

REPUBLIC OF KENYA



Enhancing Accountability

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OF	MAJORITY PARTY WITH
CLERK OF THE TABLE:	HAILE HUSSEIN

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THE AUDITOR-GENERAL

ON

**THE ESTABLISHMENT OF BUS RAPID
TRANSIT LINE 5 PROJECT (EDCF LOAN
AGREEMENT NO. KEN-5)**

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

KENYA URBAN ROADS AUTHORITY

OFFICE OF THE AUDITOR GENERAL
P.O. Box 30084 - 00100, NAIROBI
REGISTRY

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THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT

PROJECT CREDIT NO. KEN-5

IMPLEMENTING ENTITY:

KENYA URBAN ROADS AUTHORITY



ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2024

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



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

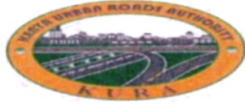
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1. Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
KURA	Kenya Urban Roads Authority
ITS	Intelligent Transportation System
BRT	Bus Rapid Transit
KEXIM	Export Import Bank of Korea
GoK	Government of Kenya



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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2. Project Information and Overall Performance

2.1 Name and registered office

Name

Establishment of Bus Rapid Transit Line 5 Project

Objective

The Project aims at

- i. Building BRT line 5 with advanced technology;
- ii. Providing economically feasible BRT that is appropriate to Nairobi citizen's income level and economic status;
- iii. Securing the citizen's mobility, accessibility and safety; and
- iv. Reducing the environmental effects caused by traffic congestion

Address

The project headquarters offices are Nairobi, Nairobi County, Kenya.

Block D, Barabara Plaza

Mazao Road, Off Airport South Road

Nairobi, Kenya

Contacts: The following are the project contacts

P.O. Box: 41727 – 00100 Nairobi

Telephone: (254) 020 8013844

E-mail: dg@kura.go.ke

Website: www.kura.go.ke



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	June, 2022
Project End Date:	December, 2025
Project Employer:	Director General, Kenya Urban Roads Authority
Project Sponsor:	Government of Kenya/ Government of Korea

2.3 Project Overview

Line Ministry/State Department of the project	Ministry of Roads and Transport / State Department of Roads
Project number	KEN-5
Strategic goals of the project	The strategic goals of the project are as follows: (i) building BRT line 5 with advanced technology; (ii) providing economically feasible BRT that is appropriate to Nairobi citizen's income level and economic status; (iii) securing the citizen's mobility, accessibility and safety; and (iv) reducing the environmental effects caused by traffic congestion
Summary of Project Strategies for Achievement of Strategic Goals	The project management aims to achieve the goals through the following means: Building BRT line 5 with advanced technology; The Outer Ring Road connects to main transportation



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	<p>facilities such as the airport, railway, and road A2 & A104 in the city. The surrounding area along project road is mainly covered by residential areas, thus experiencing a high population.</p> <p>The aim is to provide public transportation infrastructures to meet the high development potential as a growth corridor in the future according to the Urban Development Master Plan (NIUPLAN).</p> <p>The project transverses environs occupied by majorly low income earners and as such the project bears in mind the economic status and the need for secure and accessible transportation for high population.</p> <p>Reducing the environmental effects caused by traffic congestion; By implementing the project with advanced technologies, it aimed at reducing traffic congestion and thus reducing the environmental effects that are associated with it</p>
<p>Areas that the project was formed to intervene</p>	<p>The project was formed to intervene in the following problems/gaps:</p> <ul style="list-style-type: none"> (i) Limited and expensive real estate to expand road infrastructure. (ii) Traffic congestion (iii) Inadequate road safety measures (iv) Air pollution because of traffic congestion (v) Inefficient traffic enforcement procedures
<p>Project duration</p>	<p>Four (4) Years</p>



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Project Information and Overall Performance (Continued)

2.4 Bankers

National Bank of Kenya,
A/C No. 01001032626600,
Hill Branch.

2.5 Independent Auditor

Office of the Auditor General
Anniversary Towers, University Way
P.O. Box 49384-00100
Nairobi, GPO

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
Eng. Michael Njonge	Deputy Director – Engineering	Civil Engineer	Project Engineer/ Team Leader
Lenah Mutheu	Engineer (Planning & Design)	Civil Engineer	Deputy Project Engineer
Jared Owuor	Assistant Director (Research & Innovation)	Economist	Project Transport Economist
Paul Odak	Assistant Director (Survey)	Surveyor	Project Surveyor
Aggrey Lukale	Assistant Director- Accounts	Accountant	Project Accountant



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Evelyne Kutata	Senior Supply Chain Management Officer	Procurement Expert	Project Procurement Officer
Wilson Tikwa	Assistant Director (Road Safety)	Urban Planning & Road Safety Expert	Project Safety Officer
Lawrence Wachira	Environmentalist	Environmental Expert	Project Environmentalist
Elsie Ngendo	Senior Sociologist	Social Expert	Project Sociologist
Benson Wanjiku	Electrical Superintendent	Electrical Engineer	Project Services Relocation Officer

2.7 Funding summary

The Project is for duration of four (4) years from 2022 to 2025 with an approved budget of US\$ 59,000,000.00 equivalent to Kshs 6,498,501,900.00 as highlighted in the table below:



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date (30th June, 2024)		Undrawn balance to date	
	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
(i) Loan						
Export & Import Bank of Korea	59,000,000	6,498,501,900	2,525,400	294,409,617	56,474,600	6,204,092,283
(ii) Counterpart funds (GoK)						
Government of Kenya	224,480	26,169,744	224,480	26,169,744	-	-
Total	59,224,480	6,524,671,644	2,749,880	320,579,360	56,474,600	6,204,092,283



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Project information and overall performance (continued)

B. Application of Funds

Source of funds	Amount received to date – (30th June, 2024)		Cumulative amount paid to date – (30th June 2024)		Unutilised balance to date (30th June 2024)	
	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs	Donor currency (USD)	Kshs
	(B)	(B')	(A)-(B)	(A')-(B')	(A)	(A')
(i) Loan						
Export & Import Bank of Korea	2,525,400	294,409,617	2,525,400	294,409,617	-	-
(ii) Counterpart funds (GoK)					-	-
Government of Kenya	224,480	26,169,744	224,480	26,169,744	-	-
Total	2,749,880	320,579,360	2,749,880	320,579,360	-	-



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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2.8 Summary of Overall Project Performance:

- i) The Establishment of Bus Rapid Transit Line 5 Project overall budget absorption in the period ended 30 June 2024 was 52% with GoK Counterpart funding at 74% and the development partner component at 50%.
- ii) The project works component which is to consume the majority of the development partner funding did not commence in the Financial Year ended 30 June 2024. The process for procurement of a contractor for the works component is has already commenced.
- iii) Currently the project Consultant is carrying out project design review.
- iv) The Establishment of Bus Rapid Transit Line 5 Project is expected to face the following challenges:

a) Heavy traffic during work

Due to its location, the project site has heavy traffic and therefore will require coordination with other relevant bodies such as the traffic police to control the traffic.

b) Relocation of services

The project site is expected to have utilities including those underground which require timely coordination with the service providers for relocation.

2.9 Summary of Project Compliance:

The Project has ensured that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed.

In cases of inconsistency between the GOK Regulations and those of the development partner, the latter are to be applied as they take precedence.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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3. Statement of Performance against Project's Predetermined Objectives

Introduction

The key development objective of the project harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.

The project will primarily serve to enhance economic efficiency through improved mobility and accessibility to businesses thereby supporting economic development and fostering inclusive growth. To achieve the overall objective the project has five components:

- a) Project Works
- b) Consultancy Services

Progress on attainment of strategic development objectives

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



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Below are performance indicators against predetermined objectives

Project	Objective	Outcome	Indicator	Performance
The Establishment of Bus Rapid Transit Line 5 Project.	Harness technology and data to create a smarter, safer, and more efficient transportation system that meets the needs of travellers' while minimizing negative impacts on the environment and society.	<p>(i) Building BRT line 5 with advanced technology;</p> <p>(ii) Providing economically feasible BRT that is appropriate to Nairobi citizen's income level and economic status;</p> <p>(iii) Securing the citizen's mobility, accessibility and safety.</p> <p>(iv) Reducing the environmental effects caused by traffic congestion</p>	<p>(i) The use of ITS in BRT bus operation and dedicated lanes to protect BRT allows for the accurate scheduling of 5 minutes between buses. Passing lanes have been adopted to reduce delays at stations where stopping is not required.</p> <p>(ii) Dwell Time- reduce the delay caused by vehicles slowing down to stop at stations, allowing the customers to board and alight, and then to accelerate to a free-flow speed. The total time a bus stops at a station, is envisioned to be 20 seconds from the current estimated time of 300 seconds</p> <p>(iii) Travel Time The time taken for round trip from Allsops to Taj Mall and back to Allsops is 43 minutes</p> <p>(iv) Air Pollution levels/ air quality Modal split in year 2040 is expected to be 52% (BRT). 28% (Matatu) and 19% (private cars). Use of electric BRT buses, as proposed, will reduce matatus significantly positive changes in the emissions to the environment.</p>	Consultancy services are ongoing while Contractor for Works component is Under Procurement



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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4. Environmental and Sustainability Reporting

1. Sustainability Strategy and Profile

Kenya Urban Roads Authority aims at enhancing sustainable urban road transportation and mobility. Our Urban Roads Planning, Development and Maintenance strategy mainstreams the global 2030 Agenda for sustainable Development in our operations. The urban road network remains the key enabler for the realization of the objectives of Kenya Vision 2030 and any other agenda and guidelines established overtime. In the implementation of our Strategic Plan, we mainstream sustainability principles by complying with the local policies, legislations as well as international safeguard requirements. The Authority continues to foster Strategic partnerships with stakeholders for effective delivery of our services. To mitigate on the impact of any emerging disruption on the economy and our operations, we have been implementing a business continuity plan.

2. Environmental Performance

Our operations pose different degrees of risks to the environment. KURA has a functional Environment, Safety and Health Policy that outlines commitment to efficient use of resources, reducing and preventing pollution, and product stewardship. We conduct Environmental and Social Impact Assessment for all new projects prior to construction so as to control environmental risks and hazards. All contractors are required to adhere with the Environmental Management Plans and waste control measures, among others. Periodic Environmental Monitoring and Audit Reports are prepared to demonstrate compliance with legal requirements. The Authority takes in consideration biodiversity conservation efforts during the project lifecycle through avoidance of destructive extractive activities. Materials sites are subjected to environmental impact assessment as well as site restoration plans. Tree planting and growing is done within the road reserves to provide carbon sinks as an approach for climate mitigation and adaptation. Collaborative efforts with the private sector, resident associations as well as with government agencies have enabled the planting and maintenance of tree seedlings. In order to address the social risks associated with the construction and maintenance of urban roads, the authority undertakes social impact assessment and resettlement action plans.



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

3. Employee Welfare

The Authority has instituted measures to provide a conducive working environment for the well-being of staff and enhanced productivity. We have a comprehensive staff medical cover for both outpatient and inpatient services. This is in addition to group life policy WIBA contributory pension scheme and staff mortgage scheme. Annual staff appraisals are promptly undertaken and forms the basis for promotions and competency development through appropriate training for career development and personal growth. During the period of the project's implementation continuous training of various professional skills and competencies is to be carried out in addition Continuous Development Programs offered by various professional bodies. During the period of implementation of the project, the Authority will ensure compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

4. Market Place Practices-

a) Responsible Supply chain and supplier relations-

The Authority has aligned the Supply Chain processes to the Public Procurement and Disposal Act and the Public Procurement & Disposal Regulations, 2020. We continue to build the Capacity of our Suppliers through awareness creation on best practices, Fair procurement practices and on time payment. The Authority's Service Charter Guides Service Delivery standards detailing payment requirements and set timeframes for turnaround time for supplier payments. KURA has utilized innovation and technology in handling supplier payment to ensure application of the first in first out principle this is enabled by the Enterprise Resource Management System currently in use by the Authority. Effectiveness of all these measures is also monitored from time to time through internal audits and external checks to ensure continuous improvement.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

b) Responsible Ethical Practices

The Authority has established responsible ethical practises by having an anti-corruption policy in place and ensuring all Staff commit to the Authority's code of conduct and declare conflict of interest. Also the Authority ensures that staff working in the projects receive competitive wage bearing in mind the minimum allowed wage in the country, ensuring employees general well-being is well catered for, guaranteeing that all materials are sourced within the available guidelines and are sourced in competitive environment to provide equal opportunities to different suppliers and in compliance with the Laws of the Republic of Kenya and ensuring that all employees receive comprehensive benefits as well as treated with respect.

c) Regulatory Impact Assessment

The Project will ensure that all its activities carried out are within the laws of the Republic of Kenya and that all regulations and procedures have been followed. Among the regulations include the Environmental and Social Impact Assessment (ESIA) for which authority has to be in place for the implementation of the project. In cases of inconsistency between the GOK Regulations and those of the development partner the latter have been applied.

The Authority ensures compliance by submitting all the returns to the relevant regulatory institutions within the prescribed timelines. The Authority has put in place measures for compliance with the provisions of the Occupational Safety and Health Act, 2007. We undertake occupational health and safety assessment and risk assessment for improvement of the work environment for employees and customers.

5. Community Engagements

The Authority has established a functional Stakeholder Engagement policy that is continuously applied in engaging interested and affected persons in urban road planning and implementation. The feedback obtained from these activities is used to inform decision making for continual improvement. The urban road infrastructure is designed bearing all users in in mind and ensuring that it caters for all persons including those with disability as well as non-motorized road users, through construction of ramps and walkways. The



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Authority also engages communities by providing job opportunities to people working around the national urban road project areas.

5. Statement of Project Management Responsibilities

The Director General, Kenya Urban Roads Authority and the Project Team Leader for The Establishment of Bus Rapid Transit Line 5 Project, are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for and as at the end of the financial year ended on June 30, 2024.

This responsibility includes (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (v) Making accounting estimates that are reasonable in the circumstances.

The Director General, Kenya Urban Roads Authority and the Project Team Leader for The Establishment of Bus Rapid Transit Line 5 Project, accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Director General, Kenya Urban Roads Authority and the Project Team Leader for The Establishment of Bus Rapid Transit Line 5 Project, are of the opinion that the Project's financial statements give a true and fair view of the state of Project's



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

transactions during the financial year ended June 30, 2024, and of the Project's financial position as at that date.

The *Director General, Kenya Urban Roads Authority* and the *Project Team Leader* for *The Establishment of Bus Rapid Transit Line 5 Project*, further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.

The *Director General, Kenya Urban Roads Authority* and the *Project Team Leader* for *The Establishment of Bus Rapid Transit Line 5 Project*, confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

Approval of the Project Financial Statements

The Project financial statements were approved by the *Director General, Kenya Urban Roads Authority* and the *Project Team Leader* for *The Establishment of Bus Rapid Transit Line 5 Project* on 30th September 2024 and signed by:

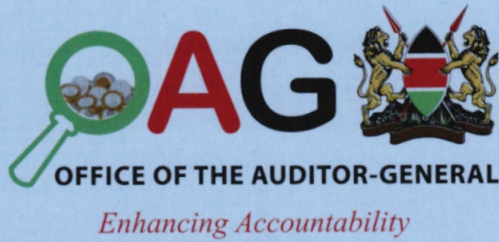
.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT (EDCF LOAN AGREEMENT NO. KEN-5) FOR THE YEAR ENDED 30 JUNE, 2024-KENYA URBAN ROADS AUTHORITY

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 the 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, is effective in the use of resources, or that its internal control, 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

Opinion

I have audited the accompanying financial statements of The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) set out on pages 1 to 19, which

Report of the Auditor-General on The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) for the year ended 30 June, 2024 - Kenya Urban Roads Authority

comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Establishment of Bus Rapid Transit Line 5 Project (EDCF Loan Agreement No.KEN-5) as at 30 June, 2024, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Financing Agreement EDCF Loan Agreement No. KEN-5 dated 29 January, 2021 between Republic of Kenya and the Export-Import Bank of Korea.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Establishment of Bus Rapid Transit Line 5 Project Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.281,697,437 and Kshs.145,655,731 respectively resulting in an under-funding of Kshs.136,041,706 which is 48% of the budget.

The under-funding affected the planned project activities and may have had a negative impact on service delivery to the public and timely completion.

2. Account Payables (Pending Bills)

Note 1 on Other Important Disclosure in page 16 and Annex 4 to the financial statements reflect pending accounts payable balance of Kshs.20,935,795 which was not settled during the financial year 2023/2024 but was carried forward to the 2024/2025 financial year. Delayed payment of invoices bills may result in high cost due to interest and penalties.

Failing to clear pending bills in the year to which they relate distorts the budget for the following year as they constitute a first charge on that budget.

My opinion is not modified in respect of these matters.

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 Matters

In the Audit report of previous year, two issues were raised on delayed commencement of Works and Irregular clause on Financing Agreement and non-compliance with the Public Procurement and Asset Disposal Act, 2015. However, Project Management has not resolved the issues.

Other Information

Conclusion

Project Management is responsible for the other information set out on pages iii to xvii which comprise of Project Information and Overall Performance, Statement of Performance Against Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on The Establishment of Bus Rapid Transit Line 5 Project financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Delayed Commencement of Works

The statement of receipts and payments as disclosed in Note 3 to the financial statements reflects a cumulative amount of Kshs.320,579,360 in respect of acquisition of non-financial assets which relates to the design, review and supervision of works, even though the work had not yet commenced.

Further, the Project was supposed to run for three and a half (3.5) years from June, 2022 to December, 2025 with an approved loan budget from the donor of US\$ 59,000,000 equivalent to Kshs.6,498,501,900. However, the financial statements and the relevant support documents indicate that, as at 30 June 2024, only an amount of Kshs.294,409,617 or 5% of the Development Partner commitments, had been disbursed to the project, leaving an undrawn balance of Kshs.6,204,092,283, or 95% of the donor commitments.

The low absorption and delayed funding by Development Partner, which Management attributed to failure to commence the works component in the year under review, may have a negative impact on project service delivery and successful completion of the project by December 2025.

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

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

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 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

Conclusion

As required by the Financing Agreement EDCF Loan Agreement No.KEN-5 dated 29 January, 2021, I report based on my audit that 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

- i. Information given in the Project Management on pages iii to xviii is consistent with the financial statements;

- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and,
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The Financing Agreement EDCF Loan Agreement No.KEN-5 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires

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

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 November, 2024



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

7. Statement of Receipts and Payments for the year ended 30th June 2024.

	Note	2023/2024			2022/2023			Cumulative to-date (From inception) KShs
		Receipts and payments controlled by the entity	Payments made by third parties	Total	Receipts and payment controlled by the entity	Payments made by third parties	Total	
		KShs	KShs		KShs	KShs		
RECEIPTS								
Transfer from Government entities	1	14,807,013	-	14,807,013	11,362,731	-	11,362,731	26,169,744
Proceeds from domestic and foreign grants		-	-	-	-	-	-	-
Loan from external development partners	2		130,848,719	130,848,719	-	163,560,898	163,560,898	294,409,617
TOTAL RECEIPTS		14,807,013	130,848,719	145,655,731	11,362,731	163,560,898	174,923,629	320,579,360
PAYMENTS								
Acquisition of non-financial assets	3	14,807,013	130,848,719	145,655,731	11,362,731	163,560,898	174,923,629	320,579,360
TOTAL PAYMENTS		14,807,013	130,848,719	145,655,731	11,362,731	163,560,898	174,923,629	320,579,360
SURPLUS/ (DEFICIT)		-	-	-	-	-	-	-

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

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

8. Statement of Financial Assets and Liabilities as at 30th June 2024

	2023-2024 KShs	2022-2023 KShs
FINANCIAL ASSETS		
Cash and Cash Equivalents		
Bank Balances	-	-
TOTAL FINANCIAL ASSETS (A)	-	-
Financial Liabilities		
Third party Deposits and Retention		
TOTAL FINANCIAL LIABILITIES (B)		
NET FINANCIAL ASSETS (A-B)		
REPRESENTED BY		
Fund balance B/fwd	-	-
Prior Year adjustments		
Surplus/(Deficit) for the year	-	-
NET FINANCIAL POSITION	-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **30th September 2024** and signed by:

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

9. Statement of Cashflow for the year ended 30th June 2024

Description	Notes	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Cashflow from operating activities			
Receipts			
Transfer from government entities	1	14,807,013	11,362,731
Total receipts		14,807,013	11,362,731
Payments			
Total Payments		-	-
Net receipts/(payments)		14,807,013	11,362,731
Adjustments during the year			
Prior year adjustments			
Decrease/(increase) in accounts receivable			
Increase/(decrease) in accounts payable:			
Net cash flow from operating activities		14,807,013	11,362,731
Cashflow from investing activities			
Acquisition of non-financial assets	3	(145,655,731)	(174,923,629)
Net cash flows from investing activities		(145,655,731)	(174,923,629)
Cash flow from financing activities			
Proceeds from foreign borrowings	2	130,848,719	163,560,898
Net cash flow from financing activities		130,848,719	163,560,898
Net increase in cash and cash equivalents		-	-
Cash and cash equivalent at beginning of the year			
Cash and cash equivalent at end of the year		-	-

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on on **30th September 2024** and signed by:

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	b	c=a+b	d	e=c-d	f=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts						
Transfer from Government entities	50,000,000	(30,000,000)	20,000,000	14,807,013	5,192,987	74%
Proceeds from domestic and foreign Loans	1,800,000,000	(1,538,302,563)	261,697,437	130,848,719	130,848,718	50%
Total Receipts	1,850,000,000	(1,568,302,563)	281,697,437	145,655,731	136,041,706	52%
Payments						
Acquisition of non-financial assets	1,850,000,000	(1,568,302,563)	281,697,437	145,655,731	136,041,706	52%
Total Payments	1,850,000,000	(1,568,302,563)	281,697,437	145,655,731	136,041,706	52%
Surplus or Deficit	-	-	-	-	-	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 2 to these financial statements.

.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader

.....
Aggrey Lukale
Project Accountant
ICPAK M. No. 4409



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

11. Significant Accounting Policies

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

a) Statement of Compliance and Basis of Preparation

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

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

b) Reporting Entity

The financial statements are for the Establishment of Bus Rapid Transit Line 5 Project –under Kenya Urban Roads Authority. The financial statements are for the reporting entity the Establishment of Bus Rapid Transit Line 5 Project as required by Section 81 of the PFM Act, 2012 .

c) Reporting Currency

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

d) Recognition of Receipts

(The Project) recognises all receipts from the various sources when the event occurs, and the related cash has been received.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

i) Transfers from the Exchequer

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

ii) External Assistance

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

iii) Other Receipts

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

iv) Donations and Grants

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

v) Proceeds from Borrowing.

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



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

vi) Undrawn External Assistance

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

e) Recognition of Payments

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

i) Compensation to Employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of Goods and Services

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

iii) Interest on Borrowing

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



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

iv) Repayment of Borrowing (Principal Amount)

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

f) Acquisition of Fixed Assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

g) In-kind Donations

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

h) Cash and Cash Equivalents

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



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

i) Restriction on Cash

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

j) Imprests and Advances

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

k) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024***

ii) The amount of the obligation cannot be measured with sufficient reliability.

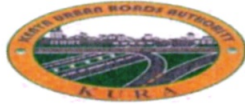
Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. The project for The Establishment of Bus Rapid Transit Line 5 Project did not have contingent liabilities in the year.

l) Contingent Assets

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

m) Pending Bills

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



***THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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n) Budget

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

o) Third Party Payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments.

and are disclosed in the payment to third parties' column in the statement of receipts and payments.

p) Exchange Rate Differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of receipts and payments.

q) Comparative Figures

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

r) Subsequent Events

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

s) Prior Period Adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There are no prior year adjustments for the project in the year under review.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

12. Notes to the Financial Statements

1. Transfers from Government entities

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

	2023/24	2022/23	Cumulative to-date (from inception)
	KShs	KShs	Kshs
Counterpart funds Quarter 1	-	-	-
Counterpart funds Quarter 2	-	5,000,000	5,000,000
Counterpart funds Quarter 3	14,807,013	-	14,807,013
Counterpart funds Quarter 4	-	6,362,731	6,362,731
Total	14,807,013	11,362,731	26,169,744



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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2. Loan from External Development Partners

During the financial period to 30 June 2024, we received funding from development partners in form of loans negotiated by the National Treasury as detailed in the table below:

Name of Donor	Date received	Amount in loan currency (USD)	Loans received in cash	Loans received as direct payment*	Total amount in KShs	
		USD	KShs	KShs	2023/24	2022/23
Export Import Bank of Korea (KEXIM)		2,525,400	-	130,848,719	130,848,719	163,560,898
Total	-	2,525,400	-	130,848,719	130,848,719	163,560,898



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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3. Acquisition of Non-Financial Assets

	2023/24			2022/23	Cumulative to-date KShs
	Payments made by the Entity in Cash KShs	Payments made by third parties KShs	Total Payments KShs	Total Payments KShs	
Nairobi Intelligent Transportation System Works	-	-	-	-	-
Design Review & Supervision of Works	14,807,013	130,848,719	145,655,731	174,923,629	320,579,360
Relocation of Services	-	-	-	-	-
Total	14,807,013	130,848,719	145,655,731	174,923,629	320,579,360



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

Description	2023-2024	2022-2023
	Kshs	Kshs
Construction of Civil Works	-	-
Consultancy Services	20,935,795	14,807,013
Relocation of Services		
Total	20,935,795	14,807,013

2. External Assistance

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
External assistance received as loans	130,848,719	163,560,898
Total	130,848,719	163,560,898

a). External assistance relating loans and grants

Description	FY 2023/2024	FY 2022/2023
	Kshs	Kshs
External assistance received as loans	130,848,719	163,560,898
Total	130,848,719	163,560,898



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Other Important Disclosures (Continued)

b) Undrawn external assistance

Description	Purpose for which the undrawn external assistance may be used	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Undrawn external assistance - loans	Works and Consultancy Services	6,204,092,283	6,334,941,002
Total		6,204,092,283	6,334,941,002

c) Classes of providers of external assistance

Description	FY 2023/2024 Kshs	FY 2022/2023 Kshs
Bilateral donors	130,848,719	163,560,898
Total	130,848,719	163,560,898

e....Purpose and use of external assistance

Payments Made by Third Parties:	FY 2023/2024 Kshs	FY 2022/2023 Kshs
Other Payments - Acquisition of Non-Financial Assets	130,848,719	163,560,898
TOTAL	130,848,719	163,560,898

f. External Assistance paid by third parties on behalf of Kenya Urban Roads Authority by Source

This relates to external assistance paid directly by third parties to settle obligations on behalf of (the entity This note should tie to line 3 of note 4 on external assistance)).

Description	FY 2023/2024 Kshs	FY 2022/2023 Kshs
Bilateral donors	130,848,719	163,560,898
Total	130,848,719	163,560,898



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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13. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

Reference No. on the external audit Report	Issue / Observations from Auditor	Management Comments	Status:	Timeframe: (Date when you expect the issue to be resolved)
1	Pending Bills	<p>Note 1 of other important disclosures and Annex 4 to the Financial Statements reflect pending accounts payable balance of Kshs.14,807,013 which relate to consultancy services. The project is at risk of unquantified significant interest costs and penalties with continued delay in making payments for invoiced bills.</p> <p>Failure to clear pending bills in the year to which they relate distorts the budget of the following year as they constitute a first charge on the budget</p>	Resolved	
2	Budgetary Control and Performance	<p>The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 629,400,000 and Kshs. 174,923,629 respectively resulting to an under-funding of Kshs. 454,476,371 or 72% of the budget.</p> <p>Similarly the project expended Kshs 174,923,629 respectively resulting to an under-expenditure of Kshs. 454,476,371 or 72% of the budget.</p> <p>The underfunding and underperformance affected the planned activities of the project and may have impacted negatively on service delivery to the public.</p>	Resolved	Budget implementation cycle for FY 2022/2023 closed
3	Delayed Commencement of Works	<p>Delay on procurement of the works component has been attributed to long turnaround time in the obtaining of No-Objection / approval to proceed to tendering of works by the Financier as per their Procedures and Regulations for Procurement of Works and Services. No objection for procurement of works has been granted and the process is ongoing</p>	Not Resolved	30-June-2025

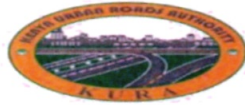


THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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4	Irregular clause on Financing Agreement and non-compliance with the Public Procurement and Asset Disposal Act, 2015	<p><i>The Financing agreements is a form of bilateral agreement made between the Kenyan Government and other foreign countries and or agencies and contains mutually agreed terms, conditions and obligations for each of the parties with regard to the project to be financed. The agreement was approved by the cabinet Secretary, The National Treasury in accordance with Section 58 of the Public Finance Management Act 2012 based on the legal opinion of the Attorney General as prescribed in regulation 203 of the Public Finance Management Regulations 2015.</i></p> <p><i>Section 4(2) of the Public Procurement and Disposal Act 2015 lists exemptions to the Act and stipulates that the Act does not apply to “procurement and disposal of assets under bilateral or multilateral agreements between the Government of Kenya and any other foreign government, agency, entity or multilateral agency unless as otherwise prescribed in the Regulations”</i></p> <p><i>To this extent, the Authority has not breached any law in the implementation of this project.</i></p>	Resolved	
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.....
Eng. Silas M. Kinoti, MBS
Director General

.....
Eng. Michael Njonge
Project Team Leader



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY 2023/2024

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Transfer from Government entities	20,000,000	14,807,013	5,192,987	74%	(i)
Proceeds from domestic and foreign loans	261,697,437	130,848,719	130,848,718	50%	(ii)
Total Receipts	281,697,437	145,655,731	136,041,706	52%	
Payments					
Acquisition of non-financial assets	281,697,437	145,655,731	136,041,706	52%	(i) & (ii)
Total payments	281,697,437	145,655,731	136,041,706	52%	

(i) The GoK Counterpart budget was only partly funded at the close of the financial year under review

(ii) The Development partner resources were to be utilized through the works component however the procurement of the project contractor was not finalized during the FY 2023/2024 and is ongoing



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2024

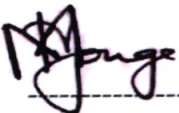
Annex 3: Reconciliation of inter-entity transfers

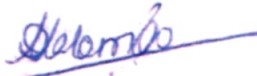
The Establishment of Bus Rapid Transit Line 5 Project				
Break down of Transfers from the State Department of Roads				
a.	Government Counterpart Funding	Bank Statement Date	Amount (KShs)	Financial Year
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01	13-Mar-24	14,807,013	FY 2023/2024
		Total	14,807,013	
b.	Direct Payments			
	Nairobi ITS Establishment & Junctions Improvement Project - Invoice 03		130,848,719	FY 2023/2024
		Total	130,848,719	
		TOTAL (a+b+c)	145,655,731	

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

Project Team Leader
Kenya Urban Roads Authority

Head of Accounting Unit
State Department of Roads

Sign -----

Sign -----



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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Annex 4: Analysis of Pending Bills

Supplier of Goods or Services	Date Contracted	Original Amount	Amount Paid To-Date	Outstanding Balance 2023/24	Outstanding Balance 2022/23	Comments
		a	b	c=a-b		
Construction of Nairobi ITS -civil works						
Nairobi ITS Works	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Supply of services						
Consultancy Services-Inv 01		4,339,115	4,339,115	-	4,339,115	
Consultancy Services-Inv 02		10,467,897	10,467,897	-	10,467,897	
Consultancy Services-Inv 03		20,935,795	-	20,935,795		
Sub-Total		35,742,808	14,807,013	20,935,795	14,807,013	
Relocation of Services						
Relocation of Services	-	-	-	-	-	
Sub-Total	-	-	-	-	-	
Grand Total		35,742,808	14,807,013	20,935,795	14,807,013	