiosks built were all dry as there was no water.

Therefore, the facilities put up did not benefit the targeted community and the project's envisaged benefits were not realized.

3.10 Rehabilitation and Expansion of Kapsoya and Construction of Naiberi Water Treatment Works

Expenditure records revealed various payments totalling Kshs.75,441,005 made for expansion of Kapsoya Water Treatment Works under a contract awarded to an international contractor at a contract sum of Kshs.625,337,109 on 19 May, 2016. Audit review of certificate No.25 during a visit to the project site in January, 2020 revealed that Kshs.604,160,609 had been certified as payable to the contractor. The sum included preliminary expenses totalling Kshs.76,994,783 certified as payable as at 16 July, 2019.

However, no documents were provided to show that preliminary expenses totalling Kshs.12,647,275 included in the balance were a proper charge on public funds:

	Item Description	Amount (Kshs.)	Remarks
1.	Accommodation for Resident Engineer/Supervisor and Assistant Resident Engineer	9,600,000	The lease agreement was not provided for audit.
2.	Payment Demanded by Authorities for Relocation of Existing Services	3,047,275	No evidence of payment to the authorities.
Total		12,647,275	

In view of these anomalies, the propriety of the expenditure totalling Kshs.12,647,275 reported to have been incurred on the two items could not be confirmed.

4.0 Outstanding Imprests

Examination of expenditure records indicated that imprests totalling Kshs.4,667,696 due from staff as at 30 June, 2019. The imprests ought to have been surrendered on or before 30 June, 2019 but were still outstanding contrary to Section 93 (5) of the Public Finance Management (National Governments) Regulation, 2015. The provision requires each holder of a temporary imprest to account or surrender the imprest within seven working days after returning to the duty station.

Consequently, Management breached the law by failing to recover the imprests from the defaulters and further, it was not possible to confirm whether the imprests were utilized in accordance with regulations.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Inadequate Payroll Controls

Audit review of the payroll system used by the Agency indicated that it lacked automated links between the payroll and personnel records to effect annual and other salary increments payable to staff. The weakness had previously been noted by the Audit and Risk Management Committee in a meeting held on 8 February, 2019.

Other system weaknesses noted by the Committee included unsegregated access rights to the system, lack of annual age increments of all employees, inconsistencies in job designations and failure to configure salary increment dates. In addition, the system did not allow for download and upload of data spreadsheets for analysis.

There was no record indicating that Management had acted on the concerns raised about the system by the Audit and Risk Committee.

Consequently, the integrity of the personnel and payroll data could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue to sustain its 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 dissolve the Agency.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 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 control that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence, and 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

27 January, 2022



*Lake Victoria North Water Works Development Agency
Annual Report & Financial Statements 2018-2019*

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Revenue from non-exchange transactions			
Transfers from other Governments-gifts and services-in-kind	3	449,185,076	572,132,005
Levy Income from WSPs	4	81,870,319	86,244,081
		531,055,395	658,376,086
Revenue from exchange transactions			
Other Income	5	8,611,632	5,005,993
Finance Income	6	5,109,673	9,632,461
		13,721,305	14,638,454
Total revenue		544,776,700	673,014,540
Expenses			
Employee costs	7	117,207,156	105,741,412
Remuneration of Directors	8	23,067,543	25,603,958
Depreciation and amortization expense	9	202,277,916	220,444,076
Repairs and maintenance	10	7,649,806	18,551,809
Supply and services	11	15,790,602	20,403,213
Transport Costs	12	9,078,999	9,606,105
General expenses	13	69,256,043	51,283,787
Rural water supply Development	14	437,496,482	480,015,632
Total expenses		881,824,548	931,649,992
Other gains/(losses)			
Surplus/(Deficit) before tax		(337,047,848)	(258,635,452)
Taxation		-	-
Surplus/(Deficit) for the period		(337,047,848)	(258,635,452)

The notes set out on pages 6 to 32 form an integral part of the Financial Statements

Lake Victoria North Water Works Development Agency
Annual Report & Financial Statements 2018 -2019

STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	2018-2019	2017-2018
Assets			
Current assets			
Cash and cash equivalents	15	159,635,874	629,937,615
Receivables from exchange transactions	16	541,889,814	469,630,121
Receivables from non-exchange transactions	17	206,359,831	397,317,555
Inventories	18	1,202,871	1,633,664
		909,088,390	1,498,518,955
Non-current assets			
Property, plant and equipment	19	5,813,842,024	6,009,935,929
Capital Works In Progress	20	7,873,776,604	7,160,640,226
		13,687,618,628	13,170,576,155
Total assets		14,596,707,018	14,669,095,110
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	21	222,188,716	222,231,963
Provisions	22	5,112,802	5,112,802
Deferred income	23	-	79,980,661
Employee benefit obligation	24	3,934,889	5,981,772
Taxation	25	18,785,202	18,844,884
Long term loans due	26	515,897,570	-
		765,919,179	332,152,084
Non-current liabilities			
Borrowings	27	11,239,977,050	11,415,311,249
		11,239,977,050	11,415,311,249
Total liabilities		12,005,896,229	11,747,463,333
Net assets		2,590,810,789	2,921,631,778
Reserves		4,265,582,580	4,256,127,538
Accumulated surplus/ deficit	28	(1,674,771,791)	(1,334,495,760)
Total net assets and liabilities		2,590,810,789	2,921,631,778

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Board of Directors by:
Ag. Chief Executive Officer
Eng. Boniface L. Mulama



Date:.....

Head of Finance & Strategy
CPA Anthony Kisaka
ICPAK Nd. 7014



Date:.....

Chairman of the Board
Dr. Julius Kores



Date:..... 29/6/2019

*Lake Victoria North Water Works Development Agency
Annual Report & Financial Statements 2018-2019*

STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2019

	Total Kshs
Balance as at 30 June 2017	1,817,322,496
Transfers to/from during the period	1,361,145,402
Surplus for the period	(258,635,450)
Transfers to/from accumulated surplus	1,799,330
Balance as at 30 June 2018	2,921,631,778
Balance as at 30 June 2018	2,921,631,778
Prior year adjustment	(3,228,183)
Transfers to/from during the period	9,455,042
Surplus for the period	(337,047,848)
Transfers to/from accumulated surplus	-
Balance as at 30 June 2019	2,590,810,789

Lake Victoria North Water Works Development Agency
Annual Report & Financial Statements 2018-2019

STATEMENT OF CASH FLOWS
As at 30 June 2019

	Note	2018-2019 Kshs	2017-2018 Kshs
Cash flows from operating activities			
Excess of income over Expenditure		(337,047,848)	(258,635,450)
Adjustment Provision/ Depreciation		202,277,916	220,444,076
Other non-cash adjustments		-	1,799,330
Operating Surplus		(134,769,932)	(38,191,374)
(Increase)/ Decrease in debtors		118,698,031	(262,998,773)
(Increase)/ Decrease in stores		430,793	(1,222,573)
Increase/ (Decrease) in Creditors		(82,130,475)	(165,907,011)
Increase/ (Decrease) in long term loans		515,897,570	-
Net working capital		552,895,919	(430,128,357)
Net Cash flows from operating activities		418,125,987	(468,319,731)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(722,548,571)	(1,436,127,528)
Net cash flows used in investing activities		(722,548,571)	(1,436,127,528)
Cash flows from financing activities			
Proceeds from borrowings		340,563,371	124,390,557
Decrease in long term borrowings		(515,897,570)	-
Increase in deposits		9,455,042	1,361,145,402
Net cash flows used in financing activities		(165,879,157)	1,485,535,959
Net increase/(decrease) in cash and cash equivalents		(470,301,741)	(417,111,970)
Cash and cash equivalents at 1 July 2018	15	629,937,615	1,047,049,585
Cash and cash equivalents at 30 June 2019	15	159,635,874	629,937,615

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Performance difference	Actual on cumulative basis Jun-19	Final budget Cumulative to Jun-19	Adjustments	Original budget	Revenue
	Kshs	Kshs		Kshs	Government Recurrent Grants
	(22,100,000)	67,900,000		90,000,000	Government Development Grants
	(168,312,485)	381,285,076		549,597,561	Other Revenues
	(25,779,301)	8,611,632		34,390,934	Levy Income from WSPs
	81,870,319	81,870,319	-	-	Interest Income
	5,109,673	5,109,673			Total income
	(129,211,795)	544,776,700		673,988,495	Expenses
	19,240,936	117,207,156		136,448,092	Personnel Emoluments
	(1,579,943)	23,067,543		21,487,600	Boards Expenses
	(17,678,611)	69,256,043		51,577,432	Administrative/Establishment
	8,957,466	7,649,806		16,607,273	Expenses
	8,589,778	15,790,602		24,380,380	Repairs and maintenance
	4,965,315	9,078,999		14,044,314	Supply and services
	200,502,738	202,277,916		402,780,654	Transport costs
					Depreciation and amortization
			-	356,687,300	expense
	(80,809,182)	437,496,482			Rural water supply Development
	142,188,497	881,824,548		1,024,013,045	Total expenditure
	(271,400,292)	(337,047,848)		(350,024,550)	Surplus for the period
					(350,024,550)

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The Board is established by and derives its authority and accountability from Water Act 2002. The Board is wholly owned by the Government of Kenya and is domiciled in Kenya. The Boards principal activity is to develop, manage and maintain water and sewerage infrastructure.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Board'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 Notes

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Board*.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, Water Act 2002, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of new and revised standards

The board did not adopt any new or revised standards in year ending 30th June 2019.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23

Fees, taxes and fines

The Board 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 Board 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 Board 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 realized 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 Board 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.

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 Board.

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.

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 2018-2019 was approved by the Board on 21st January 2018. 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.

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.

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

d) 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 Board recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Furniture, office equipment & fittings	12.5%
Computers & Accessories	33.3%
Motor vehicle	25 %
Plant, machinery & equipment	20%
Water Supply infrastructure	2.5%
Buildings	10%

e) Leases – IPSAS 13

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Board. 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 Board 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 Board will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

f) Intangible assets – IPSAS 31

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.

g) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- 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.

h) Financial instruments

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 Board 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.

Financial assets are valued at the lower of cost or net realizable value. Management estimates the amount of accounts receivable that will not be collectible and provides an allowance for doubtful accounts. Estimates are based upon such factors as an aging of outstanding balances, collection experience, legal advice and known factors such as customers in bankruptcy.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Board 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.

Impairment of financial assets

The Board assesses at each reporting date whether there is objective evidence that a financial asset or a Board of financial assets is impaired. A financial asset or a Board 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 Board of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

i) 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 Board determines the classification of its financial liabilities at initial recognition.

All financial 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.

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.

i) 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:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labor 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 Board.

j) Provisions

Provisions are recognized when the Board 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 Board 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.

Contingent liabilities

The Board 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.

Contingent assets

The Board 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 Board 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.

k) Nature and purpose of reserves

The Board creates and maintains reserves in terms of specific requirements. Board to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits

Retirement benefit plans

The Board provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an Board pays fixed contributions into a separate Board (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) 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.

o) 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.

p) Related parties – IPSAS 20

The Board 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 Board, or vice versa. Members of key management are regarded as related parties and comprise the Board of Directors, CEO, Chief Managers.

q) Service concession arrangements – IPSAS 32

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty

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

State all judgements, estimates and assumptions made: e.g

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 Board based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future

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developments may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Board
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. 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.

u) Grants and deferred income

Grants are recognized when:

- i) The board will comply with the conditions attaching to them
- ii) The grants has been received

Grants are recognized in the statement of financial performance in the same periods that the related expenses are recognized.

Grants exclude assistance that cannot reasonably be valued, and transactions between the government and the board that are in the normal course of business.

3. Transfers from other Governments-gifts and services-in-kind

Unconditional Grants

Government Grants

	Jun-19	Jun-18
Actual		
Recurrent	Shs 67,900,000	Shs 61,900,000
Development	381,285,076	510,232,005
Total Government Grants	<u>449,185,076</u>	<u>572,132,005</u>

4. Levy Income from WSPs

	Jun-19 Shs	Jun-18 Shs
Billed revenue from WSPs	81,870,319	86,244,081
Total transfers and sponsorships	<u>81,870,319</u>	<u>86,244,081</u>

5. Other Income

	Jun-19 Shs	Jun-18 Shs
Sale of tenders, Water bowsters services & Other income	8,611,632	5,005,993
Total	<u>8,611,632</u>	<u>5,005,993</u>

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6. Finance Income

	Jun-19 Shs	Jun-18 Shs
Interest from WaSSIP funds	5,109,673	9,632,461
Total revenue from the sale of goods	<u>5,109,673</u>	<u>9,632,461</u>

7. Employee costs

	Jun-19 Shs	Jun-18 Shs
Basic salary and house allowance	76,631,877	70,845,669
Other allowances	6,323,628	3,437,500
Staff recruitment expenses	777,544	1,038,819
Staff welfare expenses	954,772	1,128,880
Commuter allowance	7,133,194	6,490,824
Medical allowance/expenses	11,934,729	10,609,281
Contributions to pensions/NSSF	11,765,394	10,852,338
Leave allowance & Accrued leave expense	1,686,018	1,338,101
Employee costs	<u>117,207,156</u>	<u>105,741,412</u>

8. Remuneration of directors

	Jun-19 Shs	Jun-18 Shs
Board committee & conference	22,919,180	24,842,053
Honoraria for chairman	148,363	761,905
Total Board remuneration	<u>23,067,543</u>	<u>25,603,958</u>

9. Depreciation and amortization expense

	Jun-19 Shs	Jun-18 Shs
Furniture, Office equipment and fittings	95,039	87,039
Computers and related equipments	4,037,399	2,282,836
Motor Vehicles	-	-
Plant, Machinery and equipments	-	-
Water supply infrastructure	198,145,478	218,074,201
Total depreciation and amortization	<u>202,277,916</u>	<u>220,444,076</u>

10. Repairs and maintenance

	Jun-19 Shs	Jun-18 Shs
Laboratory/quality control expenses	269,763	1,080,343
Maintenance of equipments	266,439	847,658
Minor alteration to building	3,064,230	5,775,884
Maintenance of computers	445,100	364,654

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Electricity expenses-Interim WSPs	0	-
Monitoring and evaluation	2,851,862	6,477,610
Support to water service providers	752,412	4,005,700
Total repairs and maintenance	<u>7,649,806</u>	<u>18,551,849</u>
11. Supplies and Services		
Advertisement and publicity	Jun-19 Shs	Jun-18 Shs
Computers stationery and accessories	1,007,460	823,608
Courier and postal services	529,318	857,557
General office supplies	453,931	576,702
Internet connections/ICT Expenses	1,662,193	1,511,542
Legal and professional services	2,027,460	1,842,153
Publishing & printing services	1,627,440	8,903,170
Professional subscriptions	87,000	97,099
Purchase of uniforms	547,826	366,366
Sanitary and cleaning materials	225,000	225000
Subscription to newspapers	1,000,919	197,305
Telephone, Fax and mobile phones	448,223	614,235
Tender/Seek quotations	39,596	167,902
Hospitality supplies and services and national celeb	2,748,588	3,013,514
	3,385,647	1,207,060
Total contracted services	<u>15,790,602.18</u>	<u>20,403,213</u>
12. Transport Costs		
Transport operating costs-MV Maintenance	Jun-19 Shs	Jun-18 Shs
Motor vehicle insurance	5,974,274	1,855,470
Fuels and oils for motor vehicle	1,475,233	3,594,027
Total grants and subsidies	1,629,492	4,156,609
	<u>9,078,999</u>	<u>9,606,106.00</u>
13. General Expenses		
Electricity& Water	Jun-19 Shs	Jun-18 Shs
Trade shows & exhibitions	770,108	2,402,291
National Celebrations	12,310,132	1528230
Training expenses	0	-
Workshops and meeting expenses	11,887,987	11,329,781
Contracted guards & cleaning services	11,335,296	6,439,041
Corporate social responsibility,publicity	2,701,068	3,577,211
Staff travel and accommodations	7,363,309	1,531,000
	11,142,581	11,245,080

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Audit & accountancy	1,160,000	-
Board establishment costs	0	-
Board Capacity Development	1,666,671	4,737,676
Research and development	0	1,272,165
ISO Preparation and acquisition expenses	6,107,390	764,644
Work environment survey/safety	61,468	781,008
Adjustment on provisions of debtors	2,107,076	5,050,423
Bank Charges	642,957	625,237
Total general expenses	69,256,043	51,283,787.00

14. Rural water supply Development

	Jun-19	Jun-18
	Shs	Shs
Rehabilitation of water supplies-UNICEF Funded	1,454,871	194,690
Rural water supply development-Design&Construction	436,041,611	479,820,942
Total	437,496,482	480,015,632

15. Cash and cash equivalents

	Jun-19	Jun-18
	Shs	Shs
KCB Revenue account	91,891,908	144,664,745
KCB Recurrent account	2,957,009	40,099,152
KCB Development account	80,141	10,022,002
KCB KISIP Account	9,667,795	9,668,860
Cooperative bank Development	44,321,589	134,025,333
Cooperative bank gratuity	7,287,455	7,328,247
Standard Chartered- KIDDP	2,248,321	4,678,652
Standard Chartered- WaSSIP	417,719	277,048,217
Standard Chartered- UNICEF	763,936	2,218,807
MPESA	-	183,600
Petty cash account	-	-
Total cash and cash equivalents	159,635,874	629,937,615

16. Receivables from exchange transactions

	Jun-19	Jun-18
	Shs	Shs
Current receivables	541,889,814	469,630,121
WSP Debtors	541,889,814	469,630,121
Total current receivables	0	-
Non-current receivables	0	-
Total non-current receivables	541,889,814	469,630,121
Total receivables		

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17. Receivables from non-exchange contracts		
Current receivables		
Imprest due from staff	Jun-19	Jun-18
Salary Advances	Shs	Shs
Contractor Debtors - WASSIP-Account	4,667,696	4,744,276
Contractor Debtors - KIDDP and Unicef	106,812	460,498
Grants from Government	77,516,109	63,189,542
Total current receivables	23,041,060	20,064,490
	101,028,155	308,858,750
	206,359,831	397,317,556
18. Inventories		
Consumable stores	Jun-19	Jun-18
Total inventories at the lower of cost and net realizable value	Shs	Shs
	1,202,871	1,633,664
	1,202,871	1,633,664

Cost or Valuation		Furniture		Computer & Accessories		Motor Vehicle		Plant, Machinery & Equipment		Water Supply Infrastructure		Land and Buildings		Total	
		office equipment fittings 12.5%		33.3%		25%		20%		2.5%					
As at July 1,2017	4,920,471	12,905,430	67,752,821	161,135,116	6,669,263,067	225,695,323	28,721,604	459,635,582	7,141,672,228	As at July 1,2017	4,920,471	3,666,804	-	(1,097,198)	258,816,927
Additions at cost	55,755	3,666,804	(1,097,198)	66,655,623	161,135,116	7,096,454,486	258,816,927	1,370,927,805	7,600,210,612	As at June 30, 2018	4,976,226	16,572,234	67,752,822	161,135,116	1,002,236,021
Disposals	-	-	(1,097,198)	66,655,623	161,135,116	7,096,454,486	258,816,927	124,394,946	1,370,927,805	Balance as at July 1,2017	4,478,283	10,930,617	67,752,822	161,135,116	1,002,236,021
Charge for the period	87,039	2,282,836	-	-	197,341,710	20,732,491	1,370,927,805	220,444,076	(1,097,198)	Disposals	-	-	(1,097,198)	1,590,274,683	1,590,274,683
Balance as at June 30, 2018	4,565,322	13,213,453	66,655,624	161,135,116	1,199,577,731	145,127,437	1,590,274,683	5,770,744,422	5,770,744,422	Net book Values	442,188	1,974,812	(1)	-	5,667,027,046
As at June 30,2017	442,188	1,974,812	(1)	-	5,667,027,046	101,300,377	101,300,377	109,289,490	6,009,935,929	As at June 30, 2018	410,904	3,358,780	(1)	-	5,896,876,755
Cost or Valuation	As at July 1,2018	4,976,226	16,572,234	66,655,623	161,135,116	7,096,454,486	254,416,927	7,600,210,612	9,412,193	Additions at cost	63,999	5,730,558	-	-	65,000
Disposals	As at June 30, 2019	5,040,225	22,302,792	66,655,623	161,135,116	7,096,519,486	257,969,563	7,609,622,805	-	Depreciation	4,565,322	13,213,453	66,655,624	161,135,116	1,199,577,731
Balance as at July 1,2018	4,565,322	13,213,453	66,655,624	161,135,116	1,199,577,731	145,127,437	1,590,274,683	3,228,183	202,277,916	Prior year Adjustment	-	2,218	-	-	3,225,965
Charge for the period	95,039	4,037,399	-	-	177,412,987	20,732,491	1,795,780,782	-	-	Disposals	-	-	-	-	1,795,780,782
Balance as at June 30, 2019	4,660,361	17,253,070	66,655,624	161,135,116	1,380,216,683	165,859,928	1,795,780,782	6,009,935,929	5,813,842,023	Net book Values	410,904	3,358,780	(1)	-	5,896,876,755
As at June 30,2018	410,904	3,358,780	(1)	-	5,896,876,755	109,289,490	6,009,935,929	5,813,842,023	5,813,842,023	As at June 30, 2019	379,864	5,049,722	(1)	-	5,716,302,803

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20. Capital Works In Progress			
WaSSIP	Jun-19	Jun-18	
Balance at the beginning of the year	Shs	Shs	
Additional during the year	6,244,928,074	5,515,799,571	
Balance as at 30 Jun 2019	279,029,504	729,128,503	
KIDDP	6,523,957,579	6,244,928,074	
Balance at the beginning of the year	-	223,398,762	
Additional during the year	-	-	
Transfers to property plant & equipment	-	(223,398,762)	
Balance as at 30 Jun 2019	-	-	
Pans, Dams & Other Rehabilitation Works			
Balance at the beginning of the year	311,837,404	444,949,947	
Additional during the year	62,607,993	70,680,114	
Transfers to property plant & equipment		(203,792,657)	
Balance as at 30 Jun 2019	374,445,397	311,837,404	
Chebara Institutions			
Balance at the beginning of the year	330,800	-	
Additional during the year	1,770,930	330,800	
Transfers to property plant & equipment		-	
Balance as at 30 Jun 2019	2,101,730	330,800	
BELGIUM			
Balance at the beginning of the year	603,543,947	-	
Additional during the year	369,727,950	603,543,947	
Balance as at 30 Jun 2019	973,271,897	603,543,947	
Total Capital Works In Progress	7,873,776,603	7,160,640,225	
21. Trade and Other payables			
WaSSIP payables	Jun-19	Jun-18	
General Suppliers	Shs	Shs	
	107,895,470	111,279,570	
Other payables	107,594,024	104,825,378	
	6,699,220	6,127,014	
Total trade and other payables	222,188,716	222,231,963	
22. Current provisions			
Balance at the beginning of the year	Jun-19	Jun-18	
Additional provisions raised	Shs	Shs	
Provision utilized	5,112,802	15,446,006	
Change in provision due to change in discount factor and time value of money	0	(10,333,204)	
Transferred from non-current provisions	0	-	
	0	-	
Balance as at 30 June 2019	5,112,802	5,112,802	
23. Deferred income			

Balance at the beginning of the year (National government)	Jun-19 Shs	Jun-18 Shs
Addition during the year	79,980,661	340,211,423
Deferred Income utilized	303,278,155	330,701,250
Total deferred income	(383,258,816)	(590,932,012)
	0	79,980,661
24. Pensions and other post-employment benefit plans		
Balance at the beginning of the year	Jun-19 Shs	Jun-18 Shs
Current benefit obligation	5,981,772	3,809,947
Gratuity released in the year	2,844,481	3,411,853
Total employee benefit liability	(4,384,704)	(1,240,029)
	3,934,889	5,981,771
25. Taxation		
VAT	Jun-19 Shs	Jun-18 Shs
WHT	10,502,267	12,439,579
Total	8,282,935	6,405,305
	18,785,202	18,844,884
26. Long Term loan repayments Due		
KFW Loan -Nzoia Phase I	Jun-19 Shs	Jun-18 Shs
KFW Loan -Nzoia Phase II	237,147,118	-
WaSSIP	198,533,659	-
Total repayments due	80,216,793	=
	<u>515,897,570</u>	=
27. Borrowings		
KFW LOAN	Jun-19 Shs	Jun-18 Shs
Balance at the beginning of the year	5,957,479,502	5,957,479,502
During the year	-	-
Less: total current portion of bank loans	(435,680,778)	-
	5,521,798,724	5,957,479,502
IDA LOAN		
Balance at the beginning of the year	4,854,726,700	5,333,441,190
During the year	-	577,421,000
Less: total current portion of bank loans	(80,216,793)	-

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Transfers to grant- Adjustment	-	(1,056,135,490)
	4,774,509,907	4,854,726,700
Vihiga Cluster		
Balance at the beginning of the year	603,105,047	-
During the year	340,563,371	603,105,047
Less: total current portion of bank loans	-	-
	943,668,418	603,105,047
Total non-current borrowings	11,239,977,050	11,415,311,249

28. Detailed statement of changes in net assets

	Grants	Grants KIDDP	Grants KFW	Grants Worldbank	Accumulated surplus	Grants GOK	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Balance as at 30 June 2017	25,924,938	294,898,947	221,783,948	-	(1,077,659,639)	2,352,374,302	1,817,322,497
Transfers to/ from during the period	-	57,602,412	-	1,056,135,490	247,407,500	-	1,361,145,402
Surplus/(deficit) for the period	-	-	-	-	(258,635,450)	-	(258,635,450)
Transfers to/ from accumulated surplus	-	-	-	-	1,799,330	-	1,799,330
Balance as at 30 June 2018	25,924,938	352,501,359	221,783,948	1,056,135,490	(1,334,495,759)	2,599,781,802	2,921,631,779
Balance as at 30 June 2018	25,924,938	352,501,359	221,783,948	1,056,135,490	(1,334,495,760)	2,599,781,802	2,921,631,778
Prior year adjustment	-	9,455,042	-	-	(3,228,183)	-	(3,228,183)
Transfers to/ from during the period	-	-	-	-	-	-	9,455,042
Surplus/(deficit) for the period	-	-	-	-	(337,047,848)	-	(337,047,848)
Transfers to/ from accumulated surplus	-	-	-	-	-	-	-
Balance as at 30 June 2019	25,924,938	361,956,401	221,783,948	1,056,135,490	(1,674,771,791)	2,599,781,802	2,590,810,789

Grants from KIDDP (Kenya Italy Debt Development Project) relates to projects funded by the Italy Government for water projects within the Board area.
Grants from KFW (German Development Bank) relates to development of water projects in Trans Nzoia, Bungoma, Kakamega & Busia counties.

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29. RELATED PARTY DISCLOSURE

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

The following have significant influence over the boards operating and financial decisions

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

	Jun 19	Jun-18
	KES	KES
a) Related party transactions		
Grants received from related parties' GOK	371,178,155	640,008,750
Grants received from related parties' Others	9,455,042	57,602,412
Loans received from related parties' IDA	-	500,000,000
	380,633,197	1,197,611,162
b) Key management remuneration		
Directors	23,067,543	25,603,958
Key management compensation	18,714,832	15,437,910
	41,782,375	41,041,868
c) Due from related parties		
Due from Water Services Companies	541,889,814	469,630,120
	541,889,814	469,630,120
d) Due to related parties		
Due to GOK		
Due to county Busia	1,552,801.80	1,552,802
	1,552,801.80	11,886,006

The Board's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Board'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 Board does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.

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

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

At 30 June 2019	Fully performing Ksh	Past due Ksh	Impaired Ksh
Trade receivables	192,465,314	483,693,446	-
Bank balances	159,635,874	-	-
At 30 June 2018			
Trade receivables	397,317,555	469,630,121	-
Bank balances	629,937,615	-	-

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

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

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

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(ii) Liquidity risk management

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

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

	Less than 30 days	Between 30-90 days	Over 90days	Total
Trade Payables At 30 June 2019	17,521,239	5,592,636	714,972,411	738,086,286
Trade Payables At 30 June 2018	38,191,187	25,427,565	158,613,211	222,231,963

(iii) Market Risk

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

Market risk is the risk arising from changes in market prices, such as interest rate and foreign exchange rates which will affect the Board'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 Board's Finance and Strategy department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

(a) Foreign Currency Risk

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

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

(b) Interest Rate Risk

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

Management of interest rate risk

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

(iv) Capital management

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

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

31. Contingent Liabilities

	2019	2018
	Ksh	Ksh
Legal Contingent Liabilities	<u>10,000,000</u>	<u>15,000,000</u>

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

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

The following cases were outstanding at year end:

No	Case number	Parties
1	NRB NET 113/2013	Maraba sewerage project case
2	KAKAMEGA ELC 594/2010	Judith Asamba Lishamba vs. Spenco & LVNWWDA
3	Busia Environment & Land Court Petition number 5 of 2015	Wilson Ogola -vs. LVNWWDA & 2 OTHERS
4	Busia CMCC No. 389 of 2014	Mary Auma Mayende vs. Benson Omina & LVNWWDA
5	Kakamega ELC 161/2014	Charles Alemba Lisamula & Ano. Vs. LVNWWDA
6	Civil Appeal No. 278 of 2016	Amatsi Water Services Company Ltd -VS- Francis Shire Chachi & LVNWWDA
7	Bungoma CMCC 269/2014	Ryan Bunyasi Vs. LVNWWDA
8	Bungoma ELC Case No. 3 of 2015	Solomon Kipchoke Kipsigei and Alex Kipsigei Vs. LVNWWDA, County Government of Bungoma &

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		Others	
9	KSM CIVIL APPEAL NO. 78 OF 2018	Eng. Alfred O. Amombo vs Joseph K. Lagat	LVNWWDA & Hon.
10	KSM ELRC NO 337/2017	Kenneth Indusa -vs- LVNWWDA.	
11	NRB HCCC PETITION NO. 277 OF 2017	Council of County Governors -vs- LVNWWDA & 15 Others	
12	KSM ELRC NO. 59 of 2018	Peter Kiplangat Bett -vs- LVNWWDA & Hon. Joseph Lagat	
13	ELDORRET HCC NO. 59 of 2018	M/s Kishan Co. Ltd -vs- LVNWWDA & Another	
14	SIRISIA SPMCC NO. 5 OF 2018	Wellington Walekhwa Wambulwa -vs- Lake Victoria North Water Services Board	

32. Events after the reporting period
As at 30th June 2019, Kshs 143,528,155 (One hundred and forty three million five hundred and twenty eight thousand one hundred and fifty five shillings) was in transit from the Parent Ministry. These amounts were for development projects during the year.

33. Dividends/surplus remission
LVNWWDA did not make any surplus during the year (FY 2018/2019) and hence no remittance to the Consolidated Fund.

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

35. Deferred tax liability
LVNWWDA is a government parastatal and as such is not expected to pay taxes

36. Ultimate and holding entity
The entity is a State Corporation under the Ministry of Water and Sanitation. Its ultimate parent is the Government of Kenya.

37. Currency
The financial statements are presented in Kenya shillings (Kshs)

APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Presentation of Board Information	Board Chair had not signed the statements, Non-disclosure of amount disbursed by KOICA to the Board	Failure by the chair to sign the financial statement was occasioned by legal challenges. At the time when the revised financial statements were prepared, there were two boards in place. The first board was for Lake Victoria North Water Services Board while the other was for Lake Victoria North Water Works Development Agency.	Chief Manager Finance and Strategy	Resolved	
	Transfers from other governments - gifts and services in kinds figure in notes differs from that in records availed for Audit	The variance of Kshs 247,407,500 was captured under note 29-detailed statement of changes in net assets- Grants GoK. Reconciliation has been provided.	Chief Manager Finance and Strategy	Resolved	
1.2 Statement of Financial Performance					

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1.3.1 Statement of Financial Position	Property, plant and equipment value excludes value of land where Board Head Offices are hosted	The board is pursuing the transfer of ownership of the assets from National Water Conservation and Pipeline and the Ministry of Water and Irrigation	Corporation Secretary	One year
1.3.2 Borrowings	Loan terms, nature, rates of interest, repayment status and applied securities not provided	The information has been provided.	Chief Manager Finance and Strategy	Resolved
1.3.3 Capital Works in Progress	Capital works in progress figure as at 30 June 2018 in Note 22 includes additional loan of Kshs 729,128,503 to WASSIP. Total expenditure figure of Kshs 586,400,441 together with pending bills figure shows an unexplained variance of Kshs 140,709,312	WASSIP AF project account is reported on cash basis however, the amount captured under capital works in progress is based on accrual basis accounting. Management provided schedule reconciling the amount	Chief Manager Finance and Strategy	Resolved
1.4 Statement of Cash Flows	Statement of Cash flows reflects a non-cash adjustment of Kshs. 1,779,330 which was not explained	Management provided details of the adjustment item	Chief Manager Finance and Strategy	Resolved
1.5 Statement of Comparison	Financial Statements did not indicate	KOICA and AfDB are being implemented by	Chief Manager Finance and	Resolved

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of Budget and Actual Amounts	budget expenditure figures	Ministry of Water & Sanitation and Rift Valley Water Works Development Agency respectively hence costs associated with the projects are reported in their books	Strategy		
1.6 Other Notes to the Financial Statements	Statement of Compliance and basis of preparation is not in line with the financial report as it does not conform to the revised Public Sector Accounting Standard. A figure of Kshs 15,000,000 in Note 30 appearing as contingent liability was also not explained	Detail list of cases provided	Chief Manager Finance and Strategy	Resolved	
Accounts of Water Services and Sanitation Improvement Project	Audit indicated that the Project received a total of Kshs 577,421,000 from IDA. However, Special Account Statement showed that there was no withdrawal from the account.	Kshs 77,421,000 the amount had been received in the prior period 2016-17 held in our differed income account. The amount was transferred to the Wassip Account in the financial year under review. The Agency confirms receipt of the money in year 2017- 2018 the same was not reflected in the special account statement as a	Chief Manager Finance and Strategy	Resolved	

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		withdrawal during the period. The National Treasury made corrections on the special account in September 2018.			
2. Long Term Borrowings – Non-Servicing of Loans	Financial Statements did not recognize the loans and corresponding penalties under current liabilities	The board did not account for penalties and interest in its books and financial statements since revenues are generated by the WSPs hence, they should include the same in their books. Management shall split the long term liabilities in the subsequent financial statements to indicate the liability that falls under current liability	Chief Manager Finance and Strategy	Resolved	
3. Classification and Disclosure of Capital Works in Progress	Detailed schedules for projects under Water and Sanitation Services Improvement Project (WASSIP) and Kenya Italy Debt Development Programme (KIDDP) were not availed	Schedule provided	Chief Manager Finance and Strategy	Resolved	

Chairman of the Board

Date

 23/6/2020

Chief Executive Officer

Date



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

S/No	Project title	Project Number	Donor	Period/ duration	Donor commitment (Kshs Millions)	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	Water & Sanitation Services & Improvement Project	1107101601	World Bank	Dec 2012-Dec 2021	3,400	Yes	Yes
2	Vihiga Cluster Water Project	1107105301	Belgium	Aug 2018-Dec 2020	1,700	No	Yes
3	Kenya Towns Sustainable Water Supply and Sanitation Program	1103102100	AfDB	Dec 2018-Dec 2021	3,300	Yes	Yes
	Total				8,400		

Status of project implementation

S/NO	Project	Total project Cost Kshs Millions	Total expended to date Kshs Millions	Completion % to date	Budget	Actual	Sources of funds
	Water & Sanitation Services & Improvement Project	3,400	2,935	86%	375	279	IDA/ World Bank
	Vihiga Cluster Water Project	1,700	943	55%	550	369	Belgium
	Mois Bridge-Matunda Water and Sewerage Project	1,750	90	5%	30	23	GoK
	Malava Gravity Scheme	1,000	78	8%	15	13	GoK

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	Mt Elgon- Bungoma- Busia Gravity Scheme	17,000	89	1%		30	7	GoK
	Soy- Nervillus Dam Water Project	300	83	28%		30	21	GoK
		25,150	4,218			1,030	711	

APPENDIX III: INTER ENTITY TRANSFERS

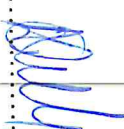
ENTITY NAME:		Lake Victoria North Water Works Development Agency		
Break down of Transfers from the Ministry of Water & Sanitation				
FY 18/19				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		05-Sep-18	5,833,333.00	2018-2019
		06-Sep-18	5,833,333.00	2018-2019
		03-Oct-18	5,833,333.00	2018-2019
		02-Nov-18	5,716,667.00	2018-2019
		03-Dec-18	5,716,667.00	2018-2019
		24-Jan-19	5,716,667.00	2018-2019
		12-Feb-19	5,716,667.00	2018-2019
		05-Mar-19	5,716,667.00	2018-2019
		04-Apr-19	5,716,667.00	2018-2019
		17-May-19	7,311,111.00	2018-2020
		04-Jun-19	4,394,444.00	2018-2021
		27-Jun-19	4,394,444.00	2018-2022
		Total	67,900,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18-Oct-18	42,500,000.00	2018-2019
		28-Dec-18	42,500,000.00	2018-2019
		14-Jan-19	23,750,000.00	2018-2019
		25-Jun-19	51,000,000.00	2018-2019
		27-Jun-19	42,500,000.00	2018-2019
		04-Jul-19	41,478,155.00	2018-2019
		04-Jul-19	14,800,000.00	2018-2019
		08-Jul-19	1,750,000.00	2018-2019
		15-Jul-19	43,000,000.00	2018-2019
		Total	303,278,155	
c.	Direct Payments			

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	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		-	
		-	
	Total	-	
d. Donor Receipts			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	28-Aug-18	9,455,042	2018-2019
	Total	9,455,042	

The above amounts have been communicated to and reconciled with the parent Ministry

Chief Manager Finance & Strategy
 Lake Victoria North Water Works
 Development Agency

Sign... 

Head of Accounting Unit
 Lake Victoria North Water Works
 Development Agency

Sign... 

APPENDIX IV: RECONCILING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Total Transfers during the Year	Where Recorded/recognized
Ministry of Water & Sanitation	5-Sep-18	Recurrent	5,833,333	X				5,833,333	
Ministry of Water & Sanitation	6-Sep-18	Recurrent	5,833,333	X				5,833,333	
Ministry of Water & Sanitation	3-Oct-18	Recurrent	5,833,333					5,833,333	
Ministry of Water & Sanitation	2-Nov-18	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	3-Dec-18	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	24-Jan-19	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	12-Feb-19	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	5-Mar-19	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	4-Apr-19	Recurrent	5,716,667	X				5,716,667	
Ministry of Water & Sanitation	17-May-19	Recurrent	7,311,111	X				7,311,111	
Ministry of Water & Sanitation	4-Jun-19	Recurrent	4,394,444	X				4,394,444	
Ministry of Water & Sanitation	27-Jun-19	Recurrent	4,394,444	X				4,394,444	
Ministry of Water & Sanitation	18-Oct-18	Development	42,500,000				X		42,500,000

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Ministry of Water & Sanitation	28-Dec-18	Development	42,500,000		X		42,500,000
Ministry of Water & Sanitation	14-Jan-19	Development	23,750,000		X		23,750,000
Ministry of Water & Sanitation	25-Jun-19	Development	51,000,000		X		51,000,000
Ministry of Water & Sanitation	27-Jun-19	Development	42,500,000		X		42,500,000
Ministry of Water & Sanitation	4-Jul-19	Development	41,478,155		X		41,478,155
Ministry of Water & Sanitation	4-Jul-19	Development	14,800,000		X		14,800,000
Ministry of Water & Sanitation	8-Jul-19	Development	1,750,000		X		1,750,000
Ministry of Water & Sanitation	15-Jul-19	Development	43,000,000		X		43,000,000
Ministry of Water & Sanitation	28-Aug-18	Development	9,455,042	X			9,455,042
Ministry of Water & Sanitation-KIDDP			380,633,197				380,633,197
Total							