

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**THE AUDITOR-GENERAL**

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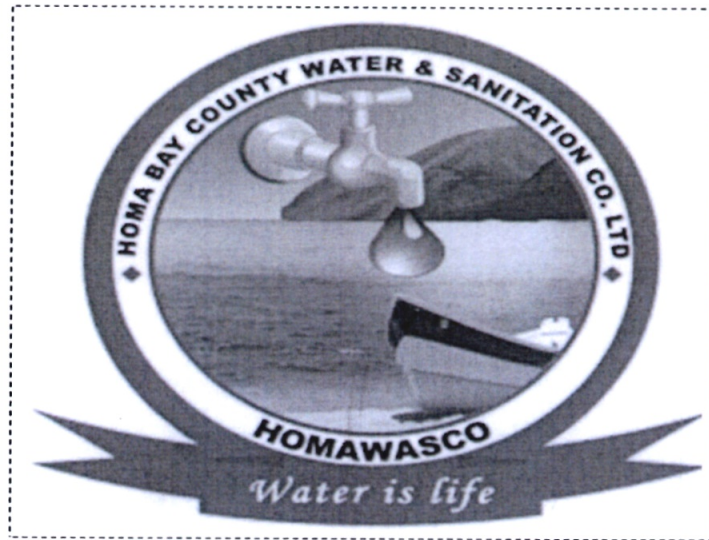
**ON**

**HOMA BAY COUNTY WATER AND  
SANITATION COMPANY LIMITED**

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



**Homa Bay County Water & Sanitation Company Ltd**  
**Annual Reports and Financial Statements For the year ended June 30 2023**



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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

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**Prepared in accordance with the Accrual Basis of Accounting Method under the**  
**International Financial Reporting Standards (IFRS)**



**Homa Bay County Water and Sanitation Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

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**1. Acronyms and Glossary of Terms**

*Provide Acronyms and glossary of terms that appear in this annual report and financial statements.*

<i>ICPAK</i>	<i>Institute of Certified Public Accountants of Kenya</i>
<i>IFRS</i>	<i>International Financial Reporting Standards</i>
<i>MD</i>	<i>Managing Director</i>
<i>PFM</i>	<i>Public Financial Management</i>
<i>PSASB</i>	<i>Public Sector Accounting Standards Board</i>
<i>WASREB</i>	<i>Water Services Regulatory Board</i>



## **2. Key Entity Information**

### **Background information**

Homa Bay County Water and Sanitation Company Limited (the then South Nyanza Water and Sanitation Company), was established under the Company's Act Cap 486 on 12<sup>th</sup> June 2006. The Company was formed by the defunct local authorities and given the mandate of providing water and sanitation services within eight Sub-Counties:- Mbita, Suba, Kasipul, Karachuoyo, Rangwe, Kabondo, Ndhiwa and Homa Bay Township. Homa Bay County Government is the major shareholder of the Company.

In August 2014, South Nyanza Water and Sanitation Company changed its name with the Registrar of Companies Kenya to Homa Bay County Water and Sanitation Company Limited, in the spirit of devolution, which brought fourth County Governments.

### **Principal Activities**

The principal activity of the Company is that of offering water and sanitation services within Homa Bay County.

### **2.1 Vision, Mission and Core Values**

#### **2.1.1 Vision**

A recognized and respected leader in provision of water and sanitation services in Kenya

#### **2.1.2 Mission**

To provide safe, reliable, and affordable water and sanitation services to all residents of Homa Bay County

#### **2.1.3 Core Values**

- **Customer Focus:** We recognize that our customers are the reason why we exist, and shall therefore endeavour to provide services that meet their needs.
- **Accountability:** We are responsible to the citizens in providing safe and reliable water and sanitation services.
- **Creativity and Innovation:** We encourage and reward creativity and positive risk taking
- **Integrity:** We embrace honesty, truthfulness, and adherence to ethical principles in discharging our mandate
- **Professionalism:** We will take a professional and objective approach in all operations. We will uphold competence, prudence and excellence in our work.
- **Teamwork:** We work as a cohesive team supporting each other and harnessing different skills to achieve its goals.



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**Directors**

The Directors who served the entity during the year/period were as follows:

1. Prof. George O. Krhoda	Chairman	-Appointed on 29.03.2018
2. Dir. Zablon Were	Member	- Appointed on 29.03.2018
3. Dir. Isdora Akinyi	Member	- Appointed on 29.03.2018
4. Dir. Millicent Matengo	Member	- Appointed on 29.03.2018
5. Dir. Lenjulians Onano	Member-Rep. CEC Water	- Appointed on 29.03.2018
6. Mr Evans L. Nyagol	MD	- Appointed on 20.10.2015
7. Hon David Korikko	Member-CEC Finance	- Appointed on 30.10.2018
8. Dir. Kenneth Onyango	Member	- Appointed on 30.03.2019
9. Dir. Elector A. Opar	Member	-Appointed on 01/06/2021

NOTE: Member CEC-Member of County Executive Committee

The MD sits in the board as an executive member, the rest of the directors are Non-executive.

**Company Secretary**

Company Secretary

1. Olotch & Company Advocates  
Advocates, Commissioners for oaths & Certified Public Secretaries  
Queensway House  
5th floor, Kaunda Street  
P.O. Box 7146-00100  
Nairobi, Kenya

**Registered Offices**

Homa Bay County Water and Sanitation Company Ltd

Kendu - Homa Bay Road/Highway

P.O. Box 4, 40300

Homa Bay, KENYA

**Corporate Headquarters**

Homa Bay County Water and Sanitation Company Ltd

County Assembly Road,

Next to New TSC -Nyanza Regional Offices

P.O. Box 4, 40300...

Homa Bay, KENYA

Telephone: +254717428030

E-mail: [homawater@yahoo.com](mailto:homawater@yahoo.com)/ [homawater@gmail.com](mailto:homawater@gmail.com)

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**Corporate Bankers**

1. Kenya Commercial Kenya  
Homa Bay Branch  
P.O. Box,40300, Homabay  
Kenya
  
2. Co-operative Bank of Kenya  
Homa Bay Branch  
P.O. Box,40300, Homabay  
Kenya
  
3. Equity Bank Ltd  
P.O.Box Homa Bay Branch  
Kenya

**Independent Auditor**

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




**Principal Legal Advisers**

The Attorney General  
State Law Office, Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya







3. The Board of Directors

II. THE BOARD OF DIRECTORS- DURING THE YEAR 2021/22

<p>1. CPA(K). Joseph Ochanda</p> 	<p>Age: 41 Qualifications: CPA(K)  BCOM, CPA, CS</p>	<p><u>CAREER PROFILE</u> He is an Accountant I. E. B. C, Parents Association Chairperson Agoro Sare High School Current Chairperson of the Board</p>
<p>2. Dir. Zablon Were</p> 	<p>Age : 62  Diploma Electrical Engineering (Related trainings locally and abroad)</p>	<p><u>CAREER PROFILE</u> Has vast experience in electrical engineering, having worked with Africa Synthetic Fibres and Sunflag Textiles</p>
<p>3. DIR. ELECTOR A. OPAR</p> 	<p>Age:55 Qualification: MA(Community Development),BA(Psychology &amp;Sociology) •</p>	<p><u>CARRER PROFILE:</u> Currently County Director Youth Development Homa Bay County, Worked with Ministry of Youth affairs and sports as Principal Youth Development Officer, Deputy Provincial Director of Culture and headed the Visual arts and indigenous health and nutrition Department.</p>

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<p>4. Dir. Isdora Akinyi</p> 	<p>Age: 37yrs Qualifications:</p> <ul style="list-style-type: none"> <li>• Degree in Gender and Development Studies</li> <li>• Diploma in Project Management</li> <li>• Diploma in Management of Information Systems</li> </ul>	<p><u>CAREER PROFILE</u> Has vast experience in project management of development projects, having previously worked with Catholic Relief Services and APHIA plus as a project Coordinator. Currently a business lady running her own Pharmacy (Domakis Pharmaceuticals Limited) and an Events Planner.</p>
<p>5. Dir. Lenjulians Onano</p> 	<p>Age: 40yrs Qualifications Higher diploma in Project Planning &amp; Management Diploma in Monitoring &amp; Evaluation Diploma in Criminology</p>	<p><u>CAREER PROFILE</u> Has served in different ranks in Government security institutions. He is currently working in County department of Water &amp; Environment and is a shareholder director in the Board, representing the Parent Ministry. He is also a partner in a Private Crimes investigation company.</p>
<p>6. Thomas O. Nyonje-MD (Ag.)</p> 	<p>Age: 54 Qualifications: MBA, Bachelor of Education Arts</p>	<p><u>CAREER PROFILE</u> Has vast managerial experience having served as a CEO of Innovative Securities Solution, Regional Manager Western Security Group Kenya Limited, Regional Manager Western KK Security Ltd and Human Resource Manager World Bank. He sits in the board as an executive director.</p>
<p>7. Dir. Kenneth Onyango</p> 	<p>Age: 53 Qualification: Bcom,; MBA strategic Management</p>	<p><u>CAREER PROFILE</u> Worked in top management of KRA for over 20 years.</p>







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**BOARD COMMITTEES**



<b>COMMITTEE</b>	<b>NAME</b>	<b>POSITION</b>
<b>1. FINANCE &amp; HUMAN RESOURCE COMMITTEE</b>	I. Elector A. Opar	Member
	II. Kenneth Onyango	Chairperson
	III. CEC Finance Representative	Member
<b>2. TECHNICAL COMMITTEE</b>	I. Isdora Akinyi	Chairperson
	I. Zablon Were	Member
	II. Lenjulian Onano	Member
<b>3. INTERNAL AUDIT COMMITTEE</b>	I. Isdora Akinyi	Chairperson
	II. Zablon Were	Member
	III. Lenjulian Onano	Member

**3.1 MANAGEMENT TEAM**

<p>1. Thomas O. Nyonje</p> 	<p><b><u>Qualification:</u></b>                  Qualifications: MBA, Bachelor of Education Arts</p> <p><b><u>Responsibility:</u></b>                  Managing Director (CEO)</p>
<p>2. Pamela Ochieng Olotch</p>	<p><b><u>Qualification:</u></b>                  CPS(K)</p> <p><b><u>Responsibility:</u></b>                  Company Secretary</p>
<p>3. CPA Lydia Ouma.</p> 	<p><b><u>Qualification:</u></b>                  B.Com, Accounting                  CPA (K)</p> <p><b><u>Responsibility:</u></b>                  Commercial Manager</p>
<p>4. CPA Samuel Ngicho</p> 	<p><b><u>Qualification:</u></b>                  CPA(K)                  B.Com, Finance</p> <p><b><u>Responsibility:</u></b>                  Internal Audit Manager</p>
<p>5. Liz Amolo</p> 	<p><b><u>Qualification:</u></b>                  Bsc. Human Resources                  MBA Human Resources</p> <p><b>Human Resource Manager</b></p>



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<p>6. Eng. Collins Obango</p> 	<p><b><u>Qualification:</u></b> Bsc. Mechanical Engineering</p> <p><b><u>Responsibility:</u></b> Technical Manager</p>
<p>7. Zeddy Omondi</p> 	<p><b><u>Qualification:</u></b> BBM(Finance &amp;Banking) CPA(K) Member of ICPAK</p> <p><b><u>Responsibility:</u></b> Finance Manager</p>

**4. Chairman's Statement**

It is my pleasure on behalf of the Board, to present to you this annual report for the financial year ended 30 June 2023. We started serious strategic focus back in the year 2017 with a view to Improve our water supply capacity through acquisition of new water plants in Homa Bay, Oyugis, Kendu Bay and rural water set-ups within Homa Bay County; to improve revenue for financial sustainability; improve staff capacity; and focus on customer care and good Corporate Governance.

We anticipate to start production on the newly build water plants in Oyugis and Kendu Bay in the next one or so years bringing additional 18,000 cubic meters of water per day to the residents of the two service areas mentioned.

Water alone is not our priority. In the next three years, discussion is in top gear with KFW, and USAID through partnership to develop new sustainable waste water facilities in Homa Bay and other parts of the County. Oyugis facility development process is at advanced stages and soon this will come to reality. Good partnership has seen the company achieve a lot of milestones in the past five years and still we are committed to looking for more partners to help us achieve these noble goals. In the coming years, Lake Victoria water works Development Agency, DUNEA water works (Netherlands) and UNICEF are just but a few cases we are sure of dealing with in the coming years.

I must thank my fellow Board members and committee chairpersons, for their selfless service and dedication to fulfil their oversight mandate. We are optimistic that soon our economy will open up, back to normal so that we can push the Board's mandate even further in the coming financial year. It is also my hope that all stakeholders will continue supporting the company in all the ways possible as they have always done in the past. Together we shall win.

Thank You All.



**Chairman – Board of Directors**



**5. Report of the Managing Director**

**Introduction**

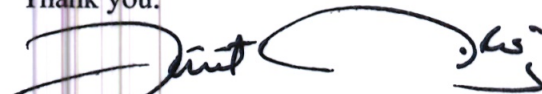
This report highlights and outlines the activities and actual performance of Homa Bay County Water and Sanitation Company for the year ended 30th June 2023. It is pleasing to note that despite the challenges the operating environment continues to pose, the Company has managed to supply quality water to its valued customers with minimum disruptions in the year. Financing major capital works in order to satisfy the growing water demand and reducing the levels of unaccounted for water in the supply area remained biggest challenges in the year under review. In the FY 2022/23, the company continued with its effort towards improvement of revenues and operations stabilization. The company recorded turnover of Kshs 141,910,563 against operating expense of Kshs 145,731,114, leaving a total operating deficit before tax of Kshs. 8,880,474.

The company is yet to achieve sustainable operations since it still relies on County Government of Homa Bay subsidies who settles company power bills. The water coverage is still below 50%, plant production capacity is still at 31% of demand in all water schemes and therefore client satisfaction is low due to the limited supply. The company fell short of the budgeted production by 48% due to failure to kick start operationalization of three new production plants in Kendu bay and Oyugis schemes which were expected to boost the production capacity by 20%.

However, the company has been working with various stakeholders to transform itself to a commercially viable enterprise with key focus on service delivery. Kenya Government through Lake Victoria South Water Works Development Agency (LVSWWDA) approved funding for the development of three (3) new water plants in West Karachuonyo, Oyugis and Kendu Bay with Oyugis at 95% and Kendu bay at 93% of completion. This therefore means that in our next financial year reporting the two will be ready for production. WASREB has been instrumental in ensuring proper governance of the company through Board training/Board oversight and, the County Government of Homa Bay has been supporting the company in ensuring smooth water supply operations.

We still collaborate with Dunea-Netherlands for capacity development –staff & operations for NRW reduction thus we hope to achieve operational efficiency in the near future. The Phase two of our engagement is already running, which will see new investments projects being implemented. This together with other proposed projects will give new life in production capacity of the company in the next two years.

Thank you.



**Thomas O. Nyonje**  
**Ag. Managing Director**

**6. Statement of Performance Against Predetermined Objectives for FY 2022/2023**

HOMAWASCO had FIVE strategic themes and objectives within the Strategic Plan for the Year 2020- 2022. The Strategic Plan for the year 2023-2025 is still on going.

These strategic themes were as follows:

Theme 1: Water and sewerage infrastructure development

Theme 2: Operation Efficiency

Theme 3: Financial Sustainability

Theme 4: Human Resource Development

Theme 5: Customer Service

*HOMAWASCO* develops its annual work plans based on the above five themes. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Company achieved its performance targets set for the FY 2022/2023 period for its five strategic themes, as indicated below:

Strategic Theme 1: Water and sewerage Infrastructure Development

- a) Objectives: Increase water supply coverage in urban schemes from 31% to 50% by 2022
- b) Expand water supply coverage in rural & low income areas from 10% to 30% by 2022.
- c) Increase Sewerage coverage from 4% to 10% by 2022

Activities

- i) Finalize the construction of Homa Bay, Oyugis, Kendu Bay water supply scheme projects.
- ii) Rehabilitate water intakes, storage tanks, filtration & treatment plants in urban centres
- iii) Upgrade and extend distribution network in urban water supply
- iv) Increase communal water access points in the low income areas
- v) Rehabilitate 12km of existing sewerage system
- vi) Design obtain approvals and seek funding for construction of a new sewerage plant
- vii) Extend 15 Km of Sewerage network

Key performance Indicators:

- 1) Completed and commissioned water supply schemes
- 2) No of facilities rehabilitated
- 3) Rehabilitated boreholes & schemes
- 4) No of Borehole developed
- 5) Km of Sewerage pipeline Extended
- 6) Completed sewer designs, Approvals and funding proposal



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**Strategic Theme 2: Operation Sustainability (Efficiency)**

**Objectives:**

- a) Reduce Energy cost by 25% by 2022
- b) Reduce Non-Revenue Water (NRW) from 53% to 35% by 2022
- c) To secure company assets and optimize resources utilization
- d) Automate and integrate 50% of all business processes by 2022
- e) Strengthen Monitoring, Evaluation & Reporting framework

**Activities:**

- a) Establish Energy cost reduction & management strategy
- b) Increase use of alternative energy sources in standalone water projects

**Key performance Indicators:**

1. Conduct an energy audit in all operations, plants and process to identify energy saving opportunities
2. Install & operationalize solar water pumping system in boreholes

**Strategic Theme 3: Financial Sustainability**

**Objectives:**

- a) Improve O&M Cost coverage from 64% to 90% by the year 2022
- b) Improve O&M Cost coverage from 64% to 90% by the year 2022
- c) Improve revenue collection efficiency from 90% to over 100% by 2022
- d) Improve Billing efficiency from 90% to 95% by 2022
- e) Reduce overdue accounts receivables by 50% annually

**Activities:**

1. Develop and seek approvals of a new tariff structure from WASREB
2. Roll out and fully implement reviewed tariff structure
3. Connect and meter 2,500 new connections annually
4. Develop and implement a cost control strategy.
5. Increase water sales revenues from Kshs 36.5 M to over 90M per Annum by 2022

**Key performance Indicators:**

1. New tariff structure put in place
2. Number of new connection targets achieved
3. Sales revenue targets achieved

**Strategic Theme 4: Human Resource Development**

**Objectives:**

- a) Improve staff productivity level from 14 to 10 employees per 1000 connections by June 2022
- b) Promote gender equality as an integral part of HOMAWASCO's value system

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Activities:

1. Develop Gender mainstreaming policy
2. Conduct companywide sensitization on gender mainstreaming policy
3. Undertake training needs analysis
4. Capacity build staff & managers through training and management development

Key performance Indicators:

1. Gender mainstreaming policy developed
2. Sensitization Done throughout the company
3. Training needs analysis Done and implemented
4. Management and staff trained
5. Presence of performance management system in the company

Strategic theme 5: Customer Services

Objective: To increase customer satisfaction level from 74% to 90% by 2022

Activities:

- a) Conduct a customer satisfaction survey
- b) Review the current customer service charter
- c) Enhance customer communication and engagements

Key performance Indicators:

The review of the charter to be done after upon disbursement of the funds

1. Customer survey report available
2. Customer Complaints report and response

<b>Strategic Pillar/Theme/Issues</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
<b>Theme1:</b>	Water and sewerage infrastructure development	1)Completed and commissioned water supply schemes 2)No of facilities rehabilitated 3)Rehabilitated boreholes & schemes 4)No of Borehole developed 5)Km of Sewerage pipeline Extended 6)Completed sewer designs, Approvals and funding proposal	i)Finalize the construction of Homa Bay, Oyugis, Kendu Bay water supply scheme projects. ii)Rehabilitate water intakes, storage tanks, filtration & treatment	New plant in Kendu Bay-Kokwanyo with a capacity of 5,700m <sup>3</sup> ,Oyugis new plant with a capacity of 12,300m <sup>3</sup> Mbita rehabilitated with a production of 1800m <sup>3</sup>  7 boreholes in operation



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			<p>plants in urban centres</p> <p>iii) Upgrade and extend distribution network in urban water supply</p> <p>iv) Increase communal water access points in the low income areas</p> <p>v) Rehabilitate 12km of existing sewerage system</p> <p>vi) Design obtain approvals and seek funding for construction of a new sewerage plant</p> <p>vii) Extend 15 Km of Sewerage network</p>	
<b>Theme2:</b>	Operation Efficiency	1. Conduct an energy audit in all operations, plants and process to identify energy saving opportunities	a) Establish Energy cost reduction &	Solar installed in Mbita and Homa Bay

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		2. Install & operationalize solar water pumping system in boreholes	management strategy b) Increase use of alternative energy sources in standalone water projects	Water kiosks operating on solar energy at pap ndege, Adongo, Olodo, God Bondo
<b>Theme3:</b>	Financial Sustainability	1. New tariff structure put in place 2. Number of new connection targets achieved 3. Sales revenue targets achieved	1. Develop and seek approvals of a new tariff structure from WASREB 2. Roll out and fully implement reviewed tariff structure 3. Connect and meter 2,500 new connections annually 4. Develop and implement a cost control strategy. 5. Increase water sales revenues from Kshs 36.5 M to over 90M per Annum by 2022	Achieved 95% metering ration



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<b>Theme4:</b>	Human Resource Development	<ol style="list-style-type: none"> <li>1. Gender mainstreaming policy developed</li> <li>2. Sensitization Done throughout the company</li> <li>3. Training needs analysis Done and implemented</li> <li>4. Management and staff trained</li> <li>5. Presence of performance management system in the company</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop Gender mainstreaming policy</li> <li>2. Conduct companywide sensitization on gender mainstreaming policy</li> <li>3. Undertake training needs analysis</li> <li>4. Capacity build staff &amp; managers through training and management development</li> </ol>	<p align="center">-</p> <ul style="list-style-type: none"> <li>• Gender guidelines developed.</li> <li>• Management, Staff and Board members trained</li> <li>• Appraisal tool kit in place</li> </ul>
<b>Theme5:</b>	Customer Service	<ol style="list-style-type: none"> <li>1. Customer survey report available</li> <li>2. Customer Complaints report and response</li> </ol>	<ol style="list-style-type: none"> <li>a) Conduct a customer satisfaction survey</li> <li>b) Review the current customer service charter</li> <li>c) Enhance customer communication and engagements</li> </ol>	Customer complain reports available

## **7. Corporate Governance Statement**

### **a) Board Meetings and Attendance**

During the year 2022/2023, the Board had a total of twenty five sittings. These comprised of seventeen committee sittings, seventeen full board meetings. During these sessions all board members were in attendance.

### **b) Succession Plan**

There is a plan where if the sitting chairperson leaves, members can choose another among themselves to replace the person. There are also rotations of terms of the board members where one must retire every cycle.

### **c) Board Charter**

Currently there is no board charter, but the process is ongoing to prepare one. This will be ready in the next financial year.

### **d) Recruitment and Removal Process**

Upon the retirement of a director, the position shall be advertised as per the WASREB guidelines on either of the following or both local notice boards HOMAWASCO offices, Water departments, County Government offices, Daily newspaper or standard newspaper for at least 14 days.

HOMAWASCO (Water Company) will receive applications letters from the candidates and send to the CECM in charge of Water as the shareholder who will appoint a select committee of three persons representing different groups to interview applicants for the vacant position.

HOMAWASCO MD-Performs the secretariat duties during the interview. The report containing the results and Select Committee recommendation is therefore submitted to the CECM in Charge of Water for approval, after which the person selected will be presented to the AGM for ratification. This must be captured in the AGM minutes.

### **e) Roles and Functions**

Functions of HOMAWASCO Board of Directors are:

- Develop the Company's approach to, and disclosure of, corporate governance practices and oversee the development by the governance, ethics and its compensation.
- Ensure that strategic planning process is in place and approved, at least on an annual basis, a strategic plan which may take into account, among other things, the longer term opportunities and risks of the business;
- Approve the Company's annual operating and capital budgets;
- Review operating and financial performance results in relation to the Company's strategic plan and budgets.



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- Approve all significant decisions outside of the ordinary course of the Company business, including major financings, acquisitions, and dispositions or material departures from the strategic plan or budgets;
- Review the disclosure in the Company public disclosure documents relating to corporate governance practices and conduct a periodic review of the relationship between management and the Board, particularly in a view to ensure effective communication and the provision of information to directors in a timely manner;
- Approve all the Company's policies and other management systems

**f) Induction and Training**

Corporate induction is always done at the initial stage for all newly appointed Directors. There is always a budget for Directors trainings, but due to financial constraints, it was not done during the financial year under review.

**g) Conflict of Interest**

It's always the practice to declare conflict of interest before proceedings where a director has an interest. No cases of conflict of interest were shown during the year 2021/2022.

**h) Board remuneration**

It is always pegged on WASREB regulation which states that it should not surpass 2% of operation cost. This has always been observed by management.

**i) Ethics and Governance audit**

No Governance audit was carried out during the said period.

## **8. Management Discussion and Analysis Performance Overview**

### **8.0 Introduction**

The management of HOMA WASCO hereby presents to the shareholders and stakeholders report and statements on the financial performance of the company for the financial year ended 30<sup>th</sup> June 2023. The year came with many challenges being an election year, which saw the economy suffer thereby affecting businesses and HOMA WASCO was not exempted. Financially the spillover effect of pandemic liquidity challenge is yet to disappear fully though things are starting to appear good for normal operation. As a result of this, the company may not achieve most of its desired goals by the end of the year. The cash flow still remains a challenge hindering a lot of progress which is at a slower but steady pace. By commissioning one production plant mid this year, there is hope that volumes will change a little bit higher before the end of the financial period.

### **8.1 Revenues**

The company achieved a turnover of **Ksh.137.2million** against a budget of **Kshs 341.9million** representing **40%** performance, with a total expenditure of Ksh. **146.1million** leaving a deficit before tax of **Kshs.8.8million**.

The company had an average collection efficiency of **90%** against the Water Sector benchmark of **>95%** and an average of **47%** Non-Revenue Water level against a sector benchmark of **<25%**.

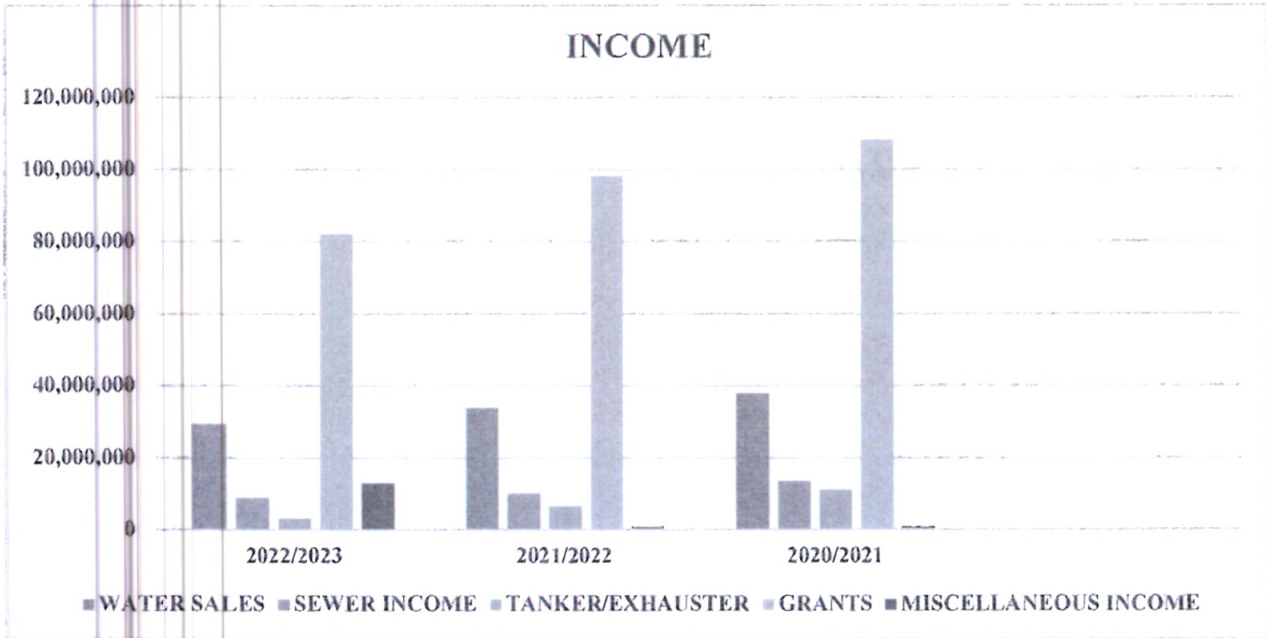
Metering ratio was at **100%** against a sector benchmark of **100%** metering. The **100%** metering refers to active connections only.

The major impediments on the achievement of the budget was non achievement of production target due to inadequate production capacity within the plants. The revenue from Donor grants also fell short of the target during the year by **61%** leading to reduced expenditure in project activities.

<b>FY</b>	<b>WATER SALES</b>	<b>SEWER INCOME</b>	<b>TANKER/ EXHAUSTER</b>	<b>GRANTS</b>	<b>MISCELLANEOUS</b>
2022/2023	29,524,085	9,049,662	3,388,241	82,117,679	13,156,634
2021/2022	33,967,473	10,314,738	6,644,500	98,309,463	780,665
2020/2021	37,936,649	13,612,061	11,144,501	108,323,312	740,277



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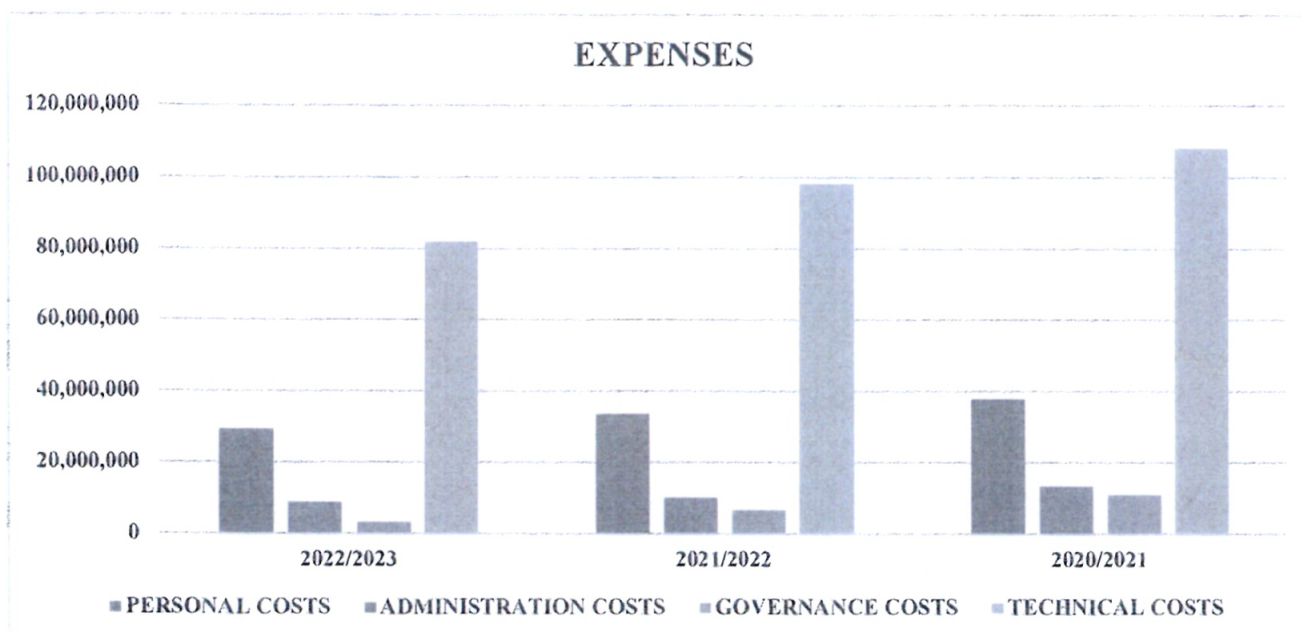


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**8.2 Expenditures**

The company incurred total operational expenditures of **Kshs. 146.1million** against a budget of Kshs. **341.5million**. These amounts included Grants from County and National government for both operational and capital activities. The cost recovery rate of the company stood at 91% against a sector benchmark of >100%. This is due to the suppressed sales as explained above.

<b>FY</b>	<b>PERSONAL COSTS</b>	<b>ADMINISTRATION COSTS</b>	<b>GOVERNANCE COSTS</b>	<b>TECHNICAL COSTS</b>
2022/2023	29,524,085	9,049,662	3,388,241	82,117,679
2021/2022	33,967,473	10,314,738	6,644,500	98,309,463
2020/2021	37,936,649	13,612,061	11,144,501	108,323,312



**8.3 Compliance with Regulatory Requirements**

The company has always strived to pay all statutory obligations as and when they fall due. These levies and fees are payable to WASREB, WASPA and WRA levies. There has been a cash flow challenge crippling this commitment over the past and presently. Amounts owed to these bodies as at 30 June 2023 were as follows:

	<u>2022/23</u>	<u>2021/22</u>
WASREB-	6,716,622	5,173,713
WRA -	1,813,521	1,813,521
LVSWWDA	24,511,441	24,411,441
<b>TOTAL</b>	<b><u>32,941,584</u></b>	<b><u>31,398,675</u></b>



#### **8.4 Risks**

The company faces several risks that might impede the achievement of its objectives. The major risks identified are:-

- ▶ Credit risk resulting from debtors not paying all their bills as and when they fall due
- ▶ Delay in electricity bills settlement by the County Government
- ▶ Insecurity caused by Political activities
- ▶ Water pollution at water sources E.g Rivers and lake
- ▶ Water theft and illegal connections
- ▶ Inadequate funding for pipeline expansion
- ▶ Inability to source for funds from the market to finance capital investment
- ▶ Water loss due to persistent bursts and leakages from old and dilapidated pipelines

#### **8.5 Developments**

As was stated here last financial year the major projects at Oyugis and Kendu Bay are about to start operation any time during next financial year with the completion rate being at 97% and 93% respectively. We anticipate to start production on the newly build water plants in Oyugis and Kendu Bay in the next one year bringing additional 18,000 cubic meters of water per day to the residents of the two service areas mentioned. New boreholes such as Rodi, Majiwa, Olodo, Adongo, Wiamen are already operational with encouraging growth in new customer registration.

### **9. Environmental and Sustainability Reporting**

#### **i) Sustainability strategy and profile -**

The Global Sustainable Development Goal (SDG 6) was meant to ensure access to clean, reliable and affordable water and sanitation for all by the year 2030. This reflection was tasked on Nations to invest on water and sanitation infrastructure improvement to a sustainable level by 2030. While substantial progress has been made in increasing access to clean drinking water and sanitation, billions of people—mostly in rural areas—still lack these basic services. Worldwide, one in three people do not have access to safe drinking water, two out of five people do not have a basic hand-washing facility with soap and water, and more than 673 million people still practice open defecation. Locally this has been attributed to by factors such as:

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1. Lack of coherent policies and Strategies at the county levels
2. Weak coordination between Counties and WSPs
3. Poor service standards at the County level
4. Lack of proper Planning and monitoring tools
5. Weak Financial policies and practices
6. Inadequate Financing to the sector
7. Poor human management practices in hiring, training, weak gender parity
8. Lack of effective information and control systems, integrity and transparency
9. Inadequate and in effective stakeholder engagements with the WSPs

At the company level in collaboration with the County Government, HOMA WASCO has put in place several measures to grapple with these inadequacies though not fully. Some of the measures already taken are:

- a) Developed management policies relating to Finance, HR, Technical, Gender and strategic plan within which the company's activities are run on a day to day basis, monitored quarterly and annually.
- b) The county Government of Homa Bay through the parent ministry has established a Governance interaction platform where all the stakeholders (WASREB, WSTF, LVSWWDA, NGOs, WASPA) share, discuss and agree on pertinent action points towards improving the water and sanitation stewardship and service delivery.
  - The forum carries out bottleneck analysis on performance to identify challenges underlying county specific challenges and develop action plan.
  - Build capacity of County Management and CMT members including planning, monitoring and review as contained in the PFM act 2021 and water service regulation 2021.
  - The secretariat will help perform bottleneck analysis to identify challenges affecting utility financing and develop action plan that will improve



sustainability in terms of quality of service (improve water and sanitation coverage and service area), economic efficiency (increase Operation Cost Recovery and collection efficiency), and operation sustainability (reduce Non-Revenue and increase metering ratio).

- The company through UNICEF developed a gender policy document that is already being implemented. The secretariat will help the utility strengthen gender parity strategies within the company and staff capacity.
- In the near future the utility will be guided by the secretariat to ensure budgets and expenditures are uploaded in the website and presented to a wider sector stakeholder to boost transparency through such collaboration, HOMA WASCO is moving towards achieving one of its key goal of providing water to customers sustainably in the next three years.

**ii) Environmental performance**

In the water treatment process, Aluminium Sulphate is used, which produces Aluminium Hydroxide flocculants/sludge as a by-product. In the AfDB-funded CRVWWDA/LVSWWDA - executed projects of **Oyugis and Kendu Bay** will have sludge drying beds and treatment for safe release to the environment. This also applies to the Belgian Homa Bay Cluster Project/CMI. Our sewerage system also discharges waste water to the lake (Victoria). All mechanisms have been taken to ensure safety of the discharge to the lake. Regular laboratory checks are done on a daily basis to observe accepted limits of waste content applying WHO standards, and NEMA approved parameters. The same tests are done quarterly at the Government laboratory for safety standard and satisfied.

**iii) Employee welfare**

The company carries out competitive recruitment process every time employees' hiring is done. This is managed within a well-documented HR policy which guides the entire process. In most of the departments like finance, HR, Audit the gender balance has been practiced fully. In other departments not mentioned, there is a strategy to fill this gap in the long run though currently it stands at 60 % balance. The entire organisation is at 50% gender balance in staffing. For the last five years, the company has engaged staff both senior, middle and lower cadres to short and long term trainings. Five of senior staff have been trained outside the country on Leadership skills, while majority of low and medium cadre staff have been seconded to KEWI, KASNEB, and Local

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Universities among others to develop their carriers while in employment. This has significantly boosted the morale and productivity of staff in the entire organisation with several achievements.

**10. Report of The Directors**

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

**Principal Activities**

The principal activity of the Company is that of provision of water and sanitation services within Homa Bay County

**Results**

The results of the entity for the year ended 30 June 2023 are set out on pages 1-6

**Directors**

The members of the Board of Directors who served during the year are shown on pages VI-IX In accordance with Regulation of the Company's Articles of Association.

**Auditors**

The Office of the Auditor General is responsible for the statutory audit of the Company in accordance with the Public Audit Act 2015, and sections 14 and 15 of the Public Finance Management (PFM) Act, 2012, which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

**Dividends**

The directors do not propose any dividend for the year.

By Order of the Board



Board Chairman  
Homa Bay County Water & Sanitation Co. Ltd

Date: 07/02/2024



## 11. Statement of Directors' Responsibilities

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

The Directors are responsible for the preparation and presentation of the *company's* financial statements, which give a true and fair view of the state of affairs of the *company* for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity;
- (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 *company*;
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for the *Company's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012. The Directors are of the opinion that the *company's* financial statements give a true and fair view of the state of *company's* transactions during the financial year ended June 30, 2022, and of the *Company's* financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the company, which have been relied upon in the preparation of the *company's* financial statements as well as the adequacy of the systems of internal financial control.

### Approval of the financial statements

The *company's* financial statements were approved by the Board on 29/09 2023 and signed on its behalf by:



Board Chairman

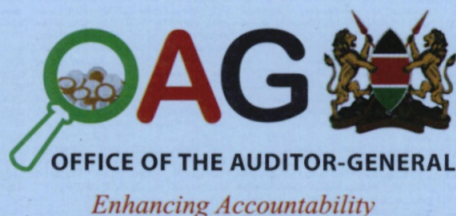


Ag. Managing Director  
Tom Nyenje



# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON HOMA BAY COUNTY WATER AND SANITATION COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE, 2023**

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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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Adverse Opinion**

I have audited the accompanying financial statements of Homa Bay County Water and Sanitation Company Limited set out on pages 1 to 43, which comprise the statement of financial position as at 30 June, 2023 and the statement of profit or loss and other

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*Report of the Auditor-General on Homa Bay County Water and Sanitation Company Limited for the year ended 30 June, 2023*



comprehensive income, statement of changes in equity, 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, because of the significance of the matters described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, in all material respects, the financial position of the Homa Bay County Water and Sanitation Company Limited as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, and does not comply with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

## **Basis for Adverse Opinion**

### **1.0 Undisclosed Assets in the Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 10 to the financial statements reflects property, plant and equipment balance of Kshs.197,765,668. However, review of the property, plant and equipment schedule as at 30 June, 2023 revealed that land and buildings owned by the Company of unknown value were not disclosed. Management did not provide explanation for the omission.

In the circumstances, the accuracy and validity of the property, plant and equipment balance of Kshs.197,765,668 as at 30 June, 2023 could not be confirmed.

### **2.0 Unsupported Trade and Other Receivables**

The statement of financial position and as disclosed in Note 13 to the financial statements reflects trade and other receivables balances of Kshs.72,161,374. Included in the balance is Kshs.2,000,000 owed by the defunct Homa Bay Municipality. However, review of the Municipality financial statements revealed no corresponding payable to the Water Company.

In the circumstances, the accuracy, validity and completeness of the trade and other receivables balance of Kshs.2,000,000 as at 30 June, 2023 could not be confirmed.

### **3.0 Failure to Transfer Shareholding**

As previously reported, the statement of financial position reflects ordinary share capital and initial capital of Kshs.2,831,702 as disclosed in Note 15 to the financial statements. The balance comprises 5,000 ordinary shares of Kshs.20 par value amounting to Kshs.100,000 and the initial capital of Kshs.2,731,702. Background information on page ii indicates that the Company is fully owned by the County Government of Homa Bay. However, search conducted at the Registrar of Business



Service, the Office of the Attorney General, and the Department of Justice revealed that the shares are still held by the defunct local authorities.

In the circumstances, the ownership of the Company during the year ended 30 June, 2023 could not be confirmed.

#### **4.0 Unreconciled Variance in Customer Deposits Balance**

The statement of financial position reflects customer deposits balance of Kshs.8,632,731 as disclosed in Note 19 to the financial statements out of which a balance of Kshs.7,445,480 represents deposits made in 2021/2022 and prior years and Kshs.1,187,251 made by customers during the year under review. However, review of customer deposits bank account revealed a balance of Kshs.47,363 resulting to unexplained and unreconciled variance of Kshs.8,585,368.

In the circumstances, the accuracy, validity and completeness of customer deposits balance of Kshs.8,632,731 could not be confirmed.

#### **5.0 Unsupported Amortization of Deferred Income**

The statement of financial position reflects net deferred income balance of Kshs.166,060,761 after amortization of Kshs.8,043,001 as disclosed in Note 20 to the financial statements. However, Management did not disclose by way of Notes the amortization policy in the financial statements.

In the circumstances, the accuracy, validity and completeness of deferred income balance of Kshs.166,060,761 could not be confirmed.

#### **6.0 Material Uncertainty Related to Going Concern**

The statement of profit or loss and other comprehensive income reflects operating loss of Kshs.8,047,423. The loss increased the already negative retained earnings from Kshs.30,482,934 to Kshs.38,530,357 as at 30 June, 2023. Further, the total current liabilities of Kshs.276,391,177 exceeded total current assets of Kshs.73,416,990 resulting to a negative working capital of Kshs.202,974,187. The unfavorable financial status implies that the Company may not be able to meet its obligations as and when they fall due. In addition, the Directors have not made any specific disclosure in the financial statements on the risk to the going concern status of the Company or indicated the measures planned to or taken to stop the loss-making trend and return the Company to profitability.

In the circumstances, the Company is technically insolvent and its continued existence as a going concern is dependent upon its creditors and the County Government of Homa Bay.

#### **7.0 Inaccuracies in the Financial Statements Comparative Balances**

The statement of profit or loss and other comprehensive income reflects comparative operating loss of Kshs.6,150,482 while the 2021/2022 financial statements reflects Kshs.5,309,816 resulting to unexplained and unreconciled variance of Kshs.840,666.



Further, the statement of profit or loss and other comprehensive income reflects comparative operating loss of Kshs.6,150,482 while the statement of changes in net assets reflects comparative loss of Kshs.5,309,816 resulting to unexplained and unreconciled variance of Kshs.840,666.

In addition, the statement of financial position exclude amount owed by shareholders of Kshs.100,000 which is included in the 2021/2022 financial statements. Also, comparative total assets casts to Kshs.275,106,651 while the statement reflects Kshs.275,206,652 resulting to unreconciled variance of Kshs.100,001. Further, the statement reflects total equity and liabilities comparative balance of Kshs.275,205,911 which is at variance with total assets of Kshs.275,206,652 resulting to a variance of Kshs.741 where the two balances should be equal

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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Homa Bay County Water and Sanitation Company Limited Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts for the year ended 30 June, 2023 reflects budgeted receipts and actual on comparable basis of Kshs.341,930,647 and Kshs.137,550,132 respectively resulting to a shortfall of Kshs.204,380,515 or 60% of the budget.

Similarly, the Company's approved expenditure budget was Kshs.341,528,029 and actual expenditure of Kshs.139,765,789 resulting to an under-expenditure of Kshs.201,762,240 or 59% of the budget.

The underfunding and underperformance may have affected the planned activities thereby impacting negatively on service delivery to the residents of Homa bay County.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the report of the previous year, several issues were raised under report on the financial statements, report on lawfulness and effectiveness in use of public resources and report on internal controls, risk management and governance. However, although the Management comments on follow-up of auditor's recommendations in Appendix 1 to the financial statement indicates that the Management had resolved all the issues as at 30 June, 2023, no corresponding evidence was provided for audit verification.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

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

### **Basis for Conclusion**

#### **1.0 Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees of the Company was one hundred and seven (107) out of which one hundred and two (102) or 95% were members of the dominant ethnic community in the county. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

#### **2.0 Overdrawn Bank Accounts**

The statement of financial position reflects a balance of Kshs.381,565 in respect to cash and cash equivalents which, as disclosed in Note 14 to the financial statements includes one bank account with negative bank balance of Kshs.1,481. This is contrary to Regulation 82(7) of the Public Finance Management (County Governments) Regulations, 2015 which states that no official County Government bank account shall be overdrawn.

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



### **3.0 Stalled and Delayed Projects**

#### **3.1 Expansion of Distribution Lines in Oyugis**

Review of records revealed that Management engaged a local contractor towards expansion of distribution pipelines in Oyugis Town – Mikai, St. Joseph and Masogo areas at a contract sum of Kshs.18,900,500 in September, 2022 for a period of six (6) months. The contractor had been paid a total of Kshs.14,021,190 or 74% of the total contract sum as at 30 June, 2023.

However, physical verification at the time of audit in December, 2023 revealed that the project had not been completed fifteen (15) months later and the contractor was not on site. Further, the following major items in the bills of quantities (BQ's) had not been done;

- i. Works at St. Josephs and Rawinji areas which entailed supply, lay and join DN 63mm PN 12.5 SDR II pipes in trench, including excavation, preparation of surfaces, disposal of excavated materials, shoving sides of excavation and backfilling billed at Kshs.6,880,000.
- ii. Provision and installation of 300 metered consumer connections each at Kshs.3,140. However, only 170 meters were provided leaving a balance of 130 meters billed at Kshs.408,200.

In the circumstances, the value for money on expenditure of Kshs.14,021,190 could not be confirmed.

#### **3.2 Stalled Construction of Ablution Blocks in Ndhiwa Sub-County**

Review of records revealed that Management entered into a six (6) months contract with a local contractor for the construction of ablution block in Ndhiwa Sub-County at a contract sum of Kshs.5,091,793. The contractor had cumulatively been paid a total of Kshs.3,177,538 or 62% of the total contract sum as at 30 June, 2023. However, the contract documents and certificates of interim payments were not provided for audit verification.

In addition, physical verification carried out in December, 2023, fifteen (15) months after the lapse of the expected completion period revealed the following inadequacies;

- i. The contractor abandoned the site and project appears to have stalled thereby resulting to nearby traders turning the incomplete block into a firewood store.
- ii. Although the walls were erected and roofing done, plastering, painting, windows and doors (all provided for in the Bills of Quantities) are yet to be done.
- iii. Septic tank and soak away pit billed at Kshs.800,000 has not been done.

In the circumstances, the value for money on expenditure of Kshs.3,177,538 for the year ended 30 June, 2023 could not be confirmed.



### **3.3 Incomplete Drilling and Equipping of Boreholes – God-Bondo and Ogongo Katuma Primary Schools**

The statement of financial position and as disclosed in Note 10 to the financial statements reflects a balance of Kshs.197,765,668 in respect to property, plant and equipment which include additions of Kshs.17,516,284 which further includes Kshs.7,125,555 in respect of water kiosks and buildings.

Review of records revealed that Management engaged a local contractor for drilling and equipping of boreholes in God-Bondo and Ogongo Katuma Primary Schools at a contract sum of Kshs.12,955,554. Clause 7 of the contract agreement provided that the contract duration was to be four (4) months from the date of commencement. As at 30 June, 2023, the contractor had cumulatively been paid Kshs.11,553,241 or 89% of the contract sum. However, the inspection and acceptance committee report and the interim payments certificates were not provided for audit review.

In addition, physical verification of the project at the time of audit in December, 2023 revealed that four (4) pit latrines provided for in the bills of quantities (BQ's) totaling to Kshs.1,635,360 scheduled to be constructed in God-Bondo village had not been constructed, a clear indication that the contractor had been overpaid before completion of works by Kshs.233,047.

In the circumstances, the value for money on expenditure of Kshs.11,553,241 for the year ended 30 June, 2023 could not be confirmed.

### **4.0 Non-Utilization of an Enterprise Resource Planning (ERP) Software**

Management signed an eighteen (18) months contract with a local contractor for supply, installation, customization, testing, commissioning and maintenance of an Enterprise Resource Planning (ERP) Software at a contract sum of Kshs.21,974,989 on 18 February, 2022. As at the time of audit in December, 2023, six (6) months after expiry of contract period, the service provider had been paid a total of Kshs.19,584,991 or 90% of the contract sum.

However, physical verification carried out in the month of December, 2023, revealed that the project was yet to be completed with ten (10) key modules/milestones not implemented or achieved. These modules include revenue and receipting; ticketing and complaints; asset disposal management; tendering process; GIS operations; employee time management; web portal for utility customers view their statement; water Management and successful user training.

In the circumstances, the value for money on expenditure of Kshs.19,584,991 for the year ended 30 June, 2023 could not be confirmed.

### **5.0 Trade and Other Payables**

#### **5.1 Delayed Payment of Employee Salaries**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables balance of Kshs.101,697,685 which



includes employees payables of Kshs.35,702,493 which further includes salary arrears totaling Kshs.18,065,682 that have been outstanding for more than one (1) year. This was contrary to Section 18(2) (c) of the Employment Act, 2007 which stipulates that, wages and salaries shall be deemed to be due in the case of an employee in position for a period exceeding one month, at the end of each month or part thereof.

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

## **5.2 Delayed Remittance of Statutory Deductions**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects trade and other payables balance of Kshs.101,697,685. Review of records revealed that the balance include unpaid Pay-As-You-Earn (P.A.Y.E) tax of Kshs.1,585,069, Withholding Tax of Kshs.5,244,904, Value Added Tax (VAT) input liability of Kshs.3,302,079, National Social Security Fund (NSSF) employer contribution of Kshs.4,772,208, NSSF employee contributions of Kshs.2,965,334, National Hospital Insurance Fund (NHIF) of Kshs.5,018,696 and Board tax payable of Kshs.1,578,063, all totalling to Kshs.15,919,370 which had been outstanding for more than twelve (12) months as at 30 June, 2023. Failure to remit the deductions infringed on Section 19(4) of the Employment Act, 2007 which requires statutory deductions to be paid to the relevant authorities in due time.

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

## **5.3 Failure to Remit Regulatory Levies**

Included in the trade and other payables balance of Kshs.101,697,685 is accrued levies of Kshs.44,732,732 as disclosed in Note 18 to the financial statements. Audit review revealed that it included water levies that the Company owed the Water Services Regulatory Board (WASREB) of Kshs.6,716,622, Water Service Providers Association (WASPA) subscriptions of Kshs.326,000, Lake Victoria South Water Services Board (LVSWSB) levies of Kshs.24,411,441 and Water Resource Management Authority (WARMA) of Kshs.1,542,909 as at 30 June, 2023. Management did not provide a plausible explanation for the failure to pay the levies in due time to avoid interest and penalties for non-compliance.

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

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



# REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

## Conclusion

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

## Basis for Conclusion

### 1.0 Non-Revenue Water

Records maintained by the Company during the year under review revealed that 774,566 cubic meters (m<sup>3</sup>) of water was produced, but only 450,720 m<sup>3</sup> of water was billed to customers. The balance of 323,846 m<sup>3</sup> or 42% of total volume represented non-revenue water (UFW), which is approximately seventeen percent (17%) above the allowable loss of twenty-five percent (25%) in accordance with Water Services Regulatory Board Guidelines.

The non-revenue water may have resulted in loss of sales estimated at Kshs.19,385,421 based on average sale rate of Kshs.59.86 per m<sup>3</sup> billed by the Company in the year under review.

The large ration of the non-revenue water is an indicator that the Company's water distribution system was inefficient during the year under review.

### 2.0 Failure to Fill in Key Staff Positions

Review of the human resource records revealed that Management has not substantively filled key positions as follows:-

Department	Number in Establishment	Number In Position	Variance
Department of Finance	7	3	4
Department of Internal Audit	4	2	2
Department of Supply Chain Management	6	3	3
Department of Technical Services	39	65	26
Department of Resource Mobilization	5	3	2
Scheme Managers	7	4	3
Department of Commercial Services	82	14	68

In the circumstances, it was not possible to ascertain whether the total staff in employment of the Company is at the optimal operating level.



### **3.0 Lack of Risk Management Policy and Framework**

As reported in the previous years, it was established that the Company has not established Risk Management Policy and Framework for assessing, identifying and mitigating operation and other common risks. This is contrary to Regulation 158 (1) (a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires accounting officers to develop risk management strategies that support robust business operations.

In the circumstances, it is not clear how the Management manages risk exposures.

### **4.0 Non-Compliance with Prescribed Asset Register Format**

Review of records revealed that Management did not maintain a fixed asset register in the prescribed format contrary to Regulation 136(1) of the Public Finance Management (County Governments) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. The register in place lacked identification or serial numbers and asset location.

In the circumstances, Management has not instituted proper mechanisms to safeguard the assets.

### **5.0 Deterioration of Motor Vehicles**

Review of status report of the assets owned by the Company as at 30 June, 2023 revealed that there are ten (10) motor vehicles that are used at the Company out of which two (2) are owned by the Company while eight (8) were donated by Lake Victoria South Water Works Development Agency (LVSWWDA). However, physical verification revealed that two (2), an Exhauster and a Water Boozer out the eight (8) motor vehicles donated by the Agency have been grounded for a long time within the precincts of the Company premises. Management did not prepare and submit a plan to have them repaired for use or disposal.

In the circumstances, the effectiveness of the controls over the fixed assets could not be confirmed.

### **6.0 Weak Information Technology (IT) Control Environment**

Review of the Company's IT control environment revealed that computers used by the Company's employees were protected by freeware instead of a stable antivirus software. In addition, the Enterprise Resource Planning (ERP) System in place is not able to generate log reports and reports on access rights. Further, the Company does not have the licenses for the Microsoft products in use.

In the circumstances, the Company's information systems infrastructure is prone to loss of data due to malicious software or external attack.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The Standards require that I plan and perform the audit to obtain assurance about whether



effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Companies Act, 2015, I report based on my audit, that:

- i. 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;
- ii. In my opinion, adequate accounting records have not been kept by the Company, so far as appears from the examination of those records; and,
- iii. The Company's financial statements are not in agreement with the accounting records and returns.

### **Responsibilities of Management and the Board of Directors**

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

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to liquidate the Company 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.

The Board of Directors is responsible for overseeing the Company'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.

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*Report of the Auditor-General on Homa Bay County Water and Sanitation Company Limited for the year ended 30 June, 2023*



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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting



from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the 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 Company's ability to continue as a going concern. 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 Company to continue as a going concern.
- 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 Company to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**19 April, 2024**



Homa Bay County Water Company Ltd

Annual Report and Financial Statements for the year ended June 30, 2023

13. Statement of Profit or Loss & Other Comprehensive Income for the Year Ended 30 June 2023.

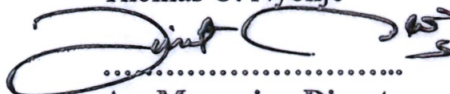
	Note	2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue</b>			
Operating Revenue	1	42,276,089	49,931,712
Grants Income	2	82,117,409	98,309,462
Miscellaneous income	3	13,156,634	780,665
<b>Total Revenue</b>		<b>137,550,132</b>	<b>143,375,504</b>
<b>Expenses</b>			
Staff Costs	4	35,478,338	31,438,355
General and Operations expenses	5	30,850,572	27,887,729
Board Expenses	6	1,419,200	1,325,322
Maintenance Expenses/Project costs	7	54,025,246	65,787,386
Depreciation and Amortization expenses	8	23,348,050	22,723,073
Finance Costs	9	476,149	364,121
<b>Total Expenses</b>		<b>145,597,555</b>	<b>149,525,986</b>
<b>Profit/(Loss) Before Taxation</b>		<b>(8,047,423)</b>	<b>(6,150,482)</b>
<b>Profit/ (Loss) After Taxation</b>		<b>(8,047,423)</b>	<b>(6,150,482)</b>
<b>Total Comprehensive Income For The Year</b>		<b>(8,047,423)</b>	<b>(6,150,482)</b>

Joseph Ochanda



.....  
Chairman of the Board

Thomas O. Nyonje



.....  
Ag. Managing Director

Zeddy Omondi




.....  
Head of Finance  
ICPAK  
M/No:28722

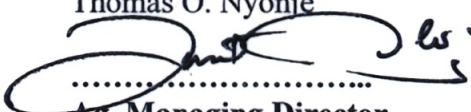
**Homa Bay County Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

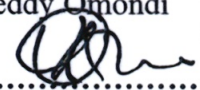
**14. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023**

	Note	2022/23	2021/22
		Kshs	Kshs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	10	197,765,668	195,576,735
Intangible assets	11	7,234,113	13,057,314
<b>Total Non-Current Assets</b>		<b>204,999,781</b>	<b>208,634,049</b>
<b>Current Assets</b>			
Inventories	12	874,051	2,857,638
Trade and receivable	13	72,161,374	63,330,391
Bank and cash balances	14	381,565	284,573
<b>Total Current Assets</b>		<b>73,416,990</b>	<b>66,472,602</b>
<b>TOTAL ASSETS</b>		<b>278,416,771</b>	<b>275,206,652</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Ordinary share capital	15	2,831,702	2,831,702
Capital Reserve	16	37,724,252	37,724,252
Retained earnings	17	(38,530,357)	(30,482,934)
<b>Capital and Reserves</b>		<b>2,025,597</b>	<b>10,073,020</b>
<b>Current Liabilities</b>			
Trade and other payables	18	101,697,685	83,584,391
Refundable deposits and Prepayments/ Customer	19	8,632,731	7,445,480
Deferred income	20	166,060,761	174,103,762
<b>Total Current Liabilities</b>		<b>276,391,177</b>	<b>265,132,891</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>278,416,774</b>	<b>275,205,911</b>

The financial statements were approved by the Board on 29/09 2023 and signed on its behalf by:

Joseph Ochanda  
  
 .....  
 Chairman of the Board

Thomas O. Nyonie  
  
 .....  
 Ag. Managing Director

Zeddy Omondi  
  
 .....  
 Head of Finance  
 ICPAK  
 M/No:28722



**15. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023**

	Notes	Ordinary share capital	Retained earnings	Capital/	Total
				Development Fund	
<b>As at July 1, 2021</b>		2,831,702	(25,173,118)	37,724,252	<b>15,382,836</b>
Profit for the year		-	(5,309,816)	-	<b>(5,309,816)</b>
<b>As at June 30, 2022</b>		<b>2,831,702</b>	<b>(30,482,934)</b>	<b>37,724,252</b>	<b>10,073,020</b>
<b>As at July 1, 2022</b>		<b>2,831,702</b>	<b>-</b> <b>30,482,934</b>	<b>37,724,252</b>	<b>10,073,020</b>
Profit for the year		-	(8,047,423)	-	<b>(8,047,423)</b>
<b>At June 30, 2023</b>		<b>2,831,702</b>	<b>(38,530,357)</b>	<b>37,724,252</b>	<b>2,025,597</b>

Homa Bay County Water Company Ltd  
Annual Report and Financial Statements for the year ended June 30, 2023

16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2022/23	2021/22
		Kshs	Kshs
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Operating Receipts	1	42,276,089	49,931,712
Grants Income	2	82,117,409	98,309,462
Other Income	3	5,113,633	780,665
Customer Deposits	19	1,187,251	1,139,125
<b>Total Receipts</b>		<b>130,694,382</b>	<b>150,160,964</b>
<b>Payments</b>			
Staff Costs	4	35,478,338	31,438,355
General And Operation Expenses	5	30,850,572	27,887,729
Board Expenses	6	1,419,200	1,325,322
Maintenance Expenses	7	54,025,246	65,787,386
Finance Costs	9	476,149	364,121
<b>Total Payments</b>		<b>122,249,505</b>	<b>126,802,913</b>
<b>Net Cash From/ (Used In) Operating Activities</b>		<b>8,444,877</b>	<b>23,358,051</b>
<b>Working Capital Changes</b>			
Decrease in inventories	21	1,983,587	(1,740,242)
Increase in trade and other receivables	21	(8,830,983)	(5,980,823)
Increase in trade and other payables	21	18,113,294	7,217,265
<b>Net Cash from Working Capital</b>		<b>11,265,898</b>	<b>(503,800)</b>
<b>Net Cash from Operating Activities</b>		<b>19,710,775</b>	
<b>Cash Flows from Investing Activities</b>			
Purchase Of Property, Plant And Equipment (PPE)	10	(17,516,284)	61,763,694
Purchase Of Intangible Assets	11	(2,197,499)	19,584,991
<b>Net Cash From/ (Used In) Investing Activities</b>		<b>(19,713,783)</b>	<b>81,348,685</b>
<b>Cash Flows from Financing Activities</b>			
Share Contribution	15	100,000	
<b>Net Cash From Financing Activities</b>		<b>100,000</b>	
<b>Net Incerase in Cash &amp; Cash Equivalents</b>		<b>96,992</b>	
<b>Cash And Cash Equivalents At Beginning Of Year</b>	<b>21</b>	<b>284,573</b>	<b>1,060,909</b>
<b>Cash And Cash Equivalents At End of the Year</b>	<b>21</b>	<b>381,565</b>	<b>284,573</b>



**Homa Bay County Water Company Ltd**  
**Annual Report and Financial Statements for the year ended June 30, 2023**

**17. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE  
YEAR ENDED 30 JUNE 2023**

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	e= c-d	f=d/c %
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	Xxx%
Operating Revenue	122,623,080	-	122,623,080	42,276,089	80,346,991	34%
Grants	210,847,980	-	210,847,980	82,117,409	128,730,571	39%
Misceleneous income	8,459,587	-	8,459,587	13,156,634	(4,697,047)	156%
<b>Total Revenue</b>	<b>341,930,647</b>	<b>-</b>	<b>341,930,647</b>	<b>137,550,132</b>	<b>204,380,515</b>	<b>40%</b>
<b>Expenses</b>						
Staff Costs	54,082,276	-	54,082,276	35,478,338	(18,603,938)	66%
Board Expenses	2,905,500	-	2,905,500	1,419,200	(1,486,300)	49%
General and operations Expenses	43,646,400	-	43,646,400	30,850,572	(12,795,828)	71%
Maintenance	57,948,353	-	57,948,353	54,025,246	(3,923,107)	93%
Finance costs	550,000	-	550,000	476,149	(73,851)	87%
<b>Total Recurrent Expenditure</b>	<b>159,132,529</b>	<b>-</b>	<b>159,132,529</b>	<b>122,249,505</b>	<b>(36,883,024)</b>	<b>77%</b>
<b>Profit or Loss</b>	<b>182,798,118</b>	<b>-</b>	<b>182,798,118</b>	<b>15,300,627</b>	<b>241,263,539</b>	<b>8%</b>
<b>Capital Expenditure</b>						
Capital Expenditure	182,395,500	-	182,395,500	17,516,284	(164,879,216)	10%
<b>Total Expenditure</b>	<b>341,528,029</b>	<b>-</b>	<b>341,528,029</b>	<b>139,765,789</b>	<b>(201,762,240)</b>	<b>41%</b>

## **Explanation of Variances**

### **1. Water Sales**

During budgeting, it was anticipated that three new production plants in Oyugis, Kendu Bay and other rural schemes will start operation within the period 2022/23 but this didn't materialize. The Production target which is the driver of all these other parameters was not achieved hence shortfall in annual revenue. There is hope that most of these new plants may be commissioned and start to boost production.

### **2. Tanker/Exhauster Income**

Same as in (1) above, water and exhauster sales rely heavily on the stated factors to record targeted sales volumes. The exhauster trucks rely heavily on learning institutions, the intense competition from private trucks has also resulted into our revenue. Two Trucks one for exhausting and the other for Water Broke down in the course of the year. This affected sales output in a big way hence the underachievement of target.

### **3. Grants from Government and Other Donors**

There was underperformance in this area due to inadequate resource mobilization strategies and financial constraint from the donor community. However, the company through the board has come up with Resource Mobilization Department to focus fully on the mobilization of funds.

### **4. Project Costs**

Because of limited funding, most of the projects were to be differed to the future due to donor hesitant and cash flow challenges. This Gain Excludes the capital project cost spent on various investments as noted above.

### **Conclusion**

The overall expenditure target was not fully absorbed as expected by 43% mostly due to constrained Revenue which also fell short of target by 58%. Management had to operate within the constrained revenue to avoid unnecessary huge losses. Another cause was under performance on production which equally did not meet the budget target. Infrastructural investment failed to materialise due to Less Donor funding which was the major source of financing for this area. The Grant budget under performed by 61% hindering investment plans which was meant to boost production. Without adequate investment in infrastructure, production remained constant hence the underperformance on revenue.



## **18. Notes to Significant Changes in Financial and Accounting Policies**

### **18.1. General Information**

Homa Bay County Water & Sanitation Co. Ltd is public liability company registered under the company's act 2015, established by Water Act 2002 (repealed and replaced by water act 2016). The company derives its authority and accountability from Section 164 of the PFM act 2012.

The entity is wholly owned by the County Government of Homa Bay and is domiciled in Kenya. The entity's principal activity is the provision of water and sanitation services within Homa Bay County.

### **18.2. Basis of Preparation & Statement of Compliance**

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost basis of accounting and presented in the functional currency, Kenya Shillings (Kshs) rounded to the nearest shilling.

The preparation of financial statements is in conformity with the IFRS requires the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the company'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 below.

### **18.3. Going Concern**

The Company made a loss after tax of Kshs -7,717,499 (2021: Kshs 5,309,816) during the year which resulted in accumulated losses totalling Kshs (34,303,486) (2022: retained earnings of Kshs (30,482,934). The directors have not indicated any willingness to discontinue the operations of the company in the next twelve months. The company has put in place the following measures to return the company to profitability

- The county government came up with Rapid Response initiative RRI with an aim of returning the company to profitability.
- Reduction of NRW
- 100% metering which is currently at 95%
- Eradication of field illegalities such as illegal connections, water theft through bypass.
- Using the relevant authorities to help pursue illegal consumers of water and sewer.
- Management has set up a sewerage collection and rehabilitation team to reactive all dormant sewerage pipeline within Homa bay town. This is expected to inject Kshs.1, 000,000 into the revenue stream.
- Through support of donors, makongeni water point which has been dormant for three years has been revived and now supplying water and sewerage services and is expected to generate over Kshs.500, 000 as revenue per month.
- The new water pipeline serving Pedo area in shauri yako is also expected to generate revenue of kshs400, 000 per month after installation of new line which is near completion.
- All the above is expected to generate revenue of KShs, 10,000.000 per month,

#### **18.4. Summary of Significant Accounting Policies**

The company is not intending to implement the standard at the moment. IAS 39 will still be applicable in the circumstances

##### **a) Earlier Adoption of Standards**

There is no intention to implement any standard in advance this financial year

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

##### **b) Revenue Recognition**

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria has been met before revenue is recognized:

###### **i) Provision of Water & Sewerage services**

Revenue from provision of water & sewerage services is recognized when these services are delivered to customers & billed by the company.

However, the amounts will be subjected to adjustments when errors are realized, in relation to meter readings and subsequent billings. Non-Revenue water is not recognized as income since it's not billed.

###### **ii) Grants**

Income from donors is recognized on cash basis. Grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

For example, a revenue grant is recognized as income over the years necessary to match the grant on a systematic basis to cost that it is intended to compensate.

Recurrent grants are recognized in the statement of comprehensive income. Development/ Capital grants are recognized in the statement of financial position as deferred income liability and realized in the statement of comprehensive income over the useful life of such assets as an amortized charge equivalent to the rate of depreciation applied on such assets.

##### **b) In-Kind Donations**

In-kind contributions are donations that are made to the company in the form of actual goods/services rather than in money or cash terms. These Donations may include vehicles, equipment or personnel services. Where financial value received for in-kind contribution can be reliably determined, the



company includes such value in the statement of comprehensive income if revenue in nature otherwise to the balance sheet if Capital.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses. Costs include expenditure that is directly attributable to the acquisition of the items. The depreciation charge is effected on the year an asset is purchased using straight line method. Disposals of assets is charged on the year an asset is sold or transferred using the fair value method.

**d) The annual depreciation rates in use are:**

Building and civil works-Water Kiosks & buildings	4%
Plant Machinery and Equipment	12.5%
Motor vehicles, including motor cycles	25%
Generators	12.5%
Computers and related equipment	30%
Office furniture and fittings	12.5%
Master meters	12.5%
Computer Software	33.33%

**e) Capital Work-in-Progress**

Work –in-Progress is assessed based on the actual build up costs that are incurred in the course of project implementation. The project period must be longer than one financial period before completion for such process to be declared work in progress.

**f) Intangible assets**

Intangible assets comprise purchased computer software licenses, which are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over the estimated useful life of the intangible assets from years that they are available for use, usually over three years.

**g) Inventories**

Inventories are stated at the lower of costs and net realizable value. The costs of inventories comprise purchase price, import duties, transportation and handling charges, and is determined on the weighted average price method.

**h) Trade and other Receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on review of all outstanding amounts by the year end. Bad debts are written off after all efforts at recovery have been exhausted. The company did not provide for bad debts during the year since it has engaged an external entity to help in the debt recovery.

**i) Cash and Cash Equivalents**

Cash and Cash Equivalents comprises of cash in hand and cash at bank.

**j) Trade and other payable**

Trade and other payables are non-interest bearing and are amortized cost, which are measured at the fair values of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payment made to the suppliers.

**k) Retirement benefit obligations**

The entity does not have defined contribution scheme for all employees since they are all on contract terms. The company only contributes to the Defined Benefits statutory scheme (National Social Security Fund NSSF). This is a defined Contribution scheme registered under the NSSF act.

**l) Provision for staff leave pay**

Employees' entitlements to annual leave are recognized as they accrue at the employees during the year. Unpaid leave are forfeited every year.

**m) Comparative figures**

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

**n) Translation of foreign currencies**

On initial recognition, all transactions are recorded in the functional currency (the currency of the primary economic environment in which the company operates) which is Kenya Shillings.

"Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date".

**18.5. Significant Judgments and Sources of Estimation Uncertainty**

In the process of applying the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets, and liabilities that are not readily apparent from other sources.



The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key areas of judgment in applying the entities accounting policies are dealt with below:

**a) Critical judgements in applying accounting policies**

There are no critical judgments, apart from those involving estimations (see b below), that the directors have made in the process of applying the company's accounting policies and that the most significant effect on the amounts recognized in financial statements.

**b) Key sources of estimation uncertainty**

i) At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

ii) Critical estimates are made by the directors in determining depreciation rates for property, plant, equipment and intangible equipment.

iii) The company is exposed to various contingent liabilities in the normal course of business including a number of legal cases. The directors evaluate the status of these exposures on a regular basis to assess the probability of the company incurring related liabilities. However, provisions are only made in the financial statements where, based on the directors' evaluation, a present obligation has been established.

The Company did not encounter any contingent liabilities in respect of legal claims arising in the ordinary course of business during the year.

**iv). Provisions for Doubtful Debts**

Provisions are raised and management determines an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligations at the reporting date, and are discounted to present value where the effect is material.

**v) Prior year Adjustments**

An accounting policy is changed only if required by an IFRS, or if the change results in reliable and more relevant information. If none is specified, or if change is voluntary, the new accounting policy is applied retrospectively by restating prior year periods. If it is impracticable to determine period-specific effects for retrospective application, the new accounting policy is applied as of the beginning of the earliest period for which the retrospective application is practicable and cumulative adjustments are made to balances at the beginning of that period. In such a case the new accounting policy is applied prospectively from the start of the earliest period chosen as practicable when the entity cannot determine the cumulative effects of applying the policy to all prior periods.

**18.6 Notes to Financial Risk Management**

The Company is exposed to a variety of normal financial risks and management continuously seeks to minimize potential adverse effects of these risks on its financial performance.

**a) Credit Risk Management**

Over 75% of receivables are recovered within 30 days and utilization of credit limits is regularly monitored.

**b) Liquidity Risk Management**

Liquidity is managed to ensure sufficient cash is available to meet the Company's obligations as they fall due. Cash forecasts are prepared monthly and all cash requirements are met from operational income.

	<b>Over 5 months</b>	
		<b>Total</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June current year</b>		
Trade payables	21,262,490	21,262,490
Deferred income	166,060,761	166,060,761
<b>Total</b>	<b>187,323,251</b>	<b>187,323,251</b>
<b>At 30 June previous year</b>		
Trade payables	15,085,858	15,085,858
Deferred income	-	-
<b>Total</b>	<b>15,085,858</b>	<b>15,085,858</b>



Notes to the financial statements

**1. Operating Revenue**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
Water sales	29,524,085	33,189,973
Sewerage Services	9,049,662	10,314,738
Billing for other services(Tanker and Exhauster, Private tankers/water sales cash )	3,702,342	6,427,001
<b>Total</b>	<b>42,276,089</b>	<b>49,931,712</b>

**1.a Billing for other services**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
Tanker sales	2,148,241	4,418,100
Exhauster sales	1,240,000	1,231,400
Private trucks	314,101	777,501
<b>Total</b>	<b>3,702,342</b>	<b>6,427,001</b>

**2.Grants Income**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
County government subsidy	10,554,286	5,189,422
WSTF grant	19,076,207	28,604,411
Dunea Grants	46,163,660	63,556,174
LVSWWDA	323,256	-
Queeno Investment Ltd	-	675,428
County Government grant	6,000,000	-
Belgium CMI	-	284,027
<b>Total</b>	<b>82,117,679</b>	<b>98,309,463</b>

**3. Miscellaneous Income**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
New connection fees	1,108,830	391,581
Reconnection fees	108,600	11,500
Other income	3,896,203	377,584
Capital Reserves	8,043,001	-
<b>Total</b>	<b>13,156,634</b>	<b>780,665</b>

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**4. Staff Costs**

Description	2022/23	2021/22
	Kshs	Kshs
Gross Salary and Allowances	33,185,496	28,124,657
Casual workers' Wages	787,796	1,385,453
Employer's contributions to social security schemes	1,230,046	1,067,808
Gratuity provisions	-	423,587
Staff welfare	205,000	105,850
Interns stipends	70,000	331,000
<b>Total</b>	<b>35,478,338</b>	<b>35,473,472</b>
<b>The average number of employees during the year</b>	<b>109</b>	<b>100</b>

**5. General and Operations Expenses**

Description	2022/23	2021/22
	Kshs	Kshs
Chemicals	5,237,296	3,520,000
Electricity	10,701,486	5,519,911
Guest tea and Entertainment	17,250	4,250
Computer repairs	72,000	48,700
Transportation, travelling, subsistence	3,685,055	2,592,386
Tele-communication	811,595	641,886
Transport hire	57,500	94,250
Cleaning costs	14,500	0
Professional services and fees	1,405,248	3,660,945
Repairs and maintenance	190,700	92,100
Motor vehicles running expenses	6,425,361	7,587,389
Printing & stationary	469,750	527,776
Recruitment costs	28,000	79,450
Monitoring and evaluation	395,000	968,500
PR/Corporate affairs costs	655,796	1,347,036
Debt collections	676,035	1,203,150
Dues and subscriptions	8,000	-
<b>Total</b>	<b>30,850,572</b>	<b>27,887,729</b>



#### 6. Board expenses

Description	2022/23	2021/22
	KShs	KShs
Directors emoluments	1,320,700	413,322
Board expenses	170,500	912,000
<b>Total Board Expenses</b>	<b>1,491,200</b>	<b>1,325,322</b>

#### 7. Technical and Maintenance Expenses / Project costs

Description	2022/23	2021/22
	KShs	KShs
Timiza Usafi project	24,064,807	37,153,936
WSTF project	10,764,538	20,033,467
Rural water supply	-	100,000
County government grant	5,832,076	-
AFDB projects	-	58,000
Resource mobilization	716,600.00	-
Belgium Project	-	675,428
Plant and Equipment	5,360,471	1,474,100
Pipeline repair and maintenance	1,811,100	887,300
Sewer repair and maintenance	217,800	100,200
Tanker and Exhauster	3,714,945	3,459,765
Compliance levies	1,542,909	1,845,190
<b>Total Maintenance Expenses</b>	<b>54,025,246.00</b>	<b>67,266,239.00</b>

#### 8. Depreciation and Amortization Expenses

Description	2022/23	2021/22
	KShs	KShs
Property, plant, and equipment	15,327,351	16,195,395
Intangible assets	8,020,699	6,527,678
<b>Total Depreciation and Amortization</b>	<b>23,348,050</b>	<b>22,723,073</b>

#### 9. Finance Costs

Description	2022/23	2021/22
	KShs	KShs
Finance costs	476,149	364,121
<b>Total Depreciation and Amortization</b>	<b>476,149</b>	<b>364,21</b>

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**Notes to the financial statements (continued)**

**10. Property, Plant and Equipment**

Year: 2021	Office Furniture & Fittings	Plant, Machinery & Equipment	Water Kiosk/Buildings	Motor vehicles, including, motor cycles	Computers	Capital work in progress	Generator	Master Meters	Total
<b>COST OR VALUATION</b>									
At July 1, 2021	1,061,751	14,607,322	105,080,054	9,523,613	2,411,585	49,391,605	493,700	1,333,564	183,903,194
Additions		14,580,067	10,680,500	-	3,093,080	28,797,307	-	4,612,740	61,763,694
Transfers			78,188,912			(78,188,912)			-
Disposals	-	-	-	-	-	-	-	-	-
At June 30, 2021	1,061,751	29,187,389	193,949,466	9,523,613	5,504,665	-	493,700	5,946,304	245,666,888
<b>DEPRECIATION</b>									
At July 1, 2021	856,127	3,627,283	18,864,174	7,323,739	2,411,585	-	132,801	679,048	33,894,757
Charge for the year	132,719	3,648,424	7,757,979	2,199,874	1,651,400		61,713	743,288	16,195,396
Impairment loss	-	-	-	-	-	-	-	-	-
At June 30, 2022	988,846	7,275,707	26,622,153	9,523,613	4,062,985	-	194,514	1,422,336	50,090,153
<b>NBV</b>									
At June 30, 2021	338,343	7,950,224	35,918,929	947,388	14,496	38,605,476	422,613	821,213	85,018,682
At June 30, 2022	72,905	21,911,682	167,327,313	-	1,441,680	-	299,187	4,523,968	195,576,735



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**Property, Plant and Equipment (Continued)**

Year: 2022	Office Furniture & Fittings	Plant, Machinery & Equipment	Water Kiosk/Buildings	Motor vehicles, including, motor cycles	Computers	Capital work in progress	Generator	Master Meters	Total
<b>COST OR VALUATION</b>									
At July 1, 2022	1,061,751	29,187,389	193,949,466	9,523,613	5,504,665	0	493,700	5,946,304	245,666,888
Additions	-	10,355,729	7,125,555	-	20,000	0	-	15,000	17,516,284
Transfers									-
Disposals	-	-	-	-	-	-	-	-	-
At June 30, 2023	1,061,751	39,543,118	201,075,021	9,523,613	5,524,665	0	493,700	5,961,304	263,183,172
<b>DEPRECIATION</b>									
At July 1, 2022	988,846	7,275,707	26,622,153	9,523,613	4,062,985	-	194,514	1,422,336	50,090,152
Charge for the year	72,905	4,942,890	8,043,001	-	1,461,680	-	61,713	745,163	15,327,351
Impairment loss	-	-	-	-	-	-	-	-	-
At June 30, 2023	1,061,751	12,218,596	34,665,153	9,523,613	5,524,665	-	256,226	2,167,499	65,417,503
<b>NET BOOK VALUE</b>									
At June 30, 2022	72,905	21,911,682	167,327,314	-	1,441,681	0	299,187	4,523,968	195,576,736
At June 30, 2023	0	27,324,522	166,409,867	-	-	0	237,474	3,793,805	197,765,668

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**11. Intangible Assets**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
<b>Cost</b>		
<b>At July 1</b>	21,867,005	2,282,014
Additions	2,197,499	19,584,991
Disposals	-	-
<b>At June 30</b>	<b>24,064,504</b>	<b>21,867,005</b>
<b>Amortization</b>		
<b>At July 1</b>	8,809,692	<b>2,282,014</b>
Charge for the year	8,020,699	6,527,677
Disposals	-	-
Impairment loss	-	-
<b>At June 30</b>	<b>16,830,391</b>	<b>8,809,692</b>
<b>Net book value</b>		
<b>At June 30</b>	<b>7,234,113</b>	<b>13,057,313</b>

**12. Inventories**

	<i>2022/23</i>	<i>2021/22</i>
	<b>Kshs</b>	<b>Kshs</b>
Chemicals & Laboratory items	-	2,083,587
Water meters	874,051	774,051
<b>Total</b>	<b>874,051</b>	<b>2,857,638</b>

**13. Trade and Other Receivables**

	<i>2022/23</i>	<i>2021/22</i>
	<b>KShs</b>	<b>KShs</b>
Trade receivables	55,178,339	42,641,516
Deposits and prepayments	410,281	7,840
VAT (Value Added Tax) recoverable	3,302,079	3,302,079
Staff receivables	3,656,019	450,181
Other receivables	15,298,705	17,743,255
<b>Gross trade and other receivables</b>	<b>77,845,423</b>	<b>64,144,871</b>
Provision for bad and doubtful receivable	(5,684,049)	(5,684,049)
<b>Net trade and other receivables</b>	<b>72,161,374</b>	<b>58,460,822</b>



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**14. Bank and Cash Balances**

<b>CASH AND CASH EQUIVALENTS</b>			
	<b>A/C NO:</b>	<b>2022/2023</b>	<b>2021/2022</b>
Bank – Co-operative Expenditure Account	1120047915001	141,538	5,000
Bank – Co-operative Deposit Account	1120047915004	47,363	4,160
Bank- Co-operative General Account	1120047915003	1,079	2,456
Bank – KCB Revenue Account	1102291730	(1481)	(64,182)
Bank – KCB Grant Account –KAJONA	1171039492	0	(766)
Bank-M-pesa	PAY BILL: 169595	84185	60,405
Bank-KCB-WAWARE	11772778286	0	356
Postbank-Oyugis	744130009363	27,665	13,060
Postbank-Homa Bay	744130011081	48,655	9,194
Postbank-Mbita	744130011117	16,525	61
Ubsup Homabay Project	980279319160	8,635	1,234
Equity Bank KES	980277809704	7,401	253,595
		<b>381,565</b>	<b>284,573</b>

**15. Ordinary Share Capital**

	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Authorized:</b>		
5,000 ordinary shares of Kshs.20 par value each	100,000	100,000
<b>Initial capital</b>	<b>2,731,702</b>	<b>2,731,702</b>
	<b>2,831,702</b>	<b>2,831,702</b>

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**16. Capital reserves**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Capital Reserves B/F	37,724,252	37,724,252
<b>Total</b>	<b>37,724,252</b>	<b>37,724,252</b>

**17. Retained earning**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revenue Reserve	(30,482,934)	(25,173,118)
Profit/(loss) for the year	(8,172,773)	(5,309,816)
Prior year adjustment	-	-
Capital Reserves	-	-
<b>Total</b>	<b>(38,655,707)</b>	<b>-30,482,934</b>

**18. Trade and Other Payables**

	<b>2023</b>	<b>2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Trade payables	21,262,490	17,179,525
Accrued levies	44,732,702	38,690,056
Employee payables	35,702,493	27,714,760
<b>Total</b>	<b>101,697,685</b>	<b>83,584,391</b>

**19. Refundable Deposits**

	<b>2022/23</b>	<b>2021/22</b>
	<b>Kshs</b>	<b>Kshs</b>
Customer deposits B/F	7,445,480	6,306,355
Customer deposits	1,187,251	1,139,125
<b>Total</b>	<b>8,632,731</b>	<b><u>7,445,480</u></b>

**20. Deferred Income**

<b>Description</b>	<b>2022/23</b>	<b>2021/22</b>
	<b>KShs</b>	<b>KShs</b>
National/County government	-	-
International funders	174,103,762	174,103,762
Deferred income amortized	(8,043,001)	-
<b>Total deferred income</b>	<b>166,060,761</b>	<b>174,103,762</b>

**Amortization was done at 4.6%**



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**Notes to the financial statements (continued)**

**21. Notes to The Statement of Cash Flows**

	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>(a) Reconciliation of operating profit/(loss) to cash generated from/ (used in) operations</b>		
Profit or loss before tax	(8,047,423)	-6,150,482
Depreciation	15,327,351	16,195,396
Amortization	8,020,699	6,527,677
Operating profit/(loss) before working capital changes	<b>15,300,627</b>	<b>16,572,591</b>
<b>Working capital changes:</b>		
(Increase)/decrease in inventories	1,983,587	(1,740,242)
(Increase)/decrease in trade and other receivables	(8,830,983)	(5,980,823)
Increase/(decrease) in trade and other payables	18,113,294	7,217,265
	<b>11,265,898</b>	
<b>(b) Analysis of cash and cash equivalents</b>		
Cash at bank	381,565	284,573
<b>Balance at end of the year</b>	<b>381,565</b>	<b>284,573</b>

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**19. Appendices**

**Appendix 1: 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.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>1.0 Unsupported Inventories</p> <p>The statement of financial of financial position reflects Kshs.2,857,638 in respect to inventories and as disclosed in Note 15 to the financial statements. However, the Management did not provide actual physical stock count reports for audit review.</p> <p>In the circumstances, the accuracy and completeness of inventories balance of Kshs.2,857,638 could not be confirmed.</p>	Resolved	Resolved	-
	<p>2.0 Failure to Transfer Shareholding</p> <p>As previously reported, the statement of financial position reflects ordinary share capital and initial</p>	Resolved CR12 available	Resolved	-



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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)
	<p>capital of Kshs.2,831,702 as disclosed in Note 19 to the financial statements. The balance comprises 5,000 ordinary shares of Kshs.20 par value amounting to Kshs.100,000 and the initial capital of Kshs.2,731,702. Background information on page ii indicates that the Company is fully owned by the County Government of Homa Bay.</p> <p>However, search conducted at the Registrar of Business Service, the Office of the Attorney General, and the Department of Justice revealed that the shares are still held by the defunct local authorities.</p> <p>In the circumstances, the ownership of the Company during the year ended 30 June, 2022 could not be confirmed.</p>			

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<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
	<p>3.0 Unsupported Trade Payables</p> <p>The statement of financial position reflects Kshs.17,179,575 in respect to trade and other payables and as disclosed in Note 24 to the financial statements. However, the balances were not supported with approved requisitions, quotations, LPOs/LSOs, goods received notes and store ledgers. In addition, trade payable invoices totalling to Kshs.3,273,101 were not approved/authorised by the supplier/creditor for proper authentication.</p> <p>In the circumstances, the validity, accuracy and completeness of trade payables balance of Kshs.17,179,575 as at 30 June, 2022 could not be confirmed.</p>	Solved	Resolved	-



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	<p>4.0 Inaccuracies in Customers Deposits</p> <p>The statement of financial position reflects customer deposits of Kshs.7,445,480 and as disclosed in Note 25 to the financial statements. However, review of customer deposits' bank account statements revealed a credit balance of Kshs.4,999 resulting in an unexplained and unreconciled variance of Kshs.7,440,481. In addition, the deposits received of Kshs.1,139,125 during the year under review were not supported with a list of new customers and their corresponding deposits.</p> <p>In the circumstances, the accuracy and completeness of the customer deposits balance of Kshs.7,445,480 could not be confirmed.</p>			

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	<p>5.0 Unsupported Additions to Water Kiosks/Buildings</p> <p>The statement of financial position reflects Kshs.195,576,736 in respect to net book value of property, plant and equipment which, as disclosed in Note 26 to the financial statements includes additions to water kiosks/buildings transferred from capital work in progress during the year under review amounting to Kshs.78,188,912. However, the balance was not supported with completion certificates and Inspection and Acceptance Committee reports.</p> <p>In the circumstances, the accuracy and completeness of the additions to water</p>	<p>Adjustments were done and the accounts are correct</p>	<p>Resolved</p>	<p>-</p>



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	<p>kiosks/buildings balance of Kshs.78,188,912 could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Homa Bay County Water and Sanitation Company 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.</p>			

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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)
	<p><b>Material uncertainty related to going</b>            Note 3 to the financial statements states that the Company made a loss of Kshs.5,309,816 which resulted in depletion of retained earnings which stood at negative Kshs.30,482,934. In addition, the Company's total current liabilities of Kshs.91,029,871 exceeded the total current assets of Kshs.66,572,602 resulting in negative working capital of Kshs.24,457,269. Although the issue has been disclosed in the financial statements, the Management did not provide measures taken to change the situation.</p>	<p>95% metering has been achieved to reduce NRW, Eradicating illegal connections measures taken. Cost cutting measures have been put in place and the collections efforts have been initiated to achieve maximum collection</p>	Resolved	-



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	In the circumstances, the Company's sustainability is dependent upon continued support from Government, shareholders, bankers, and creditors.	efficiency. A request has been done to regulator WASREB for review of tariff to attain break-even point. New investments are being done to improve the cash flow. The management is in the process of initiating assets transfer through the		

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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)
		parent ministry to improve our book valu.		
	<p>1.0 Budgetary Control and Performance</p> <p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis totalling to Kshs.358,497,855 and Kshs.150,021,839 respectively, resulting to an underfunding amounting to Kshs.208,476,016 or 58% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.354,249,291 and Kshs.155,331,655 respectively, resulting to an under absorption amounting to Kshs.198,917,636 or 56% of the budget.</p>	<p>Other community staff are 9 in number standing at 8% an improvement of 3% from 5% previous year. We are in the process of improving it further in our recruitments</p>	Resolved	2025



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	The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public			
	<p>1.0 Non-Compliance with Law on Ethnic Composition</p> <p>During the year under review, the total number of employees of the Company was one hundred and seven (107) out of which one hundred and two (102) or 95% of the total number were members of the dominant ethnic community in the county .This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public</p>	Partially resolved	Resolved	-

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	<p>institution shall have more than one-third of its staff establishment from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>			
	<p>2.0 Overdrawn Bank Accounts</p> <p>The statement of financial position reflects a balance of Kshs.284,182 in respect to cash and cash equivalents which, as disclosed in Note 17 to the financial statements includes two bank accounts with negative bank balances of Kshs.64,182 and Kshs.766 respectively. This is contrary to Regulation 82(7) of the Public Finance Management (County Governments) Regulations,</p>	<p>It was due to a post-dated cheque. Going forward we are going to ensure proper due diligence is done</p>	Resolved	-



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	2015 which states that no official County Government bank account shall be overdrawn. In the circumstances, Management was in breach of the law.			
	3.1 Unremitted Statutory Deductions The statement of financial position reflects accrued liabilities balance of Kshs.66,404,816 which, as disclosed in Note 23 to the financial statements include accrued expenses amounting to Kshs.27,714,760. However, it was noted that out this amount, a total of Kshs.15,594,824 had not been remitted to Kenya Revenue Authority, National Social Security Fund and National Hospital Insurance Fund as at the time of audit in January, 2023. The Management did not	Partially done. KRA paid over KSH.2,100,000	Resolved partially	July 2024

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	<p>demonstrate its preparedness to clear the liabilities contrary to Regulation 22(2)(a) of the Public Finance Management (County Governments) Regulations, 2015 which states that “In addition to the responsibilities of Accounting Officers provided for in the Act, an Accounting Officer designated under the Constitution, the Act or any other Act, shall comply with any tax, levy, duty, pension, commitments and audit commitments as may be provided for by legislation”</p> <p>In the circumstances, the Management was in breach of the law and exposes the Company to the risk of incurring interest and penalties.</p>			
	3.3 Failure to Remit Regulatory Levies	There is a move to seek for waivers	Not Resolved	Next financial year



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	<p>The statement of financial position reflects a balance of Kshs.66,404,816 in respect to accrued liabilities which, as disclosed in Note 23 to the financial statements includes Kshs.5,173,713 and Kshs.1,813.521 in respect to water levies which the Company owed the Water Services Regulatory Board (WASREB) and the Water Resource Management Authority (WARMA) respectfully as at 30 June, 2022. The Management did not provide a satisfactory explanation for failure to pay the levies in due time to avoid interest and penalties for non-compliance.</p>	<p>from WASREB, LVSWWDA, WARMA.  Management is waiting for the response, this will see us write-off.  Financial constraints have not allowed us to do monthly remittances.</p>		
	<p>4.0 Supply, Installation, Configuration, Customization, Testing, Commissioning and</p>	<p>Documents available</p>	<p>Resolved</p>	<p>-</p>

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	<p>Maintenance of an Enterprise Resource Planning (ERP)</p> <p>The statement of financial position reflects Kshs.13,057,314 in respect to net book value of intangible assets which, as disclosed in Note 27 to the financial statements includes additions during the year of Kshs.19,584,991. Review of records revealed that the Company Management entered into a contract with a firm for the supply, installation, configuration, customization, testing, commissioning and maintenance of an Enterprise Resource Planning System at a contract sum of Kshs.21,974,989. The contract commenced from 18 February, 2022 and effective for eighteen (18) months. The contractor requested for initial</p>			



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	<p>payment of Kshs.9,888,745.05 or 45% of the contract sum and the payment was made on 9 March, 2022.</p> <p>However, Management made additional payments totalling to Kshs.9,696,246 in contravention of clause 3 of the contract agreement which provides that 55% of the total contract value will be paid after system customization, successful user training, signed off user acceptance training, data migration and system go-live.</p> <p>In the circumstances, the propriety and value for money on expenditure of Kshs.9, 696,246 could not be confirmed.</p>			

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	<p>5.0 Delayed Rehabilitation and Agglomeration of Ndhiwa-Mirogi Project</p> <p>The statement of financial position reflects a balance of Kshs.195,576,736 in respect to property, plant and equipment which, as disclosed in Note 26 to the financial statements includes additions to work in progress of Kshs.28,797,307. This amount in turn include expenditure during the year of Kshs.9,800,942 for the rehabilitation and agglomeration of Ndhiwa-Mirogi project. The works were awarded to a local contractor at a contract sum of 170,945 Euros (approximately Kshs.18,803,993 at current exchange rate) with a commencement date of 5</p>	<p>Completed completion certificate available</p>	<p>Resolved</p>	<p>-</p>



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	<p>February, 2021 for a period of four (4) months and scheduled completion date of 5 June, 2021.</p> <p>Review of records revealed that the contractor requested for variation of contract by 52,347 Euros (or approximately Kshs.5,758,167) on 12 July, 2021. However, tender evaluation report, the project completion certificate or implementation status together with Management action on the request for variation were not provided for audit review.</p> <p>In the circumstances, the propriety and value for money on expenditure of Kshs.9,800,942 could not be confirmed and the delay in completion of the project affected service delivery to the residents of Homabay County.</p>			

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	<p>1.0 Non-Revenue Water</p> <p>The Company produced 891,459 cubic meters (M3) during the period under review while 133,719 cubic meters (M3) was categorized as waste/backwash water leaving a balance of 763,627 cubic meters (M3) available for sale. However, only 421,438 cubic meters (M3) of water were billed to customers. The balance of 342,189 cubic meters (M3) or approximately 45% of the production volume represents Non-Revenue Water (NRW) which is 20% over and above the allowable loss of 25% in accordance with the Water Services Regulatory Board (WASREB) guidelines. The Non-Revenue Water represents a</p>	<p>Achieved Metering ration at 95%</p>	<p>Resolved</p>	<p>-</p>



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	<p>loss of Kshs.14,714,127 in earnings for the Company at the average rate of Kshs.43 per m3. In the circumstances, the effectiveness of controls on water production and billing could not be confirmed.</p>			
	<p>2.0 Failure to Update Fixed Assets Register                      The statement financial position reflects property, plant and equipment of Kshs.195,576,736 and as disclosed in Note 26 to the financial statements. However, the asset register maintained lacked details of capital expenditure and for water kiosks/buildings; the terms on which they were held, physical address, dates of acquisition, disposal or major change in use, and for furniture and equipment; dates of acquisition or disposals,</p>	<p>There is a software developed already for fixed asset register in the ERP going forward it will be updated</p>	<p>Not resolved</p>	<p>Next financial year</p>

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	<p>unique identification numbers and offices issued to.</p> <p>In the circumstances, the effectiveness of controls of fixed assets could not be confirmed.</p>			
	<p>3.0 Lack of a Risk Management Policy and Framework</p> <p>The Management had not put in place a risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the Management manages risk exposures. This is in contravention of Regulation 158 (1)(a) and (b) of the Public Finance Management (County Governments) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk</p>	<p>There is risk management policy already in place approved by board</p>	<p>Resolved</p>	<p>-</p>



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	<p>management strategies, which include fraud prevention mechanism; and the county government entity develops a system of risk management and internal control that builds robust business operations.</p> <p>In the circumstances, the effectiveness of controls of risk management could not be confirmed.</p>			

Thomas O. Nyonje

Signature.....

Ag. Managing Director

Date.....*7<sup>th</sup> Feb 2024,*

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**Appendix II: Projects Implemented by the Company Projects**

Projects implemented by the Company Funded by development partners.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	CONSTRUCTION OF NDHIWA PUBLIC ABLUTION PROJECT	WSTF	AUG 2022	4,389,478	NO	YES
2	EXPANSION OF DISTRIBUTION LINES IN OYUGIS TOWN- MIKAI,ST. JOSEPH AND MASOGO AREAS	WSTF	SEP 2023	16,293,535	NO	YES

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	NDHIWA	5,091,794	3,177,538	71%	5,091,794	5,091,794	WSTF/OWN CONTRIBUTION
2	OYUGIS	18,900,500	14,616,190	74%	18,900,500	18,900,500	WSTF/OWN CONTRIBUTION



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**Appendix III: Vendors Summary Aging**

Vendor - Summary Aging								
Homa Bay County Water & Sanitation Company								
No.	Name		Balance Due				After...	Balance
			...Before	12/31/23	01/31/24	02/29/24		
				01/30/24	02/28/24	03/28/24		
VEND00001	A.C.K Guest house Homa Bay		-37,000.00	0.00	0.00	0.00	0.00	-37,000.00
VEND00002	Adacom General Supplies		-10,300.00	0.00	0.00	0.00	0.00	-10,300.00
VEND00003	Adhola Motors Garage & Spares		-317,160.00	0.00	0.00	0.00	0.00	-317,160.00
VEND00004	Aliqueens Investments LTD		-19,500.00	0.00	0.00	0.00	0.00	-19,500.00
VEND00005	Altaq consultant limited		-30,325.00	0.00	0.00	0.00	0.00	-30,325.00
VEND00006	Amazing Grace Computer		-11,000.00	0.00	0.00	0.00	0.00	-11,000.00
VEND00007	Andre Enterprises		-16,300.00	0.00	0.00	0.00	0.00	-16,300.00
VEND00008	Anek General Works Limited		-10,000.00	0.00	0.00	0.00	0.00	-10,000.00
VEND00009	Annexhold Enterprises Ltd		-21,250.00	0.00	0.00	0.00	0.00	-21,250.00
VEND00010	Bedrock Holdings Ltd		-71,420.00	0.00	0.00	0.00	0.00	-71,420.00
VEND00011	Bimax Insurance		-44,378.00	0.00	0.00	0.00	0.00	-44,378.00
VEND00012	Bon & Drew Associates.		-96,100.00	0.00	0.00	0.00	0.00	-96,100.00
VEND00013	Brimic Agencies		-5,920.00	0.00	0.00	0.00	0.00	-5,920.00
VEND00015	Charlotte Electromech Services		-26,000.00	0.00	0.00	0.00	0.00	-26,000.00
VEND00016	Comila Construction Company		-100,000.00	0.00	0.00	0.00	0.00	-100,000.00
VEND00017	Cyprian J Oswago		-5,160.00	0.00	0.00	0.00	0.00	-5,160.00
VEND00018	Daviko Rewinders		-1,800.00	0.00	0.00	0.00	0.00	-1,800.00
VEND00019	Dema Enterprises		-23,350.00	0.00	0.00	0.00	0.00	-23,350.00
VEND00020	Douma Ltd		-161,700.00	0.00	0.00	0.00	0.00	-161,700.00
VEND00021	Elisha Juma Ogare (ELV Enterprises)		-10,000.00	0.00	0.00	0.00	0.00	-10,000.00
VEND00023	Everpart Auto Spares		-42,000.00	0.00	0.00	0.00	0.00	-42,000.00
VEND00024	Fidential commercial & insurance agency		-9,627.00	0.00	0.00	0.00	0.00	-9,627.00
VEND00025	Five Heads Enterprise		-297,600.00	0.00	0.00	0.00	0.00	-297,600.00
VEND00026	Genga Enterprises		-7,800.00	0.00	0.00	0.00	0.00	-7,800.00
VEND00027	Globe IT Systems		-9,320.60	0.00	0.00	0.00	0.00	-9,320.60
VEND00028	Government Chemist Kisumu		-30,500.00	0.00	0.00	0.00	0.00	-30,500.00
VEND00029	Homa Bay Tourist Hotel		-83,890.00	0.00	0.00	0.00	0.00	-83,890.00
VEND00030	Homabay Cleaning & Garbage Collection Serv		-71,000.00	0.00	0.00	0.00	0.00	-71,000.00
VEND00031	Homawasco		-15,641.60	0.00	0.00	0.00	0.00	-15,641.60
VEND00032	Hotel Twin Towers Homa Bay		-34,150.00	0.00	0.00	0.00	0.00	-34,150.00
VEND00033	Ismael Otieno Onyango		-44,300.00	0.00	0.00	0.00	0.00	-44,300.00
VEND00034	iSoft Systems		-89,678.51	0.00	0.00	0.00	0.00	-89,678.51
VEND00035	Jacob Odhiambo Amayo		-11,800.00	0.00	0.00	0.00	0.00	-11,800.00
VEND00036	Jagreen Auto Sparer		-5,500.00	0.00	0.00	0.00	0.00	-5,500.00
VEND00037	James M Audi		-12,600.00	0.00	0.00	0.00	0.00	-12,600.00



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VEND00038	Java Web Enterprises	-46,620.00	0.00	0.00	0.00	0.00	-46,620.00
VEND00039	Julius Osongo Anyango	-13,200.00	0.00	0.00	0.00	0.00	-13,200.00
VEND00040	Kebovin General Suppliers	-189,771.00	0.00	0.00	0.00	0.00	-189,771.00
VEND00041	Kel Chemicals Ltd	4,335,065.00	0.00	0.00	0.00	0.00	-4,335,065.00
VEND00042	Kenya Bureau of Standards	-199,330.00	0.00	0.00	0.00	0.00	-199,330.00
VEND00043	Kenya Postel Directories Ltd	-158,239.20	0.00	0.00	0.00	0.00	-158,239.20
VEND00044	Khoya & Co certified Public Accountants	-155,000.00	0.00	0.00	0.00	0.00	-155,000.00
VEND00045	Kinetics engineering Ltd	-403,600.00	0.00	0.00	0.00	0.00	-403,600.00
VEND00046	Kirui Registrars	-408,080.00	0.00	0.00	0.00	0.00	-408,080.00
VEND00047	Kogero Best Motors	-64,200.00	0.00	0.00	0.00	0.00	-64,200.00
VEND00048	Kongoro Enterprises Ltd	-52,000.00	0.00	0.00	0.00	0.00	-52,000.00
VEND00049	kosiga Building Construction Co	-8,000.00	0.00	0.00	0.00	0.00	-8,000.00
VEND00050	Lake Base Automobile	-27,700.00	0.00	0.00	0.00	0.00	-27,700.00
VEND00051	Lakeatts	-77,600.00	0.00	0.00	0.00	0.00	-77,600.00
VEND00052	Lanosh Chemicals Limited	-179,080.50	0.00	0.00	0.00	0.00	-179,080.50
VEND00053	LVSWB Levy (9%)	-15,000.00	0.00	0.00	0.00	0.00	-15,000.00
VEND00054	Marque Fashions	-93,385.00	0.00	0.00	0.00	0.00	-93,385.00
VEND00056	Mepak Enterprises	-5,550.00	0.00	0.00	0.00	0.00	-5,550.00
VEND00057	Merk Eng co.	-2,000.00	0.00	0.00	0.00	0.00	-2,000.00
VEND00058	Ministry of Interior and Co-ordination	-42,000.00	0.00	0.00	0.00	0.00	-42,000.00
VEND00059	MTN Business	-267,710.96	0.00	0.00	0.00	0.00	-267,710.96
VEND00060	Mumoti Enterprises	-900.00	0.00	0.00	0.00	0.00	-900.00
VEND00061	National Industrial Training Authority	-254,697.50	0.00	0.00	0.00	0.00	-254,697.50
VEND00062	Neon & Robots	-10,000.00	0.00	0.00	0.00	0.00	-10,000.00
VEND00063	Norgen Enterprises Ltd	-184,885.00	0.00	0.00	0.00	0.00	-184,885.00
VEND00064	Nyogongo Eng. Enterprises	35,100.00	0.00	0.00	0.00	0.00	35,100.00
VEND00065	Obwanda Osum Investments Ltd	-15,000.00	0.00	0.00	0.00	0.00	-15,000.00
VEND00066	Office of the Auditor General	1,430,400.88	0.00	0.00	0.00	0.00	-1,430,400.88
VEND00067	Otherside Limited	-25,000.00	0.00	0.00	0.00	0.00	-25,000.00
VEND00068	Pakow Enterprises	-40,300.00	0.00	0.00	0.00	0.00	-40,300.00
VEND00069	Pan Africa chemicals Ltd	2,663,352.00	0.00	0.00	0.00	0.00	-2,663,352.00
VEND00070	Pride Kings Services	-337,568.60	0.00	0.00	0.00	0.00	-337,568.60
VEND00071	Priyann Enterprises	-24,750.00	0.00	0.00	0.00	0.00	-24,750.00
VEND00072	Samson mail Enterprises	-7,500.00	0.00	0.00	0.00	0.00	-7,500.00
VEND00073	Samuel Ochieng Abuor	-160,523.00	0.00	0.00	0.00	0.00	-160,523.00
VEND00074	Serveal Supplies Ltd	-18,610.00	0.00	0.00	0.00	0.00	-18,610.00
VEND00075	Simba Mbili Consortium Company Ltd	-128,800.00	0.00	0.00	0.00	0.00	-128,800.00
VEND00076	Sky World Limited	-19,422.46	0.00	0.00	0.00	0.00	-19,422.46
VEND00077	Soflex Agencies Limited	-10,800.00	0.00	0.00	0.00	0.00	-10,800.00
VEND00078	Standard Group Ltd	-31,200.00	0.00	0.00	0.00	0.00	-31,200.00
VEND00079	Stephen Kungu	-70,000.00	0.00	0.00	0.00	0.00	-70,000.00
VEND00080	Sulis East africa Ltd	-162,000.00	0.00	0.00	0.00	0.00	-162,000.00



**Homa Bay County Water & Sanitation Company Ltd**  
**Annual Reports and Financial Statements**  
**For the year ended June 30 2023**

VEND00081	Surox Two Agencies Ltd		-247,420.80	0.00	0.00	0.00	0.00	-247,420.80
VEND00082	Tasha Enterprises (K)		-35,000.00	0.00	0.00	0.00	0.00	-35,000.00
VEND00083	Telkom Kenya		-19,910.00	0.00	0.00	0.00	0.00	-19,910.00
VEND00084	Topplace Solutions Kenya		-48,700.00	0.00	0.00	0.00	0.00	-48,700.00
VEND00085	Vantage Press Ltd		-21,285.00	0.00	0.00	0.00	0.00	-21,285.00
VEND00086	Victor Autospars		-8,450.00	0.00	0.00	0.00	0.00	-8,450.00
VEND00087	Victoria Enterprises Ltd		-16,800.00	0.00	0.00	0.00	0.00	-16,800.00
VEND00088	WASPA		-220,000.00	0.00	0.00	0.00	0.00	-220,000.00
VEND00089	White Clipping Agency		-42,000.00	0.00	0.00	0.00	0.00	-42,000.00
VEND00090	White Tent Promotions		-84,000.00	0.00	0.00	0.00	0.00	-84,000.00
VEND00091	Wilced Enterprises Limited		-29,500.00	0.00	0.00	0.00	0.00	-29,500.00
VEND00092	WingDing Agencies		-50,000.00	0.00	0.00	0.00	0.00	-50,000.00
VEND00093	Zakayo Ngare		-31,800.00	0.00	0.00	0.00	0.00	-31,800.00
VEND00094	Zimple Auto services		-31,900.00	0.00	0.00	0.00	0.00	-31,900.00
VEND00096	Bimaet Enterprises		-60,900.00	0.00	0.00	0.00	0.00	-60,900.00
VEND00097	Jemic Safe Net Agency		-110,000.00	0.00	0.00	0.00	0.00	-110,000.00
VEND00101	Smart People Africa Ltd		-48,498.90	0.00	0.00	0.00	0.00	-48,498.90
VEND00103	Saodeo Limited		-57,600.00	0.00	0.00	0.00	0.00	-57,600.00
VEND00104	OKUMU JOHN AND ASSOCIATES		-406,007.00	0.00	0.00	0.00	0.00	-406,007.00
VEND00107	Mifteen Company Limited		-15,460.00	0.00	0.00	0.00	0.00	-15,460.00
VEND00108	Olotch Company Advocates		-164,000.00	0.00	0.00	0.00	0.00	-164,000.00
VEND00111	Milmani Events		-1,000.00	0.00	0.00	0.00	0.00	-1,000.00
VEND00114	Agiso Enterprises		-28,400.00	-8,550.00	0.00	0.00	0.00	-36,950.00
VEND00121	DLA SCIENTIFIC LTD		-366,856.55	0.00	0.00	0.00	0.00	-366,856.55
VEND00122	GS Okoth & Company Advocates		-5,248.00	0.00	0.00	0.00	0.00	-5,248.00
VEND00124	Two Brothers Auto Garage		-15,000.00	0.00	0.00	0.00	0.00	-15,000.00
VEND00132	EYMOY GENERAL SUPPLY LTD		-200,000.00	0.00	0.00	0.00	0.00	-200,000.00
VEND00142	Dalawa Hotel		-10,100.00	0.00	0.00	0.00	0.00	-10,100.00
VEND00143	Foursons Holdings (K) Ltd		0.00	-5,838,000.00	0.00	0.00	0.00	-4,790,291.94
								<b>-21,262,490.00</b>