

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
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REPORT

hon Naami Wago, MP
Deputy Majority Whip
A. Shubuko

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, 2023**

KENYA URBAN ROADS AUTHORITY





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OFFICE OF THE AUDITOR GENERAL
P. O. Box 30084 - 00100, NAIROBI
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07 DEC 2023

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THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT

PROJECT CREDIT NUMBER: KEN-5

LOAN NUMBER. 2100150030144

GRANT NUMBER. 2100155026117

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)

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THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

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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 |



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 |



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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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
Annual Report and Financial Statements for the financial year ended June 30, 2023

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 M. Lukale | Assistant Director- Finance | 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
Annual Report and Financial Statements for the financial year ended June 30, 2023

Below is the funding summary:

A. Source of Funds

| Source of funds | Donor Commitment | | Amount received to date (30th June, 2023) | | 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 | 1,403,000 | 163,560,898 | 57,597,000 | 6,334,941,002 |
| | | | | | | |
| | | | | | | |
| (ii) Counterpart funds (GoK) | | | | | | |
| Government of Kenya | 97,468 | 11,362,731 | 97,468 | 11,362,731 | - | - |
| Total | 59,097,468 | 6,509,864,631 | 1,500,468 | 174,923,629 | 57,597,000 | 6,334,941,002 |



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

Project information and overall performance (continued)

B. Application of Funds

| Source of funds | Amount received to date – (30th June, 2023) | | Cumulative amount paid to date – (30 th June 2023) | | Unutilised balance to date (30th June 2023) | |
|-------------------------------------|---|--------------------|---|--------------------|---|----------|
| | 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 | 1,403,000 | 163,560,898 | 1,403,000 | 163,560,898 | - | - |
| (ii) Counterpart funds (GoK) | | | | | | |
| Government of Kenya | 97,468 | 11,362,731 | 97,468 | 11,362,731 | - | - |
| Total | 1,500,468 | 174,923,629 | 1,500,468 | 174,923,629 | - | - |



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

2.8 Summary of Overall Project Performance:

- i) The Establishment of Bus Rapid Transit Line 5 Project overall budget absorption was 30% with GoK Counterpart funding at 115% and the development partner component at 26%.
- ii) The project low absorption of the development partner Budget was due to works component which is expected to consume the highest amount of the loan facility not commencing in the FY 2022/2023. The procurement of a contractor for the works component is currently ongoing.
- 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.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

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, 2023

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) BRT system design and service planning to reduce the delay in accessing transportation from one point to another</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.</p> <p>(iii) Travel Time (The time taken from origin to destination)</p> <p>(iv) Air Pollution levels/ air quality</p> | <p>Consultancy services are ongoing while Contractor for Works component is Under Procurement</p> |



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

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, 2023

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, 2023

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 Authority also engages communities by providing job opportunities to people working around the national urban road project areas.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

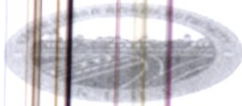
5. Statement of Project Management Responsibilities

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, 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 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 transactions during the financial year ended June 30, 2023, and of the Project's financial position as at that date.



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

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 29th September 2023 and signed by:

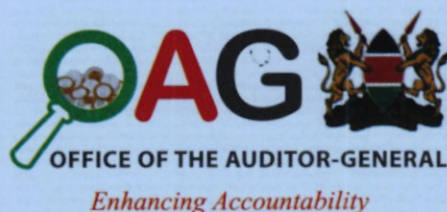
.....
Eng. Silas M. Kinoti, MBS
Director General

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

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

REPUBLIC OF KENYA

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 THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT (EDCF LOAN AGREEMENT NO. KEN-5) FOR THE YEAR ENDED 30 JUNE, 2023 – 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 that the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

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 17, 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, 2023 – Kenya Urban Roads Authority

comprise of the statement of financial assets as at 30 June, 2023, 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, 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 Agreements EDCF Loan Agreement No. KEN-5 dated 29 January, 2021 between Republic of Kenya and the Export-Import Bank of Korea and the Public Finance Management Act, 2012.

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.

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

1. Pending Bills

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 incurring unquantified significant interest costs and penalties with the continued delay in making payments for invoiced bills.

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 that budget.

2. Budgetary Control and Performance

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.

Similarly, the Project expended Kshs.174,923,629 against an approved budget of Kshs.629,400,000 resulting to an under-expenditure of Kshs.454,476,371 or 72% of the budget.

The underfunding and underperformance affected the planned activities of the Project and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Delayed Commencement of Works

The statement of receipts and payments and as disclosed in Note 3 to the financial statements reflects an amount of Kshs.174,923,629 in respect of acquisition of non-financial assets which relates to design, review and supervision of works. However, it was observed that there have been delays in commencement of the works for the project.

The Project was for duration of three-and-a-half (3.5) years from June, 2022 to December, 2025 with an approved budget of the loan from the donor of US\$ 59,000,000 equivalent to Kshs.6,498,501,900. However, as at 30 June, 2023 only an amount of Kshs.163,560,898 or 2.5% of the Development Partner's commitment of Kshs.6,498,501,900 had been received by the Project.

The low absorption of the Development Partner's loan budget was attributed to failure to commence the works component in the financial year 2022/2023 which was expected to consume the highest amount of the loan facility.

In the circumstances, there is a risk that the Project delivery will be delayed due to the delay in commencement of works which may have an impact on service delivery to the public.

2. Irregular Clause on Financing Agreement and Non-Compliance with the Public Procurement and Asset Disposal Act, 2015

The Government entered into a contract with an International Company for consultancy services for the establishment of the Bus Rapid Transit Line 5 Project on 24 May, 2022 for a period of thirty-nine (39) months from the date of commencement.

Review of Part IV and Schedule 4 of the Project's Financing Agreement revealed that suppliers other than nationals of the Republic of South Korea or judicial person incorporated and registered therein were not allowed to bid for the consultancy services. This is contrary to Section 60 (1) of the Public Procurement and Asset Disposal Act, 2015 which states that an Accounting Officer of a procuring entity shall prepare specific requirements relating to the goods, works or services being procured that are clear, that give a correct and complete description of what is to be procured and that allow for fair

and open competition among those who may wish to participate in the procurement proceedings.

In the circumstances, the Management of the Project and The National Treasury were in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, 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 ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 November, 2023



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report 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 | Total | |
| | | KShs | KShs | | KShs | KShs | KShs | |
| RECEIPTS | | | | | | | | |
| Transfer from Government entities | 1 | 11,362,731 | - | 11,362,731 | - | - | - | 11,362,731 |
| Proceeds from domestic and foreign grants | | - | - | - | - | - | - | - |
| Loan from external development partners | 2 | | 163,560,898 | 163,560,898 | | | | 163,560,898 |
| TOTAL RECEIPTS | | 11,362,731 | 163,560,898 | 174,923,629 | - | - | - | 174,923,629 |
| PAYMENTS | | | | | | | | |
| Acquisition of non-financial assets | 3 | 11,362,731 | 163,560,898 | 174,923,629 | - | - | - | 174,923,629 |
| TOTAL PAYMENTS | | 11,362,731 | 163,560,898 | 174,923,629 | - | - | - | 174,923,629 |
| 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 Njunge
Project Team Leader

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

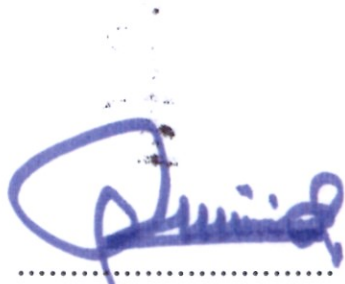


THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
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8. Statement of Financial Assets as at 30th June 2023

| | 2022-2023 KShs | 2021-2022 KShs |
|--------------------------------|-------------------|-------------------|
| FINANCIAL ASSETS | | |
| Cash and Cash Equivalents | | |
| Bank Balances | - | - |
| TOTAL FINANCIAL ASSETS | - | - |
| REPRESENTED BY | | |
| Fund balance b/fwd | - | - |
| Surplus/(Deficit) for the year | - | - |
| NET FINANCIAL POSITION | - | - |

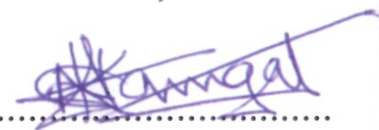
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on **29th September 2023** and signed by:



.....
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, 2023

9. Statement of Cashflow for the year ended 30th June 2023

| Description | Notes | FY 2022/2023 | FY 2021/2022 |
|--|-------|--------------------|--------------|
| | | Kshs | Kshs |
| Cashflow from operating activities | | | |
| Receipts | | | |
| Transfer from government entities | | - | |
| Total receipts | | - | - |
| Payments | | | |
| Total Payments | | - | - |
| Net receipts/(payments) | | - | - |
| Adjustments during the year | | | |
| Prior year adjustments | | | |
| Decrease/(increase) in accounts receivable | | | |
| Increase/(decrease) in accounts payable: | | | |
| Net cash flow from operating activities | | - | - |
| Cashflow from investing activities | | | |
| Acquisition of non-financial assets | 3 | (174,923,629) | - |
| Net cash flows from investing activities | | (174,923,629) | - |
| Cash flow from financing activities | | | |
| Proceeds from foreign borrowings | 2 | 163,560,898 | - |
| Proceeds from GOK | 1 | 11,362,731 | |
| Net cash flow from financing activities | | 174,923,629 | - |
| 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 **29th September 2023** 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
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10. Statement of Comparison of Budget and Actual amounts for year ended 30th June 2023

| 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 % |
| Receipts | | | | | | |
| Transfer from Government entities | 20,000,000 | (10,600,000) | 9,400,000 | 11,362,731 | (1,962,731) | 121% |
| Proceeds from domestic and foreign Loans | 620,000,000 | - | 620,000,000 | 163,560,898 | 456,439,102 | 26% |
| Total Receipts | 640,000,000 | (10,600,000) | 629,400,000 | 174,923,629 | 454,476,371 | 28% |
| Payments | | | | | | |
| Acquisition of non-financial assets | 640,000,000 | (10,600,000) | 629,400,000 | 174,923,629 | 454,476,371 | 28% |
| Total Payments | 640,000,000 | (10,600,000) | 629,400,000 | 174,923,629 | 454,476,371 | 28% |
| 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, 2023

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.



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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.



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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.



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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



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

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



THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

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 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, 2023.

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, 2023

12. Notes to the Financial Statements

1. Transfers from Government entities

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

| Details of Disbursements | FY 2022/23 | FY 2021/22 | Cumulative to-date (from inception) |
|-----------------------------|-------------------|------------|-------------------------------------|
| | KShs | KShs | |
| Counterpart funds Quarter 1 | - | - | - |
| Counterpart funds Quarter 2 | 5,000,000 | - | 5,000,000 |
| Counterpart funds Quarter 3 | - | - | - |
| Counterpart funds Quarter 4 | 6,362,731 | - | 6,362,731 |
| Total | 11,362,731 | - | 11,362,731 |

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 2023, 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 | |
|-------------------------------------|---------------|-------------------------------|------------------------|-----------------------------------|----------------------|---------|
| | | | KShs | KShs | 2022/23 | 2021/22 |
| Export Import Bank of Korea (KEXIM) | | 1,403,000.00 | - | 163,560,898 | 163,560,898 | - |
| Total | - | 1,403,000.00 | - | 163,560,898 | 163,560,898 | - |

3. Acquisition of Non-Financial Assets

| Details | FY 2022/23 | | | FY 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 | |
| Bus Rapid Transit works | - | - | - | - | - |
| Design Review & Supervision of Works | 11,362,731 | 163,560,898 | 174,923,629 | - | 174,923,629 |
| Relocation of Services | - | - | - | - | - |
| Total | 11,362,731 | 163,560,898 | 174,923,629 | - | 174,923,629 |

THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

13. Other Important Disclosures

1. Pending Accounts Payable (See Annex 4a)

| Description | FY 2022-2023 | FY 2021-2022 |
|-----------------------------|-------------------|--------------|
| | Kshs | Kshs |
| Construction of Civil Works | - | - |
| Consultancy Services | 14,807,013 | - |
| Relocation of Services | - | - |
| Total | 14,807,013 | - |

2. External Assistance

| Description | FY 2022/2023 | FY 2021/2022 |
|---------------------------------------|--------------------|--------------|
| | Kshs | Kshs |
| External assistance received as loans | 163,560,898 | - |
| Total | 163,560,898 | - |

a). External assistance relating loans and grants

| Description | FY 2022/2023 | FY 2021/2022 |
|---------------------------------------|--------------------|--------------|
| | Kshs | Kshs |
| External assistance received as loans | 163,560,898 | - |
| Total | 163,560,898 | - |

b) Undrawn external assistance

| Description | Purpose for which the undrawn external assistance may be used | FY 2022/2023 | FY 2021/2022 |
|-------------------------------------|---|----------------------|----------------------|
| | | Kshs | Kshs |
| Undrawn external assistance - loans | Works and Consultancy Services | 6,334,941,002 | 6,498,501,900 |
| Total | | 6,334,941,002 | 6,498,501,900 |

THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

c) Classes of providers of external assistance

| Description | FY 2022/2023 | FY 2021/2022 |
|------------------|--------------------|--------------|
| | Kshs | Kshs |
| Bilateral donors | 163,560,898 | - |
| Total | 163,560,898 | - |

e Purpose and use of external assistance

| Payments Made by Third Parties: | FY 2022/2023 | FY 2021/2022 |
|-------------------------------------|--------------------|--------------|
| | Kshs | Kshs |
| Acquisition of Non-Financial Assets | 163,560,898 | - |
| TOTAL | 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 2022/2023 | FY 2021/2022 |
|------------------|--------------------|--------------|
| | Kshs | Kshs |
| Bilateral donors | 163,560,898 | - |
| Total | 163,560,898 | - |

14. Annexes

Annex 1: Prior Year Auditor-General's Recommendations

This is the initial Financial Statements for the project and therefore there are no Auditor General's recommendations.



.....
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, 2023

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

| | 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 | 9,400,000 | 11,362,731 | (1,962,731) | 121% | (i) |
| Proceeds from domestic and foreign loans | 620,000,000 | 163,560,898 | 456,439,102 | 26% | (ii) |
| Total Receipts | 629,400,000 | 174,923,629 | 454,476,371 | 28% | |
| Payments | | | | | |
| Acquisition of non-financial assets | 629,400,000 | 174,923,629 | 454,476,371 | 28% | (i) & (ii) |
| Total payments | 629,400,000 | 174,923,629 | 454,476,371 | 28% | |

(i) The GoK Counterpart budget was reduced under the Supplementary II budgetary estimates after funding had already been received and paid

(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 2022/2023 and is ongoing

THE ESTABLISHMENT OF BUS RAPID TRANSIT LINE 5 PROJECT
Annual Report and Financial Statements for the financial year ended June 30, 2023

Annex 3: Reconciliation of inter-entity transfers

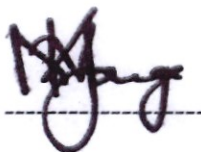
| The Establishment of Bus Rapid Transit Line 5 Project | | | | |
|---|--|---------------------|--------------------|----------------|
| Breakdown of Transfers from the State Department of Roads | | | | |
| a. | Government Counterpart Funding | Bank Statement Date | Amount (KShs) | Financial Year |
| | Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01 | 30-Sep-22 | 5,000,000 | FY 2022/2023 |
| | Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01 | 25-May-23 | 3,300,000 | FY 2022/2023 |
| | Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01 | 27-Jun-23 | 6,950,000 | FY 2022/2023 |
| | | Total | 15,250,000 | |
| b. | Direct Payments | | | |
| | Nairobi ITS Establishment & Junctions Improvement Project - Invoice 01 | | 98,136,539 | FY 2022/2023 |
| | Nairobi ITS Establishment & Junctions Improvement Project - Invoice 02 | | 65,424,359 | FY 2022/2023 |
| | | Total | 163,560,898 | |
| | | TOTAL(a+b+c) | 178,810,898 | |

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
Annual Report 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 | d=a-c | | |
| Construction of Nairobi BRT - civil works | | | | | | |
| Nairobi BRT Works | - | | - | - | - | |
| Sub-Total | - | - | - | - | - | |
| Supply of services | | | | | | |
| Consultancy Services-Inv 01 | 15,701,846 | | 11,362,731 | 4,339,115 | - | |
| Consultancy Services-Inv 02 | 10,467,897 | | - | 10,467,897 | | |
| Sub-Total | 26,169,744 | - | 11,362,731 | 14,807,013 | - | |
| Relocation of Services | | | | | | |
| Relocation of Services | - | | - | - | - | |
| Sub-Total | - | - | - | - | - | |
| Grand Total | 26,169,744 | - | 11,362,731 | 14,807,013 | - | |



Kenya Urban Roads Authority

Barabara Plaza Mazao Road, Off Airport South Road
P.O BOX 41727-00100 Nairobi, Kenya
0717 105 233 / 020 801 3844/ 020 272 2222
info@kura.go.ke www.kura.go.ke

Ref KURA/CS/F&A/4/VOL. 9 (13)

Date: 28th September, 2023

Principal Secretary
State Department of Roads
Ministry of Roads and Transport
P.O. Box 30260-00100
NAIROBI.

(Attn; Sophie W. Mwangashi)

RE: EXCHEQUER, ANNUITY FINANCING FOR DEVELOPMENT PROJECTS AND THE ROAD MAINTENANCE LEVY FUNDS TRANSFERRED FROM THE MINISTRY – CONFIRMATION OF RECEIPT

Your letter Ref. MOR&T/R/ACD/KURA/87/VOL.1/068 dated 23rd September, 2023 refers.

Attached here under please find a schedule of funding received from the Ministry for your information and further necessary action.

We hereby confirm that the listed funding were as received in FY 2022/2023 from the different sources as per the above subject.

Yours faithfully,

Eng. Silas M. Kinoti, MBS
DIRECTOR GENERAL

KENYA URBAN ROADS AUTHORITY

FUNDING FY 2022/2023

CONFIRMATION OF FUNDING RECEIPTS IN FY 2022/2023 AS AT 30TH JUNE, 2023

| Date | Transaction Ref | Recurrent (RMLF) | GOK Exchequer Funds | TOTAL |
|------|-----------------|------------------|---------------------|-------|
| A | B | C | D | E=C+D |

I) Exchequer Development Funds

| | | | | |
|-------------|--|--|-------------------------|-------------------------|
| 8-Aug-2022 | FT2222023ZQK | | 300,000,000.00 | 300,000,000.00 |
| 8-Aug-2022 | FT22220WXZLK | | 4,500,000,000.00 | 4,500,000,000.00 |
| 30-Sep-2022 | FT22273PVGGJ | | 683,625,000.00 | 683,625,000.00 |
| 30-Sep-2022 | FT22273NSLQ5 | | 730,251,500.00 | 730,251,500.00 |
| 1-Feb-2023 | FT23041QTLPR | | 791,500,000.00 | 791,500,000.00 |
| 1-Feb-2023 | FT23041GM42N | | 38,500,000.00 | 38,500,000.00 |
| 27-Jun-2023 | FT23178TB8NV | | 962,210,296.00 | 962,210,296.00 |
| 27-Jun-2023 | FT23178YQG5J | | 1,028,904,377.00 | 1,028,904,377.00 |
| 11-Jul-2023 | FT23192C3F1X | | 101,255,197.00 | 101,255,197.00 |
| | SUB-TOTAL-Exchequer Development | | 9,136,246,370.00 | 9,136,246,370.00 |

II) Annuity Financing for Development Funds

| | | | | |
|-------------|---|--|-------------------------|-------------------------|
| 25-May-2023 | FT23145J04KF | | 498,403,814.00 | 498,403,814.00 |
| 25-May-2023 | FT23145RJ5B2 | | 1,590,487,535.00 | 1,590,487,535.00 |
| | SUB-TOTAL- Annuity Financing for Development | | 2,088,891,349.00 | 2,088,891,349.00 |

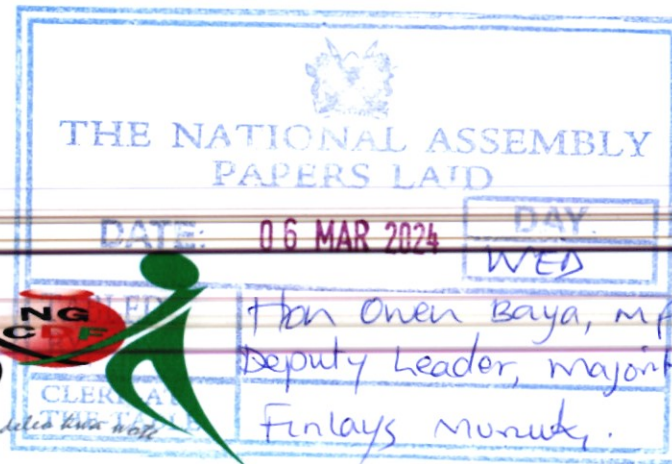
III) Recurrent (RMLF - KRB) Funds

| | | | | |
|-------------|------------------------------------|--------------------------|--------------------------|--------------------------|
| 17-Nov-2022 | FT22321X932Q | 2,682,986,222.00 | | 2,682,986,222.00 |
| 28-Dec-2022 | FT22362XXR3C | 2,550,136,990.00 | | 2,550,136,990.00 |
| 15-Mar-2023 | FT23074KC9W3 | 2,232,755,923.00 | | 2,232,755,923.00 |
| 6-Jun-2023 | FT231572C7VQ | 5,041,181,929.00 | | 5,041,181,929.00 |
| | SUB-TOTAL- Recurrent (RMLF) | 12,507,061,064.00 | | 12,507,061,064.00 |
| | TOTAL | 12,507,061,064.00 | 11,225,137,719.00 | 23,732,198,783.00 |

This is to confirm receipt of the amounts shown on dates indicated


Rouben Mayianda
 Director - Corporate Services

Date: 27-Sep-2023

THE NATIONAL GOVERNMENT CONSTITUENCIES DEVELOPMENT FUND

**BOARD REPORT ON PROJECT PROPOSALS APPROVALS, DISBURSEMENT
STATUS AND RESTRICTIONS IMPOSED ON CONSTITUENCY ACCOUNT FOR
THE SECOND QUARTER OF 2023/24 FINANCIAL YEAR
1ST OCTOBER 2023 TO 31ST DECEMBER 2023**

15TH JANUARY 2024

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Introduction

Section 50 of the National Government Constituencies Development Fund (NG-CDF) Act, 2015 as amended in 2022 establishes the National Assembly Select Committee (NASC) on the NG-CDF whose main functions include but not limited to;

- (a) Oversee the implementation of the Act and in this respect, shall after every two years submit a report to the National Assembly and where necessary propose any amendments to this Act, in particular, with respect to the quantum of funds repayable into the Fund in accordance with section 4 of the Act;
- (b) Oversee the policy framework and legislative matters that may arise in relation to the Fund;
- (c) Continually review the framework set out for the efficient delivery of development programmes financed through the Fund;
- (d) Consider and report to the National Assembly, with recommendations, names of persons required to be approved by the National Assembly under this Act;

Section 51(1) of the Act further stipulates that the Board shall, on a quarterly basis, submit a report to the National Assembly Select Committee detailing the following;

- a) A summary of the project proposals received from the Constituencies in the preceding quarter and indicating the approval status of such projects;
- (b) A summary of the status of disbursements of funds to the Constituencies for that preceding quarter;
- (c) A summary of the status of disbursements from the National Treasury to the National Account;
- (d) Any restriction imposed on a Constituency account in accordance with the Act.

It is based on the foregoing that the National Government Constituencies Development Fund (NG-CDF) Board is submitting its report for the second quarter of 2023/24 Financial Year detailing the following:

A. A summary of the Project Proposals received from the Constituencies in the preceding quarter and indicating the approval status of such projects

The National Government Constituencies Development Fund (NG-CDF) was allocated a total of **Kshs.53,531,500,000** for the 2023/2024 financial year. Subsequent to the allocation, the Board determined the budget ceiling for each constituency with the approval of the National Assembly Select Committee in line with Section 6 and 34 of the NG-CDF Act. This paved way for the National Government Constituency Development Fund Committees (NG-CDFCs) to embark on preparation of project proposals for the 2023/2024 financial year.

A further, **Kshs.4.379 billion** was allocated to the Fund under supplementary Estimate 1 as a conditional grant towards implementation of JSS infrastructural projects whereby **Kshs.3.379** billion was distributed to the 290 constituencies while **Kshs.1 billion** is additional allocation to Constituencies in Nairobi County.

The Ministry had distributed the **Kshs.3.379** billion in varying amounts to all Constituencies based on grade seven enrolment and each Constituency was required to match a shilling to a shilling to enable realization of the objectives of the programme. Consequently, the Board communicated the same to the Constituency Committees vide letter Ref.NG-CDFB-CEO/MOE/VOL 1(046) dated 16th October 2023.

As at 31st December 2023, the Board had received Project Proposals from two hundred and seventy eight (278) Constituencies. The following Constituencies had not submitted Project Proposals; Ainabkoi, Aldai, Bobasi, Budalangi, Eldama Ravine, Emurua Dikir, Isiolo South, Kibwezi West, Kitutu Masaba, Konoin, Mogotio and Teso South.

The proposals were at various levels of review by Management.

B. Summary of the status of disbursement of funds to the Constituencies for Financial Years 2022/23, 2021/2022, 2020/2021, 2019/20, 2018/19, 2017/18 and 2015/16 as at 31st December 2023.

(a) Disbursement Status Summary for 2022/23 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|--|------------|-------------------------|--------------------------|-----------------------|
| Constituencies that have received full allocation. | 171 | 24,789,362,463 | 0 | 24,789,362,463 |
| Constituencies that have received between 74% and 99% of the funds allocated. <i>See (Appendix I) – Pg12</i> | 117 | 16,002,670,670 | 1,000,069,201 | 17,002,739,871 |
| Constituencies that have received less than 50% of the funds allocated. <i>See (Appendix II) – Pg17</i> | 2 | 114,000,000 | 169,302,636 | 283,302,636 |
| Board Secretariat 5% Allocation | | 2,214,495,000 | 0 | 2,214,495,000 |
| TOTAL | 290 | 43,120,528,133 | 1,169,371,837 | 44,289,900,000 |

(b) Disbursement Status Summary for 2021/2022 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|--|------------|-------------------------|--------------------------|-----------------------|
| Constituencies that have received full allocation | 265 | 36,328,552,935 | 0 | 36,328,552,935 |
| Constituencies that have received between 78% and 99% allocations. <i>See (Appendix III) – Pg 17</i> | 25 | 3,174,512,195 | 252,709,780 | 3,427,221,975 |
| Board Secretariat 5% Allocation | | 1,959,025,000 | 0 | 1,959,025,000 |
| TOTAL | 290 | 41,462,090,130 | 252,709,780 | 41,714,800,000 |

(c) Disbursement Status Summary for 2020/2021 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|---|------------|--------------------------------|---------------------------------|--------------------------|
| Constituencies that have received full allocations | 271 | 37,151,086,293 | 0 | 37,151,086,293 |
| Constituencies that have received between 68% and 99% allocations. See (<i>Appendix IV</i>) - Pg 18 | 19 | 2,468,527,465.42 | 136,161,241 | 2,604,688,706.89 |
| Board Secretariat 5% Allocation | | 1,959,025,000 | 0 | 1,959,025,000 |
| TOTAL | 290 | 41,578,638,758 | 136,161,241 | 41,714,800,000 |

(d) Disbursement Status Summary for 2019/20 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|--|------------|--------------------------------|---------------------------------|--------------------------|
| Constituencies that have received full allocation. | 276 | 37,913,491,863 | 0 | 37,913,491,863 |
| Constituencies that have received between 78% and 99% of the funds allocated. See (<i>Appendix V</i>)- Pg 19 | 14 | 1,898,992,994.48 | 24,155,143.48 | 1,923,148,138 |
| Board Secretariat 5% Allocation | | 1,878,160,000 | 0 | 1,878,160,000 |
| TOTAL | 290 | 41,690,644,857 | 24,155,143 | 41,714,800,000 |

(e) Disbursement Status Summary for 2018/19 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|---|------------|--------------------------------|---------------------------------|--------------------------|
| Constituencies that have received full allocation | 283 | 30,858,567,772 | 0 | 30,858,567,772 |

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|--|------------|-------------------------|--------------------------|-----------------------|
| Constituencies that have received between 90% and 99% of the funds allocated. <i>See (Appendix VI) – Pg 20</i> | 7 | 738,073,715 | 25,212,414 | 763,286,129 |
| Board Secretariat 5% Allocation | | 1,664,308,100 | 0 | 1,664,308,100 |
| TOTAL | 290 | 33,260,949,587 | 25,212,414 | 33,286,162,000 |

(f) Disbursement Status Summary for 2017/18 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|--|------------|--------------------------|--------------------------|-----------------------|
| Constituencies that have received full allocations | 289 | 28,376,810,345 | - | 28,376,810,345 |
| Constituencies that have received 98% of the allocation (<i>Mwala</i>) | 1 | 96,289,655.17 | 1,900,000 | 98,189,655.17 |
| Board Secretariat 5% Allocation | | 1,325,000,000 | | 1,325,000,000 |
| TOTAL | 290 | 29,798,100,000.17 | 1,900,000 | 29,800,000,000 |

(g) Disbursement of Status Summary for 2015/16 Financial Year

| Details | No. | Amount disbursed (Kshs) | Undisbursed funds (Kshs) | Allocation (Kshs) |
|---|------------|-------------------------|--------------------------|-----------------------|
| Constituencies that have received full allocation | 289 | 33,341,951,213 | 0 | 33,341,951,213 |
| Constituencies that have received 92% of the total allocation (<i>Bomachoge Chache</i>) | 1 | 101,898,787 | 8,500,000 | 110,398,787 |
| Board Secretariat 5% Allocation | | 1,760,650,000 | 0 | 1,760,650,000 |
| TOTAL | 290 | 35,204,500,000 | 8,500,000 | 35,213,000,000 |

C. Summary of the status of disbursements from the National Treasury to the National Account

The National Government Constituencies Development Fund (NG-CDF) was allocated a total of **Kshs.53,531,500,000** for the 2023/2024 financial year.

A further, **Kshs.4.379 billion** was allocated to the Fund under supplementary Estimate 1 as a conditional grant towards implementation of JSS infrastructural projects whereby **Kshs.3.379 billion** was distributed to the 290 constituencies while **Kshs.1 billion** is additional allocation to Constituencies in Nairobi County.

The Board has to date received **Kshs.10 billion**.

D. Restriction imposed on a constituency account

Section 5 (7) of the NG-CDF Act, 2015 states that “the Board may impose reasonable requirements, including restrictions, on a particular constituency and such restrictions or requirements shall be reported together with the quarterly returns to be submitted to the Cabinet Secretary and the National Assembly Committee in accordance with the Act”

During the second quarter of 2023/24 Financial Year, the NG-CDF Board imposed restrictions on Kimilili and Kuria East Constituencies’ accounts.

1. Kimilili Constituency

The Board has to date disbursed a total **Kshs.57,000,000** for the 2022/23 Financial Year out of an allocation of **Kshs.138,215,033**. The funds were disbursed to cater for bursaries, administration and emergencies.

The restriction on the Kimilili Constituency account was informed by need to address various complaints received by the Board ranging from non payment of contractors, stalled projects and funding of projects that had not been approved by the Board. As a result, the NG-CDF Board Management undertook reconciliation of projects expenditures and verification visits to projects aimed at

establishing why some contractors had not been paid, establish status of projects implemented without the approval of the Board among other issues. The Board established that;

1. Forty Seven (47) projects/programmes were not implemented or funded as approved by the Board. The projects/ programmes had approved budget totaling to **Kshs.417,433,729** while the cumulative expenditure was **Kshs.314,400,158** *resulting to underfunding by Kshs. 103,033,571.*
2. A total of twenty two (22) projects/programmes with a total approved budgetary allocation of **Kshs.187,162,585** had a cumulative expenditure of **Kshs.263,360,885** resulting to an *over expenditure of Kshs. 76,198,300*
3. There was over expenditure on 6% administration & recurrent expenditure and 3% Monitoring and Evaluation/Capacity Building by **Kshs.20,174,168**
4. Twelve (12) projects were implemented without the approval of the Board
5. The NG-CDFC changed scope of works without the approval of the Board
6. The NG-CDFC failed to adhere to procurement law, policies and procedures in procurement of works and services
7. The NG-CDFC failed to deduct and remit relevant taxes and other statutory deductions such VAT, income tax, NSSF, PAYE
8. The NG-CDFC failed to maintain proper books of accounts
9. The NG-CDFC did not adequately involve the State Department for Public Works in the implementation of projects

Based on the foregoing, the Board engaged the state department for public works to assist in;

- ❖ Determining structural soundness/strength of the works done;
- ❖ Quantifying the works done and providing professional estimates on the cost of the works
- ❖ Identifying any defects and providing professional estimates for remedying them
- ❖ Quantifying the remaining works and providing professional estimates on the cost for completion.

The technical team carried out assessment of 37 projects in the Month of October out of which ten (10) projects were found to be unsound hence requiring remedial measures to be undertaken while one project was condemned and recommended for demolition.

The Board in a meeting held on 11th January 2024 considered the report and made various resolutions which Management is implementing.

2. Kuria East Constituency

The Board has to date disbursed a total **Kshs.57,000,000** for the 2022/23 Financial Year out of an allocation of Kshs.145,087,603. The funds were disbursed to cater for bursaries, administration and emergencies.

The Board, while considering the Project Proposal for Kuria East for 2022/23 Financial Year noted anomalies on some of the proposed projects that required verification. During verification by Management it was noted that some of the proposed projects in 2022/23 Financial Year's Project Proposal had already been undertaken while some projects that had been funded previously had not been undertaken.

As a result, the Board mandated management to carry out reconciliation of financial records including verification of projects funded between 2017/18 and 2021/22 Financial Years so as to ascertain how allocated and disbursed funds were utilized during the stated period.

The exercise revealed that;

1. Projects in forty five(45) institutions with a total approved budgetary allocation of **Kshs.139,836,207** had a cumulative expenditure of **Kshs.189,207,821** resulting to an **over expenditure of Kshs.49,371,614**
2. Forty six (46) institutions were not implemented or funded as approved by the Board. The projects had approved budget totaling to **Kshs.197,702,028** while the cumulative expenditure was **Kshs.94,105,075** resulting to underfunding of **Kshs.103,596,953**
3. There were unsupported expenditures amounting to Kshs.**1,272,441** - Review of the bank statement revealed that two payments were made out of the constituency committee bank account without supporting documents.
4. The NG-CDFC over utilized funds allocated under votes with statutory ceilings (Administration and Recurrent, Monitoring and Evaluation, emergency, Bursary and sports) by **Kshs.37,034,375**.
5. The NG-CDFC implemented projects without the approval of the Board
6. The NG-CDFC changed scope of works without the approval of the Board
7. The NG-CDFC failed to adhere to procurement law, policies and procedures in procurement of works and services
8. The NG-CDFC failed to deduct and remit relevant taxes and other statutory deductions such VAT, income tax, NSSF, PAYE
9. The NG-CDFC failed to maintain proper books of accounts
10. The NG-CDFC did not adequately involve the State Department for Public Works in the implementation of projects

The Board in a meeting held on 11th January 2024 considered the report and made various resolutions which Management is implementing.

Constituencies that have received between 74% and 99% allocations for 2022/23 Financial Year

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|------------------|--------------------|--------------------------|-----------------|
| 1 | Ainamoi | 151,960,174 | 145,958,373 | 6,001,801 |
| 2 | Aldai | 151,960,174 | 124,954,596 | 27,005,578 |
| 3 | Bahati | 145,087,603 | 142,087,603 | 3,000,000 |
| 4 | Belgut | 145,087,603 | 130,087,603 | 15,000,000 |
| 5 | Bobasi | 165,705,316 | 158,195,316 | 7,510,000 |
| 6 | Bomachoge Chache | 131,342,462 | 125,442,462 | 5,900,000 |
| 7 | Bomet Central | 145,087,603 | 142,587,603 | 2,500,000 |
| 8 | Bomet East | 145,087,603 | 140,207,603 | 4,880,000 |
| 9 | Bondo | 151,960,174 | 141,960,174 | 10,000,000 |
| 10 | Borabu | 138,215,033 | 137,140,732 | 1,074,301 |
| 11 | Budalangi | 138,215,033 | 134,857,033 | 3,358,000 |
| 12 | Bumula | 158,832,745 | 147,332,745 | 11,500,000 |
| 13 | Bureti | 158,832,745 | 148,732,745 | 10,100,000 |
| 14 | Butere | 145,087,603 | 110,973,054 | 34,114,549 |
| 15 | Chepalungu | 145,087,603 | 136,008,767 | 9,078,836 |
| 16 | Chesumei | 145,087,603 | 142,337,603 | 2,750,000 |
| 17 | Eldama Ravine | 151,960,174 | 143,314,393 | 8,645,781 |
| 18 | Embakasi Central | 145,087,603 | 137,778,239 | 7,309,364 |
| 19 | Embakasi East | 145,087,603 | 114,430,958 | 30,656,645 |
| 20 | Embakasi North | 145,087,603 | 135,807,603 | 9,280,000 |
| 21 | Embakasi South | 145,087,603 | 123,568,264 | 21,519,339 |
| 22 | Embakasi West | 138,215,033 | 135,715,033 | 2,500,000 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|-------------------|--------------------|--------------------------|-----------------|
| 23 | Emgwen | 138,215,033 | 125,215,033 | 13,000,000 |
| 24 | Emuhaya | 131,342,462 | 126,142,462 | 5,200,000 |
| 25 | Emurua Dikirr | 138,215,033 | 136,265,033 | 1,950,000 |
| 26 | Endebess | 131,342,462 | 113,142,447 | 18,200,015 |
| 27 | Funyula | 138,215,033 | 135,215,033 | 3,000,000 |
| 28 | Gatanga | 151,960,174 | 118,577,074 | 33,383,100 |
| 29 | Gatundu North | 138,215,033 | 132,865,034 | 5,350,000 |
| 30 | Gatundu South | 138,215,033 | 133,153,041 | 5,061,992 |
| 31 | Gem | 151,960,174 | 148,460,174 | 3,500,000 |
| 32 | Gilgil | 145,087,603 | 143,687,603 | 1,400,000 |
| 33 | Kajiado Central | 145,087,603 | 140,407,769 | 4,679,834 |
| 34 | Kandara | 151,960,174 | 137,857,773 | 14,102,401 |
| 35 | Kanduyi | 165,705,316 | 162,005,316 | 3,700,000 |
| 36 | Kasarani | 145,087,603 | 138,587,603 | 6,500,000 |
| 37 | Keiyo North | 138,215,033 | 136,515,033 | 1,700,000 |
| 38 | Keiyo South | 151,960,174 | 151,824,174 | 136,000 |
| 39 | Kibra | 145,087,603 | 134,778,239 | 10,309,364 |
| 40 | Kibwezi East | 138,215,033 | 136,585,433 | 1,629,600 |
| 41 | Kibwezi West | 151,960,174 | 146,300,971 | 5,659,203 |
| 42 | Kieni | 165,705,316 | 157,705,316 | 8,000,000 |
| 43 | Kigumo | 145,087,603 | 127,848,894 | 17,238,709 |
| 44 | Kiharu | 151,960,174 | 148,960,174 | 3,000,000 |
| 45 | Kilifi South | 145,087,603 | 144,862,603 | 225,000 |
| 46 | Kirinyaga Central | 138,215,033 | 128,243,033 | 9,972,000 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|---------------------|--------------------|--------------------------|-----------------|
| 47 | Kisumu East | 145,087,603 | 140,087,603 | 5,000,000 |
| 48 | Kitui East | 151,960,174 | 145,760,174 | 6,200,000 |
| 49 | Kitui Rural | 138,215,033 | 137,215,033 | 1,000,000 |
| 50 | Kitutu Chache South | 145,087,603 | 138,087,603 | 7,000,000 |
| 51 | Konoin | 145,087,603 | 137,587,603 | 7,500,000 |
| 52 | Kuresoi North | 138,215,033 | 127,450,732 | 10,764,301 |
| 53 | Kuresoi South | 138,215,033 | 128,015,033 | 10,200,000 |
| 54 | Kuria West | 158,832,745 | 153,732,745 | 5,100,000 |
| 55 | Lamu East | 131,342,462 | 112,242,462 | 19,100,000 |
| 56 | Langata | 145,087,603 | 128,087,603 | 17,000,000 |
| 57 | Lari | 145,087,603 | 121,685,862 | 23,401,741 |
| 58 | Likoni | 145,087,603 | 142,947,603 | 2,140,000 |
| 59 | Likuyani | 145,087,603 | 125,878,346 | 19,209,257 |
| 60 | Luanda | 145,087,603 | 136,987,603 | 8,100,000 |
| 61 | Makueni | 158,832,745 | 156,232,745 | 2,600,000 |
| 62 | Malindi | 145,087,603 | 136,087,603 | 9,000,000 |
| 63 | Manyatta | 151,960,174 | 150,210,172 | 1,750,002 |
| 64 | Maragwa | 151,960,174 | 148,929,065 | 3,031,109 |
| 65 | Matayos | 145,087,603 | 144,087,603 | 1,000,000 |
| 66 | Matuga | 145,087,603 | 143,087,603 | 2,000,000 |
| 67 | Matungu | 145,087,603 | 135,087,603 | 10,000,000 |
| 68 | Matungulu | 145,087,603 | 142,687,603 | 2,400,000 |
| 69 | Mbeere North | 131,342,462 | 120,715,613 | 10,626,849 |
| 70 | Mbeere South | 145,087,603 | 143,087,603 | 2,000,000 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|------------------|--------------------|--------------------------|-----------------|
| 71 | Mogotio | 131,342,462 | 116,167,462 | 15,175,000 |
| 72 | Molo | 138,215,033 | 135,615,033 | 2,600,000 |
| 73 | Mukurweini | 138,215,033 | 135,450,732 | 2,764,301 |
| 74 | Mvita | 145,087,603 | 139,587,602 | 5,500,001 |
| 75 | Mwala | 151,960,174 | 151,460,174 | 500,000 |
| 76 | Mwatate | 145,087,603 | 118,304,283 | 26,783,320 |
| 77 | Mwea | 165,705,316 | 144,205,316 | 21,500,000 |
| 78 | Mwingi Central | 151,960,174 | 149,960,174 | 2,000,000 |
| 79 | Mwingi North | 145,087,603 | 136,085,851 | 9,001,752 |
| 80 | Nandi Hills | 138,215,033 | 103,015,033 | 35,200,000 |
| 81 | Navakholo | 145,087,603 | 136,587,603 | 8,500,000 |
| 82 | Ndaragwa | 138,215,033 | 137,015,033 | 1,200,000 |
| 83 | Ndhiwa | 158,832,745 | 158,332,745 | 500,000 |
| 84 | Ndia | 131,342,462 | 122,763,262 | 8,579,200 |
| 85 | North Horr | 145,087,603 | 142,087,643 | 2,999,960 |
| 86 | North Imenti | 145,087,603 | 144,887,603 | 200,000 |
| 87 | North Mugirango | 145,087,603 | 127,887,603 | 17,200,000 |
| 88 | Nyakach | 145,087,603 | 142,087,603 | 3,000,000 |
| 89 | Nyaribari Chache | 151,960,174 | 150,160,174 | 1,800,000 |
| 90 | Ol Kalou | 145,087,603 | 134,387,603 | 10,700,000 |
| 91 | Rabai | 138,215,033 | 138,015,033 | 200,000 |
| 92 | Rarieda | 145,087,603 | 135,581,387 | 9,506,216 |
| 93 | Rongo | 138,215,033 | 127,363,751 | 10,851,282 |
| 94 | Roysambu | 145,087,603 | 143,884,469 | 1,203,134 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|-----------------|-----------------------|--------------------------|----------------------|
| 95 | Runyenjes | 151,960,174 | 144,910,174 | 7,050,000 |
| 96 | Samburu East | 138,215,033 | 120,975,697 | 17,239,336 |
| 97 | Samburu North | 151,960,174 | 149,160,174 | 2,800,000 |
| 98 | Shinyalu | 151,960,174 | 136,440,875 | 15,519,299 |
| 99 | Sotik | 145,087,603 | 125,185,903 | 19,901,700 |
| 100 | South Mugirango | 151,960,174 | 134,334,045 | 17,626,129 |
| 101 | Soy | 158,832,745 | 150,057,745 | 8,775,000 |
| 102 | Starehe | 151,960,174 | 150,292,584 | 1,667,590 |
| 103 | Subukia | 131,342,462 | 125,611,505 | 5,730,957 |
| 104 | Suna East | 138,215,033 | 131,215,033 | 7,000,000 |
| 105 | Suna West | 138,215,033 | 137,115,033 | 1,100,000 |
| 106 | Teso North | 151,960,174 | 147,920,971 | 4,039,203 |
| 107 | Teso South | 151,960,174 | 149,548,346 | 2,411,828 |
| 108 | Thika Town | 145,087,603 | 140,087,603 | 5,000,000 |
| 109 | Tinderet | 138,215,033 | 137,475,033 | 740,000 |
| 110 | Tongaren | 151,960,174 | 146,194,174 | 5,766,000 |
| 111 | Turkana Central | 145,087,603 | 143,087,602 | 2,000,001 |
| 112 | Turkana North | 151,960,174 | 148,960,174 | 3,000,000 |
| 113 | Ugenya | 138,215,033 | 131,237,844 | 6,977,189 |
| 114 | Vihiga | 138,215,033 | 101,178,925 | 37,036,108 |
| 115 | Webuye East | 131,342,462 | 130,542,462 | 800,000 |
| 116 | Westlands | 145,087,603 | 112,767,578 | 32,320,025 |
| 117 | Wundanyi | 138,215,033 | 136,815,033 | 1,400,000 |
| | Total | 17,002,739,871 | 16,002,670,670 | 1,000,069,201 |

Constituencies that have received less than 50% allocations for 2022/23 Financial Year

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|----------------|--------------------|--------------------------|--------------------|
| 1 | Kimilili | 138,215,033 | 57,000,000 | 81,215,033 |
| 2 | Kuria East | 145,087,603 | 57,000,000 | 88,087,603 |
| | Total | 283,302,636 | 114,000,000 | 169,302,636 |

Constituencies that have received between 78% and 99% allocations for 2021/2022 Financial Year

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|------------------|--------------------|--------------------------|-----------------|
| 1 | Baringo North | 137,088,879 | 136,588,879 | 500,000 |
| 2 | Bomachoge Borabu | 137,088,879 | 127,088,879 | 10,000,000 |
| 3 | Bomet Central | 137,088,879 | 130,414,493 | 6,674,386 |
| 4 | Bomet East | 137,088,879 | 133,088,879 | 4,000,000 |
| 5 | Bonchari | 137,088,879 | 115,238,879 | 21,850,000 |
| 6 | Changamwe | 137,088,879 | 107,088,879 | 30,000,000 |
| 7 | Eldama Ravine | 137,088,879 | 120,000,000 | 17,088,879 |
| 8 | Embakasi North | 137,088,879 | 94,000,000 | 43,088,879 |
| 9 | Emurua Dikirr | 137,088,879 | 131,238,879 | 5,850,000 |
| 10 | Ganze | 137,088,879 | 134,688,879 | 2,400,000 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|-----------------|----------------------|--------------------------|--------------------|
| 11 | Kabondo Kasipul | 137,088,879 | 136,788,879 | 300,000 |
| 12 | Kajiado Central | 137,088,879 | 135,398,712 | 1,690,167 |
| 13 | Karachuonyo | 137,088,879 | 126,788,699 | 10,300,180 |
| 14 | Kieni | 137,088,879 | 134,088,879 | 3,000,000 |
| 15 | Kigumo | 137,088,879 | 113,000,000 | 24,088,879 |
| 16 | Kiharu | 137,088,879 | 117,088,879 | 20,000,000 |
| 17 | Kilifi South | 137,088,879 | 131,888,879 | 5,200,000 |
| 18 | Kitutu Masaba | 137,088,879 | 135,088,879 | 2,000,000 |
| 19 | Kuria East | 137,088,879 | 119,588,879 | 17,500,000 |
| 20 | Kuria West | 137,088,879 | 130,088,879 | 7,000,000 |
| 21 | Mbeere North | 137,088,879 | 135,088,879 | 2,000,000 |
| 22 | Msambweni | 137,088,879 | 122,993,879 | 14,095,000 |
| 23 | Tigania East | 137,088,879 | 135,488,879 | 1,600,000 |
| 24 | Tongaren | 137,088,879 | 135,906,087 | 1,182,792 |
| 25 | Turkana Central | 137,088,879 | 135,788,261 | 1,300,618 |
| | Total | 3,427,221,975 | 3,174,512,195 | 252,709,780 |

Appendix IV

Constituencies that have received between 68% and 99% allocations for 2020/2021 Financial Year

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|----------------|--------------------|--------------------------|-----------------|
| 1 | Bumula | 137,088,879.31 | 132,688,879 | 4,400,000.00 |
| 2 | Chepalungu | 137,088,879.31 | 136,088,879 | 1,000,000.31 |
| 3 | Eldama Ravine | 137,088,879.31 | 123,293,879 | 13,795,000.00 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|------------------|-------------------------|--------------------------|-----------------------|
| 4 | Embakasi Central | 137,088,879.31 | 135,163,209 | 1,925,670.00 |
| 5 | Embakasi North | 137,088,879.31 | 93,588,879 | 43,500,000.00 |
| 6 | Emurua Dikirr | 137,088,879.31 | 119,152,240 | 17,936,639.21 |
| 7 | Kajiado Central | 137,088,879.31 | 128,615,206 | 8,473,673.27 |
| 8 | Karachuonyo | 137,088,879.31 | 136,088,879 | 1,000,000.01 |
| 9 | Kilifi South | 137,088,879.31 | 135,388,879 | 1,700,000.01 |
| 10 | Kimilili | 137,088,879.31 | 125,000,000 | 12,088,879.31 |
| 11 | Kipipiri | 137,088,879.31 | 135,588,879 | 1,500,000.00 |
| 12 | Kitutu Masaba | 137,088,879.31 | 135,588,879 | 1,500,000.01 |
| 13 | Konoin | 137,088,879.31 | 136,376,379 | 712,500.01 |
| 14 | Limuru | 137,088,879.31 | 135,888,879 | 1,200,000.00 |
| 15 | Magarini | 137,088,879.31 | 130,688,879 | 6,400,000.01 |
| 16 | Matayos | 137,088,879.31 | 135,588,879 | 1,500,000.01 |
| 17 | Sotik | 137,088,879.31 | 129,770,000 | 7,318,879.31 |
| 18 | Suna East | 137,088,879.31 | 129,588,879 | 7,500,000.00 |
| 19 | Taveta | 137,088,879.31 | 134,378,879 | 2,710,000.00 |
| | Total | 2,604,688,706.89 | 2,468,527,465.42 | 136,161,241.47 |

Appendix V

Constituencies that have received between 78% and 99% allocations for 2019/20 Financial Year

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|----------------|--------------------|--------------------------|-----------------|
| 1 | Butula | 137,367,724.14 | 134,367,724 | 3,000,000.00 |

| No. | Constituencies | Allocation (Kshs.) | Amount Disbursed (Kshs.) | Balance (Kshs.) |
|-----|----------------|-------------------------|--------------------------|----------------------|
| 2 | Embakasi South | 137,367,724.14 | 134,185,920 | 3,181,804.48 |
| 3 | Emurua Dikirr | 137,367,724.14 | 134,167,724 | 3,200,000.00 |
| 4 | Kabuchai | 137,367,724.14 | 136,347,724 | 1,020,000.00 |
| 5 | Kajiado North | 137,367,724.14 | 134,367,724 | 3,000,000.00 |
| 6 | Kipipiri | 137,367,724.14 | 136,617,724 | 750,000.00 |
| 7 | Kitutu Masaba | 137,367,724.14 | 135,034,749 | 2,332,975.00 |
| 8 | Manyatta | 137,367,724.14 | 136,367,724 | 1,000,000.00 |
| 9 | Mbeere North | 137,367,724.14 | 136,367,724 | 1,000,000.00 |
| 10 | Mwala | 137,367,724.14 | 136,367,724 | 1,000,000.00 |
| 11 | Sotik | 137,367,724.14 | 135,367,724 | 2,000,000.00 |
| 12 | Suna East | 137,367,724.14 | 136,604,294 | 763,430.00 |
| 13 | Teso North | 137,367,724.14 | 135,960,790 | 1,406,934.00 |
| 14 | Wundanyi | 137,367,724.14 | 136,867,724 | 500,000.00 |
| | Total | 1,923,148,137.96 | 1,898,992,994.48 | 24,155,143.48 |

Appendix VI

Constituencies that have received between 90% and 99% allocations for 2018/19 Financial Year

| No. | Constituency | Amount Allocated (Kshs) | Amount Disbursed (Kshs) | Balance (Kshs.) |
|-----|-----------------|-------------------------|-------------------------|-----------------|
| 1 | Eldama Ravine | 109,040,875.52 | 108,390,875.52 | 650,000.00 |
| 2 | Kabondo Kasipul | 109,040,875.52 | 104,950,875.52 | 4,090,000.00 |
| 3 | Lunga Lunga | 109,040,875.52 | 104,040,875.52 | 5,000,000.00 |
| 4 | Magarini | 109,040,875.52 | 106,840,875.52 | 2,200,000.00 |

| No. | Constituency | Amount Allocated (Kshs) | Amount Disbursed (Kshs) | Balance (Kshs.) |
|-----|------------------|----------------------------|----------------------------|-------------------|
| 5 | Matungu | 109,040,875.52 | 106,440,875.52 | 2,600,000.00 |
| 6 | Nyakach | 109,040,875.52 | 108,368,461.79 | 672,413.73 |
| 7 | Nyaribari Chache | 109,040,875.52 | 99,040,875.52 | 10,000,000.00 |
| | Total | 763,286,129 | 738,073,715 | 25,212,414 |

REPORT CONFIRMED BY:-

Signed.....

Mr. Yusuf Mbuno
Chief Executive Officer

Date.. 16/01/2024

Signed.....

Ms. Elizabeth Kitundu
Chief Manager, Programmes and Field Services Coordination

Date.. 16.01.2024

