

REPUBLIC OF KENYA



*Enhancing Accountability*

# REPORT

OF

THE NATIONAL ASSEMBLY PAPER	
DATE: 06 DEC 2023	DAY: WEDNESDAY
TABLED BY: HON OWEN BATA, MP	ON
CLERK AT THE TABLE: FINLAY	

## THE AUDITOR-GENERAL

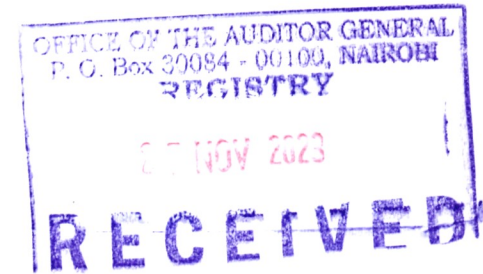
### NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT CREDIT NO.5140-KE

FOR THE YEAR ENDED  
30 JUNE, 2023

**KENYA RAILWAYS CORPORATION**







**KENYA RAILWAYS**  
*right on track*

**NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT (NUTRIP)**

**KENYA RAILWAYS CORPORATION**

**PROJECT GRANT/CREDIT NUMBER: IDA 5140 -KE**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2023**

---

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

*National Urban Improvement Project (NUTRIP)  
Annual Reports and Financial Statements for the financial year ended June 30, 2023*

*National Urban Improvement Project (NUTRIP)*  
*Annual Reports and Financial Statements for the financial year ended June 30, 2023*

**TABLE CONTENTS**

1. ACRONYMS AND GLOSSARY OF TERMS .....	ii
2. PROJECT INFORMATION AND OVERALL PERFORMANCE .....	iii
3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETRMINED OBJECTIVES .....	x
4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xi
5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES .....	xii
6. REPORT OF THE INDEPENDENT AUDITOR ON THE NUTRIP PROJECT .....	xiv
7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023 .....	1
8. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023 .....	3
9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2023 .....	4
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.....	5
11. SIGNIFICANT ACCOUNTING POLICIES .....	6
12. NOTES TO THE FINANCIAL STATEMENTS .....	13
13. ANNEXES.....	19

**1. ACRONYMS AND GLOSSARY OF TERMS**

CBK	Central Bank of Kenya
Comparative FY	Financial year preceding the current financial year.
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
MD	Managing Director
NT	National Treasury
NUTRIP	National Urban Transport Improvement Project
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank

**2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

**2.1 Name and registered office**

**Name**

The project's official name is National Urban Transport Improvement Project.

**Objective**

The key objective of the project is

- a. Improve the efficiency of the road transport along the northern corridor
- b. Improve the institutional capacity and arrangements in urban transport sub-sector
- c. Promote public sector participation in the operation, financing and management of transport system

**Address**

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

The address of its registered office is:

Kenya Railways Headquarters  
LR No. 209/11954/2  
Haile Selassie Avenue/Workshop Road  
P. O. BOX 30121-00100

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

Telephone: (254) 020-2221211

Website: [www.krc.co.ke](http://www.krc.co.ke)

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.2 Project Information**

<b>Project Start Date:</b>	The project start date is 26.12.2012
<b>Project End Date:</b>	The project end date is 31.12.2018
<b>Project Manager:</b>	The project manager is Eng. Mucemi Gakuru
<b>Project Sponsor:</b>	The project sponsor is World Bank

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Transport - MoT.
Project number	P126321
Strategic goals of the project	The strategic goals of the project are as follows: <ul style="list-style-type: none"> <li>(i) Improve efficiency of the road transport along northern corridor</li> <li>(ii) Improve the institutional capacity and arrangements in the urban transport sub- sector</li> <li>(iii) Promote private sector participation in the operation, financing and management of transport systems</li> </ul>
Achievement of strategic goals	The project management aims to achieve the goals through the following means: <ul style="list-style-type: none"> <li>(i) Carrying out feasibility studies and detailed designs; and preparing the necessary bidding documents for construction of selected commuter rail systems in Nairobi and other major towns through provision of technical advisory services required for that purpose.</li> <li>(ii) Preparing bidding and contract documents for the selection of private sector operators providing commuter rail operations and associated services; through provision of advisory services required for that purpose.</li> <li>(iii) Supplying and installing information systems (IT) and</li> </ul>



	building the capacity of KRC in IT, management of private sector involvement, planning, management of contracts including for concessionaires; and other oversight functions; all through provision of goods, training and services required for that purpose.
Current situation that the project was formed to intervene	The project was formed to intervene in the following areas: <ul style="list-style-type: none"><li>(i) Have feasibility and detailed engineering design and studies for commuter rail in Nairobi, Mombasa and Kisumu cities</li><li>(ii) Have technical assistance and advisory services related to the services of Nairobi, Mombasa and Kisumu Commuter rail.</li><li>(iii) Have capacity building by Training of Staff.</li></ul>
Project duration	The project started on 26. 12 .2012 and is expected to run until 31. 12. 2018

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.4 Bankers**

The following are the bankers of the project:

**i. Special Account:**

NCBA Bank Kenya

NUTRIP- Project E-(KRC)-MAIN

ACCOUNT NO. 6968530013

**ii. Principal Bankers:**

NCBA BANK KENYA

USD A/C NO.1001004057

KSH A/C NO.2178860056

Masaba Road Branch, Upper hill

P.O. Box 44599, 00100

NAIROBI

**2.5 Auditor**

The project is audited by the Office of the Auditor General.

Auditor General

Office of the Auditor General

Anniversary Towers

P.O. Box 30084-00100

NAIROBI

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.6 Roles and Responsibilities

The team responsible of the project management and coordination functions are as tabulated below:

Names	Title designation	Key qualification	Responsibilities
<i>Eng. Mucemi Gakuru</i>	<i>Program Coordinator</i>	<i>BSC (Electrical Eng.) PhD(Electrical Eng.) Registered Eng.(EBK)</i>	<ul style="list-style-type: none"> <li>-Overall management and monitoring of all projects</li> <li>-Undertake contract negotiations</li> <li>-Ensure reports are prepared and submitted on time</li> <li>-Liaise with bank on project activities</li> <li>Attend POC and PITL briefings and meetings</li> <li>- Publication of awards and reports in WB client connection</li> </ul>
<i>Peter Kamakia</i>	<i>Finance Management Expert</i>	<ul style="list-style-type: none"> <li><i>BBM (Finance Option)</i></li> <li><i>MBA (Strategic Management)</i></li> <li><i>CPA(K)</i></li> </ul>	<ul style="list-style-type: none"> <li>-Preparation of project Financial reports, budgets and monitoring</li> <li>-Ensure timely payment</li> <li>-Ensure financial audits are carried out</li> </ul>

PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)

2.7 Funding summary

The Project was for duration of six years from 2012 to 2018 with an approved budget of US\$ 11,930,000/- equivalent to Ksh 1,071,552,600 as highlighted in the table below:

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment-		Amount received to date – (30/06/2023)		Undrawn balance to date (30/06/2023)	
	Donor currency	KShs	Donor currency	KShs	Donor currency	KShs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
<b>(i) Grant</b>						
IDA	11,930,000	1,071,552,600	1,311,660	117,813,333	10,618,340	953,739,267
<b>(ii) Counterpart funds</b>						
GoK		87,000,000		87,000,000		-
KR		64,696,113		60,796,113		3,900,000
<b>Total</b>	<b>11,930,000</b>	<b>1,223,248,713</b>	<b>1,311,660</b>	<b>265,609,446</b>	<b>10,618,340</b>	<b>957,639,267</b>

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June 2023)		Cumulative Amount paid to date – (30 <sup>th</sup> June 2023)	Unutilised balance to date (30 <sup>th</sup> June 2023)	
	Donor currency	Kshs		Donor currency	Kshs
	(A)	(A')		(A)-(B)	(A')-(B')
<b>(i) Grant</b>					
IDA	1,311,660	117,813,333	117,813,333	0	0
GoK		87,000,000	87,000,000	0	0
KR		60,796,113	60,796,113	0	0
<b>Total</b>	<b>1,311,660</b>	<b>265,609,446</b>	<b>265,609,446</b>	<b>0</b>	<b>0</b>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.8 Summary of Overall Project Performance:**

- i) The Project did not receive any disbursement from World Bank during the year. Through a letter from World Bank dated 11<sup>th</sup> September 2020 and in reference to the cancellation letter dated 27<sup>th</sup> December 2020 the credit account is closed.
- ii) The overall budget absorption rate is 11% of the project donor commitment. The NUTRIP KRC component is majorly comprised of consultancy work/studies on the Nairobi and Mombasa Commuter Master Plan and procurement of a track-recording car which were ongoing by the time of the project closure. It was expected that the project will be extended since the KR components took more time to start than envisaged. This could have taken up over 50% of the overall budget of the project.

**2.9 Summary of Project Compliance:**

The Program 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. The project financial reporting has also complied with the International Public Sector Accounting Standards of Accounting (IPSAS) cash basis.

In cases of inconsistency between the GOK Regulations and those of the donors, the latter has been applied.

### **3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINE OBJECTIVES**

#### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The key development objectives of the project's agreement/ plan are to:

- a) Improve the efficiency of the road transport along the northern corridor
- b) Improve the institutional capacity and arrangements in urban transport sub-sector
- c) Promote public sector participation in the operation, financing and management of transport system

#### **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.

Nutrip project was closed on 31<sup>st</sup> December 2018 hence; no activities took place within the period

**4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

Throughout the project implementation period, it endeavoured to entrench corporate social responsibility. This mainly entails seeking opportunities to both improve the environment and actively contribute to the well-being of the communities in which the project has been engaged aimed at promoting the welfare of the society.

## 5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Managing Director, Kenya Railways and the Project Coordinator for NUTRIP 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, 2023.

### **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
- (v) Making accounting estimates that are reasonable in the circumstances.

The Managing Director, and the Project Coordinator for **NUTRIP 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 Managing Director and the Project Coordinator for **NUTRIP project** are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date. The Managing Director and the Project Coordinator for **NUTRIP 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.



*National Urban Improvement Project (NUTRIP)*

*Annual Reports and Financial Statements for the financial year ended June 30, 2023*

The Managing Director and the Project Coordinator for **NUTRIP 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.

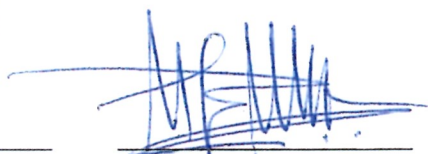
**Approval of the Project financial statements**

The Project financial statements were approved by the Managing Director and the Project Coordinator for **NUTRIP project** on 8<sup>th</sup> September 2023 and signed by them.



---

**Managing Director**  
Philip J. Mainga, EBS



---

**Project Coordinator**  
Dr. Mucemi Gakuru



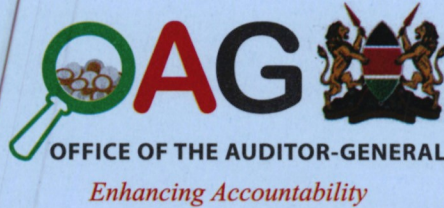
---

**Project Accountant:**  
Peter Kamakia  
ICPAK Member Number: 9926



# REPUBLIC OF KENYA

Telephone: +254-(20) 3214000  
E-mail: info@oagkenya.go.ke  
Website: www.oagkenya.go.ke



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

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL URBAN TRANSPORT IMPROVEMENT PROJECT CREDIT NO.5140-KE FOR THE YEAR ENDED 30 JUNE, 2023 - KENYA RAILWAYS CORPORATION**

---

### **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 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**

#### **Opinion**

I have audited the accompanying financial statements of National Urban Transport Improvement Project Cr. No.5140-KE Kenya Railways Corporation set out on

pages 1 to 20, which comprise the statement of financial assets as at 30 June, 2023, and the statement of receipts and payments, 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, the financial statements present fairly, in all material respects, the financial position of National Urban Transport Improvement Project Cr No.5140-KE Kenya Railways Corporation as at 30 June, 2023 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 Financing Agreement dated 26 September, 2012 between the Republic of Kenya and the International Development Association (IDA) and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the National Urban Transport Improvement Project Cr No.5140-KE Kenya Railways Corporation 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 opinion.

In addition, the special account statement, presents fairly, the special account transactions and the ending balance has been reconciled with the books of account.

### **Key Audit Matters**

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

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

### **Conclusion**

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

## **Basis for Conclusion**

### **1. Long Outstanding Balance on Pending Bills**

Annex 4 on analysis of pending bills reflects a balance of Kshs.3,900,000 in respect of pending bills for supply of services. As previously reported, the bills were contracted on 01 December, 2018. Management did not provide a budget for settlement of the pending bills and no explanation was provided for the failure to settle the pending bills even though the Project was closed on 31 December, 2018.

In the circumstances, Management risk incurring avoidable additional costs.

### **2. Doubtful Achievement of Project Goals**

The statement of receipts and payments reflects cumulative receipts of Kshs.117,813,333 in respect of loans from external development partners or 11% of the total donor commitment of Kshs.1,071,552,600. As previously reported, the project was closed on 31 December, 2018.

In the circumstances, the attainment of the projects' goals highlighted under project information and overall performance could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 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 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 the International Standards for Supreme Audit Institutions (ISSAIs) 2315 and 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 International Development Association (IDA), 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 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.

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

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

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to 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 Project 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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

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

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

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Project to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Project to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

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

**Nairobi**

**17 November, 2023**



**National Urban Improvement Project (NUTRIP)**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2023**

**7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30TH JUNE 2023**

Note	2022/2023		2021/2022		Cumulative to-date (From inception)	
	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
	KShs	KShs	KShs	KShs	KShs	KShs
<b>RECEIPTS</b>						
Transfer from Government entities - GOK						87,000,000
Transfer from Government entities - KR						60,796,113
Loan from external development partners						117,813,333
Miscellaneous receipts	1,609	-	1,609	1,595	-	3,058,939
<b>TOTAL RECEIPTS</b>	<b>1,609</b>	<b>-</b>	<b>1,609</b>	<b>1,595</b>	<b>-</b>	<b>268,668,385</b>
<b>PAYMENTS</b>						
Compensation of employees						
Purchase of goods and services						(247,729,085)
Social security benefits						
Acquisition of non-financial assets						
Transfers to other government entities						(20,805,688)
Miscellaneous Payments	(241)	-	(241)	(1,079)	-	(4,107)

**National Urban Improvement Project (NUTRIP)  
Annual Reports and Financial Statements for the financial year ended June 30, 2023**

Note	2022/2023			2021/2022			Total	Cumulative to-date (From inception)
	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		
10	-	-	-	-	-	-	-	-
<b>TOTAL PAYMENTS/SURPLUS/(DEFICIT)</b>	<b>(241)</b>	<b>-</b>	<b>(241)</b>	<b>(1,079)</b>	<b>-</b>	<b>(1,079)</b>	<b>(1,079)</b>	<b>(268,538,880)</b>
	<b>1,368</b>	<b>-</b>	<b>1,368</b>	<b>516</b>	<b>-</b>	<b>516</b>	<b>516</b>	<b>129,505</b>

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



**Managing Director,**  
Philip J. Mainga, EBS



**Project Coordinator**  
Dr. Mucemi Gakuru



**Project Accountant**  
Peter Kamakia  
ICPAK Member Number: 9926

**National Urban Improvement Project (NUTRIP)**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2023**

**8. STATEMENT OF FINANCIAL ASSETS AS AT 30TH JUNE 2023**

	Note	2022-2023 KShs	2021-2022 KShs
<b>FINANCIAL ASSETS</b>			
<b>Cash and Cash Equivalents</b>			
Bank Balances	11.A	129,505	128,137
Cash Balances	11.B	-	-
Cash Equivalents (short-term deposits)	11.C	-	-
<b>Total Cash and Cash Equivalents</b>		<b>129,505</b>	<b>128,137</b>
Accounts Receivables	12	-	-
<b>TOTAL FINANCIAL ASSETS</b>		<b>129,505</b>	<b>128,137</b>
<b>FINANCIAL LIABILITIES</b>			
Payables- Deposits and Retentions	13	-	-
<b>NET ASSETS</b>		<b>129,505</b>	<b>128,137</b>
<b>REPRESENTED BY</b>			
Fund balance b/fwd	14	128,137	127,621
Prior year adjustments	15	-	-
Surplus/(Deficit) for the year		1,368	516
<b>NET FINANCIAL POSITION</b>		<b>129,505</b>	<b>128,137</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 8<sup>th</sup> September 2023 and signed by:



**Managing Director,**  
Philip J. Mainga, EBS



**Project Coordinator**  
Dr. Mucemi Gakuru



**Project Accountant**  
Peter Kamakia  
ICPAK Member Number: 992

**National Urban Improvement Project (NUTRIP)**  
**Annual Reports and Financial Statements for the financial year ended June 30, 2023**

**9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30TH JUNE 2023**

	Note	2022-2023 KShs	2021-2022 KShs
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts from operating activities</b>			
Transfer from Government entities - GOK	1	-	-
Transfer from Government entities - KR	2	-	-
Miscellaneous receipts	4	1,609	1,595
<b>Payments from operating activities</b>			
Compensation of employees	5	-	-
Purchase of goods and services	6	-	-
Social security benefits	7	-	-
Transfers to other government entities	9	-	-
Other grants and transfers	10	-	-
Miscellaneous Payment		(241)	(1,079)
<b>Adjustments during the year</b>			
Prior Year Adjustments	15	-	-
Decrease/(Increase) in Accounts Receivable	16	-	-
Increase/(Decrease) in Accounts Payable:	17	-	-
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>1,368</b>	<b>516</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of non-financial assets	8	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Foreign Borrowings	3	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>1,368</b>	<b>516</b>
<b>CASH AND CASH EQUIVALENT AT BEGINNING OF THE YEAR</b>	11	<b>128,137</b>	<b>127,621</b>
<b>CASH AND CASH EQUIVALENT AT END OF THE YEAR</b>	11	<b>129,505</b>	<b>128,137</b>

**National Urban Improvement Project (NUTRIP)  
Annual Reports and Financial Statements for the financial year ended June 30, 2023**

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 2<sup>nd</sup> September 2023 and signed by:



**Managing Director,**  
Philip J. Mainga, EBS

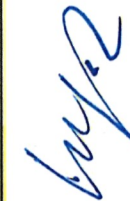


**Project Coordinator**  
Dr. Mucemi Gakuru

**Project Accountant**  
Peter Kamakia  
ICPAK Member Number: 9926

**10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**

Receipts/Payments Item	Original Budget a	Adjustments b	Final Budget c=a+b	Actual on Comparable Basis d	Budget Utilization Difference e=c-d	% of Utilization f=d/c %
<b>Receipts</b>	Ksh	Ksh	Ksh	Ksh	Ksh	
Transfer from Government entities - GOK	-	-	-	-	-	-
Transfer from Government entities - KR	-	-	-	-	-	-
Miscellaneous receipts	-	-	-	1,609	1,609	n/a
<b>Total Receipts</b>	-	-	-	-	-	-
<b>Payments</b>						
Purchase of goods and services	-	-	-	-	-	-
Miscellaneous Payments				(241)	(241)	n/a
<b>Total</b>	-	-	-	<b>1,368</b>	<b>1,368</b>	-



**Managing Director,**  
Philip J. Mainga, EBS



**Project Coordinator**  
Dr. Mucemi Gakuru



**Project Accountant**  
Peter Kamakia  
ICPAK Member Number: 9926

## **11. SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

### **10.2 Reporting entity**

The financial statements are for the NUTRIP Project under National Government of Kenya. The financial statements are for the reporting National Urban Transport Improvement Project (NUTRIP) as required by Section 81 of the PFM Act, 2012.

### **10.3 Reporting currency**

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

### **10.4 Recognition of receipts**

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

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

Transfer from Exchequer is be 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.

**Significant Accounting Policies (Continued)**

**ii) External Assistance**

External assistance is 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 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 Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.

**vi) Undrawn external assistance**

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

**Significant Accounting Policies (Continued)**

**10.5 Recognition of payments**

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

**i) Compensation of 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 incurred and paid for.

**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.

**v) 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



**Significant Accounting Policies (Continued)**

and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

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

**10.6 In-kind donations**

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

**10.7 Cash and cash equivalents**

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

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

**10.8 Restriction on cash**

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

**Significant Accounting Policies (Continued)**

**10.9 Imprests and Advances**

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

**10.10 Contingent Liabilities**

A contingent liability is:

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

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

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

**10.11 Contingent Assets**

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

**Significant Accounting Policies (Continued)**

**10.12 Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. 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.

**10.13 Budget**

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

A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**Significant Accounting Policies (Continued)**

**10.14 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.

During the year, no loan disbursements were received in form of direct payments from third parties.

**10.15 Exchange rate differences**

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

**10.16 Comparative figures**

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

**10.17 Subsequent events**

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

**10.18 Prior period adjustments**

Prior period adjustments relate to errors and other adjustments noted arising from previous year(s). There was no prior year adjustment was reported in the year.

12. NOTES TO THE FINANCIAL STATEMENTS

1. TRANSFERS FROM GOVERNMENT ENTITIES

The project has not received any counterpart funding from the Government of Kenya during the financial period 2022/2023

2. PROCEEDS FROM DOMESTIC AND FOREIGN GRANTS

During the 12 months to 30 June 2023, the project did not receive grants from donors.

3. LOAN FROM EXTERNAL DEVELOPMENT PARTNERS

During the 12 months to 30 June 2023, the project did not receive funding from development partners.

4. MISCELLANEOUS RECEIPTS

	2022/23			2021/2022	Cumulative to-date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total Receipts	Total Receipts	
	KShs	KShs	KShs	KShs	KShs
Other receipts not classified elsewhere	-	1,609	1,609	1,595	3,058,939
<b>Total</b>	<b>=</b>	<b>1,609</b>	<b>1,609</b>	<b>1,595</b>	<b>3,058,939</b>

5. COMPENSATION OF EMPLOYEES

There was no employee cost paid out of the project

6. PURCHASE OF GOODS AND SERVICES

	2022/2023			2021/2022	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Communication, supplies and services	-	-	-	-	173,334,809
Training payments	-	-	-	-	39,167,035
Other operating payments	241	-	1,079	1,079	12,894,272
<b>Total</b>	<b>241</b>	<b>=</b>	<b>1,079</b>	<b>1,079</b>	<b>225,396,116</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. SOCIAL SECURITY BENEFITS

There were no Social Security Benefits paid from the project

8. ACQUISITION OF NON-FINANCIAL ASSETS

	2022/23			2021/22	Cumulative to-date
	Payments made by the Entity in Cash	Payments made by third parties	Total Payments	Total Payments	
	KShs	KShs	KShs	KShs	KShs
Acquisition of other intangible assets	-	-	-	-	20,805,688
<b>Total</b>	=	=	=	=	<b>20,805,688</b>

9. TRANSFERS TO OTHER GOVERNMENT ENTITIES

During the 12 months to 30 June 2023, no transfers were made to government entities

10. OTHER GRANTS AND TRANSFERS AND PAYMENTS

During the 12 months to June 2023, no other grants and transfers and payments.

11. CASH AND CASH EQUIVALENTS

	2022/23	2021/22
	KShs	KShs
Bank accounts (Note 8.13A)	129,505	128,137
Cash in hand (Note 8. 13B)	-	-
Cash equivalents (short-term deposits) (Note 8.13C)	-	-
<b>Total</b>	<b>129,505</b>	<b>128,137</b>

The project has one number of project accounts spread within the project implementation area and one number of foreign currency designated accounts managed by the National Treasury as listed below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. A Bank Accounts

Project Bank Accounts

	2022/23	2021/22
	KShs	KShs
<b><u>Foreign Currency Accounts</u></b>		
NCBA Bank [A/c No. 1001004057]	NIL	NIL
<b>Total Foreign Currency balances</b>	<u>NIL</u>	<u>NIL</u>
<b><u>Local Currency Accounts</u></b>		
NCBA Bank [A/c No 2178860056]	129,505	128,137
<b>Total local currency balances</b>	129,505	128,137
<b>Total bank account balances</b>	<b>129,505</b>	<b>128,137</b>

*The NCBA USD Account was opened for foreign currency related transactions but has not had any transaction since inception.*

**Special Deposit Accounts**

The balances in the Project's Special Deposit Account as at 30<sup>th</sup> June 2023 are not included in the Statement of Financial Assets since they are below the line items and are yet to be drawn into the Exchequer Account as a voted provision.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Special Deposit Accounts Movement Schedule

	2022/23	2021/22
	KShs	KShs
<b>(i) Central Bank of Kenya [A/c No 6968530013]</b>		
Opening balance	-	-
Total amount deposited in the account	-	-
Total amount withdrawn (as per Statement of Receipts & Payments)	=	=
<b>Closing balance (as per SDA bank account reconciliation attached)</b>	=	=

After the project was closed the balances on the accounts was withdrawn and returned to World Bank hence zero balance

**11 B Cash In Hand**

No cash in hand was held as at 30<sup>th</sup> June 2023

**11 C Cash equivalents (short-term deposits)**

No short-term deposits were held as at 30<sup>th</sup> June 2023

**12. IMPRESTS AND ADVANCES**

No imprest and advances as at 30<sup>th</sup> June 2023

**12A: BREAKDOWN OF IMPRESTS AND ADVANCES**

No Imprests were outstanding as at 30<sup>th</sup> June 2023

**13. DEPOSITS AND RETENTION MONIES**

There were no deposits or retention monies as at 30<sup>th</sup> June 2023

**14. FUND BALANCE BROUGHT FORWARD**

	2022/23	2021/22
	KShs	KShs
Bank accounts	129,505	128,137
Cash in hand	-	-
Cash equivalents (short-term deposits)	-	-
Outstanding imprests and advances	-	-
<b>Total</b>	<b>129,505</b>	<b>128,137</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**15. PRIOR YEAR ADJUSTMENT**

There were no prior year adjustments

**16. CHANGES IN IMPREST AND ADVANCES**

There were no changes in imprest and advances

**17. CHANGES IN ACCOUNTS DEPOSIT AND RETENTION**

There were no changes in accounts deposits and retention

**OTHER IMPORTANT DISCLOSURES**

**1. PENDING ACCOUNTS PAYABLE (See Annex 3A)**

	2022/23	2021/22
Description	KShs	KShs
Supply of services	3,900,000	3,900,000
	<b>3,900,000</b>	<b>3,900,000</b>

*\*The Kes 3.9 Million pending bill is budgeted and to be cleared in Q1 of FY2023-24*

**2. PENDING STAFF PAYABLES (See Annex 3B)**

There were no pending staff bills as at 30<sup>th</sup> June 2023

**3. OTHER PENDING PAYABLES (See Annex 3C)**

There were no other pending bills as at 30<sup>th</sup> June 2023

**4. EXTERNAL ASSISTANCE**

There was no external assistance for the year ending as at 30<sup>th</sup> June 2023

**5. PAYMENTS BY THIRD PARTY ON BEHALF OF THE PROJECT**

There was no payments by third party on behalf of the project during the year ending as at 30<sup>th</sup> June 2023

**6. RELATED PARTY DISCLOSURES**

There was no related party disclosures for the year ending as at 30<sup>th</sup> June 2023

**7. CONTINGENT LIABILITIES**

There was no contingent liabilities for the year ending as at 30<sup>th</sup> June 2023

*National Urban Improvement Project (NUTRIP)  
Annual Reports and Financial Statements for the financial year ended June 30, 2023*

**13. ANNEXES**

**Annex 1: Prior Year Auditor’s Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolve / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Other Matters No. 1	Pending bills	The outstanding bill has been budgeted in FY2022/23	In progress	30 <sup>th</sup> June 2024
Other Matters No. 2	Doubtful achievement of the project goals	<p>The NUTRIP KRC component is majorly comprised of consultancy work/studies on the Nairobi and Mombasa Commuter Master Plan and procurement of a track-recording car which were still ongoing by the time of the project closure. It was expected that the project will be extended owing to the fact that the KR components took more time to start than envisaged. Whereas it was expected that the project commences in 2012 but it did not lead to further delay.</p> <p>The tendering for the Track Recording Car was challenged at the Public Procurement and Review Board (PPRB) and intention to award had to be reviewed. It was expected that the project period would be extended which would have enabled the track recording car absorb over 50% of the budget amount.</p> <p>The project was closed effective 31<sup>st</sup> December 2019 effectively halting all</p>	Project closed	

National Urban Improvement Project (NUTRIP)  
 Annual Reports and Financial Statements for the financial year ended June 30, 2023

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)
		processes towards absorption of allocated funds and full realization of the project goals		

  
 \_\_\_\_\_  
**Managing Director**

8/9/2023  
 \_\_\_\_\_  
**Date**

  
 \_\_\_\_\_  
**Project Coordinator**

8/9/2023  
 \_\_\_\_\_  
**Date**

**National Urban Improvement Project (NUTRIP)  
Reports and Financial Statements  
For the financial year ended June 30, 2023**

**Annex 2: Variance explanations - Comparative Budget and Actual amounts for Current FY 2022-2023**

	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 %	
	Ksh	Ksh	Ksh		
<b>Receipts</b>					
Transfer from Government entities - GOK	-	-	-	-	
Transfer from Government entities - KR	-	-	-	-	
Proceeds from borrowings	-	-	-	-	
Miscellaneous receipts	-	1,609	(1,609)	n/a	
<b>Total Receipts</b>	-	<b>1,609</b>	<b>(1,609)</b>	<b>n/a</b>	
<b>Payments</b>					
Compensation of employees	-	-	-	-	
Purchase of goods and services	-	-	-	-	
Social security benefits	-	-	-	-	
Acquisition of non-financial assets	-	-	-	-	
Transfers to other government entities	-	-	-	-	
Miscellaneous Payments	-	(241)	241	n/a	
<b>Total payments</b>	-	<b>(1,368)</b>	<b>1,368</b>	<b>n/a</b>	

**Annex 3: Reconciliation of inter-entity transfers**

There was no inter-entity transfers in the period

**Project Coordinator**

**Managing Directors**

Sign \_\_\_\_\_

Sign \_\_\_\_\_

**National Urban Improvement Project (NUTRIP)  
Annual Reports and Financial Statements for the financial year ended June 30, 2023**

**Annex 4 - Analysis Of Pending Bills**

Supplier of Goods or Services	Original Amount	Date Contracted	Amount Paid To-Date	Outstanding Balance 2022/23	Outstanding Balance 2021/22	Comments
	a	b	c			
<b>Supply of services</b>						
1. Team Leader Consultancy Fee	27,354,840	01/12/2018	23,454,840	3,900,000	3,900,000	Payable from GOK and KR Internal Funds
Sub-Total	27,354,840			3,900,000	3,900,000	
<b>Grand Total</b>	<b>27,354,840</b>			<b>3,900,000</b>	<b>3,900,000</b>	

**Annex 5 – Summary of Fixed Assets Register**

Asset class	Opening Cost (KShs) 2022/23	Donations in form of assets (KShs) 2022/23	*Purchases/ Additions in the Year (KShs) 2022/23	**Disposals in the Year (Ksh) 2022/23	Transfers in/(out) Ksh 2022/23	Closing Cost (KShs) 2022/23
	(a)	(b)	(c)	(d)	(d)	(e)= (a)+ (b)+c- (d)+(-)d
ICT Equipment, Software and Other ICT Assets	20,805,688	-	-	-	-	20,805,688
<b>Total</b>	<b>20,805,688</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,805,688</b>

*Notes \* There were no disposals or Purchases of assets in the FY 2022/2023*

*National Urban Improvement Project (NUTRIP)*  
*Reports and Financial Statements*  
*For the financial year ended June 30, 2023*

---

**APPENDICES**

- i. Bank Confirmation Certificate
- ii. IDA 5140-KE Cancellation Letter







July 04, 2023

KENYA RAILWAYS CORPORATION,  
P.O. BOX 30121-00100,  
NAIROBI.

REF: KR/F/5/19 VOL.1(138)

Dear Sir/Madam,

**RE: CERTIFICATE OF BALANCE FOR KENYA RAILWAYS CORPORATION.**

We refer to your correspondence requesting us to furnish you with information regarding the state of affairs of your accounts.

In response we wish to confirm the account and its respective balance with us, as at close of business on **30<sup>th</sup> June 2023** to have been as follows:

Account Number	Account Name	Curr	Account Balance
2178860056	KENYA RAILWAYS CORPORATION	KES	129,504.91 CR
2178860035	HORN OF AFRICA WORLD BANK PROJECT	KES	NIL
2178860048	HORN OF AFRICA WORLD BANK PROJECT	USD	NIL

**Authorized signatories:**

**2178860056**

- JACQUILINE M'MBOGAH
- WILBERFORCE ASAVA KADIMA
- JEMIMAH WANJIRU MATU
- STANLEY GITARI WAMBUI
- SAMMY KARUKI NJERU

**2178860035, 2178860048**

- PHILIP J MAINGA
- STANLEY GITARI
- SAMMY KARUKI
- JACQUELINE M MBOGAH
- WILBERFORCE KADIMA
- JEMIMAH MATU

We also wish to give a **nil** report on all other aspects of your questionnaire. We trust that this meets your requirements.

Yours faithfully,

Authorized signatory  
**Sidney Kimani**

  
Authorized signatory  
**Elizabeth Muraguri**

**NCBA Centre**  
Mara and Ragati Road, Upper Hill  
P. O. Box 44599-00100, Nairobi, Kenya  
Tel: +254 20 2884444  
Mobile: +254 711 056444/+254 732 156444  
Email: contact@ncbagroup.com

[www.ncbagroup.com](http://www.ncbagroup.com)

NCBA BANK KENYA PLC

NCBA Bank Kenya PLC is a subsidiary of NCBA Group PLC. NCBA Bank Kenya PLC is regulated by the Central Bank of Kenya



→ AM

**The World Bank**  
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

**Country office**  
Delta Center, Menengai Road  
P.O. Box 30577 00100  
Nairobi, Kenya

Tel.: (254-20) 2936000  
Fax: (254-20) 2936382

September 11, 2020

Dr. Julius Muia, CBS  
Principal Secretary  
National Treasury  
Treasury Building, Nairobi



Dear Dr. Muia,

***National Urban Transport Improvement Project (NUTRIP)***  
***IDA Financing 5140-KE***  
***Closure and Cancellation of the Credit Account***

We refer to the Financing Agreement (the Agreement) dated September 26, 2012, between the Republic of Kenya ("the Recipient"), and the International Development Association ("the Association") for the above referenced credit, and to the Cancellation dated December 27, 2018. The credit closing date was December 31, 2018 with a final disbursement deadline date of April 30, 2019. With the final disbursement processed on August 6, 2020 and cancellation of the undisbursed amount of XDR 801,998.76 the above Credit Account has been closed.

The final disbursement status by category under the said Credit is as follows:

Category	Description	Amount Disbursed (SDR)
1	Goods, works and consultant services for KeNHA under Part i of the Project	21,953,249.39
2	Goods, works and consultant services for: (a) KURA under Part 2 (a) of the Project except for Part (v) (b) KRC under Part 2 (b) of the Project	13,998,028.17 610,607.25
3	Goods, works and consultant services for: (a) SDoT under Part 3 (a) of the Project (b) SDoI under Part 3 (b) of the Project	4,704,404.28 791,984.80
4	Training for: (a) KeNHA under Part 1 of the Project (b) KURA under Part 2 (a) of the Project (c) KRC under Part 2 (b) of the Project (d) SDoT under Part 3 (a) of the Project (e) SDoI under Part 3 (b) of the Project	680,145.20 357,283.29 245,606.20 238,631.43 175,083.75

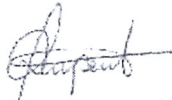
*G.M.F.*  
*FYI*  
*AD*  
*16/9/20.*

Category	Description	Amount Disbursed (SDR)
5	Unallocated for:	
	(a) KeNHA under Part 1 of the Project	0.00
	(b) KURA under Part 2 (a) of the Project	0.00
	(c) KRC under Part 2 (b) of the Project	0.00
	(d) SDoT under Part 3 (a) of the Project	0.00
	(e) SDoI under Part 3 (b) of the Project	0.00
	Designated Account A	(391,929.26)
	Designated Account B	(13,197.14)
	Designated Account C	(42,493.14)
	Designated Account D	(105,455.03)
	Designated Account E	(44,901.67)
	<b>Cancelled effective December 21, 2018</b>	<b>149,540,953.72</b>
	<b>Cancelled</b>	<b>801,998.76</b>
	<b>Original amount</b>	<b>193,500,000.00</b>

The Designated Accounts for the Project were fully documented in the currency of the Designated Accounts. The exchange rate adjustment represents the exchange rate between SDR and the currency of the Designated Accounts from the time the advances were granted to the accounts to the time they were fully documented.

We would be grateful if you could acknowledge to us receipt of this letter.

Sincerely,



Camille Nuamah  
Acting Head office Kenya  
Eastern and Southern Africa Region



Cc: Prof. Arch. Paul M. Maringa (PhD), CBS  
Principal Secretary  
State Department of Infrastructure  
Ministry of Transport, Infrastructure, Housing,  
Urban Development and Public Works  
Works Building, Nairobi

Dr. Julius Muia, CBS

- 3 -

September 11, 2020

Mr. Solomon Kitungu, CBS  
Principal Secretary  
State Department of Transport  
Ministry of Transport, Infrastructure, Housing  
Urban Development and Public Works  
Transcom Building, Nairobi

Mr. Moses Kanagi  
Ag Director  
Resource Mobilization Department  
The National Treasury  
Treasury Building, Harambee Avenue, Nairobi

Eng. James Kungu  
Chief Engineer, Roads  
State Department of Infrastructure  
Ministry of Transport, Infrastructure, Housing,  
Urban Development & Public Works  
Transcom House, Nairobi

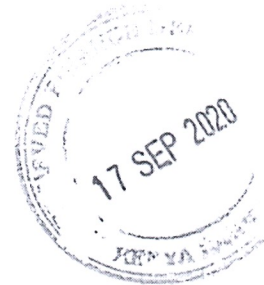
Eng. Peter Mundinia  
Director General  
Kenya National Highways Authority  
Barabara Plaza, JKIA, Nairobi

Mr. Philip Mainga  
Managing Director  
Kenya Railways Cooperation  
Workshop Road, Off Haile Selassie Avenue, Nairobi

Eng. Philemon K. Kandie  
Ag. Director General  
Kenya Rural Roads Authority  
Barabara Plaza, JKIA, Nairobi

Eng. Silas Kinoti  
Director General  
Kenya Urban Roads Authority  
Barabara Plaza, JKIA, Nairobi

Eng. David Muchilwa  
Director (Development)  
Kenya National Highways Authority  
Barabara Plaza, JKIA, Nairobi



KENYA RAILWAYS	
RECEIVED IN MD'S OFFICE	
Received by.....	<i>Mainga</i>
Date.....	<i>14/9/2020</i> Time.....
Action by.....	
CC.....	
Bring up Date.....	
Initiated.....	Date.....

*Gmid*  
*Please*  
*check*  
*MD*  
*MR*  
*18/9/2020*

Dr. Julius Muia, CBS

- 4 -

September 11, 2020

Mr. George Wanjau  
Deputy Chief Economist  
State Department of Transport  
Ministry of Transport, Infrastructure Housing,  
Urban Development and Public Works  
Transcom House, Nairobi

Eng. James Theuri  
Project Coordinator, PMO  
Ministry of Transport, Infrastructure, Housing,  
Urban Development and Public Works  
Transcom House, Nairobi

Ms. Judith Kerich  
Deputy Project Coordinator, PMO  
Ministry of Transport, Infrastructure, Housing,  
Urban Development and Public Works  
Transcom House, Nairobi