

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 22 MAR 2023	DAY: WEDNESDAY
TABLED BY:	Hon. Owen Barya, MP Deputy Leader of Majority Party
CLERK AT DESK:	A. Shabuka

**THE AUDITOR-GENERAL**

**ON**

**LAKE VICTORIA WATER SUPPLY AND  
SANITATION PROGRAMME PHASE II  
PROJECT NO. P-Z1-EAO-004(ADF GRANT  
NO. 2100155019967)**

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

**LAKE VICTORIA SOUTH WATER WORKS  
DEVELOPMENT AGENCY**







**Project Name: LAKE VICTORIA WATER SUPPLY AND SANITATION PROGRAM  
(PHASE II)**

**Implementing Entity: LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT  
AGENCY**

**PROJECT GRANT/CREDIT NUMBER P-Z1-EA0-004  
(ADF GRANT NO. 2100155019967)**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2022**

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***LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)***  
***Annual Report and Financial Statements for the financial year ended June 30, 2022***

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***LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)***  
***Annual Report and Financial Statements for the financial year ended June 30, 2022***

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**1. Project Information and Overall Performance**

**1.1 Name and registered office**

**Name:** Lake Victoria South Water Supply and Sanitation Phase II

**Objective:** The key objective of the project is to contribute to the improvement of livelihoods and health of communities in the basin and the reduction of pollution of the lake through improvements in sustainable water sanitation infrastructure.

**Address:** Lake Victoria South Water Works Development Agency  
Lavictors House  
Off Ring Road, Milimani  
P. O. Box 3325 Kisumu  
KenyaAddress

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

Telephone: (254) 057 2025127

E-mail: [info@lvswda.go.ke](mailto:info@lvswda.go.ke)

Website: [www.lvswda.go.ke](http://www.lvswda.go.ke)

**1.2 Project Information**

<b>Project Start Date:</b>	4th April 2011
<b>Project End Date:</b>	31st December 2019
<b>Project Manager:</b>	Mr. Paul O. Agwanda
<b>Project Sponsor:</b>	African Development Fund(ADF)

**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)**  
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**Project Information and Overall Performance (Continued)**

**1.3 Project Overview**

Line Ministry/State Department of the project	The Program is under the supervision of the Ministry of Water and Sanitation.
Program number	NUMBER P-Z1-EA0-004 (ADF GRANT NO. 2100155019967)
Strategic goal of the Program	i. To contribute to the reversal of the pollution of the Lake through the improvement of sustainable water and sanitation infrastructure
Achievement of strategic goals	The Program management aims to achieve the goal through the following means: (i) Improvement of water supply (ii) Improvement of hygiene and environmental sanitation (iii) Urban drainage improvement (iv) Strengthen Capacity Building of the institutions.
Other important background information of the Program	The project is divided into three components namely: Works: (Short term and Long Term Interventions) Water Supply systems, Sanitation, Storm water drainage and land fill and skip sites development. Goods: Purchase of Tractors, Trailers and Skips, Exhausters and Ugotugs, Vehicles and Motorcycles, Furniture and office Equipment. Services: Study, Design, Supervision, Hygiene and Sanitation promotion and other consultant services.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: (i) Kericho (ii) Keroka (iii) Isebania
Program duration	The project started on 15 <sup>th</sup> April 2011 and ran until 31 <sup>st</sup> December 2019

**1.4 Bankers**

The following are the bankers for the current year:

Cooperative Bank of Kenya  
 Kisumu Branch  
 Account no. 01141295755600

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

### **1.5 Auditors**

The project is audited by the

AUDITOR GENERAL  
 Office of the Auditor General  
 P. O. Box 30084 -00100  
 Nairobi

### **1.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key Qualifications</b>	<b>Responsibilities</b>
Mr. Chrispine O. Juma ,HSC	Ag. Chief Executive Officer	BSC degree in Civil Engineering, MSC and MBA.	Accounting Officer
Eng. Daniel O. Oronje	Project Coordinator	BSC degree in Civil Engineering and MA in Project Planning and Management	Project Coordinator
Vincent Kipng'eno	Water Engineer	B-Tech Degree in Soil and Structural Engineering	Project Engineer.
George Ageng'o	Chemist	BSC degree and MA in Project Planning and Management	Environmentalist
Martin O. Mayi	Procurement Manager	BA degree, and MBA	Procurement Expert
Rosemary Chelangat	Project Accountant	BBM degree in Finance. Registered Accountant	Program Accountant
Diana Adhiambo	Community Development Officer	BA. Community development	Community Development Officer

### **1.7 Funding summary**

The Projects initial duration was for Four years from 2011 to 2015 but has been extended to 31<sup>st</sup> December 2019 with an approved budget of UA 11.84 Million equivalent to Kshs 1,506,725,531 as highlighted in the table below:



Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment-		Amount received to date – (30-06-2022)		Undrawn balance to date	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B')	(B')	(A)-(B)	(A)-(B)
(i) Grant						
African Development Bank	10,390,000	1,320,593,041	11,385,363	1,447,105,994	-	-
(ii) Counterpart funds						
Government of Kenya	1,450,000	186,132,490	3,150,076	565,009,269	-	-
Total	11,840,000	1,506,725,531	14,535,439	2,012,115,263	-	-

Project information and overall performance (continued)

B. Application of Funds

Application of funds	Amount received to date – (30 <sup>th</sup> June 2022)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2022)	Unutilized balance to date	
	Donor currency (UA)	Kshs		Donor currency	Kshs
	(A)	(A')	(B')	(A)-(B)	(A')-(B')
(i) Grant					
African Development Bank	11,385,363	1,447,105,994	1,447,105,994	-	-
(ii) Counterpart funds					
Government of Kenya	3,150,076	565,009,269	565,009,269	-	-
Total	14,535,439	2,012,115,263	2,012,115,263	-	-

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

**1.8 Summary of Overall Project Performance:**

- i) The project was completed and the Budget allocation was to cater for the pending bills that had not been paid by the time the project closed. Hence the budget was 100% complete to date.
- ii) The project physical progress is operational and it was handed over to Gusii Water and Sanitation Company for operation.
- iii) The project achieved its value on completion and handing over for operation.
- iv) The implementation challenges included land issues, Environmental challenges which were solved during the implementation of the project.

**1.9 Summary of Project Compliance:**

- There are no non-compliance issues with applicable laws and regulations, and essential external financing agreements/covenants that are in the project.

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

### **Introduction**

The Development Objectives of LVWATSAN II was to improve the health and quality of life of the populations living in the Lake Victoria basin. The main objective of the program was to reduce pollution of the Lake Victoria by implementing sustainable water and sanitation infrastructure in 15 selected secondary towns in the Lake Victoria basin, among them, Kericho, Keroka and Isebania.

The key development objectives of the project are to:

Support pro-poor water and sanitation investments in the secondary urban centres in the Lake Victoria Region;

- b) Build institutional and human resource capacities at local and regional levels for the sustainability of improved water and sanitation services;
- c) Facilitate the benefits of upstream water sector reforms to reach the local level in the participating urban centres;
- d) Reduce the negative environmental impact of urbanization in the Lake Victoria Basin.

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

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

Procurement of:

- Purchase of performance enhancing equipment such as: Motor vehicles (5no.), Motor Cycles (5no.), Exhausters (4no.), Tractors (7no.) Trailers (7no) and Skips (86no)
- Construction of STI Works for Kericho, Keroka & Isebania, was successfully completed. The project is currently benefitting the communities with number of new connections being 300 in Keroka and 500 in Isebania
- Rehabilitation of Kericho Sewerage System, Sewer Extensions and Sanitation Facilities was initially awarded to Stansha Ltd but was terminated at 70% completion due to non-performance of the Contractor. The project has been re-awarded to Zhongmei Engineering Co. for the completion of outstanding works and other additional works. Current progress is at 98% for the re-awarded works.



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- Construction of Water Supply and Sanitation Works for Keroka & Isebania Towns:
- Keroka Component awarded to Zhongmei is complete and currently benefiting the residents. Isebania component Completed by Zhongmei and is currently benefiting the residents. Sirare works is about 100% complete.
- Construction of Sanitary Landfill & Faecal Sludge Treatment Plant for Isebania Town awarded to Riang International Group Ltd. Works initially delayed by presence of huge underlying rock formation leading to re-design of the landfill, which are now complete
- Consultancy Services for Detailed Designs and Supervision was awarded to GIBB Africa Ltd. Currently all designs for the works projects have been done. The contract is about 99% complete. An addendum to the consultancy contract has been given to cover the extended implementation period of the on-going works and the Defects Notification Period.
- Consultancy for Hygiene and Sanitation Promotion was awarded to RAPADO. It entailed promotion of hygiene and sanitation practices. The contract was completed.

### **3. Environmental and Sustainability reporting**

Lake Victoria Water and Sanitation Phase II Project exists to contribute to the reversal of the pollution of the Lake through the improvement of sustainable water and sanitation infrastructure by ensuring the provision of sufficient, hygienic, economically viable and affordable Water and Sanitation Services for the population of the selected towns, thus contributing to the overall development goal of improving the health of the urban population by reducing waterborne diseases and favouring economic development. The other main purpose was to improvement of water supply, improvement of hygiene and environmental sanitation, Urban drainage improvement and Strengthen Capacity Building of the institutions. Below is a brief highlight of our achievements in each pillar.

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

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

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

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

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

The project management is by LVSWWDA staff and therefore the entity's employee welfare policies and guidelines apply as detailed below:

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

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

balance, persons with disability and consideration of the marginalized communities in all aspects of human resources dynamics.

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

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

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

The Agency ensures incorporation of competitive market practices through, encouraging competitive bidding by Placing advertisements for all tenders in our local dailies, our website and The Govt. of Kenya Treasury portal. This enables all prospective bidders to access the information and to participate. At the close of all tenders, representatives who choose to attend are invited to witness the opening of the tenders to ensure transparency in the bidding process. All the participants are informed of the outcome of the procurement process.

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

All engagements between LVSWWDA and suppliers and/or contractors take the form of purchase orders and contracts which are signed by both parties and they clearly enumerate responsibilities and obligations of either party. The payment schedules also form part of the contracts and they are strictly adhered to during the contract period. LVSWWDA encourages public participation and also clearance by relevant Govt agencies to ensure consumer rights and interests are not infringed

#### **5. Community Engagements-**

The Agency through the project undertook various CSR activities within the area of project implementation. Notably, the Agency has constructed VIP latrine blocks and water collection points and train the communities on hygiene promotions in Kericho, Isebania, keroka and Sirare Towns. The sanitation blocks were constructed during the implementation stage between in 2012 and 2014 to alleviate the sanitation challenges facing the Lake from the regions.



***LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II) Annual Report and Financial Statements for the financial year ended June 30, 2022***

**4. Statement of Project Management responsibilities**

The Chief Executive Officer of Lake Victoria South Water Works Development Agency (The Agency), which is the implementing agency (IA) of the project under the Ministry of Water & Irrigation and the Program Coordinator for ADB funded Projects are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Project; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Chief Executive Officer of the Agency and the Program Coordinator for LVWATSAN II project accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

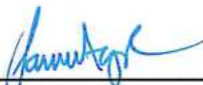
The Chief Executive Officer of the Agency and the Program Coordinator for LVWATSAN II Project are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2022, and of the Project's financial position as at that date. The Chief Executive Officer of the Agency and the Project Coordinator for LVWATSAN II Project further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The Chief Executive Officer of the Agency and the Program Coordinator for LVWATSAN II Project confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

**Project Financial Statements**

The Project financial statements were approved by The Chief Executive Officer of the Agency and the Program Coordinator for LVWATSAN II Project on 27/07/2022 2022 and signed by them.

  
\_\_\_\_\_  
Ag. Chief Executive Officer  
Mr. Chrispine O. Juma

  
\_\_\_\_\_  
Program Coordinator  
Mr. Paul O. Agwanda

  
\_\_\_\_\_  
Program Accountant  
Rosemary Chelangat  
ICPAK MNo:6361



# REPUBLIC OF KENYA

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## **REPORT OF THE AUDITOR-GENERAL ON LAKE VICTORIA WATER SUPPLY AND SANITATION PROGRAMME PHASE II PROJECT NO. P-Z1-EAO-004(ADF GRANT NO. 2100155019967) FOR THE YEAR ENDED 30 JUNE, 2022 - LAKE VICTORIA SOUTH WATER WORKS DEVELOPMENT AGENCY**

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### **PREAMBLE**

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

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

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

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



## REPORT ON THE FINANCIAL STATEMENTS

### Qualified Opinion

I have audited the accompanying financial statements of Lake Victoria Water Supply and Sanitation Programme Phase II set out on pages 1 to 16, which comprise of the statement of financial assets as at 30 June, 2022, and the statement of receipts and payments, statement of cash flows and the 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 Water Supply and Sanitation Programme Phase II as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the terms of Financing Agreement ADF Grant No. 2100155019967 dated 4 April, 2011 between the African Development Fund and East African Community and the Subsidiary Agreement No. LVWATSAN/KE/002 dated 15 April, 2011 between the Government of Kenya and East African Community and Public Finance Management Act, 2012.

### Basis for Qualified Opinion

#### 1. Unsupported Transfers and Disposal of Project Assets

Annex 3 to the financial statements reflects a summary of fixed assets balance of Kshs.105,861,430 which includes assets worth Kshs.92,870,770 which had been handed over to other public entities. These included three tractors transferred to Kericho County Government, two tractors each transferred to Nyamira and Migori County Governments all valued at Kshs.27,930,000. The transfers also included motor cycles, sludge exhausters and skip loaders valued at Kshs.2,250,000, Kshs.38,267,770 and Kshs.24,423,000 respectfully which were purportedly transferred to Water Companies under the jurisdiction of Lake Victoria South Water Works Development Agency. However, Management did not provide a signed inventory to support these transfers to other water Companies. In addition, the ownership documents for a Nissan XTrail were not provided for audit review. Further, a double cabin pick-up was disposed of during the year at Kshs.701,500. However, the proceeds had not been disclosed in these financial statements.

In the circumstances, the authenticity of these transfers and revenue received could not be confirmed.



## **2. Pending Bills to Contractors**

Annex 2 to the financial statements reflects an amount of Kshs.175,943,278 under pending bills. This amount includes amounts of Kshs.59,495,770 and Kshs.92,000,000 described as retention money owed to contractors. However, it was noted that the reported amounts represented claims and interest due to contractors and not retention money as reported. However, the Management did not provide supporting documents for audit review, on how the claims and interest amounts were arrived at.

In the circumstances, the accuracy and completeness of outstanding pending bills of Kshs.175,943,278 could not be confirmed.

## **3. Project Performance and Timelines**

The Project was supposed to run from 15 April, 2011 to 31 December, 2019 and it has been observed that the Project has not had any activities for the last two years except settling of pending bills which had been incurred previously. No reasons have been given for failure to have the project formally closed and have the assets and existing liabilities transferred to the relevant authorities as earlier envisaged.

In the circumstances, the Project may continue to incur additional costs which will not be a proper charge to public funds.

## **4. Presentation of the Financial Statements**

A review of the financial statements submitted for audit revealed that they were not indicating the applicable financial reporting framework contrary to the requirements of the reporting template prescribed by the International Public Sector Accounting Standards Board (IPSASB).

In the circumstances, the financial statements are not fairly presented.

## **5. Accuracy of the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects a final budget of Kshs.80,000,000 and actual receipts of Kshs.133,734,544 respectively resulting to a performance difference of Kshs.53,734,544. However, this has been attributed to the delay in disbursement of budgeted funds in the year 2020-2021 that were received in July, 2021, the roll over budgeted funds have not been included as an adjustment in the statement of comparison of budget and actual amounts.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Lake Victoria Water Supply and Sanitation Program (Phase II) Project 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. There were no key audit matters to report in the year under review.

### **Other Matter**

#### **Nugatory Costs on the Delayed Settlement of Pending Bills**

During the year under review, an amount of Kshs.34,000,000 was paid out to a contractor as interest due to delayed payments. It was further noted from Annex 2 to the financial statements that an amount of Kshs.59,495,770 and Kshs.92,000,000 was still owed to contractor in form of unpaid claims and interests respectively. This implies that the outstanding pending bills will continue to attract additional interest.

In the circumstances, continued payment of interest will not be a proper charge to public funds.

## **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, I confirm that, nothing 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**

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.



## **Basis for Conclusion**

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

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

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

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

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

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

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

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 going concern 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 Project'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 Project to cease to continue to sustain its services.

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

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

24 November, 2022





6. Statement of Receipts and Payments for the year ended 30th June 2022.

	Note	2021/2022			2020/2021			Cumulative to-date (From inception)
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payments controlled by the entity	Payments made by third parties	Total	Total
<b>RECEIPTS</b>					KShs	KShs		KShs
Transfer from Government entities	1	133,734,544		133,734,544	161,026,424	-	161,026,424	565,009,269
Proceeds from domestic and foreign grants	2				-	-	-	1,447,105,994
<b>TOTAL RECEIPTS</b>		133,734,544	-	133,734,544	161,026,424	-	161,026,424	2,012,115,263
<b>PAYMENTS</b>								
Acquisition of non-financial assets	4	133,734,544		133,734,544	161,026,424	-	161,026,424	2,012,096,389
<b>TOTAL PAYMENTS</b>		133,734,544	-	133,734,544	161,026,424	-	161,026,424	2,012,096,389
<b>SURPLUS/(DEFICIT)</b>		-	-	-	-	-	-	18,874

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

.....  
Mr. Christpine O. Juma  
Ag. Chief Executive Officer

.....  
Mr. Paul O. Agwanda  
Project Coordinator

.....  
Rosemary Chelangat  
Project Accountant  
ICPAK Member No:6361





**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

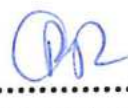
**7. Statement of Financial Assets as at 30<sup>th</sup> June 2022**

	Note	2021-2022	2020-2021
		KShs	KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	5.A	18,874	18,874
Cash Balances	5. B	-	-
Cash Equivalents (short-term deposits)	5.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>18,874</b>	<b>18,874</b>
Accounts Receivables	8	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>-</b>	<b>-</b>
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions	8	-	-
<b>NET ASSETS</b>		<b>18,874</b>	<b>18,874</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	6	18,874	18,874
Prior year adjustments	7	-	-
Surplus/(Deficit) for the year		-	-
<b>NET FINANCIAL POSITION</b>		<b>18,874</b>	<b>18,874</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 27/06/2022 and signed by:

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

  
 .....  
 Program Coordinator  
 Mr. Paul O. Agwanda

  
 .....  
 Program Accountant  
 Rosemary Chelangat  
 ICPAK Member No:6361





**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**


**8. Statement of Cashflow for the year ended 30<sup>th</sup> June 2022**

		2021-2022	2020-2021
	Note	KShs	KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
Receipts from operating activities			
Transfer from Government entities	1	133,734,544	161,026,424
Payments from operating activities			
Purchase of goods and services	6		-
Transfers to other government entities	9		-
Adjustments during the year			
Prior Year Adjustments	15		-
Decrease/(Increase) in Accounts Receivable	16		-
Increase/(Decrease) in Accounts Payable:	17		-
<b>Net cash flow from operating activities</b>		<b>133,734,544</b>	<b>161,026,424</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of Assets	8	(133,734,544)	(161,026,424)
<b>Net cash flows from Investing Activities</b>		<b>(133,734,544)</b>	<b>(161,026,424)</b>
<b>CASHFLOW FROM BORROWING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3		-
<b>Net cash flow from financing activities</b>			-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>-</b>	<b>-</b>
Cash and cash equivalent at BEGINNING of the year	11	18,874	18,874
Cash and cash equivalent at END of the year	11	18,874	18,874

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 27/6/21 2022 and signed by:

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

  
 .....  
 Program Coordinator  
 Mr. Paul O. Agwanda

  
 .....  
 Program Accountant  
 Rosemary Chelangat  
 ICPAK Member No:6361



9. Statement of Comparison of Budget and Actual amounts for the year ended 30<sup>th</sup> June 2022

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
Receipts						
Transfer from Government entities	100,000,000	(20,000,000)	80,000,000	133,734,544	-	167%
Proceeds from domestic and foreign grants			-			
Total Receipts	100,000,000	(20,000,000)	80,000,000	133,734,544	-	167%
Payments						
Social security benefits			-			
Acquisition of non-financial assets	100,000,000	(20,000,000)	80,000,000	133,734,544	(53,734,544)	167%
Transfers to other government entities			-			
Other grants and transfers			-			
Total Payments	100,000,000	(20,000,000)	80,000,000	133,734,544	(53,734,544)	167%
			-	-	-	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.



Mr. Christpine O. Juma  
Ag. Chief Executive Officer



Mr. Paul O. Agwanda  
Project Coordinator



Rosemary Chelangat  
Project Accountant  
ICPAK Member No:6361

## **10. Significant Accounting Policies**

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

### **10.1 Statement of compliance and basis of preparation**

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

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

### **10.2 Reporting entity**

The financial statements are for Lake Victoria South Water & Sanitation Project Phase II under the Ministry of Water , Sanitation and Irrigation. The financial statements are for the Lake Victoria South Water & Sanitation Project Phase II as required by Section 81 of the PFM Act, 2012 .

### **10.3 Reporting currency**

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

### **10.4 Recognition of receipts**

Lake Victoria South Water & Sanitation Project Phase II recognises all receipts from the various sources when the event occurs, and the related cash has actually been received.

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

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

#### **ii) External Assistance**

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

**Significant Accounting Policies (Continued)**

**iii) Other receipts**

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

**iv) Donations and grants**

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

**v) Proceeds from borrowing**

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

**vi) Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary.

**10.5 Recognition of payments**

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

**i) Use of goods and services**

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



**Significant Accounting Policies (Continued)**

**ii) Interest on borrowing**

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

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

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

**iv) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

**10.6 In-kind donations**

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

**Significant Accounting Policies (Continued)**

**10.7 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.

**10.8 Restriction on cash**

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

**10.9 Imprests and Advances**

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

**10.10 Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:

### **Significant Accounting Policies (Continued)**

- i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

**Annex 5** of this financial statement is a register of the contingent liabilities in the year.

### **10.11 Contingent Assets**

Lake Victoria Water and Sanitation Project Phase II 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 project 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.

### **10.12 Pending bills**

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



## **Significant Accounting Policies (Continued)**

### **10.13 Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

### **10.14 Third party payments**

During the year the project did not receive third party payments

### **10.15 Exchange rate differences**

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

### **10.16 Comparative figures**

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

**Significant Accounting Policies (Continued)**

**10.17 Subsequent events**

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

**10.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There were no prior year adjustments.

## 11. Notes to the Financial Statements

### 1. Transfers from Government entities

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

	2021/22	2020/21
	KShs	KShs
<i>Counterpart funding through Ministry of Water &amp; Irrigation</i>		
Counterpart funds Quarter 1	93,695,779	43,687,500
Counterpart funds Quarter 2	35,038,765	74,750,000
Counterpart funds Quarter 3	5,000,000	-
Counterpart funds Quarter 4	-	42,588,924
<b>Total</b>	<b>133,734,544</b>	<b>161,026,424</b>

### 2. Proceeds From Domestic and Foreign Grants

During the financial period to 30 June 2022, there was no grants received from donors.

### 3. Loan from External Development Partners

During the financial period to 30 June 2022, there was no Loans received.

### 4. Acquisition of Non-Financial Assets

	2021/22			2020/21	
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Payments	Cumulative to-date
	KShs	KShs	KShs	KShs	KShs
Construction of roads				-	-
Construction of civil works	133,734,544	-	133,734,544	161,026,424	565,009,269
Overhaul & refurbishment of construction and civil works				-	-
<b>Total</b>	<b>133,734,544</b>	<b>-</b>	<b>133,734,544</b>	<b>161,026,424</b>	<b>565,009,269</b>



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

**5. Cash And Cash equivalents**

	2021/22	2020/21
	KShs	KShs
Bank accounts (Note 5A)	18,874	18,874
Cash in hand (Note 5B)	-	-
Cash equivalents (short-term deposits) (Note 5C)	-	-
<b>Total</b>	<b>18,874</b>	<b>18,874</b>

Lake Victoria Water and Sanitation Project has one number of project accounts spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below:

**5. A Bank Accounts**

**Project Bank Accounts**

Details	2021-2022	2020-2021
	Kshs	Kshs
<u>Local Currency Accounts</u>		
Co-operative Bank of Kenya [A/c No. 01141295755600]	18,874	18,874
Total local currency balances	<u>18,874</u>	<u>18,874</u>
Total bank account balances	<u>18,874</u>	<u>18,874</u>

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account(s) as at 30<sup>th</sup> June 2022 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

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

**Special Deposit Accounts Movement Schedule**

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>(i) A/C Name [A/c No.....]</b>		
Opening balance	0	0
Total amount deposited in the account	0	0
Total amount withdrawn (as per Statement of Receipts & Payments)	0	0
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>0</b>	<b>0</b>
<b>(ii) A/c Name [A/c No.....]</b>		
Opening balance (as per the SDA reconciliation)	0	0
Total amount deposited in the account	0	0
Total amount withdrawn (as per Statement of Receipts & Payments)	0	0
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	<b>0</b>	<b>0</b>

*The special account was closed since the project ended.*

**5 .B Cash equivalents (short-term deposits)**

Description	2021-2022	2020-2021
	Kshs	Kshs
Kenya Commercial Bank [A/C No.....]	0	0
Co-Operative Bank of Kenya [A/C No.....]	0	0
Others ( <i>Specify</i> )	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

**6. Fund Balance Brought Forward**

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank accounts	18,874	18,874
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	<b>18,874</b>	<b>18,874</b>

**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II)**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

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

**7. Prior Year adjustment**

There was no prior year adjustment

**8. Changes in Receivable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Opening Receivables as at 1 <sup>st</sup> July 20xx	0	0
Closing account receivables as at 30 <sup>th</sup> June 20xx	0	0
Change in Receivables	0	0

**9. Changes in Accounts Payable**

Description	2021-2022	2020-2021
	Kshs	Kshs
Deposit and Retentions as at 1 <sup>st</sup> July 2021	0	0
Closing accounts payables as at 30 <sup>th</sup> June 2022	0	0
Change in payables	0	0

**10. Other Important Disclosures**

**1. Pending Accounts Payable (See Annex 3a)**

	Balance b/f FY 2020/2021	Additions for the period	Paid during the year	Balance c/f FY 2021/2022
Description	Kshs	Kshs	Kshs	Kshs
Construction of civil works	309,677,822	0	(133,734,544)	175,943,278
<b>Total</b>	<b>309,677,822</b>	<b>0</b>	<b>(133,734,544)</b>	<b>175,943,278</b>



**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II))**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**11. Prior Year Auditor-General's Recommendations**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Budget Performance	The budget fluctuations is a result of availability of Funds for utilization and hence can cause variation on the statement.	Not resolved	
2	Excess Funds Drawn by the Project	The project delay in funding and currencies used caused the difference. Also the project scope variation from the initial cost made a increase in project cost.	Not resolved	



.....  
 Mr. Christpine O. Juma  
 Ag. Chief Executive Officer



.....  
 Mr. Paul O. Agwanda  
 Project Coordinator

**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II))**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

**12. Annexes**

**Annex1 - Variance explanations - Comparative Budget and Actual amounts for FY 2021-2022**

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
<b>Receipts</b>					
Transfer from Government entities	80,000,000	133,734,544	53,734,544	167	The actual includes receipts from the last financial year that had delayed.
<b>Total Receipts</b>	<b>80,000,000</b>	<b>133,734,544</b>	<b>53,734,544</b>	<b>167</b>	
<b>Payments</b>					
Acquisition of non-financial assets	80,000,000	133,734,544	53,734,544	167	The payments relates to pending bills and the budget adjustment was reduced after the payment had been made.
<b>Total payments</b>	<b>80,000,000</b>	<b>133,734,544</b>	<b>53,734,544</b>	<b>167</b>	

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Project Name:		Break down of transfers from the Ministry Finance		
a.	Government Counterpart funding		Bank Statement Date	Amount (Kshs)
				Indicate the FY to which the amounts relate
		Total		
B.	Direct payments		Bank Statement Date	Amount (Kshs)
				Indicate the FY to which the amounts relate
		Total		
C.	Others		Bank Statement Date	Amount (Kshs)
				Indicate the FY to which the amounts relate
		Total		
		Total (A+B+C)		

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

Project Coordinator  
Lake Victoria South Water Works development Authority



**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II))**  
**Annual Report and Financial Statements for the financial year ended June 30, 2022**

Sign ----- Sign-----

**Annex 3a - Analysis of Pending Bills**

Supplier of Goods or Services	IPC	Outstanding Balance 2021/22	Outstanding Balance 2020/21	Comments
Construction of Civil Works: Water supply Systems in Keroka & Isebania- Zhongmei Engineering	12 A	-	10,281,810	The amount is paid by the GOK Counterpart on budgeting. The payment is made through disbursed budget allocation.
	12 B	-	45,705,442	
	Retention 1	59,495,770	59,495,770	
	Retention 1	92,000,000	92,000,000	
Completion of Kericho sewerage works- Zhongmei Engineering	7	24,447,508	94,755,427	
Consultancy for Design and Supervision-GIBB Africa Ltd	15	-	7,439,374	
<b>Grand Total</b>		<b>175,943,278</b>	<b>309,677,822</b>	

**LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II))**  
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**Annex 4 – Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs)	Donations in form of assets (KShs)	*Purchases/ Additions in the Year (KShs)	**Disposals in the Year (KShs)	Transfers in/(out) KShs 2021/2022	Closing Cost (KShs) 2021/2022
	2021/2022	2021/2022	2021/2022	2021/2022	(d)	(e) = (a) + (b) + c - (d) + (-) d
	(a)	(b)	(c)	(d)	(d)	
Motor Cycles	2,250,000	-	-	-	-	2,250,000
Double Cab Pickups	8,000,000	-	-	-	-	8,000,000
SUV Vehicle	3,580,000	-	-	-	-	3,580,000
Sludge Exhausters Vehicles	38,267,770	-	-	-	-	38,267,770
Laptops & Copiers	909,480	-	-	-	-	909,480
Furniture	501,180	-	-	-	-	501,180
Tractors	27,930,000	-	-	-	-	27,930,000
Skips & Skip Loaders	24,423,000	-	-	-	-	24,423,000
<b>Total</b>	<b>105,861,430</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,861,430</b>

***LAKE VICTORIA WATER SUPPLY AND SANITATION PHASE II (LVWATSAN II))  
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**Annex 5: Other Support Documents**

- i. Bank Reconciliations statement as at 30<sup>th</sup> June 2022